

Thunder Bay Counselling Centre
Financial Statements
For the year ended March 31, 2021

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Independent Auditor's Report

To the Members of the Thunder Bay Counselling Centre

Qualified Opinion

We have audited the accompanying financial statements of Thunder Bay Counselling Centre (the Organization), which comprise the statement of financial position as at March 31, 2021 and the statements of changes in net assets, operations 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 financial statements present fairly, in all material respects, the financial position of the Organization as at March 31, 2021, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Organization derives revenue from donations and 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 creditor contributions, excess of revenues over expenses, and cash flows from operations for the years ended March 31, 2021 and 2020, current assets as at March 31, 2021 and 2020 and net assets as at April 1 and March 31 for both the 2021 and 2020 years. Our audit opinion on the financial statements for the year ended March 31, 2020 was modified accordingly because of the possible effects of this limitation in 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 the 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 these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, 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.

Independent Auditor's Report (cont'd)

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.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Thunder Bay, Ontario
June 21, 2021

Thunder Bay Counselling Centre Statement of Financial Position

March 31 2021 2020

Assets

Current

Cash (Note 2)	\$ 1,362,387	\$ 1,376,464
Accounts receivable (Note 3)	289,388	121,356
Government remittances receivable	48,767	33,160
Prepays	12,202	22,297

	1,712,744	1,553,277
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Equipment (Note 4)	-	1,004
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	\$ 1,712,744	\$ 1,554,281
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Liabilities and Net Assets

Current

Accounts payable and accrued liabilities (Note 5)	\$ 949,784	\$ 977,678
Deferred revenue (Note 6)	197,800	108,790

	1,147,584	1,086,468
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Net Assets

Invested in equipment	-	1,004
Internally restricted reserve (Note 7)	400,000	340,000
Unrestricted	165,160	126,809

	565,160	467,813
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	\$ 1,712,744	\$ 1,554,281
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Approved on behalf of the Board:

Director

Director

Thunder Bay Counselling Centre Statement of Changes in Net Assets

For the year ended March 31				2021	2020
	Invested in Equipment	Internally Restricted	Unrestricted	Total	Total
	(Note 7)				
Balance, beginning of year	\$ 1,004	\$ 340,000	\$ 126,809	\$ 467,813	\$ 497,868
Excess (deficiency) of revenue over expenditure for the year	-	-	98,351	98,351	(29,051)
Reserve transfer (Note 7)	-	60,000	(60,000)	-	-
Amortization	(1,004)	-	-	(1,004)	(1,004)
Balance, end of year	\$ -	\$ 400,000	\$ 165,160	\$ 565,160	\$ 467,813

The accompanying notes are an integral part of these financial statements.

Thunder Bay Counselling Centre Statement of Operations

For the year ended March 31	2021	2020
Revenue		
Creditor contributions	\$ 43,775	\$ 50,231
Fees from clients	275,759	367,038
Ministry of the Attorney General		
- Child Victim Witness Program	165,000	165,000
- Support Services for Male Survivors	230,000	230,000
Ministry of Children, Community and Social Services		
- Alternate Dispute Resolution	568,893	620,800
- Child Witness Program	125,978	280,303
- Enhanced Youth Outreach Worker Program	160,200	160,200
- One-time funding	106,037	12,885
- Violence Against Women Program	506,532	504,432
- Youth-in-Transition / Housing Support Worker Program	225,000	225,000
Ministry of Health and Long Term Care		
- Provincial Methadone Case Management	19,783	25,400
Miscellaneous grants	87,977	33,556
North West Local Health Integration Network		
- Mental Health Programs	279,903	279,903
- One Time Funding	50,840	73,700
- Substance Abuse Programs	722,177	722,177
Other income	260,424	302,698
Prosper Canada	150,000	150,691
Thunder Bay District Social Services Administration Board	-	88,007
United Way of Thunder Bay	141,364	111,062
	\$ 4,119,642	\$ 4,403,083

The accompanying notes are an integral part of these financial statements.

