

Financial Statements of

**RESOLVE COUNSELLING  
SERVICES CANADA**

And Independent Auditors' Report thereon

Year ended March 31, 2021



KPMG LLP  
863 Princess Street, Suite 400  
Kingston ON K7L 5N4  
Canada  
Telephone 613-549-1550  
Fax 613-549-6349

## INDEPENDENT AUDITORS' REPORT

To the Members of Resolve Counselling Services Canada

### ***Qualified Opinion***

We have audited the financial statements of Resolve Counselling Services Canada (the "Entity"), which comprise:

- the statement of financial position as at March 31, 2021
- the statement of operations and changes in fund balances 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, except for the effects of the matters described in the "***Basis for Qualified Opinion***" paragraphs, the financial statements present fairly, in all material respects, the financial position of the Entity as at March 31, 2021, and its results of 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 Entity derives revenue from fundraising activities and donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Entity.

Therefore, we, were not able to determine whether any adjustments might be necessary to:

- the current assets reported in the statements of financial position as at March 31, 2021 and March 31, 2020
- the fundraising and donations revenues and excess of revenue over expenses (expenses over revenue) reported in the statements of operations for the years ended March 31, 2021 and March 31, 2020
- the fund balances, at the beginning and end of the year, reported in the statements of operations and changes in fund balances for the years ended March 31, 2021 and March 31, 2020
- the excess of expenses over revenue reported in the statements of cash flows for the years ended March 31, 2021 and March 31, 2020.



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 Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other 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 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 Entity’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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity’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 Entity'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 Entity'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 Entity 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.
- 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.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. Below the signature is a horizontal line that starts under the 'K' and ends under the 'P'.

Chartered Professional Accountants, Licensed Public Accountants

Kingston, Canada

June 24, 2021

# RESOLVE COUNSELLING SERVICES CANADA

## Financial Statements

Year ended March 31, 2021

Financial Statements	Page
Statement of Financial Position	1
Statement of Operations and Changes in Fund Balances	2
Statement of Cash Flows	3
Notes to Financial Statements	4
Operating Fund Statement of Revenue and Expenses by Program (unaudited)	12

# RESOLVE COUNSELLING SERVICES CANADA

## Statement of Financial Position

March 31, 2021, with comparative information for 2020

	Operating Fund	Family Life Enrichment Fund	Capital Fund	2021	2020
<b>Assets</b>					
Current assets:					
Cash and cash equivalents	\$ 844,571	\$ 18,526	\$ 331,732	\$ 1,194,829	\$ 650,250
Accounts receivable (note 2)	287,610	-	11,676	299,286	112,238
Prepaid expenses	15,780	-	-	15,780	22,500
Due (to) from other funds	508,759	-	(508,759)	-	-
	1,656,720	18,526	(165,351)	1,509,895	784,988
Investments and marketable securities	-	-	177,302	177,302	162,999
Capital assets (note 3)	-	-	527,257	527,257	550,686
Trust assets:					
Cash (note 15)	19,084	-	-	19,084	311,090
	\$ 1,675,804	\$ 18,526	\$ 539,208	\$ 2,233,538	\$ 1,809,763
<b>Liabilities and Fund Balances</b>					
Current liabilities:					
Accounts payable and accrued liabilities (note 4)	\$ 217,220	\$ -	\$ 7,761	\$ 224,981	\$ 84,497
Current portion of long-term debt (note 5)	-	-	9,756	9,756	9,460
Deferred revenue (note 6)	27,466	-	-	27,466	18,536
	244,686	-	17,517	262,203	112,493
Long-term debt (note 5)	-	-	87,977	87,977	97,392
Deferred capital contributions (note 7)	-	-	20,637	20,637	22,513
Trust liability:					
Client funds (note 15)	19,084	-	-	19,084	311,090
Fund balances:					
Investment in capital assets (note 8)	-	-	408,887	408,887	421,321
Internally restricted (note 9)	1,375,034	3,509	4,190	1,382,733	792,937
Internally restricted - EAP Contingency	37,000	-	-	37,000	37,000
Internally restricted - endowment	-	15,017	-	15,017	15,017
	1,412,034	18,526	413,077	1,843,637	1,266,275
Trust assets and liabilities (note 15)					
Commitments (note 12)					
	\$ 1,675,804	\$ 18,526	\$ 539,208	\$ 2,233,538	\$ 1,809,763

See accompanying notes to financial statements.

