

**Addiction Services for York Region
Financial Statements
For the year ended March 31, 2021**

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Independent Auditor's Report

To the Board of Directors of Addiction Services for York Region

Opinion

We have audited the financial statements of Addiction Services for York Region (the "Organization"), which comprise the statement of financial position as at March 31, 2021, and the statements of operations, 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, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at March 31, 2021, and its financial performance 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 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 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.

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.

Independent Auditor's Report (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 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
Oakville, Ontario
June 24, 2021

Addiction Services for York Region Statement of Financial Position

March 31	2021	2020
Assets		
Current		
Cash (Note 2)	\$ 1,403,629	\$ 194,993
Short-term investments (Note 3)	648,750	439,398
Accounts receivable	108,348	53,180
HST receivable	140,344	113,607
Prepaid expenses	201,557	24,048
	2,502,628	825,226
Long-term investments	-	200,000
Capital assets (Note 4)	119,031	139,581
	\$ 2,621,659	\$ 1,164,807

Liabilities and Net Assets

Current		
Accounts payable and accrued liabilities (Note 5)	\$ 1,443,918	\$ 406,718
Deferred revenue (Note 10)	95,492	20,902
	1,539,410	427,620
Deferred capital contributions (Note 7)	459,792	117,122
Deferred rent	149,023	150,190
	2,148,225	694,932
Net Assets		
Unrestricted	3,434	9,875
Internally restricted (Note 6)	470,000	460,000
	473,434	469,875
	\$ 2,621,659	\$ 1,164,807

On behalf of the Board:

_____ Director

_____ Director

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

Addiction Services for York Region Statement of Operations

For the year ended March 31	2021	2020
Revenue		
Ontario Health (Note 13)	\$ 8,754,481	\$ 7,933,014
Other funded programs (Note 8)	509,394	386,921
Ontario Health- Pandemic Funding (Note 14)	134,570	-
Community Withdrawal Management Services Funding (Note 9)	128,033	128,033
Grants, donations and other income	102,352	19,594
Fee for service	78,347	141,207
Ministry of Health	60,564	60,564
Amortization of deferred capital contributions (Note 7)	30,888	43,267
Interest income	13,386	12,978
	9,812,015	8,725,578
Expenditures		
Salaries and benefits	5,048,833	4,996,580
Agency partnership distributions	2,102,676	1,628,999
Occupancy costs	624,347	555,579
Program supplies	543,562	275,489
Purchased services	496,295	114,213
Pandemic expenses (Note 14)	301,572	8,284
Professional fees	211,586	353,108
Communications	106,882	24,068
Telephone	83,000	90,879
Professional development	79,013	109,702
Repairs and maintenance	78,385	270,554
Amortization	46,301	49,855
Bank charges, interest and payroll processing	28,279	24,594
General office expenses	24,580	77,571
Insurance	22,854	20,739
Travel	10,291	113,015
	9,808,456	8,713,229
Excess of revenue over expenditures for the year	\$ 3,559	\$ 12,349

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

**Addiction Services for York Region
Statement of Changes in Net Assets**

For the year ended March 31, 2021

	Unrestricted	Internally Restricted (Note 6)	Total 2021	Total 2020
Balance, beginning of year	\$ 9,875	\$ 460,000	\$ 469,875	\$ 457,526
Excess of revenue over expenditures	3,559	-	3,559	12,349
Transfer of funds	(10,000)	10,000	-	-
Balance, end of year	\$ 3,434	\$ 470,000	\$ 473,434	\$ 469,875

