CATHOLIC FAMILY SERVICES OF TORONTO

FINANCIAL STATEMENTS

DECEMBER 31, 2021

HILBORN LLP

HILBORN LLP

Independent Auditor's Report

To the Members and Directors of Catholic Family Services of Toronto

Opinion

We have audited the financial statements of Catholic Family Services of Toronto (the "Agency"), which comprise the balance sheet as at December 31, 2021, and the statements of operations, changes in net assets and cash flows the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Agency as at December 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 Opinion

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 Agency 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 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 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 ability of the Agency 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 Agency or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the financial reporting process of the Agency.

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 the financial statements.

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Independent Auditor's Report (continued)

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

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 internal control of the Agency.
- 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 ability of the Agency 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 Agency 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Hilborn LLP

Toronto, Ontario
April 20, 2022

Chartered Professional Accountants
Licensed Public Accountants

CATHOLIC FAMILY SERVICES OF TORONTO

Balance Sheet

December 31	2021 $	2020 $
ASSETS		
Current assets		
Cash	**765,307**	748,287
Short term investments (note 3)	**946,930**	645,317
Accounts receivable	**37,925**	75,844
Prepaid expenses	**20,704**	23,300
	1,770,866	1,492,748
Trust asset - employee funded leave plan (note 6)	**-**	19,126
Property and equipment (note 4)	**56,582**	88,150
	1,827,448	1,600,024
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	**34,442**	22,420
Accrued salaries and wages	**43,539**	52,684
Unearned revenue (note 5)	**259,580**	275,012
	337,561	350,116
Trust liability - employee funded leave plans (note 6)	**-**	19,126
	337,561	369,242
NET ASSETS		
Invested in property and equipment	**56,582**	88,150
Internally restricted net assets		
Equipment reserve fund	**49,135**	49,135
Contingency reserve fund	**527,925**	527,925
Unrestricted net assets	**856,245**	565,572
	1,489,887	1,230,782
	1,827,448	1,600,024

The accompanying notes are an integral part of these financial statements

Approved on behalf of the Board:

Director

Director

CATHOLIC FAMILY SERVICES OF TORONTO

Statement of Operations

Year ended December 31	2021 $	2020 $
Revenues		
Sharelife - Catholic Charities of the Archdiocese of Toronto	**1,667,983**	1,567,983
Fees for services	**475,307**	382,171
Ministry of Children, Community and Social Services	**749,707**	754,602
Archdiocesan grant - Office of Marriage and Family Life	**127,525**	155,765
- New Beginnings Program	**69,321**	96,284
Federal Government - Summer Student Program	**13,294**	13,092
- Temporary Wage Subsidy	**-**	25,000
CAMH Staff Training	**-**	80,000
United Way Gender Based Violence Covid Relief	**18,644**	14,756
Canadian's Women's Foundation Gender Based Violence Covid Relief	**20,494**	4,506
Catholic Family Services of Toronto Foundation (note 7)	**-**	45,000
Investment and other income	**13,752**	17,650
	3,156,027	3,156,809
Expenses		
Salaries	**2,074,169**	2,037,364
Employee benefits (note 8)	**343,510**	323,716
Building occupancy	**255,361**	281,262
Depreciation	**31,568**	27,794
Office	**95,107**	82,492
Training and education	**12,300**	14,135
Advertising and promotion	**9,888**	1,170
Purchased services	**52,662**	38,447
Evaluation project	**6,236**	5,717
Transportation	**474**	1,059
Group and education program	**1,147**	59,953
Organization dues and fees	**14,500**	19,309
	2,896,922	2,892,418
Excess of revenues over expenses for year	**259,105**	264,391

