

**RAPPORT YOUTH & FAMILY SERVICES**

**Financial Statements**

**Year Ended March 31, 2020**

**RAPPORT YOUTH & FAMILY SERVICES**

**Index to Financial Statements**

**Year Ended March 31, 2020**

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	Page
INDEPENDENT AUDITOR'S REPORT	1 - 2
FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statement of Revenues and Expenditures	4
Statement of Changes in Net Assets	5
Statement of Cash Flows	6
Notes to Financial Statements	7 - 11



## INDEPENDENT AUDITOR'S REPORT

To the Members of Rapport Youth & Family Services

### *Qualified Opinion*

We have audited the financial statements of Rapport Youth & Family Services (the Organization), which comprise the statement of financial position as at March 31, 2020, and the statements of revenues and expenditures, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at March 31, 2020, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

### *Basis for Qualified Opinion*

In common with many not-for-profit organizations, the Organization derives revenue from fundraising activities the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Organization. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising revenue, excess of revenues over expenses, and cash flows from operations for the year ended March 31, 2020, current assets and net assets as at March 31, 2020. Our audit opinion on the financial statements for the year ended March 31, 2019 was modified accordingly because of the possible effects of this limitation of scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Organization in accordance with ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

### *Responsibilities of Management and Those Charged with Governance for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with ASNPO, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

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Independent Auditor's Report to the Members of Rapport Youth & Family Services *(continued)*

*Auditor's Responsibilities for the Audit of the Financial Statements*

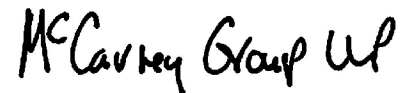
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Mississauga, Ontario  
October 26, 2020



McCARNEY GROUP LLP  
Chartered Professional Accountants  
Licensed Public Accountants

# RAPPORT YOUTH & FAMILY SERVICES

## Statement of Financial Position

As at March 31, 2020

	2020	2019
<b>ASSETS</b>		
Current		
Cash	\$ 48,093	\$ 79,247
Accounts receivable	55,000	87,000
Harmonized sales tax recoverable	86,869	76,366
Prepaid expenditures and deposits	11,325	17,243
	201,287	259,856
TANGIBLE AND INTANGIBLE CAPITAL ASSETS <i>(Note 2)</i>	20,858	27,457
	\$ 222,145	\$ 287,313
<b>LIABILITIES</b>		
Current		
Accounts payable and accrued liabilities	\$ 14,969	\$ 45,075
Deferred revenue <i>(Note 3)</i>	44,715	70,902
	59,684	115,977
DEFERRED CAPITAL CONTRIBUTIONS <i>(Note 4)</i>	8,034	10,508
	67,718	126,485
NET ASSETS	154,427	160,828
	\$ 222,145	\$ 287,313

COMMITMENTS *(Note 7)*

SUBSEQUENT EVENT *(Note 9)*

**ON BEHALF OF THE BOARD**

\_\_\_\_\_ *Director*

\_\_\_\_\_ *Director*

See notes to financial statements

## RAPPORT YOUTH & FAMILY SERVICES

### Statement of Revenues and Expenditures

Year Ended March 31, 2020

	2020	2019
<b>REVENUES</b>		
Cost recoveries	\$ 12,458	\$ 18,965
Donations	15,244	32,267
Employment and Social Development Canada	272,922	26,880
Fundraising	8,200	6,826
Journey Community Centre	131,130	124,839
Minister of Health - Ministry of Children, Community and Social Services (MOH/MCCSS)	703,083	719,179
Ministry of Tourism, Culture and Sport	138,468	208,839
Ontario Trillium Foundation	-	10,026
Region of Peel	92,137	92,206
United Way of Peel Region	397,880	392,477
	<b>1,771,522</b>	<b>1,632,504</b>
<b>EXPENDITURES</b>		
Advertising and promotion	20,217	18,186
Amortization	6,599	8,842
Office	70,476	53,696
Professional fees	16,462	13,836
Program	117,701	39,467
Purchase of services	2,247	16,548
Rent and occupancy	309,029	293,049
Salaries and wages	1,196,184	1,156,363
Telephone	28,839	25,124
Travel	10,169	11,179
	<b>1,777,923</b>	<b>1,636,290</b>
<b>DEFICIENCY OF REVENUES OVER EXPENDITURES</b>	<b>\$ (6,401)</b>	<b>\$ (3,786)</b>

**RAPPORT YOUTH & FAMILY SERVICES**

**Statement of Changes in Net Assets**

**Year Ended March 31, 2020**

	2019 Balance	Deficiency of revenues over expenditures	Contributions	Withdrawals	2020 Balance
Unrestricted	\$ (10,619)	\$ (6,401)	\$ -	\$ -	\$ (17,020)
Internally restricted for specific purposes	154,498	-	-	-	154,498
Invested in tangible and intangible capital assets	16,949	-	-	-	16,949
	<b>\$ 160,828</b>	<b>\$ (6,401)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 154,427</b>

