CATHOLIC FAMILY SERVICES OF TORONTO

FINANCIAL STATEMENTS

DECEMBER 31, 2020

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, 2020, 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 Agency as at December 31, 2020, 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 21, 2021

Chartered Professional Accountants
Licensed Public Accountants

401 Bay Street · Suite 3100 · P.O. Box 49 · Toronto · ON · CA · M5H 2Y4 · P416-364-1359 · F416-364-9503 · hilbornca.com

CATHOLIC FAMILY SERVICES OF TORONTO

BALANCE SHEET

DECEMBER 31

		2020	2019
ASSETS			
Current assets			
Cash	$	**748,287**	$ 315,459
Short term investments *(note 3)*		**645,317**	640,166
Accounts receivable		**75,844**	93,896
Prepaid expenses		**23,300**	24,496
		1,492,748	1,074,017
Trust asset - employee funded leave plan *(note 6)*		**19,126**	52,204
Property and equipment *(note 4)*		**88,150**	83,931
		1,600,024	1,210,152
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		**22,420**	18,047
Accrued salaries and wages		**52,684**	64,316
Unearned revenue *(note 5)*		**275,012**	109,194
		350,116	191,557
Trust liability - Employee funded leave plan *(note 6)*		**19,126**	52,204
		369,242	243,761
NET ASSETS			
Invested in property and equipment		**88,150**	83,931
Internally restricted net assets			
Equipment reserve fund		**49,135**	49,135
Contingency reserve fund		**527,925**	527,925
Unrestricted net assets		**565,572**	305,400
		1,230,782	966,391
	$	**1,600,024**	$ 1,210,152

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

	2020	2019
Revenues		
ShareLife - Catholic Charities of the Archdiocese of Toronto	**$ 1,567,983**	$ 1,635,277
Fees for services	**382,171**	385,953
Contributions - Ministry of Community and Social Services and Children and Youth Services	**754,602**	732,507
Archdiocesan grant - Office of Marriage and Family Life	**155,765**	187,381
- New Beginnings Program	**96,284**	138,832
Federal Government - Summer Student Program	**13,092**	8,860
- Temporary Wage Subsidy	**25,000**	-
CAMH Staff Training	**80,000**	-
United Way Gender Based Violence Covid Relief	**14,756**	-
Canadian's Women's Foundation Gender Based Violence Covid Relief	**4,506**	-
Catholic Family Services of Toronto Foundation *(note 7)*	**45,000**	8,803
Investment and other income	**17,650**	25,116
	3,156,809	3,122,729
Expenses		
Salaries	**2,037,364**	2,219,170
Employee benefits *(note 8)*	**323,716**	313,877
Building occupancy	**281,262**	263,863
Depreciation	**27,794**	23,283
Office	**82,492**	93,040
Training and education	**14,135**	14,017
Advertising and promotion	**1,170**	3,947
Purchased services	**38,447**	86,260
Evaluation project	**5,717**	6,236
Transportation	**1,059**	4,263
Financial assistance	**-**	3,241
Group and education program	**59,953**	30,590
Organization dues and fees	**19,309**	44,822
	2,892,418	3,106,609
Excess of revenues over expenses for year	**$ 264,391**	$ 16,120

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

	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**

	Invested in equipment and furniture	Equipment reserve fund	Contingency reserve fund	Unrestricted net assets	Total 2019
Balance, beginning of year	99,635	49,135	527,925	273,576	950,271
Excess of revenues over expenses	-	-	-	16,120	16,120
Inter-fund transfers representing					
Acquisition of equipment and furniture	7,370	-	-	(7,370)	-
Amortization of deferred capital contributions	209	-	-	(209)	-
Depreciation	(23,283)	-	-	23,283	-
Balance, end of year	$ 83,931	$ 49,135	$ 527,925	$ 305,400	$ 966,391

The accompanying notes are an integral part of these financial statements

CATHOLIC FAMILY SERVICES OF TORONTO

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31

	2020	2019
Cash flows from operating activities		
ShareLife - Catholic Charities for the Archdiocese of Toronto	**$ 1,567,983**	$ 1,635,277
Ministry of Community and Social Services	**780,886**	744,894
Archdiocesan grants - Office of Marriage and Family Life and New Beginnings	**325,609**	342,987
Grant from Catholic Family Services of Toronto Foundation	**53,803**	-
Federal government grants - Summer Student	**13,092**	8,860
Clients' fees	**408,847**	391,393
Investment income received	**6,977**	15,216
Other income received	**162,975**	27,658
Cash paid to suppliers	**(456,022)**	(586,267)
Cash paid to employees	**(2,394,158)**	(2,515,680)
	469,992	64,338
Cash flows from investing activities		
Purchase of short term investments	**(645,317)**	(640,166)
Proceeds on disposition of short term investments	**640,166**	628,476
Acquisition of equipment and furniture	**(32,013)**	(7,370)
	(37,164)	(19,060)
Net change in cash	**432,828**	45,278
Cash, beginning of year	**315,459**	270,181
Cash, end of year	**$ 748,287**	$ 315,459

The accompanying notes are an integral part of these financial statements

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:

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)

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.