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

Addiction Services for York Region Statement of Cash Flows

For the year ended March 31	2021	2020
Cash provided by (used in)		
Operating activities		
Excess of revenue over expenditures for the year	\$ 3,559	\$ 12,349
Adjustments required to reconcile excess of revenue over expenditures for the year with net cash provided by operating activities		
Amortization of capital assets	46,301	49,855
Amortization of deferred capital contributions	(30,888)	(43,267)
Deferred rent	(1,167)	6,845
Changes in non-cash working capital balances		
Accounts receivable	(55,168)	167,811
HST receivable	(26,737)	25,036
Prepaid expenses	(177,509)	27,671
Accounts payable and accrued liabilities	1,037,200	(97,384)
Deferred revenue	74,590	7,438
	870,181	156,354
Investing activities		
Purchase of capital assets	(25,751)	(100,572)
Purchase of investments, net	(9,352)	(111,913)
	(35,103)	(212,485)
Financing activity		
Contributions received for capital asset purchases	373,558	100,572
Increase in cash during the year	1,208,636	44,441
Cash, beginning of year	194,993	150,552
Cash, end of year	\$ 1,403,629	\$ 194,993

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

Addiction Services for York Region

Notes to Financial Statements

March 31, 2021

1. Nature of Organization and Significant Accounting Policies

Nature of the Organization

Addiction Services for York Region (the "Organization") is a non-profit, charitable agency that unites to offer hope and promote recovery through outstanding service and innovation. The Organization believes in a world where all people affected by addictions will have the opportunity to heal.

The Organization is a registered charity under the Income Tax Act and as such is exempt from income tax.

General

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Deferred Rent

Deferred rent represents the straight-lining of premises rental payments over the term of the lease.

Capital Assets

Capital assets are stated at cost less accumulated amortization. Amortization based on the estimated useful life of the asset is calculated as follows:

Computer equipment	- 33 % declining balance
Office furniture and equipment	- 20 % declining balance
Leasehold improvements	- 20 % straight line

Revenue Recognition

The Organization follows the deferral method of accounting for contributions, which includes donations and government grants.

The Organization is funded in part by the Government of Ontario in accordance with budget arrangements established by Ontario Health and the Ministry of Health. Operating grants are recorded as revenue in the period to which they relate.

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.

Addiction Services for York Region Notes to Financial Statements

March 31, 2021

1. Nature of Organization and Significant Accounting Policies (continued)

Revenue Recognition (continued)

Restricted contributions are recognized as revenue in the year in which the related expenses are incurred.

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

Fee for service and other contract revenue is recognized when the services are provided and collectibility is reasonably assured.

Contributed Services

Volunteers contribute time to assist the Organization in carrying out its services. Due to the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

Financial Instruments

Financial assets and financial liabilities are initially recognized at fair value when the Organization becomes a party to the contractual provision of the financial instrument. Subsequently, all financial instruments are measured at amortized cost, except for investments. The Organization has elected to use the fair value option to measure investments, with any subsequent changes in fair value recorded in the statement of operations.

Financial assets measured at amortized cost are assessed at each reporting date for indications of impairment. If such impairment exists, the asset is written down and the resulting impairment loss is recognized in the statement of operations. Transaction costs are expensed for those items measured at fair value at each statement of financial position date and charged to the financial instrument for those measured at amortized cost.

Addiction Services for York Region Notes to Financial Statements

March 31, 2021

2. Cash

The Organization has an unused line of credit of \$50,000 (2020 - \$50,000) that bears interest at prime + 1.25% (2020 - prime + 1.25%).

3. Short-term Investments

Short-term investments consist of Guaranteed Investment Certificates ("GICs") earning interest of 0.55% to 2.85%, maturing between September 2021 and November 2021 and Money Market Mutual Funds earning interest of 0.20% (2020 - GICs earning interest of 2.08% to 2.45%, maturing between May 2020 and August 2020 and Money Market Mutual Funds earning interest of 0.25%).

4. Capital Assets

	2021		2020	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Computer equipment	\$ 357,292	\$ 326,089	\$ 357,292	\$ 297,273
Office furniture and equipment	217,109	152,874	191,357	143,253
Leasehold improvements	100,900	77,307	100,900	69,442
	\$ 675,301	\$ 556,270	\$ 649,549	\$ 509,968
Net book value		\$ 119,031		\$ 139,581

5. Accounts Payable and Accrued Liabilities

Included in accounts payable and accrued liabilities is \$3,366 (2020 - \$61,013) in government withholding taxes.

