

Financial Statements of

**KITCHENER-WATERLOO  
EXTEND-A-FAMILY  
ASSOCIATION**

(OPERATING AS EXTEND-A-FAMILY  
WATERLOO REGION)

And Independent Auditors' Report thereon

Year ended March 31, 2020



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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Kitchener-Waterloo Extend-A-Family Association

### **Opinion**

We have audited the financial statements of Kitchener-Waterloo Extend-A-Family Association (the "Organization"), which comprise:

- the statement of financial position as at March 31, 2020
- the statement of operations and changes in net assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at March 31, 2020 its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for-not-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 "**Auditors' Responsibilities for the Audit of the Financial Statements**" section of our auditors' 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 the financial statements in accordance with Canadian accounting standards for not-for-profit organizations 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.

### ***Auditors' 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 auditors' 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.

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 auditors' 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 auditors' report. However, future events or conditions may cause the Organization to cease to continue as a going concern.



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- 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.
- 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.

*KPMG LLP*

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Chartered Professional Accountants, Licensed Public Accountants

Waterloo, Canada

June 20, 2020

# KITCHENER-WATERLOO EXTEND-A-FAMILY ASSOCIATION

(OPERATING AS EXTEND-A-FAMILY WATERLOO REGION)

## Statement of Financial Position

March 31, 2020, with comparative information for 2019

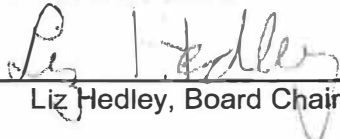
	2020	2019
<b>Assets</b>		
Current assets:		
Cash	\$ 569,157	\$ 1,270,927
Short-term investments (note 2)	715,000	941,707
Receivables (note 3)	178,375	193,623
Due from the PassportONE formerly Central West Region		
Passport Agency	263,392	-
Prepaid expenses	-	3,158
	<u>1,725,924</u>	<u>2,409,415</u>
Capital assets (note 4)	477,912	496,934
	<u>\$ 2,203,836</u>	<u>\$ 2,906,349</u>

## Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities (note 5)	\$ 1,289,794	\$ 1,178,228
Due to the Central West Region Passport Agency	-	394,994
Deferred revenue (note 6)	1,200	119,875
	<u>1,290,994</u>	<u>1,693,097</u>
Long-term liabilities:		
Deferred capital contributions (note 8)	173,333	200,000
	<u>1,464,327</u>	<u>1,893,097</u>
Net assets:		
Unrestricted	112,409	386,152
Internally restricted (note 7)	627,100	627,100
	<u>739,509</u>	<u>1,013,252</u>
Commitments (note 10)		
Subsequent events (note 12)		
	<u>\$ 2,203,836</u>	<u>\$ 2,906,349</u>

See accompanying notes to financial statements.

On behalf of the Board:

  
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 Liz Hedley, Board Chair

Director

  
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 Jamie Moffat, Board Treasurer

Director

# KITCHENER-WATERLOO EXTEND-A-FAMILY ASSOCIATION

(OPERATING AS EXTEND-A-FAMILY WATERLOO REGION)

Statement of Operations and Changes in Net Assets

Year ended March 31, 2020, with comparative information for 2019

	2020	2019
<b>Revenue:</b>		
Province of Ontario - general	\$ 8,353,798	\$ 8,652,785
PassportONE (formerly Central West Region Passport Agency)	3,103,936	3,148,098
Program billing and fees	235,692	685,323
Other funding	114,654	125,123
Donations and fundraising (note 9)	144,197	79,522
Waterloo Wellington Local Health Integration Network	110,803	134,464
United Way Waterloo Region Communities	14,921	13,430
Investment income	25,879	9,392
Government of Canada	27,440	13,440
	<b>12,131,320</b>	<b>12,861,577</b>
<b>Expenses:</b>		
Salaries, wages and benefits	4,639,621	4,632,063
Direct families and program expenses	6,985,248	7,262,343
Consulting and professional fees	174,668	134,218
Occupancy costs	122,131	134,049
Office	181,688	143,884
Staff training and travel	107,129	106,194
Indirect families and program expenses	121,067	84,275
Computer related expenses	5,941	17,353
Amortization	53,934	14,693
Fundraising expenses	12,809	16,905
Other	827	5,295
	<b>12,405,063</b>	<b>12,551,272</b>
Excess (deficiency) of revenue over expenses	(273,743)	310,305
Net assets, beginning of year	1,013,252	702,947
Net assets, end of year	<b>\$ 739,509</b>	<b>\$ 1,013,252</b>

See accompanying notes to financial statements.

