

**Distress Centres of
Greater Toronto**

Financial Statements

From the date of amalgamation,
May 10, 2019, to
December 31, 2019

Independent Auditor's Report

To the members of
Distress Centres of Greater Toronto

Report on the Financial Statements

Qualified Opinion

We have audited the accompanying financial statements of Distress Centres of Greater Toronto, which comprise the statement of financial position as at December 31, 2019 and the statement of operations and net assets, and statement of cash flows for the period from amalgamation May 10, 2019 to December 31, 2019, and a summary of significant accounting policies and other explanatory information.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Distress Centres of Greater Toronto as at December 31, 2019, and its financial performance and its cash flows for the period then ended in accordance with Canadian Accounting Standards for Not-for-Profit Organizations.

Basis for Qualified Opinion

In common with many charitable organizations, the Charity derives revenue from cash donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Charity and were not able to determine whether any adjustments might be necessary to donation revenues, excess of revenues over expenses, assets and net assets.

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 Charity 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.

Emphasis of Matter

We draw attention to note 12 to the financial statements, which describes the impact of the emergence of the COVID-19 pandemic. Our opinion is not modified in respect of this matter.

Other information

Management is responsible for the other information, which comprises the annual report except for the financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, is inconsistent with our knowledge obtained in the audit, or otherwise appears to be materially misstated. When we read the annual report, if we determine that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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 Charity'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 Charity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Charity's financial reporting process.

Auditor's Responsibility for the Audit of the Financial Statements

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

As part of an audit in accordance with CASs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. 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.
2. 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 Charity's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. 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 Charity'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 Charity to cease to continue as a going concern.
5. 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.

S+C Partners LLP

Chartered Professional Accountants
Licensed Public Accountants

Mississauga, Ontario
June 12, 2020

Distress Centres of Greater Toronto

Statement of Operations

From the date of amalgamation, May 10, 2019, to December 31, 2019

(8 months)

Revenues

United Way Greater Toronto	\$	378,451
Ontario Ministry of Health and Long-Term Care		209,535
Foundations and corporations		170,380
Donations - individuals		116,177
Fundraising events (note 8)		88,747
TTC Crisis Link		79,130
City of Toronto		77,977
Region of Peel		77,382
Government of Canada		52,548
The Professional Association of Residents of Ontario (PARO)		40,697
Crisis Services Canada		27,175
Miscellaneous income		21,638
Emergency Medical Services		18,240
CAMH priority health line services		10,257
Amortization of deferred capital contributions (note 6)		6,876
Investment income		1,601
		1,376,811

Expenses

Salaries and benefits		850,122
Building occupancy		114,718
Telephone		94,646
General and administrative		72,861
Accounting and audit		38,770
Insurance		24,095
Fundraising events (note 8)		22,606
Amortization		18,673
Legal		16,997
Office supplies		16,655
Repairs and maintenance		15,532
Volunteer resources		14,085
Program expenses		9,028
Bank charges and interest		3,019
Volunteer recruitment and training		2,410
Advertising and promotion		1,948
Travel		1,631
		1,317,796

Excess of revenue over expenses	\$	59,015
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The accompanying notes are an integral part of these financial statements.

Distress Centres of Greater Toronto

Statement of Financial Position

December 31, 2019

Assets

Current assets	
Cash and equivalents	\$ 599,068
Accounts receivable (note 3)	86,639
Marketable securities	8,067
Prepaid expenses	24,239
	718,013
Property, plant and equipment (note 4)	12,421
	\$ 730,434

Liabilities

Current liabilities	
Accounts payable and accrued liabilities (note 5)	\$ 37,420
Deferred capital contributions (note 6)	8,828
Deferred revenue	26,387
	72,635

Net assets

Invested in furniture and equipment	4,140
Operating fund	653,659
	657,799
Contingency (note 7)	
	\$ 730,434

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

Approved :

Director

Director

Distress Centres of Greater Toronto

Statement of Changes in Net Assets

From the date of amalgamation, May 10, 2019, to December 31, 2019

	Operating Fund Unrestricted	Invested in Furniture and Equipment	Internally Restricted Reserve Funds	Total
Balance - date of amalgamation	\$ 163,247	\$ 15,937	\$ 419,600	\$ 598,784
Excess of revenues over expenses	59,015	-	-	59,015
Inter-fund transfers representing: Amortization	18,673	(18,673)	-	-
Amortization of deferred capital contribution	(6,876)	6,876	-	-
Removal of restrictions on internally restricted reserve funds (note 11)	419,600	-	(419,600)	-
Balance - end of period	\$ 653,659	\$ 4,140	\$ -	\$ 657,799