Addiction Services for York Region Notes to Financial Statements

March 31, 2021

6. Internally Restricted Funds

The Board of Directors have internally restricted funds in the amount of \$470,000 (2020 - \$460,000) to be spent only upon approval of the Board and only for unforeseen expenses, major capital asset additions or operating needs that are not otherwise budgeted. They are not to be used to fund current operating activities.

7. Deferred Capital Contributions

Deferred capital contributions consists of the following:

	2021	2020
Balance, beginning of year	\$ 117,122	\$ 59,817
Contributions received from:		
Central Local Health Integration Network	373,558	100,572
	490,680	160,389
Amortization of deferred capital contributions	(30,888)	(43,267)
	\$ 459,792	\$ 117,122

8. Other Funded Programs

Other program revenue consists of the following amounts:

	2021	2020
Canadian Mental Health		
Housing First Program	\$ 373,457	\$ 373,457
Community Foundations of Canada		
Emergency Community Support Fund	74,863	-
United Way		
COVID-19 Emergency Community Support Fund	44,044	-
Community Home Assistance to Seniors		
Food Security Services Funding	17,030	-
Gambling Research Exchange Ontario		
Research, Knowledge Translation and Exchange Award	-	13,464
	\$ 509,394	\$ 386,921

Addiction Services for York Region Notes to Financial Statements

March 31, 2021

9. Community Withdrawal Management Services Funding

Community Withdrawal Management Services is a program supported by Ontario Health and the Royal Victoria Hospital. The funding of \$128,033 (2020 - \$128,033) represents funds received from the Royal Victoria Hospital.

10. Deferred Revenue

Deferred revenue consists of the following amounts:

	<u>2021</u>	<u>2020</u>
Bell Let's Talk Grant	\$ 20,902	\$ 20,902
United Way	74,590	-
	<u>\$ 95,492</u>	<u>\$ 20,902</u>

11. Commitments

The Organization has the following minimum annual payments for their premises and telecommunications equipment:

2022	\$ 430,442
2023	405,875
2024	389,801
2025	323,142
2026	256,000
Thereafter	<u>1,368,583</u>
	<u>\$ 3,173,843</u>

Addiction Services for York Region Notes to Financial Statements

March 31, 2021

12. Financial Instrument Risk

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Organization is exposed to interest rate risk arising from the possibility that changes in interest rates will affect the value of short-term investments. This risk is mitigated through the use of a formal investment policy, using the services of a professional investment advisor, and on-going monitoring and reporting. This risk has not changed from the prior year.

Liquidity Risk

Liquidity risk is the risk that the Organization will encounter difficulty in meeting its obligations associated 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. The Organization is exposed to this risk mainly in respect of its accounts payable and commitments.

13. Contingent Liabilities

The Organization receives funding from Ontario Health to assist with the expenditures of the Organization based on a pre-approved budget. The amount of funding provided to the Organization is subject to final review and approval by Ontario Health.

As at the date of these financial statements, funding for the fiscal year from April 1, 2020 to March 31, 2021 has not been subject to the Ministry of Health review process. As at March 31, 2021 the Organization has not recorded a payable to Ontario Health (2020 - \$Nil) on account of unspent funding. Any adjustments required as a result of this review, will be accounted for in the year of settlement.

Addiction Services for York Region Notes to Financial Statements

March 31, 2021

14. COVID-19

On March 11, 2020, the World Health Organization declared the outbreak of a novel coronavirus ("COVID-19") as a global pandemic, which continues to spread throughout Canada and around the world.

The Organization's services are deemed essential and therefore exempt from provincial closure orders. The Organization received funding towards supporting expenses related to COVID-19. Management continues to implement cost-saving measures to mitigate the financial impact of COVID-19.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. Management is actively monitoring the situation and the impact on its financial condition, liquidity, operations, suppliers, sector, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Organization is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity at this time.

15. Comparative Figures

Certain comparative figures have been reclassified to conform with the method of presentation adopted for the current year.