# KITCHENER-WATERLOO EXTEND-A-FAMILY ASSOCIATION

(OPERATING AS EXTEND-A-FAMILY WATERLOO REGION)

## Statement of Cash Flows

Year ended March 31, 2020, with comparative information for 2019

	2020	2019
Cash provided by (used in):		
Operations:		
Excess (deficiency) of revenue over expenses	\$ (273,743)	\$ 310,305
Item not involving cash:		
Amortization	53,934	14,693
Amortization of deferred capital contributions	(26,667)	-
Changes in non-cash operating working capital:		
Receivables	15,248	107,241
Prepaid expenses	3,158	15,728
Accounts payable and accrued liabilities	111,566	(26,420)
Due to the Central West Region Passport Agency	(658,386)	316,699
Deferred revenue	(118,675)	30,607
	<u>(893,565)</u>	<u>768,853</u>
Investing:		
Purchase of capital assets	(34,912)	(111,647)
Net redemption (purchase) of short-term investments	226,707	(301,321)
	<u>191,795</u>	<u>(412,968)</u>
Increase (decrease) in cash	(701,770)	355,885
Cash, beginning of year	1,270,927	915,042
Cash, end of year	<u>\$ 569,157</u>	<u>\$ 1,270,927</u>

See accompanying notes to financial statements.

# KITCHENER-WATERLOO EXTEND-A-FAMILY ASSOCIATION

(OPERATING AS EXTEND-A-FAMILY WATERLOO REGION)

Notes to Financial Statements

Year ended March 31, 2020

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Kitchener-Waterloo Extend-A-Family Association operating as Extend-A-Family Waterloo Region (the "Organization") is incorporated, without share capital, under the laws of Ontario. The Organization is committed to enhancing the well-being of individuals who are developmentally and/or physically disabled and their families, by promoting an inclusive community through the fostering of relationships and partnerships. The Organization is a registered charity under the Income Tax Act and accordingly is exempt from income taxes, provided certain requirements of the Income Tax Act are met.

## 1. Significant accounting policies:

These financial statements are prepared in accordance with the Chartered Professional Accountants of Canada Handbook Part III - Canadian accounting standards for not-for-profit organizations.

### (a) Revenue recognition:

Revenue is recognized following the deferral method of accounting for contributions.

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.

Externally restricted contributions are recognized as revenue in the year in which the related expenses are recognized. Contributions restricted for the purchase of capital assets are deferred and amortized into revenue on a straight line basis, at a rate corresponding with the amortization rate for the related capital assets.

Revenue from program billing and fees are recognized when the services are provided. Revenue from fundraising is recognized when the fundraising event has taken place.

### (b) Capital assets:

Capital assets are stated at cost, less accumulated amortization. Amortization is provided using the following methods and annual rates:

Asset	Basis	Rate
Furniture and fixtures	Declining balance	20%
Vehicles	Straight-line	4 years
Computer equipment	Straight-line	4 years
Computer software	Straight-line	5 years

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# KITCHENER-WATERLOO EXTEND-A-FAMILY ASSOCIATION

(OPERATING AS EXTEND-A-FAMILY WATERLOO REGION)

Notes to Financial Statements (continued)

Year ended March 31, 2020

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## 1. Significant accounting policies (continued):

### (b) Capital assets (continued):

Leasehold improvements are amortized on a straight-line basis over the lease term.

The carrying amount of an item of capital assets is tested for recoverability whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized when the asset's carrying amount is not recoverable and exceeds its fair value.