The accompanying notes are an integral part of these financial statements

CATHOLIC FAMILY SERVICES OF TORONTO

Statement of Changes In Net Assets

Year ended December 31

	Investment in equipment and furniture	Equipment reserve fund	Contingency reserve fund	Unrestricted net assets	Total 2021
	$	$	$	$	$
Balance, beginning of year	**88,150**	**49,135**	**527,925**	**565,572**	**1,230,782**
Excess of revenues over expenses	**-**	**-**	**-**	**259,105**	**259,105**
Inter-fund transfers representing					
Depreciation	**(31,568)**	**-**	**-**	**31,568**	-
Balance, end of year	**56,582**	**49,135**	**527,925**	**856,245**	**1,489,887**

	Invested in equipment and furniture	Equipment reserve fund	Contingency reserve fund	Unrestricted net assets	Total 2020
	$	$	$	$	$
Balance, beginning of year	83,931	49,135	527,925	305,400	966,391
Excess of revenues over expenses	-	-	-	264,391	264,391
Inter-fund transfers representing					
Acquisition of equipment and furniture	32,013	-	-	(32,013)	-
Depreciation	(27,794)	-	-	27,794	-
Balance, end of year	88,150	49,135	527,925	565,572	1,230,782

The accompanying notes are an integral part of these financial statements

CATHOLIC FAMILY SERVICES OF TORONTO

Statement of Cash Flows

Year ended December 31	2021 $	2020 $
Cash flows from operating activities		
ShareLife - Catholic Charities for the Archdiocese of Toronto	**1,667,983**	1,567,983
Ministry of Children, Community and Social Services	**837,582**	780,886
Archdiocesan grants - Office of Marriage and Family Life and New Beginnings	**196,846**	325,609
Grant from Catholic Family Services of Toronto Foundation	**-**	53,803
Federal Government grants - Summer Student	**13,294**	13,092
Clients' fees	**474,545**	408,847
Investment income received	**2,258**	6,977
Other income received	**45,313**	162,975
Cash paid to suppliers	**(437,836)**	(456,022)
Cash paid to employees	**(2,481,199)**	(2,394,158)
	318,786	469,992
Cash flows from investing activities		
Purchase of short term investments	**(946,831)**	(645,317)
Proceeds on disposition of short term investments	**645,065**	640,166
Acquisition of equipment and furniture	**-**	(32,013)
	(301,766)	(37,164)
Net change in cash	**17,020**	432,828
Cash, beginning of year	**748,287**	315,459
Cash, end of year	**765,307**	748,287

The accompanying notes are an integral part of these financial statements

December 31, 2021

Nature and description of the organization

Catholic Family Services of Toronto (the "Agency") is committed to providing innovative, relevant and quality services to the entire community within the context of Catholic beliefs and values and affirming the cultural, racial and special differences of families and individuals.

The Agency is dedicated to excellence, personalized care and helping people develop their potential as fully as possible. The Agency provides extensive preventative (wellness) as well as treatment (counselling) services. The Agency is committed to promote and strengthen healthy families, marriages and individuals.

Through counselling services, the Agency strives to help individuals, couples and families to untangle the problems and feelings arising from difficult situations. Service emphasis is on assisting clients in their efforts to move towards a more positive and fulfilling future.

Wellness programs help people make healthy life choices and positive changes in their lives as they move through life's many transitions. The programs foster competence and self-responsibility in individuals, couples and families.

The Agency is a not-for-profit organization incorporated without share capital under the laws of Ontario and is also a registered charitable organization under the Income Tax Act (Canada) and, as such, is exempt from income taxes and is able to issue donation receipts for income tax purposes. In order to maintain its status as a registered charity under the Act, the Agency must meet certain requirements within the Act. These requirements have been met.

1. **Significant accounting policies**

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and are in accordance with Canadian generally accepted accounting principles. These financial statements have been prepared within the framework of the significant accounting policies summarized below:

(a) **Basis of Presentation**

Unrestricted net assets account for the day-to-day service delivery activities of the Agency.

The Equipment Reserve Fund is a Board-designated restricted fund for the purpose of acquiring equipment and software over and above those funded by the operations.

The Contingency Reserve Fund is a Board-designated restricted fund for the purpose of covering extraordinary and unanticipated expenses that exceed or fall outside of the provisions of the Agency's operating budget and funding the Agency's obligations in extreme circumstances as determined by the Board of Directors.

