

Thunder Bay Counselling Centre
Financial Statements
For the year ended March 31, 2023

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Independent Auditor's Report

To the Members of Thunder Bay Counselling Centre

Qualified Opinion

We have audited the financial statements of Thunder Bay Counselling Centre (the Organization), which comprise the statement of financial position as at March 31, 2023, and the statements of changes in net assets, operations and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the financial statements present fairly, in all material respects, the financial position of the Organization as at March 31, 2023, 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 Qualified Opinion

In common with many not-for-profit organizations, the Organization derives revenue from donations for which the completeness is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Organization. Therefore, we were not able to determine whether any adjustments might be necessary to creditor contributions, other income, excess of revenues over expenses, and cash flows from operations for the years ended March 31, 2023 and 2022, current assets as at March 31, 2023 and 2022 and net assets as at April 1 and March 31 for both the 2023 and 2022 years. Our audit opinion on the financial statements for the year ended March 31, 2022 was modified accordingly because of the possible effects of this limitation in scope.

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 qualified audit 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.

Independent Auditor's Report (cont'd)

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.

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

Thunder Bay, Ontario
June 19, 2023

Thunder Bay Counselling Centre Statement of Financial Position

March 31 2023 2022

Assets

Current

Cash (Note 2)	\$ 2,593,461	\$ 1,809,490
Accounts receivable (Note 3)	141,236	190,421
Government remittances receivable	38,954	30,198
Prepays	13,802	6,874
	\$ 2,787,453	\$ 2,036,983

Liabilities and Net Assets

Current

Accounts payable and accrued liabilities (Note 4)	\$ 2,031,949	\$ 1,282,881
Deferred revenue (Note 5)	84,355	90,975
	2,116,304	1,373,856

Net Assets

Internally restricted reserve (Note 6)	500,000	500,000
Unrestricted	171,149	163,127
	671,149	663,127
	\$ 2,787,453	\$ 2,036,983

Approved on behalf of the Board:

Director

Director

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

Thunder Bay Counselling Centre Statement of Changes in Net Assets

For the year ended March 31			2023	2022
	Internally Restricted	Unrestricted	Total	Total
	(Note 6)			
Balance, beginning of year	\$ 500,000	\$ 163,127	\$ 663,127	\$ 565,160
Excess of revenue over expenditure for the year	-	8,022	8,022	97,967
Balance, end of year	\$ 500,000	\$ 171,149	\$ 671,149	\$ 663,127

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

Thunder Bay Counselling Centre Statement of Operations

For the year ended March 31	2023	2022
Revenue		
Creditor contributions	\$ -	\$ 25,975
Fee for service revenues	589,763	390,674
Ministry of the Attorney General		
- Child Victim Witness Program	165,000	165,000
Ministry of Children, Community and Social Services		
- Alternative Dispute Resolution	620,800	648,650
- Child Witness Program	112,685	112,685
- Enhanced Youth Outreach Worker Program	160,200	160,200
- One-time funding	30,600	29,770
- Support Services for Male Survivors	230,000	196,326
- Violence Against Women Program	556,003	514,541
- Youth-in-Transition / Housing Support Worker Program	225,000	225,000
Ontario Health Centre of Excellence		
- Provincial Methadone Case Management	25,400	14,789
Miscellaneous grants	22,000	37,723
Ontario Health		
- Mental Health Programs	279,903	279,903
- Substance Abuse Programs	583,927	583,927
- Choices Program	138,250	138,250
- One Time Funding	26,000	10,000
Other income	280,202	222,524
Prosper Canada	218,121	172,500
United Way of Thunder Bay	95,586	88,707
	\$ 4,359,440	\$ 4,017,144

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

Thunder Bay Counselling Centre Statement of Operations

For the year ended March 31	2023	2022
Expenses		
Salaries and employee benefits	\$ 3,148,683	\$ 2,812,762
Advertising	65,588	51,981
Bank charges	10,812	9,061
Board administration	8,608	2,981
DEIA expenses	6,845	-
Equipment rentals	6,914	4,323
Insurance and bonding	16,701	15,243
IT costs	76,642	48,557
Janitorial	23,444	27,412
Memberships	19,627	20,965
Mileage	20,326	8,630
Miscellaneous	15,192	8,140
Office furniture	5,099	-
Office supplies	34,479	19,918
Professional fees	18,834	13,829
Program expenses	524,014	435,596
Project expenses	61,144	144,008
Rent	150,100	147,156
Rent related	48,005	45,377
Repairs and maintenance	24,007	26,684
Staff training	17,561	34,346
Telephone/ video conferencing	48,049	42,105
Volunteer expenses	744	103
	<u>4,351,418</u>	<u>3,919,177</u>
Excess of revenue over expenses for the year	\$ 8,022	\$ 97,967

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

Thunder Bay Counselling Centre Statement of Cash Flows

For the year ended March 31	2023	2022
Cash flows from operating activities		
Excess of revenue over expenses for the year	\$ 8,022	\$ 97,967
Changes in non-cash working capital balances:		
Accounts receivable	49,185	98,967
Government remittances receivable	(8,756)	18,569
Prepays	(6,928)	5,328
Accounts payable and accrued liabilities	749,068	333,097
Deferred revenue	(6,620)	(106,825)
Increase in cash during the year	783,971	447,103
Cash, beginning of year	1,809,490	1,362,387
Cash, end of year	\$ 2,593,461	\$ 1,809,490