Thunder Bay Counselling Centre Statement of Operations

For the year ended March 31	2021	2020
Expenses		
Salaries and employee benefits	\$ 2,831,683	\$ 2,855,146
Advertising	46,940	48,401
Bank charges	10,903	10,703
Board administration	15,594	5,386
Books and pamphlets	869	759
Computer expense	73,066	79,196
Equipment rentals	7,330	8,837
Insurance and bonding	14,557	10,882
Janitorial	13,800	20,611
Memberships	34,009	21,549
Mileage	4,652	21,882
Miscellaneous	5,354	13,834
Office furniture	-	4,000
Office supplies	25,008	38,630
Postage	1,304	1,399
Professional fees	14,492	12,448
Program expenses	532,097	826,152
Project expenses	111,314	106,356
Rent	145,771	175,926
Rent related	44,200	55,755
Repairs and maintenance	12,644	18,357
Staff training	21,007	45,739
Telephone	49,786	38,148
Volunteer expenses	4,911	12,038
	<u>4,021,291</u>	<u>4,432,134</u>
Excess (deficiency) of revenue over expenses for the year	\$ 98,351	\$ (29,051)

The accompanying notes are an integral part of these financial statements.

Thunder Bay Counselling Centre Statement of Cash Flows

For the year ended March 31	2021	2020
Cash flows from operating activities		
Excess (deficiency) of revenue over expenses for the year	\$ 98,351	\$ (29,051)
Changes in non-cash working capital balances:		
Accounts receivable	(168,032)	93,838
Government remittances receivable	(15,607)	1,116
Prepays	10,095	(22,297)
Accounts payable and accrued liabilities	(27,894)	677,202
Deferred revenue	89,010	(3,896)
Increase (decrease) in cash during the year	(14,077)	716,912
Cash, beginning of year	1,376,464	659,552
Cash, end of year	\$ 1,362,387	\$ 1,376,464

The accompanying notes are an integral part of these financial statements.

Thunder Bay Counselling Centre Notes to Financial Statements

March 31, 2021

1. Significant Accounting Policies

Basis of Accounting	These financial statements have been prepared using Canadian accounting standards for not-for-profit organizations. These standards use the accrual basis of accounting. The accrual basis recognizes revenues as they become available and measurable; expenditures are recognized as they are incurred and measurable as a result of receipts of goods or services and the creation of a legal obligation to pay.
Nature and Purpose of Organization	Thunder Bay Counselling Centre is a local organization operating programs aimed at strengthening and supporting people's quality of life through the provision of responsive mental health services. Thunder Bay Counselling Centre was formed on March 6, 1967 as a non-profit organization under the Ontario Corporations Act and is a registered charity under the Income Tax Act.
Financial Instruments	Financial instruments are recorded at fair value when acquired or issued. All other financial instruments are reported at cost or amortized cost less impairment, if applicable. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items remeasured at fair value at each balance sheet date and charged to the financial instrument for those measured at amortized cost.
Cash and Cash Equivalents	Cash and cash equivalents consist of cash on hand and bank balances with a maturity of three months or less.
Revenue Recognition	Thunder Bay Counselling Centre follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Donations are recognized when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Fees from clients are recognized as earned on a monthly basis or as service is provided.

Thunder Bay Counselling Centre Notes to Financial Statements

March 31, 2021

1. Significant Accounting Policies (cont'd)

Equipment	Equipment is initially recorded at cost. Amortization is provided on a straight-line basis over the asset's estimated useful life at the following rates: <table data-bbox="743 577 1339 640"> <tr> <td>Computer equipment</td><td>- 33%</td></tr> <tr> <td>Furniture and fixtures</td><td>- 20%</td></tr> </table>	Computer equipment	- 33%	Furniture and fixtures	- 20%
Computer equipment	- 33%				
Furniture and fixtures	- 20%				
Deferred Revenue	Unspent program funds are deferred with permission from the funding agency. Deferred funds must be spent on specific programs as outlined in the funding agreements.				
Contributed Services	Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.				
Use of Estimates	The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. The principal estimates used in the preparation of these financial statements are the estimated useful life of equipment and accruals. Actual results could differ from management's best estimates as additional information becomes available in the future.				

Thunder Bay Counselling Centre Notes to Financial Statements

March 31, 2021

2. Cash

	2021	2020
Ministry of Health and Long Term Care Midwifery bank account (Note 3 and 5)	\$ 713,183	\$ 578,075
Unrestricted general bank accounts	198,649	349,020
Internally restricted bank accounts (Note 7)	450,555	449,369
	<u>\$ 1,362,387</u>	<u>\$ 1,376,464</u>

The Organization's Ministry of Health and Long Term Care Midwifery and internally restricted bank accounts earn interest at a rate of 0.65% to 0.70%.