1. **Significant accounting policies (continued)**

(b) **Revenue Recognition**

Contributions

The Agency follows the deferral method of accounting for contributions which include donations, government and other grants and allocations.

Externally restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Grants approved but not received, at the end of an accounting period are accrued. Where a portion of a grant relates to a future period, it is deferred and recognized in that subsequent period.

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.

Operations - ShareLife Funding

Catholic Charities of the Archdiocese of Toronto ("Catholic Charities") advance funds throughout the year in accordance with the Agency's approved funding. An operating surplus realized in the year is to be retained by the Agency, and is subject to consideration for recovery by the Catholic Charities. Operating deficits are absorbed by the Agency's reserves.

Fees for Services

Revenue from fees for services is recognized when the services are provided to clients and the collection of the relevant receivable is reasonably assured.

Investment and Other Income

Investment income is recorded when earned and other income is recorded when earned or services are performed.

Donations

Donations from Catholic Family Services Foundation are unrestricted and recorded when received.

(c) **Donated Goods and Services**

Donated goods are not recorded in the accounts, except when they are used in the normal course of business and when a fair value for such goods can be readily determined.

The Agency derives a significant benefit from members acting as volunteers and directors. Since these services are not normally purchased by the Agency and because of the difficulty of determining their fair value, donated services are not recognized in the financial statements for these same reasons.

1. **Significant accounting policies (continued)**

(d) **Related party transactions**

A party is considered to be related to the Agency if such party or the Agency has the ability to, directly or indirectly, control or exercise significant influence over the other's financial and operating decisions, or if the Agency and such party are subject to common control or common significant influence. Related parties may be individuals or other entities.

(e) **Financial instruments**

(i) **Measurement of financial instruments**

The Agency initially measures its financial assets and financial liabilities, with the exception of related party transactions, at fair value adjusted by the amount of transaction costs directly attributable to the instrument.

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

Amortized cost is the amount at which a financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortization of any difference between the initial amount and the maturity amount, and minus any reduction for impairment.

Financial assets measured at amortized cost include cash, short term investments and accounts receivable.

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

(ii) **Impairment**

Financial assets measured at amortized cost are tested for impairment when there are indicators of possible impairment. When a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial asset or group of assets, a write-down is recognized in net income. The write down reflects the difference between the carrying amount and the higher of the present value of the cash flows expected to be generated by the asset or group of assets and the amount that could be realized by selling the assets or group of assets.

When the events occurring after the impairment confirm that a reversal is necessary, the reversal is recognized in net income up to the amount of the previously recognized impairment. The amount of the reversal is recognized in income in the period that the reversal occurs.

(f) **Short Term Investments**

Short term investments are comprised of guaranteed investment certificates maturing within a year and are recorded at amortized cost.

1. **Significant accounting policies (continued)**

(g) **Property and equipment**

Property and equipment are recorded at cost and depreciated over their estimated useful lives on a straight line basis at the following annual rates:

Furniture and equipment	- 20%
Computer equipment	- 25%
Leasehold improvements	- over the term of the lease

The above rates are reviewed annually to assess ongoing appropriateness. Any changes are adjusted on a prospective basis. If there is an indication that the assets may be impaired, an impairment test is performed that compares carrying amount to net recoverable amount. There were no impairment indicators in 2021 or 2020.

(h) **Deferred Capital Contributions**

Externally restricted contributions for the acquisition of property and equipment that will be depreciated are deferred and amortized over the life of the related property and equipment. Externally restricted contributions that have not been expended are recorded as part of deferred capital contributions on the balance sheet.

(i) **Employee Future Benefits**

Effective January 1, 2020, the Catholic Charities of the Archdiocese of Toronto and Participating Member Agencies became a participating employer in the Colleges of Applied Arts and Technology Pension Plan (the "Plan"), which is a multi-employer contributory defined benefit pension plan. The Plan covers all of the employees of the Agency. The plan assets of the former defined benefit pension plan and defined contribution pension plan were all transferred to the Plan. Full time employees commencing employment on or after January 1, 2020 are automatically enrolled in the Plan effective on the date of hire. Employees other than full time employees commencing employment on or after January 1, 2020 have the option to enroll in the Plan effective on the date of hire.