On behalf of the Board:

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

# RESOLVE COUNSELLING SERVICES CANADA

## Statement of Operations and Changes in Fund Balances

Year ended March 31, 2021, with comparative information for 2020

	Operating Fund	Family Life Enrichment Fund	Capital Fund	2021	2020
<b>Revenue:</b>					
Provincial government	\$ 986,432	\$ -	\$ -	\$ 986,432	\$ 975,795
Donations	509,444	-	-	509,444	655,274
Contract revenue	492,498	-	-	492,498	531,315
Fees for service	351,594	-	-	351,594	449,037
Kingston and District United Way	119,592	-	-	119,592	119,148
Miscellaneous	80,161	-	95	80,256	101,856
Grants	144,212	-	-	144,212	99,953
BIA fees	3,315	-	-	3,315	2,295
Fundraising	40,134	-	-	40,134	20,487
Quinte United Way	7,500	-	-	7,500	7,500
Interest	83	344	15,720	16,147	6,629
Municipal grants and subsidies	-	-	-	-	23,808
Rental income	-	-	71,420	71,420	71,420
Amortization of deferred capital contributions	-	-	1,876	1,876	419
Canada Emergency Wage Subsidy (note 14)	738,034	-	-	738,034	-
COVID-19 relief	69,150	-	-	69,150	-
	3,542,149	344	89,111	3,631,604	3,064,936
<b>Expenses:</b>					
Salaries	1,848,835	-	-	1,848,835	1,890,604
Benefits	293,776	-	-	293,776	321,989
Equipment maintenance	166,746	-	-	166,746	153,408
Purchased services	127,352	-	-	127,352	107,234
Rent	144,192	-	-	144,192	148,106
Advertising	67,461	-	-	67,461	68,787
Professional fees	82,015	-	-	82,015	116,773
Dues	74,038	-	-	74,038	55,079
Rental expenses - operating	-	-	44,935	44,935	47,288
Telephone	30,555	-	-	30,555	40,923
Travel	8,179	-	-	8,179	30,410
Supplies	22,685	-	-	22,685	26,167
Bank charges	23,842	-	-	23,842	25,724
Rental expenses - amortization	-	-	16,620	16,620	16,624
Amortization of capital assets	-	-	6,809	6,809	6,809
HST expense	11,262	-	-	11,262	10,436
Training	14,247	-	-	14,247	6,137
Utilities	3,904	-	-	3,904	5,110
Miscellaneous	4,580	-	-	4,580	7,295
COVID-19 expense	62,209	-	-	62,209	17,620
	2,985,878	-	68,364	3,054,242	3,102,523
Excess (deficiency) of revenue over expenses	556,271	344	20,747	577,362	(37,587)
Fund balances, beginning of year	839,519	34,426	392,330	1,266,275	1,303,862
Interfund transfer	16,244	(16,244)	-	-	-
Fund balances, end of year	\$ 1,412,034	\$ 18,526	\$ 413,077	\$ 1,843,637	\$ 1,266,275

See accompanying notes to financial statements.

# RESOLVE COUNSELLING SERVICES CANADA

## Statement of Cash Flows

Year ended March 31, 2021, with comparative information for 2020

	2021	2020
Cash provided by (used in):		
Operating activities:		
Excess (deficiency) of revenue over expenses	\$ 577,362	\$ (37,587)
Items not involving cash:		
Amortization of capital assets	23,429	23,433
Amortization of deferred capital contributions	(1,876)	(419)
Change in non-cash operating working capital:		
Accounts receivable	(187,048)	12,982
Prepaid expenses	6,720	485
Accounts payable and accrued liabilities	140,484	(49,076)
Deferred revenue	8,930	8,004
	568,001	(42,178)
Financing activities:		
Repayment of long-term debt	(9,119)	(8,871)
Investing activities:		
Sale (purchase) of investments and marketable securities	(14,303)	12,714
Increase (decrease) in cash and cash equivalents	544,579	(38,335)
Cash and cash equivalents, beginning of year	650,250	688,585
Cash and cash equivalents, end of year	\$ 1,194,829	\$ 650,250

See accompanying notes to financial statements.



# RESOLVE COUNSELLING SERVICES CANADA

Notes to Financial Statements

Year ended March 31, 2021

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Resolve Counselling Services Canada (the "Organization") is a non-profit organization incorporated under the Ontario Corporations Act without share capital and is engaged in the provision of counselling services in the Kingston community. The Organization carries on the operations formerly carried on by the Credit Counselling Service of Kingston and Family Counselling Services of Kingston. The Organization is a registered charity and is therefore, under Section 149 of the Income Tax Act (Canada), exempt from the payment of income tax.