3. Accounts Receivable

	2021	2020
Children's Community Network	\$ 101,307	\$ 37,294
Resolute Forest Products	43,349	5,549
Prosper Canada	42,487	-
Health Canada	15,683	32,895
Kenora Midwives (Note 2 and 5)	1,003	-
Other	85,559	45,618
	<u>\$ 289,388</u>	<u>\$ 121,356</u>

4. Equipment

	2021		2020	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Computer equipment	\$ 14,981	\$ 14,981	\$ 14,981	\$ 14,981
Furniture and fixtures	126,927	126,927	126,927	125,923
	<u>\$ 141,908</u>	<u>\$ 141,908</u>	<u>\$ 141,908</u>	<u>\$ 140,904</u>
Net book value		<u>\$ -</u>		<u>\$ 1,004</u>

Thunder Bay Counselling Centre Notes to Financial Statements

March 31, 2021

5. Accounts Payable and Accrued Liabilities

	2021	2020
Ministry of Health and Long Term Care - Midwifery (Note 2 and 3)	\$ 714,186	\$ 578,075
Ontario Ministry of Health and Long Term Care	4,617	-
Ministry of Children, Community and Social Services	11,307	-
Wages payable	4,939	15,356
Firedog Communications	19,210	1,978
Lakehead Social Planning Council	8,270	13,951
Other	187,255	368,318
	<u>\$ 949,784</u>	<u>\$ 977,678</u>

6. Deferred Revenue

Deferred revenue represents restricted operating funding received in the current period that is related to expenses of a subsequent period.

	2021	2020
The Paterson Foundation	\$ 100,000	\$ 100,000
Canadian Women's Foundation	28,915	-
Ministry of Children, Community and Social Services	44,600	4,000
Other	24,285	4,790
	<u>\$ 197,800</u>	<u>\$ 108,790</u>

7. Net Assets

The Board of Directors passed a motion on May 16, 2011, requiring the Organization build a restricted reserve equal to 20% of an average annual operating budget for the purpose of emergency expenses. The Board of Directors passed a motion at its May 17, 2021 meeting to increase the restricted reserve by \$60,000 to a total \$400,000. The Executive Director remains authorized to use unrestricted reserves for the general operation of programs and services.

8. Economic Dependence

The Organization is dependent upon provincial grants from the Ministry of Children, Community and Social Services, the Ministry of the Attorney General, North West Local Health Integration Network, and upon support from the United Way of Thunder Bay to enable the Organization to continue certain programs.

Thunder Bay Counselling Centre Notes to Financial Statements

March 31, 2021

9. Lease Commitment

The Organization has leased office facilities at the 544 Winnipeg Avenue location for \$11,739 per month with a 2% increase annually until December 2022.

10. Financial Instruments

a) Liquidity Risk

Liquidity risk is the risk that the Organization encounters difficulty in meeting its obligations with financial liabilities. Liquidity risk includes the risk that, as a result of operational liquidity requirements, the Organization will not have sufficient funds to settle a transaction on the due date; will be forced to sell financial assets at a value which is less than what they are worth; or may be unable to settle or recover a financial asset. Liquidity risk arises from accounts payable and accrued liabilities and commitments.

b) Credit Risk

Credit risk is the risk of financial loss to the Organization if a customer or counter-party to a financial instrument fails to meet its contractual obligations, and arises principally from the Organization's receivables. The majority of the Organization's receivables are from government sources and the organization works to ensure they meet all eligibility criteria in order to qualify to receive the funding.

The Organization maintains all its bank accounts at one chartered bank. The Organization is exposed to credit risk as the balances in the accounts exceed the federally insured limit.

11. COVID-19 ("Coronavirus")

Prior to the 2020/21 fiscal year ending on March 31, 2021, the Province of Ontario declared a state of emergency and placed restrictions on specific business activities, allowing only essential businesses to remain open. As a result of these restrictions, all in person services were ceased and staff started working remotely. The Organization is continuing to meet the contract mandates of funders to the best of their abilities through the use of technology. The pandemic and its impacts continue to persist beyond March 31, 2021 year-end. The closures and government restrictions are expected to be temporary and fluid based on the course of the virus. Given the dynamic nature of these circumstances and the duration of business disruptions, the related financial impact cannot be reasonably estimated at this time.

12. Comparative Amounts

The comparative amounts presented in the financial statements have been restated to conform to the current year's presentation.