In accordance with CPA Handbook section 3642 "Employee Future Benefits", a multi-employer contributory defined benefit plan is accounted using defined contribution plan accounting due to sufficient information not available to use defined benefit plan accounting.

The Agency's policy is to expense the contributions made to the Plan. The pension expense for the year consists of payments for current service costs and special payments for any unfunded liabilities.

1. **Significant accounting policies (continued)**

(j) **Management Estimates**

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the current year. Actual results may differ from these estimates, the impact of which would be recorded in future years.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future years affected.

2. **Financial instrument risk management**

The Agency is exposed to various risks through its financial instruments. The following analysis provides a measure of the Agency's risk exposure at the balance sheet date.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Agency's main credit risks relate to cash, accounts receivable and short term investments.
The maximum exposure of the Agency to credit risk is as follows:

	2021 $	2020 $
Cash	**765,307**	748,287
Accounts receivable	**37,925**	75,844
Short term investments	**946,930**	645,317
	1,750,162	1,469,448

The Agency reduces its exposure to the credit risk of cash and short term investments by maintaining balances with a Canadian chartered bank.

Accounts receivable are comprised of mainly property tax rebate, PSB charity rebate and refundable amount of overpaid extended health taxes. The Agency is not exposed to significant credit risk on its accounts receivable.

Liquidity risk

Liquidity risk is the risk that the Agency will encounter difficulty in meeting obligations associated with financial liabilities. The Agency is exposed to this risk mainly in respect of its accounts payable and accrued liabilities and lease commitments. The Agency expects to meet these obligations as they come due from the operating grants it receives from Catholic Charities, Province of Ontario and from fees collected for services rendered.

December 31, 2021

2. **Financial instrument risk management (continued)**

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The Agency is not exposed to significant interest rate risk, currency risk, or other price risks.

Changes in risk

There have been no significant changes in the risk profile of the financial instruments of the Agency from that of the prior year.

3. **Short term investments**

Short term investments are comprised of guaranteed investment certificates maturing within a year at rate of 0.40% per annum (2020 - 0.25%).

4. **Property and equipment**

			2021
	Cost $	**Accumulated Amortization $**	**Net Book Value $**
Furniture and fixtures	**158,475**	**150,984**	**7,491**
Leasehold improvements	**103,628**	**72,540**	**31,088**
Computer equipment	**265,021**	**247,018**	**18,003**
	527,124	**470,542**	**56,582**

			2020
	Cost $	**Accumulated Amortization $**	**Net Book Value $**
Furniture and fixtures	158,475	147,344	11,131
Leasehold improvements	103,628	51,814	51,814
Computer equipment	265,021	239,816	25,205
	527,124	438,974	88,150

5. **Unearned revenue**

2021	Opening Balance $	Net Received (Return) During Year $	Recognized as Revenue $	Closing Balance $
Being a Dad Program/CCAS	**53,183**	**68,920**	**57,321**	**64,782**
Family Life Education - Marriage Preparation Course	**70,991**	**492,396**	**475,307**	**88,080**
New Beginning Program	**69,811**	**69,321**	**69,321**	**69,811**
Marriage Prep & Family Life Program	**20,523**	**127,525**	**127,525**	**20,523**
MCCS - Violence Against Women	**6,200**	**591,146**	**597,346**	**-**
- Child Welfare - Community and Prevention Supports	**10,057**	**10,029**	**8,925**	**11,161**
- Other - Adults' Social Services	**-**	**96,700**	**96,700**	**-**
Canadian Women Foundation	**20,494**	**-**	**20,494**	**-**
United Way	**18,644**	**-**	**18,644**	**-**
Other	**5,109**	**114**	**-**	**5,223**
	$ 275,012	**$ 1,456,151**	**$ 1,471,583**	**$ 259,580**