## 1. Significant accounting policies:

The financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the CPA Canada Handbook – Accounting. The significant accounting policies are as follows:

### (a) Basis of presentation:

These financial statements present the financial position of the Organization and the results of its operations incorporating all programs under its control.

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

### (b) Fund accounting:

Revenue and expenses related to program delivery and administrative activities are reported in the Operating Fund.

The Family Life Enrichment Fund was created by the Organization's Board of Directors in 1980 in memory of Dr. Gordon W. Mylks. It is the intention of the Board of Directors that the original principal amount of \$15,017 remain intact and that only income earned on the original amount be used toward qualifying projects. The income from the fund must be used toward financial support of special projects, programs or services designed to enrich some aspect of family life in the Kingston area.

The Capital Fund reports the assets, liabilities, revenue and expenses related to the Organization's capital assets.

### (c) Revenue recognition:

Restricted contributions are recognized as revenue of the appropriate fund in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue of the appropriate fund when received or receivable if the amount to be received can be reasonably assured.

# RESOLVE COUNSELLING SERVICES CANADA

Notes to Financial Statements (continued)

Year ended March 31, 2021

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## 1. Significant accounting policies (continued):

### (c) Revenue recognition (continued):

Donations and fees for service are recognized as revenue when funds are received from creditors on behalf of the clients of the Organization.

Contract revenue from the Employee Assistance Program is recognized over the contract term.

Revenue from fees are for services recognized when the service is performed and collection is reasonably assured.

### (d) Cash and cash equivalents:

Cash and cash equivalents include cash on hand and guaranteed investment certificates with maturities of three months or less.

### (e) Capital assets:

Capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Repairs and maintenance costs are charged to expense. Betterments which extend the estimated life of an asset are capitalized. When a capital asset no longer contributes to the Organization's ability to provide services, its carrying amount is written down to its residual value.

Capital assets are amortized on a straight-line basis using the following estimated useful lives.

Asset	Rate
Building	35 years
Computer equipment	3 years
Furniture and fixtures	10 years
Leasehold improvements	3 years
Paving	10 years

### (f) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Organization has not elected to subsequently carry any such financial instruments at fair value.

# RESOLVE COUNSELLING SERVICES CANADA

Notes to Financial Statements (continued)

Year ended March 31, 2021

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## 1. Significant accounting policies (continued):

### (f) Financial instruments (continued):

Financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Organization determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Organization expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

### (g) 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. Actual results could differ from those estimates.

## 2. Accounts receivable:

	2021	2020
HST recoverable	\$ 21,302	\$ 19,419
Canada Emergency Wage Subsidy	114,706	-
Employee Assistance Program	111,113	59,468
Fee for service	18,466	7,582
Other	33,699	25,769
	<u>\$ 299,286</u>	<u>\$ 112,238</u>

# RESOLVE COUNSELLING SERVICES CANADA

Notes to Financial Statements (continued)

Year ended March 31, 2021

## 3. Capital assets:

	2021		2020	
	Cost	Accumulated amortization	Net book value	Net book value
Land	\$ 98,308	\$ -	\$ 98,308	\$ 98,308
Building	696,143	270,439	425,704	446,953
Computer equipment	69,569	69,569	-	-
Furniture and fixtures	21,700	18,455	3,245	5,425
Leasehold improvements	16,554	16,554	-	-
Paving	3,611	3,611	-	-
	<u>\$ 905,885</u>	<u>\$ 378,628</u>	<u>\$ 527,257</u>	<u>\$ 550,686</u>

Cost and accumulated amortization as at March 31, 2020 amounted to \$905,885 and \$355,199, respectively.

## 4. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$1,225 (2020 - \$Nil) which include amounts payable for WSIB.

## 5. Long-term debt:

	2021	2020
Mortgage payable, interest at 3.83%, \$2,228 monthly principal and interest, secured by land and building, with a net book value of \$524,012, due July 2022	\$ 97,733	\$ 106,852
Current portion of long-term debt	9,756	9,460
	<u>\$ 87,977</u>	<u>\$ 97,392</u>

# RESOLVE COUNSELLING SERVICES CANADA

Notes to Financial Statements (continued)

Year ended March 31, 2021

## 5. Long-term debt (continued):

Principal repayment of long-term debt are as follows:

2022	\$	9,756
2023		87,977
	\$	97,733

Interest on long-term debt of \$4,400 (2020 - \$4,779) was expensed in the accounts of the Organization.