### (c) Donations in-kind:

Donated material and services which would otherwise be paid for by the Organization, are recorded at fair value when provided. The Organization received donations in-kind of \$23,019 (2019 - \$21,583) for the various program offerings which are not reflected in the financial statements.

### (d) Contributed services:

A substantial number of volunteers contribute a significant amount of their time each year. Because of the difficulty of determining the fair value, contributed services are not recognized in the financial statements.

### (e) Financial instruments:

Financial instruments carried by the Organization are recorded at fair value on initial recognition and are subsequently recorded at amortized cost. Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment.

### (f) Use of estimates:

The preparation of the financial statements requires management to make estimates and assumptions that affect 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 revenue and expenses during the year. Significant items subject to such estimates and assumptions include the carrying amounts of capital assets and accruals. Actual results could differ from those estimates.

# KITCHENER-WATERLOO EXTEND-A-FAMILY ASSOCIATION

(OPERATING AS EXTEND-A-FAMILY WATERLOO REGION)

Notes to Financial Statements (continued)

Year ended March 31, 2020

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## 1. Significant accounting policies (continued):

### (g) New accounting standards:

In March 2018, the Accounting Standards Board issued "Basis for Conclusions - Accounting Standards Improvements for Not-for-Profit Organizations" resulting in the introduction of three new Handbook sections in the accounting standards for not-for-profit organizations - Part III of the Handbook as follows:

- i) Section 4433, Tangible capital assets held by not-for-profit organizations, which directs organizations to apply the accounting guidance of Section 3061, Property Plant and Equipment in Part II of the Handbook - accounting standards for private enterprises. In so doing, the new section requires that organizations annually assess for partial impairment of tangible capital assets, to be recorded where applicable, as a non-reversible impairment expense. In addition, where practical, to componentize capital assets when estimates can be made of the useful lives of the separate components.
- ii) Section 4434, Intangible assets held by not-for-profit organizations, which directs organizations to annually assess intangible assets, and where applicable to record an impairment expenses should the net carrying value be higher than the asset's fair value or replacement cost.
- iii) Section 4441, Collections held by not-for-profit organizations, which defines a collection and directs organizations to record such assets on the statement of financial position at either cost or nominal value. It is anticipated that all collections will be accounted for using the same method, with the exception of organizations that opt to account for collections at cost, whereby the cost for certain collections either held or contributed cannot be determined. Such items are to be accounted for at a nominal value. In addition, collections are written down when there is evidence that the net carrying amount exceeds fair value.

The amendments are effective for financial statements for fiscal years beginning on or after January 1, 2019. The implementation of these changes had no impact on the financial statements.

# KITCHENER-WATERLOO EXTEND-A-FAMILY ASSOCIATION

(OPERATING AS EXTEND-A-FAMILY WATERLOO REGION)

Notes to Financial Statements (continued)

Year ended March 31, 2020

## 2. Short-term investments:

Guaranteed investment certificate held yields interest of 1.92% (2019 - 2.0% to 2.25%), and has a maturity date of August 2020.

	2020	2019
High interest savings account	\$ -	\$ 244,160
Guaranteed investment certificate	715,000	697,547
	<u>\$ 715,000</u>	<u>\$ 941,707</u>

## 3. Receivables:

	2020	2019
Accounts receivable	\$ 24,889	\$ 153,484
HST receivable	55,880	40,139
Waterloo Wellington Local Health Integration Network	1,438	-
Ministry of Children, Community and Social Services	96,168	-
	<u>\$ 178,375</u>	<u>\$ 193,623</u>

No allowance for impairment of receivables has been recorded at March 31, 2020 and 2019.

# KITCHENER-WATERLOO EXTEND-A-FAMILY ASSOCIATION

(OPERATING AS EXTEND-A-FAMILY WATERLOO REGION)

Notes to Financial Statements (continued)

Year ended March 31, 2020

## 4. Capital assets:

			2020		2019	
	Cost	Accumulated amortization	Net book value		Net book value	
Furniture and fixtures	\$ 170,599	\$ 155,124	\$ 15,475	\$	10,794	
Computer equipment	424,013	338,910	85,103		53,889	
Computer software	435,161	57,827	377,334		432,251	
Leasehold improvements	412,318	412,318	-		-	
	\$ 1,442,091	\$ 964,179	\$ 477,912	\$	496,934	

## 5. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$38,849 (2019 - \$71,129), which includes amounts payable for payroll related taxes.