2020	Opening Balance $	Net Received (Return) During Year $	Recognized as Revenue $	Closing Balance $
Being a Dad Program/CCAS	34,899	70,000	51,716	53,183
Family Life Education - Marriage Preparation Course	44,315	408,847	382,171	70,991
New Beginning Program	16,774	149,321	96,284	69,811
Marriage Prep & Family Life Program	-	176,288	155,765	20,523
MCCS - Violence Against Women	8,256	609,775	611,831	6,200
- Child Welfare - Community and Prevention Supports	-	19,503	9,446	10,057
- Other - Adults' Social Services	-	89,864	89,864	-
Canadian Women Foundation	-	25,000	4,506	20,494
United Way	-	33,400	14,756	18,644
Other	4,950	159	-	5,109
	$ 109,194	$ 1,582,157	$ 1,416,339	$ 275,012

6. **Employee funded leave plan**

The Agency offers a voluntary prepaid leave plan which is self-financing in nature. The employee contributes for four years in the plan and the accumulated funds are paid out to the employee in the fifth year. During the year, the accumulated funds were paid to the employee and the plan was closed after the payments.

7. **Related party transactions**

The Catholic Family Services of Toronto Foundation (the "Foundation") is an independent corporation without share capital which has its own Board of Directors. The Foundation provides donations to the Agency for special projects and capital purposes. The Agency is the sole beneficiary of the Foundation. The accounts of the Foundation are not included in these financial statements. At December 31, 2021 the Foundation had net assets of $803,409 (2020 - $700,517). During 2021, the Agency received grants of $ Nil (2020 - $45,000) from the Foundation.

8. **Pension plan contributions**

Effective January 1, 2020, the Catholic Charities of the Archdiocese of Toronto and Participating Member Agencies became a participating employer in the Colleges of Applied Arts and Technology Pension Plan (the "Plan").

Contributions to the pension plan made during the year by the Agency, on behalf of its employees, amounted to $131,661 (2020 - $127,761) and are included in employee benefits in the Statement of Operations.

According to the most recent actuarial valuation as at January 1, 2021, which was reported in April 2021, the Plan is fully funded on a going concern basis.

The employer normal cost is equal to 7% of payroll in 2021 (2020 - 7%), and remain the same rate in 2022.

9. **Lease Commitment**

The Agency has entered into a premises lease agreement for its Toronto North office at 245 Fairview Mall Drive expiring in August 2023.

The minimum annual rent payments are as follows:

	$
Fiscal year ending December 31, 2022	70,500
2023	47,500
	118,000

In addition, the Agency is responsible for its share of annual operating costs which in 2021 amounted to approximately $74,000 (2020 - $73,000).

December 31, 2021

10. **Service contracts with Ontario government**

The Agency has service contracts with the Ministry of Children, Community and Social Services. An annual reconciliation report summarizes, by service, all revenues and expenses and identifies any surplus or deficit that relates to the service contract. This reconciliation is filed with the Ministries on an April 1 to March 31 fiscal year basis.

A summary of the surplus (deficit) of this service contract is as follows:

Fiscal year ended March 31, 2021	
Violence Against Women	$ 10,584 Surplus
Other - Adults' Social Services	$ (6,990) Deficit
Child Welfare - Community and Prevention Supports	$ 17,851 Surplus
Period ended December 31, 2021	
Violence Against Women	$ NIL
Other - Adults' Social Services	$ NIL
Child Welfare - Community and Prevention Supports	$ 11,161 Surplus

The surplus (deficit) set out above are included in the 2021 financial statements.

11. **Impact of COVID-19**

The global pandemic of the virus known as COVID-19 led the Canadian Federal government, as well as provincial and local governments, to impose measures, such as restricting foreign travel, mandating self-isolations and physical distancing and closing non-essential businesses. Because of the high level of uncertainty related to the outcome of this pandemic, it is difficult to estimate the future financial effect, if any, on the Agency.

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