## 6. Deferred revenue:

Deferred revenue represents unspent externally restricted contributions.

Significant amounts included in the deferred revenue balance include:

	2021	2020
Youth and other	\$ 27,466	\$ 18,536

## 7. Deferred capital contributions:

Deferred capital contributions related to capital assets represent the unamortized amount and unspent amount of donations and grants received for the purchase of capital assets. The amortization of deferred capital contributions is recorded as revenue in the statement of operations.

	2021	2020
Balance, beginning of year	\$ 22,513	\$ 22,931
Less: amounts amortized to revenue	(1,876)	(418)
	\$ 20,637	\$ 22,513

# RESOLVE COUNSELLING SERVICES CANADA

Notes to Financial Statements (continued)

Year ended March 31, 2021

## 8. Investment in capital assets:

Investment in capital assets is calculated as follows:

	2021	2020
Capital assets	\$ 527,257	\$ 550,686
Amounts financed by:		
Deferred capital contributions	(20,637)	(22,513)
Long-term debt	(97,733)	(106,852)
	\$ 408,887	\$ 421,321

## 9. Internally restricted fund balances:

The internally restricted fund balances represent internally restricted funds over which the Board of Directors has responsibility.

## 10. Interest in co-tenancy:

The Organization is a party to a co-tenancy agreement with United Way of KFL&A. The co-tenancy, known as 417 Bagot Group, acquired and developed a property that is used to provide office facilities for non-profit organizations.

The Organization has a 50% (2020 - 50%) interest in the assets and earnings of the venture and is accounting for this interest on a proportionate consolidated basis.

## 11. Ministry of Children, Community and Social Services, and Ministry of the Attorney General revenue:

Surpluses generated from year to year on programs funded by the Ministry of Children, Community and Social Services, and Ministry of the Attorney General (collectively referred to as the "Ministries") may be repayable to the Ministries at their discretion. Recoveries are accounted for by way of adjustment to surplus when applicable in the year of settlement.

# RESOLVE COUNSELLING SERVICES CANADA

Notes to Financial Statements (continued)

Year ended March 31, 2021

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## 12. Commitments:

- (a) The Organization rents its premises in Kingston under an annual lease agreement with the co-tenancy known as 417 Bagot Group. The annual rent is \$85,157.
- (b) The Organization rents its premises in Ottawa under a lease agreement. The annual rent is \$6,000 that will expire upon termination of either the Landlord or the Tenant.
- (c) The Organization rents its premises in Napanee under a lease agreement. The annual rent is \$14,940 that expires on March 31, 2022.
- (d) The Organization entered into an agreement with Maltby Inc. for human resources support. The agreement expires July 31, 2021 with a monthly fixed fee of \$3,000.

## 13. Financial risks and concentration of risk:

- (a) Liquidity risk:

Liquidity risk is the risk that the Organization will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Organization manages its liquidity risk by monitoring its operating requirements. The Organization prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations. There has been no change to the risk exposures from 2020.

- (b) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Organization is exposed to credit risk with respect to cash and accounts receivable. The Organization assesses, on a continuous basis, accounts receivable and provides for any amounts that are not considered collectible in the allowance for doubtful accounts.

- (c) Interest rate risk:

The Organization is exposed to interest rate risk on its fixed-rate financial instruments. Fixed-rate instruments subject the Organization to a fair value risk.

# RESOLVE COUNSELLING SERVICES CANADA

Notes to Financial Statements (continued)

Year ended March 31, 2021

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## 14. Impact of COVID-19:

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

At the time of approval of these financial statements, the Organization has experienced the following indicators of financial implications and undertaken the following activities in relation to the COVID-19 pandemic:

- Increased protocols in offices and on equipment based on Provincial and Local Public Health recommendations
- Applied for and received benefits under the Canada Emergency Wage Subsidy, and received COVID-19 relief funding
- Work-from-home requirements for employed staff

The Organization continues to respond to the pandemic and plan for continued operational and financial impacts during the 2022 fiscal year and beyond. Management has assessed the impact of COVID-19 and believes there are no significant financial issues as the Organization has access to sufficient financial resources to sustain operations in the coming year. The outcome and time frame to a recovery from the current pandemic is highly unpredictable, thus it is not practicable to estimate and disclose its financial effect on future operations at this time.

## 15. Trust assets and liabilities:

In January 2021, the Belleville agency was closed and funds held in trust in the amount of \$349,328 were repaid to clients.