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

Distress Centres of Greater Toronto

Statement of Cash Flows

From the date of amalgamation, May 10, 2019, to December 31, 2019

	(8 months)
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Cash flows from operating activities	
Cash receipts from donors and customers	\$ 1,218,179
Cash paid to suppliers and employees	(1,306,847)
Cash receipts from fundraising events	66,141
Investment and miscellaneous income	30,115
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Increase in cash and equivalents	7,588
Cash and equivalents, beginning of period	591,480
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Cash and equivalents, end of period	\$ 599,068
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Cash and equivalents is comprised of:	
Cash	\$ 377,662
Short-term deposits	221,406
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	\$ 599,068
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The accompanying notes are an integral part of these financial statements.

Distress Centres of Greater Toronto

Notes to the Financial Statements

December 31, 2019

1 Purpose of organization

The mission of Distress Centres of Greater Toronto (the "Charity") is to foster hope and resilience one connection at a time.

The Charity provides confidential crisis response intervention to individuals who are emotionally vulnerable and at risk in the community and serves as a point of access for suicide prevention, intervention and postvention.

The Charity is incorporated without share capital under the laws of Ontario with the amalgamation of Distress Centres and Spectra Community Support Services and is registered as a charitable organization under the *Income Tax Act (Canada) Act (the "Act")* and, as such, is generally 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 Charity must meet certain requirements within the Act.

2 Significant accounting policies

Basis of presentation

The operating fund accounts for the day-to-day service delivery activities of the Charity.

Net assets invested in furniture and equipment comprises the net book value of furniture and equipment funded by the Charity.

Revenue recognition

Revenue is recognized using the deferral method.

Revenue from unrestricted donations and fundraising is recognized when cash is received.

Revenue from restricted donations is recognized in the same period as the related expense the donation was restricted for.

Contributions received which are restricted for asset purchases are recognized as revenue on the same basis used for amortization of the related asset. If the related asset is not subject to amortization, the contribution is recorded as a direct increase to net assets.

Operating grants are recorded as revenue in the year in which the expenses are incurred. Grants approved but not received at the end of the fiscal year are accrued. When a portion of a grant relates to a future period, it is deferred and recognized in that subsequent period.

Net investment income, which consists of interest, dividends, unrealized and realized gains or losses, is recognized on the following basis:

- income (losses) which are unrestricted are recognized in the period in which it is earned;
- income (losses) related to endowments are recorded as direct increases or decreases to net assets;
- income (losses) on restricted investments are recognized in the same period as the expenses they are related to.

Distress Centres of Greater Toronto

Notes to the Financial Statements

December 31, 2019

2 Significant accounting policies (continued)

Contributed services and materials

Volunteers provide donated services to the Charity. Since volunteer time and services are not purchased and the value of such services cannot be reasonably measured, no provision for these services has been reflected in the financial statements.

The Charity also receives contributions in the form of supplies and property. Contributed materials are recorded at fair market value as determined on the date contributed, if fair value can be reasonably determined.

Cash and equivalents

Cash and equivalents consist of current cash accounts and short term deposits with a maturity period less than one year in length, or are cashable prior to maturity.

Marketable securities

The Charity accounts for its investment in marketable securities with a quoted price on an active market at fair value. Subsequent changes in fair value are recorded as an unrealized gain or loss until the underlying asset is disposed.

Property, plant and equipment

Property, plant and equipment are stated at cost. Amortization is provided for over the estimated useful life of the assets at the following rates:

Computer hardware	25% straight line
Furniture and fixtures	20% straight line
Telephone system	25% straight line

Amortization in the year of acquisition is recorded at one-half the normal rate.

Deferred capital contributions

Externally restricted contributions for the acquisition of capital assets that will be depreciated are deferred and amortized on the same basis that the related asset is depreciated.

Financial instruments

Measurement of financial instruments

The Charity initially measures its financial assets and liabilities at fair value. The Charity subsequently measures all its financial assets and liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in the statement of operations. Financial assets measured at amortized cost include cash and equivalents and accounts receivable. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities and deferred revenue. The Charity's financial assets measured at fair value include marketable securities.