	2018 Balance	(Deficiency) of revenues over expenditures	Contributions	Withdrawals	2019 Balance
Unrestricted	\$ (12,383)	\$ 1,764	\$ -	\$ -	\$ (10,619)
Internally restricted for specific purposes	154,498	-	-	-	154,498
Invested in tangible and intangible capital assets	22,499	(5,550)	-	-	16,949
	<b>\$ 164,614</b>	<b>\$ (3,786)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 160,828</b>

See notes to financial statements

## RAPPORT YOUTH & FAMILY SERVICES

### Statement of Cash Flows Year Ended March 31, 2020

	2020	2019
<b>OPERATING ACTIVITIES</b>		
Deficiency of revenues over expenditures	\$ (6,401)	\$ (3,786)
Items not affecting cash:		
Amortization of tangible and intangible capital assets	6,599	8,842
Amortization of deferred capital contributions	(2,474)	(3,292)
	<b>(2,276)</b>	1,764
Changes in non-cash working capital:		
Accounts receivable	32,000	13,700
Accounts payable and accrued liabilities	(30,106)	(16,088)
Prepaid expenditures and deposits	5,918	(172)
Harmonized sales tax payable	(10,503)	(34,185)
Deferred revenue	(26,187)	(39,622)
	<b>(28,878)</b>	(76,367)
<b>DECREASE IN CASH</b>	<b>(31,154)</b>	(74,603)
CASH - BEGINNING OF YEAR	79,247	153,850
<b>CASH - END OF YEAR</b>	<b>\$ 48,093</b>	<b>\$ 79,247</b>

See notes to financial statements



# RAPPORT YOUTH & FAMILY SERVICES

## Notes to Financial Statements

March 31, 2020

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Rapport Youth & Family Services (the Organization) is a not-for-profit organization incorporated without share capital by Letters Patent of the Province of Ontario on January 15, 1971. As a registered charity the Organization is exempt from the payment of income tax under Section 149(1) of the Income Tax Act.

The Organization's mission is to strengthen the social and emotional well-being of youth and families through counselling and related support services. Its key objectives are:

- to reflect the client diversity in Peel;
- to respond to the changing needs of youth and families;
- to promote the clients' well-being by providing strength-based services;
- to provide accessible services that are effective and accountable; and
- to enhance client services through community partnerships.

### 1. SUMMARY OF ACCOUNTING POLICIES

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations.

#### Measurement uncertainty

Certain amounts in the financial statements are subject to measurement uncertainty and are based on the Organization's best information and judgment. Actual results could differ from these estimates.

Examples of significant estimates include:

- the valuation of certain accounts receivable;
- the accrual of liabilities; and
- the useful lives of tangible and intangible capital assets.

#### Revenue recognition

The Organization follows the deferral method of accounting for contributions.

Restricted contributions are recognized as revenues in the year in which the related expenditures are incurred. Unrestricted contributions are recognized as revenues when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Fundraising revenues are recognized as revenues after the event has occurred and collection is reasonably assured. Cost recoveries are recognized once the related expense has been incurred and the recovery is reasonably assured. Service fees are recognized when the service has been provided.

Contributions restricted for the purchase of tangible capital assets are deferred and amortized into revenues at a rate corresponding with the amortization rate of the related asset.

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# RAPPORT YOUTH & FAMILY SERVICES

## Notes to Financial Statements

March 31, 2020

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### 1. SUMMARY OF ACCOUNTING POLICIES *(continued)*

#### Tangible and intangible capital assets

Tangible and intangible capital assets are stated at cost less accumulated amortization. Contributed tangible and intangible capital assets are recorded at management's best estimate of fair value at the date of contribution and amortized over their estimated useful lives. Tangible and intangible capital assets are amortized over their estimated useful lives at the following rates and methods:

Computer equipment	30%	declining balance method
Computer software	30%	declining balance method
Furniture and fixtures	5 years	straight-line method

Tangible and intangible capital assets acquired during the year but not placed into use are not amortized until they are placed into use.

#### Impairment of long-lived assets

The Organization tests for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Recoverability is assessed by comparing the carrying amount to the projected future undiscounted net cash flows the long-lived assets are expected to generate through their direct use and eventual disposition. When a test for impairment indicates that the carrying amount of an asset is not recoverable, an impairment loss is recognized to the extent the carrying value exceeds its fair value.

#### Contributed services and materials

The operations of the Organization depend on both the contribution of time by volunteers and donated materials from various sources. The fair value of donated materials and services cannot be reasonably determined and are therefore not reflected in these financial statements.

#### Financial instruments

##### *Measurement*

The Organization initially measures its financial assets and financial liabilities at fair value, except for certain related party transactions that are measured at the carrying amount or exchange amount, as appropriate.

The Organization subsequently measures all its financial assets and financial liabilities at amortized cost.

Financial assets measured at amortized cost include cash, accounts receivable and harmonized sales tax recoverable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

##### *Impairment*

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in the statement of revenues and expenditures. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in the statement of revenues and expenditures.