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial Instruments

(i) Measurement of financial assets and liabilities

The Agency initially measures its financial assets and financial liabilities at fair value except for those resulting from certain non-arm's length transactions, which are measured at the exchange amount. Exchange amount is the amount of consideration established and agreed by the parties. Fair value is 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.

Short Term Investments

Short term investments are comprised of guaranteed investment certificates and are recorded at amortized cost.

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 2020 or 2019.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Employee Future Benefits

Prior to January 1, 2020, the Agency contributed to the Pension Plan for Employees of the Catholic Charities of the Archdiocese of Toronto and Participating Member Agencies, which is a multi-employer contributory defined benefit pension plan. The pension plan covered substantially all of the Agency's employees entitled to be enrolled in the pension plan prior to January 1, 2013. For employees commencing employment after January 1, 2013, the Agency contributed to a defined contribution plan established by Catholic Charities.

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.

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:

	2020	2019
Cash	**$ 748,287**	$ 315,459
Accounts receivable	**75,844**	93,896
Short term investments	**645,317**	640,166
	$ 1,469,448	$ 1,049,521

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 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, employee funded leave plan 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.

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 0.25% per annum (2019 - 1.75%).

4. PROPERTY AND EQUIPMENT

	Cost	***Accumulated Amortization***	***2020 Net***
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**

	Cost	*Accumulated Amortization*	2019 *Net*
Furniture and fixtures	$ 149,372	$ 144,613	$ 4,759
Leasehold improvements	103,628	31,088	72,540
Computer equipment	242,111	235,479	6,632
	$ 495,111	$ 411,180	$ 83,931

5. UNEARNED REVENUE

	2020	*2019*
Being a Dad Program/CCAS	**$ 63,240**	$ 34,899
Family Life Education - Marriage Preparation Course	**70,991**	44,315
New Beginning Program	**69,811**	16,774
Marriage Prep & Family Life Program	**20,523**	-
Canadian Women Foundation	**20,494**	-
United Way	**18,644**	-
Transitional Housing Program	**3,322**	8,256
Domestic Violence Program	**2,878**	-
Other	**5,109**	4,950
	$ 275,012	$ 109,194

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.

7. RELATED PARTY

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, 2020 the Foundation had net assets of $700,517 (2019 - $642,366). During 2020, the Agency received grants of $45,000 (2019 - $8,803) from the Foundation.

8. PENSION PLAN CONTRIBUTIONS

The Agency participates in an employee pension plan. Prior to January 1, 2020, the Agency contributed to the Pension Plan for Employees of the Catholic Charities of the Archdiocese of Toronto and Participating Member Agencies. 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 $127,761 (2019 - $97,411) and are included in employee benefits in the Statement of Operations.

According to the most recent actuarial valuation as at January 1, 2020, which was reported in March 2020, the Plan is fully funded on a going concern basis.

The employer normal cost is equal to 7% of payroll in 2020 (2019 - 6.77%), and remain the same rate in 2021.

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,	2021	$	69,400
	2022		70,500
	2023		47,500

In addition, the Agency is responsible for its share of annual operating costs which in 2020 amounted to approximately $73,000 (2019 - $74,000).

10. SERVICE CONTRACTS WITH ONTARIO GOVERNMENT

The Agency has service contracts with the Ministry of Community and Social Services and Ministry of Children and Youth 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, 2020			
Violence Against Women Counselling	$	(1,630)	Deficit
Transitional and Housing Support Program		13,126	Surplus
Other Adult Social Services		(6,287)	Deficit
Violence Against Women Capacity Building		(13,461)	Deficit
Community Capacity Building		8,835	Surplus
CCAS Collaboration (Child Development Institute)		39,654	Surplus
Period ended December 31, 2020			
Violence Against Women Counselling		2,880	Surplus
Transitional and Housing Support Program		3,322	Surplus
Other Adult Social Services		-	No Surplus/Deficit
Violence Against Women Capacity Building		(14,952)	Deficit
Community Capacity Building		10,057	Surplus
CCAS Collaboration (Child Development Institute)		13,529	Surplus

The surplus (deficit) set out above are included in the 2020 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.

HILBORN

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