Impairment

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of write-down is recognized in the statement of operations. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in the statement of operations.

Distress Centres of Greater Toronto

Notes to the Financial Statements

December 31, 2019

2 Significant accounting policies (continued)

Use of estimates

The preparation of these financial statements in conformity with Canadian Accounting Standards for Not-for-Profit Organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The principal estimates used in these financial statements are the determination for allowance for doubtful accounts and the estimated useful life of property, plant and equipment. Actual results could differ from management's best estimates as additional information becomes available.

3 Accounts receivable

Contributions receivable	\$	57,627
Government remittances receivable		25,901
Interest receivable		3,111
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	\$	86,639

4 Property, plant and equipment

	Cost	Accumulated Amortization	Net Book Value
Computer hardware	\$ 24,879	\$ 19,783	\$ 5,096
Furniture and fixtures	1,314	658	656
Telephone system	91,765	85,096	6,669
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	\$ 117,958	\$ 105,537	\$ 12,421

Distress Centres of Greater Toronto

Notes to the Financial Statements

December 31, 2019

5 Accounts payable and accrued liabilities

Accounts payable and accrued liabilities consist of the following:

Trade payables and accrued liabilities	\$ 36,017
Government remittances payable	1,403
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	\$ 37,420

6 Deferred capital contributions

Balance - beginning of year	\$ 15,704
Amortization of deferred capital contributions	(6,876)
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	\$ 8,828

7 Contingency

The Charity has indemnified its past, present and future directors, officers and volunteers against expenses (including legal expenses), judgments and any amount actually or reasonably incurred by them in connection with any action, suit or proceeding, subject to certain restrictions in which they are sued as a result of their involvement with the Charity, if they acted honestly and in good faith with the best interest of the Charity. The nature of the indemnity prevents the Charity from reasonably estimating the maximum exposure. The Charity has purchased directors' and officers' liability insurance to mitigate the cost of any potential future suits and actions.

In the normal course of operations the Charity has entered into agreements that include indemnities in favour of third parties, either express or implied, such as in service contracts, leasing agreements or purchase contracts. In these agreements, the Charity has agreed to indemnify the counterparties in certain circumstances against losses or liabilities arising from the acts or omissions of the Charity. The terms of these indemnities are not explicitly defined and the maximum amount of any potential liability cannot be reasonably estimated.

As part of the Community Investment Program Funding Agreement with the Region of Peel, the Charity has entered into a promissory note agreement in the amount of \$216,674 as at year-end. This amount is payable on demand to the Region of Peel, should the Charity be found to be in breach of spending allocations under the agreement. Given there is no indication the Charity is spending outside the limits of the Region of Peel agreement, no provision has been recorded for the amount of the promissory note.

Distress Centres of Greater Toronto

Notes to the Financial Statements

December 31, 2019

8 Fundraising events

	(8 months)		
	Revenue	Expenses	Net
Bingo	\$ 16,700	\$ 3,300	\$ 13,400
Suicide Survivor Conference	14,773	2,648	12,125
Other special events	57,274	16,658	40,616
	\$ 88,747	\$ 22,606	\$ 66,141

9 Financial instruments

The Charity is subject to market risk through its investment in marketable securities. The Charity typically holds minimal investments in marketable securities, and typically sells the marketable securities shortly after receiving any as donations.

It is management's opinion that the Charity is not subject to significant interest, credit, currency, liquidity or other price risk.

10 Lease commitments

The Charity leases various office space in the Greater Toronto Area. The minimum lease payments under the operating leases, which expire at various dates through December 2021, are as follows:

Year ending December 31,	
2020	\$ 123,046
2021	107,425

11 Subsequent event

The Board of Directors approved a resolution on March 31, 2020 to remove any and all restrictions on all of the Charity's internally restricted reserve funds.

Distress Centres of Greater Toronto

Notes to the Financial Statements

December 31, 2019

12 COVID-19 pandemic

Subsequent to year-end, the emergence of the COVID-19 pandemic has created a significant impact on global, national and local markets, which could have a material impact on the Charity.

Some of the key impacts could include, but are not limited to:

- Closure of facilities
- Absence of key personnel
- Potential negative impact on fundraising efforts

Management is assessing the impact of the pandemic on the Charity and implementing steps as appropriate.