## 6. Deferred revenue:

	2020		2019	
Hallman Family Donation	\$	-	\$	30,742
Neighbourhood Connections		-		34,016
Prepaid Program Billings		1,200		32,069
Library of Things		-		22,548
Other		-		500
	\$	1,200	\$	119,875

# KITCHENER-WATERLOO EXTEND-A-FAMILY ASSOCIATION

(OPERATING AS EXTEND-A-FAMILY WATERLOO REGION)

Notes to Financial Statements (continued)

Year ended March 31, 2020

## 7. Internally restricted net assets:

	2020	2019
Operating	\$ 600,000	\$ 600,000
Training	10,600	10,600
Education	16,500	16,500
	<b>\$ 627,100</b>	<b>\$ 627,100</b>

## 8. Deferred capital contributions:

Deferred capital contributions related to capital assets represent the unamortized amount and grants received for the purchase of capital assets. The amortization of capital contributions is recorded as revenue in the statement of operations when the related capital asset it is in use.

	2020	2019
Balance, beginning of year	\$ 200,000	\$ 200,000
Accumulated amortization of capital contributions	(26,667)	-
Balance, end of year	<b>\$ 173,333</b>	<b>\$ 200,000</b>

## 9. Donations and fundraising:

Donations are financial gifts made by an organization or an individual to the Organization. Fundraising relates to events which are held for the specific purpose of raising money for the Organization.

	2020	2019
Donations	\$ 91,324	\$ 45,981
Fundraising	52,873	33,541
	<b>\$ 144,197</b>	<b>\$ 79,522</b>

# KITCHENER-WATERLOO EXTEND-A-FAMILY ASSOCIATION

(OPERATING AS EXTEND-A-FAMILY WATERLOO REGION)

Notes to Financial Statements (continued)

Year ended March 31, 2020

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## 10. Lease commitments:

The Organization rents premises and equipment under long-term operating leases. The annual future minimum lease payments are as follows:

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2021	\$	145,603
2022		63,424
2023		3,356
2024		1,672
	\$	214,055

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## 11. Financial risks:

The Organization believes that it is not exposed to significant interest-rate, foreign currency, market, credit or cash flow risk arising from its financial instruments.

Additionally, the Organization believes it is not exposed to significant liquidity risk as all investments are held in guaranteed investments certificates that are highly liquid and can be disposed of to settle commitments. The fixed income security yields interest at 1.92% and has a maturity of August 2020.

# KITCHENER-WATERLOO EXTEND-A-FAMILY ASSOCIATION

(OPERATING AS EXTEND-A-FAMILY WATERLOO REGION)

Notes to Financial Statements (continued)

Year ended March 31, 2020

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## 12. Subsequent event:

In March 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization and has had a significant financial and market impact.

At the time of approval of these financial statements, the Organization has experienced the following:

- Experienced temporary declines in the fair value of investments and investment income;
- Mandatory working from home requirements for those able to do so; and
- Due to the COVID-19 outbreak, families who rely on direct funding from the Ministry of Children, Community and Social Services ("MCCSS") to support their children and youth's participation in the community and purchase caregiver respite no longer have the same access to the range of services and supports to meet their needs. To increase flexibility and support the health and well-being of families MCCSS has implemented temporary changes including temporarily expanding the list of admissible expenditures and making changes to administrative requirements to flow payments to families in advance.

Financial statements are required to be adjusted for events occurring between the date of the financial statements and the date of the auditors' report which provide additional evidence relating to conditions that existed as at year end. Management completed this assessment and did not identify any such adjustments. The current events and conditions are expected to be temporary, however there is uncertainty around the length of the disruption and impact on future operations. As a result, an estimate of the financial effect of these items is not practicable at this time.