##### *Transaction costs*

The Organization recognizes its transaction costs in the statement of revenues and expenditures in the year incurred. However, financial instruments that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their origination, issuance or assumption.

## RAPPORT YOUTH & FAMILY SERVICES

### Notes to Financial Statements

March 31, 2020

#### 2. TANGIBLE AND INTANGIBLE CAPITAL ASSETS

	Cost	Accumulated amortization	<b>2020 Net book value</b>	2019 Net book value
Computer equipment	\$ 58,137	\$ 50,767	\$ 7,370	\$ 10,528
Computer software	5,716	5,331	385	550
Furniture and fixtures	50,140	37,037	13,103	16,379
	<b>\$ 113,993</b>	<b>\$ 93,135</b>	<b>\$ 20,858</b>	<b>\$ 27,457</b>

#### 3. DEFERRED REVENUE

Deferred contributions represent unspent externally restricted grants for specific future costs and programs and is comprised as follows:

	2020	2019
Region of Peel		
Sustainability and Collaboration Grant	\$ 19,071	\$ 60,677
Ministry of Tourism, Culture and Sport		
ECLYPSE After School Program	263	9,564
Employment and Social Development Canada	24,818	-
MOH/MCCSS	563	-
Journey Community Centre	-	661
	<b>\$ 44,715</b>	<b>\$ 70,902</b>

#### 4. DEFERRED CAPITAL CONTRIBUTIONS

The Organization received contributions for the purchase of computers, office furniture and fixtures from the Region of Peel and the Bramalea Rotary Club. These contributions are deferred and amortized into revenues at rates corresponding with the amortization rate of the related assets.

	2020	2019
Balance, beginning of year	\$ 10,508	\$ 13,800
Amount amortized to revenues	(2,474)	(3,292)
Balance, end of year	<b>\$ 8,034</b>	<b>\$ 10,508</b>

# RAPPORT YOUTH & FAMILY SERVICES

## Notes to Financial Statements

March 31, 2020

### 5. INDEMNIFICATION OF OFFICERS AND DIRECTORS

The Organization has indemnified its past, present and future directors, officers, employees, and volunteers against expenditures (including legal expenditures), judgments and any amount reasonably incurred by them in connection with any action, suit or proceeding in which the directors are sued as a result of their service, if they acted in good faith with a view to the best interests of the Organization. The nature of the indemnity prevents the Organization from reasonably estimating the maximum exposure. The Organization has purchased directors' and officers' liability insurance with respect to this indemnification.

### 6. CONTRACTS WITH MINISTRY OF CHILDREN AND YOUTH SERVICES

The Organization has service contracts with the Minister of Health - Ministry of Children, Community and Social Services (MOH/MCCSS) for core program, pay equity and special projects. One requirement of the contracts is the production by management of a Transfer Payment Annual Reconciliation report. This report summarizes, by service detail code, all revenues and expenditures and identifies any resulting surplus or deficit that relates to the contracts.

A breakdown of the report at March 31, 2020 and March 31, 2019 is as follows:

	2020	2019
A348 CYMH Brief Services	\$ (212)	\$ (2)
A349 CYMH Counselling/Therapy	(218)	(500)
A351 Family Capacity and Building Support	(4)	-
A352 Access Intake Service Planning	(116)	(44)
A354 Service Coordination Process	(55)	(577)
Net deficit	\$ (605)	\$ (1,123)

In fiscal 2020, the programs had a net deficit of \$605 (2019 - \$1,123), which will not be reimbursed by MOH/MCCSS.

### 7. COMMITMENTS

The Organization has entered into various long-term leases with respect to its premises. The leases contain renewal options and provides for payment of utilities, property taxes and maintenance costs. Future minimum lease payments as at March 31, 2020 are as follows:

2021	\$ 183,897
2022	108,114
2023	12,149
2024	12,149
	<u>316,309</u>
	\$ 316,309

# RAPPORT YOUTH & FAMILY SERVICES

## Notes to Financial Statements

March 31, 2020

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### 8. FINANCIAL INSTRUMENTS

The Organization is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Organization's risk exposure and concentration as of March 31, 2020.

#### *(a) Liquidity risk*

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Organization is exposed to this risk mainly in respect of its receipt of funds from its funders and other related sources to pay for accounts payable.

#### *(b) Funding risk*

Funding risk is the risk associated with the impact on a program's cash flow of higher costs or lack of availability of funds. Cash flow from operations provides a substantial portion of the Organization's cash requirements.

Liquidity and funding risks are managed by the preparation of an approved annual budget, monthly monitoring of budget variance and maintenance of adequate cash reserves to fund existing program commitments and future contingencies. The extent of the Organization's exposure to risk did not change significantly from the prior year.

### 9. SUBSEQUENT EVENT

Since March 31, 2020, the outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Organization in the future periods. At this moment management doesn't believe it will have any impact on the financial viability of the Organization.