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

Thunder Bay Counselling Centre Notes to Financial Statements

March 31, 2023

1. Significant Accounting Policies

Basis of Accounting	These financial statements have been prepared using Canadian accounting standards for not-for-profit organizations. These standards use the accrual basis of accounting. The accrual basis recognizes revenues as they become available and measurable; expenditures are recognized as they are incurred and measurable as a result of receipts of goods or services and the creation of a legal obligation to pay.
Nature and Purpose of Organization	Thunder Bay Counselling Centre is a local organization operating programs aimed to support people's quality of life through the provision of community-based services that contribute to mental health and well-being. Thunder Bay Counselling Centre was formed on March 6, 1967 as a non-profit organization under the Ontario Corporations Act and is a registered charity under the Income Tax Act.
Financial Instruments	Financial instruments are recorded at fair value when acquired or issued. All other financial instruments are reported at cost or amortized cost less impairment, if applicable. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items remeasured at fair value at each balance sheet date and charged to the financial instrument for those measured at amortized cost.
Cash and Cash Equivalents	Cash and cash equivalents consist of cash on hand and bank balances with a maturity of three months or less.
Revenue Recognition	Thunder Bay Counselling Centre follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. 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. Donations are recognized when received. Fees from clients are recognized as earned on a monthly basis or as service is provided.

Thunder Bay Counselling Centre Notes to Financial Statements

March 31, 2023

1. Significant Accounting Policies (cont'd)

Deferred Revenue	Unspent program funds are deferred with permission from the funding agency. Deferred funds must be spent on specific programs as outlined in the funding agreements.
Contributed Services	Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.
Use of Estimates	The preparation of financial statements in accordance 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 at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. The principal estimates used in the preparation of these financial statements are accrued liabilities. Actual results could differ from management's best estimates as additional information becomes available in the future.

Thunder Bay Counselling Centre Notes to Financial Statements

March 31, 2023

2. Cash

	2023	2022
Ministry of Health and Long Term Care Midwifery bank account	\$ 1,554,998	\$ 951,119
Unrestricted general bank accounts	379,638	206,797
Internally restricted bank accounts (Note 6)	658,825	651,574
	<u>\$ 2,593,461</u>	<u>\$ 1,809,490</u>

The Organization's Ministry of Health and Long Term Care Midwifery and internally restricted bank accounts earn interest at a rate of 2.25% to 4.00%.

3. Accounts Receivable

	2023	2022
Children's Community Network	\$ 14,388	\$ 14,388
Northern Ontario Heritage Funds	14,808	-
Ontario Health North	26,000	9,553
Prosper Canada	39,267	51,646
Resolute Forest Products	18,275	-
St. Joseph's Care Group	-	94,360
Other	28,498	20,474
	<u>\$ 141,236</u>	<u>\$ 190,421</u>

Thunder Bay Counselling Centre Notes to Financial Statements

March 31, 2023

4. Accounts Payable and Accrued Liabilities

	2023	2022
Children Community Network	\$ 14,995	-
Childrens Centre Thunder Bay	104,160	77,956
City of Thunder Bay	10,000	-
Firedog Communications	13,334	-
Kenora Midwives	-	218,013
Lakehead Social Planning Council	-	10,000
Ministry of Health and Long Term Care - Midwifery	1,554,569	732,821
Ministry of Children, Community and Social Services	24,153	24,153
Ministry of the Attorney General	33,674	33,674
Ontario Health North	10,611	15,228
St. Joseph's Care Group	-	30,638
Wages payable	72,910	34,469
Other	193,543	105,929
	\$ 2,031,949	\$ 1,282,881

5. Deferred Revenue

Deferred revenue represents restricted operating funding received in the current period that is related to expenses of a subsequent period.

	2023	2022
Canadian Women's Foundation	\$ 40,185	\$ 22,950
Children's Centre Thunder Bay	25,000	-
The Paterson Foundation	-	50,000
Other	19,170	18,025
	\$ 84,355	\$ 90,975

6. Net Assets

The Board of Directors has established through Policy that, for the financial health and stability of Thunder Bay Counselling Centre, the Organization must establish and maintain a restricted reserve. The target amount is equal to three months of average operating expenses over the previous five fiscal years plus an estimate of severance liabilities in the event of a wind-down of a program or of the organization. The CEO remains authorized to use unrestricted reserves for the general operation of programs and services.

Thunder Bay Counselling Centre Notes to Financial Statements

March 31, 2023

7. Economic Dependence

The Organization is dependent upon provincial grants from the Ministry of Children, Community and Social Services, the Ministry of the Attorney General, Ontario Health North, and upon support from the United Way of Thunder Bay to enable the Organization to continue certain programs.

8. Financial Instruments

a) Liquidity Risk

Liquidity risk is the risk that the Organization encounters difficulty in meeting its obligations 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; will be forced to sell financial assets at a value which is less than what they are worth; or may be unable to settle or recover a financial asset. Liquidity risk arises from accounts payable and accrued liabilities and commitments. Management feels they are not exposed to significant liquidity risk and there have been no major changes from the prior year.

b) Credit Risk

Credit risk is the risk of financial loss to the Organization if a customer or counter-party to a financial instrument fails to meet its contractual obligations, and arises principally from the Organization's receivables. The majority of the Organization's receivables are from government sources and the organization works to ensure they meet all eligibility criteria in order to qualify to receive the funding. Management feels there has been no change in risk from the prior year.

The Organization maintains all its bank accounts at one chartered bank. The Organization is exposed to credit risk as the balances in the accounts exceed the federally insured limit.

9. Comparative Amounts

The comparative amounts presented in the financial statements have been restated to conform to the current year's presentation.