

Consolidated Financial Statements of

**RESOLVE COUNSELLING
SERVICES CANADA**

And Independent Auditor's Report thereon

Year ended March 31, 2023



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INDEPENDENT AUDITOR'S REPORT

To the Members of Resolve Counselling Services Canada

Qualified Opinion

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

- the consolidated statement of financial position as at March 31, 2023
- the consolidated statement of operations and changes in fund balances for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes to the consolidated 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, 2023, 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 consolidated statements of financial position as at March 31, 2023 and March 31, 2022
- the fundraising and donations revenues and excess (deficiency) of revenue over expenses reported in the consolidated statements of operations and changes in fund balances for the years ended March 31, 2023 and March 31, 2022
- the fund balances, at the beginning and end of the year, reported in the consolidated statements of operations and changes in fund balances for the years ended March 31, 2023 and March 31, 2022



- the excess (deficiency) of revenue over expenses reported in the consolidated statements of cash flows for the years ended March 31, 2023 and March 31, 2022.

Our opinion on the financial statements for the year ended March 31, 2022 was qualified 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 auditor’s 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 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 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.

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.

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 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 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.



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- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Kingston, Canada

June 22, 2023

RESOLVE COUNSELLING SERVICES CANADA

Consolidated Financial Statements

Year ended March 31, 2023

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RESOLVE COUNSELLING SERVICES CANADA


Consolidated Statement of Financial Position

March 31, 2023, with comparative information for 2022

	Operating Fund	Family Life Enrichment Fund	Capital Fund	2023	2022
Assets					
Current assets:					
Cash and cash equivalents	\$ 564,153	\$ -	\$ 542,730	\$ 1,106,883	\$ 1,098,634
Short-term investments and marketable securities (note 2)	-	18,753	-	18,753	106,379
Accounts receivable (note 3)	211,027	-	8,345	219,372	127,389
Prepaid expenses	32,625	-	-	32,625	34,304
Due (to) from other funds	508,759	-	(508,759)	-	-
	1,316,564	18,753	42,316	1,377,633	1,366,706
Investments and marketable securities (note 2)	-	-	-	-	95,284
Capital assets (note 4)	-	-	567,987	567,987	521,903
Trust assets:					
Cash	4,030	-	-	4,030	20,177
	\$ 1,320,594	\$ 18,753	\$ 610,303	\$ 1,949,650	\$ 2,004,070
Liabilities and Fund Balances					
Current liabilities:					
Accounts payable and accrued liabilities (note 5)	\$ 133,875	\$ -	\$ 1,540	\$ 135,415	\$ 143,334
Current portion of long-term debt (note 6)	-	-	-	-	87,938
Deferred revenue (note 7)	207,459	-	-	207,459	32,143
	341,334	-	1,540	342,874	263,415
Deferred capital contributions (note 8)	-	-	51,826	51,826	18,761
Trust liability:					
Client funds	4,030	-	-	4,030	20,177
Fund balances:					
Investment in capital assets (note 9)	-	-	516,161	516,161	415,204
Internally restricted (note 10)	938,230	3,736	40,776	982,742	1,234,496
Internally restricted - EAP Contingency	37,000	-	-	37,000	37,000
Internally restricted - endowment	-	15,017	-	15,017	15,017
	975,230	18,753	556,937	1,550,920	1,701,717
Commitments (note 13)					
	\$ 1,320,594	\$ 18,753	\$ 610,303	\$ 1,949,650	\$ 2,004,070

See accompanying notes to consolidated financial statements.

On behalf of the Board:



Director



Director

RESOLVE COUNSELLING SERVICES CANADA

Consolidated Statement of Operations and Changes in Fund Balances

Year ended March 31, 2023, with comparative information for 2022

	Operating Fund	Family Life Enrichment Fund	Capital Fund	2023	2022
Revenue:					
Provincial government	\$ 1,167,178	\$ -	\$ -	\$ 1,167,178	\$ 952,249
Contract revenue	527,293	-	-	527,293	548,591
Kingston and District United Way	258,045	-	-	258,045	142,276
Fees for service	305,908	-	-	305,908	283,896
Grants	199,522	-	-	199,522	114,718
Donations	184,339	-	-	184,339	392,604
Miscellaneous	49,140	-	435	49,575	126,730
Fundraising	67,650	-	-	67,650	27,798
Financial Wellness-FFS	13,133	-	-	13,133	100
Interest	733	74	11,485	12,292	2,999
Canada Emergency Wage Subsidy	-	-	-	-	159,040
Rental income	-	-	69,962	69,962	71,420
COVID-19 relief	-	-	-	-	12,007
Amortization of deferred capital contributions	-	-	8,864	8,864	1,876
BIA fees	-	-	-	-	510
	2,772,941	74	90,746	2,863,761	2,836,814
Expenses:					
Salaries	1,838,063	-	-	1,838,063	1,867,172
Benefits	285,851	-	-	285,851	274,533
Professional fees	147,597	-	-	147,597	117,553
Purchased services	138,806	-	-	138,806	137,751
Equipment maintenance	112,099	-	-	112,099	152,580
Rent	111,238	-	-	111,238	120,093
Training	63,986	-	-	63,986	16,201
Advertising	50,739	-	-	50,739	51,851
Telephone	40,120	-	-	40,120	34,081
Dues	35,097	-	-	35,097	64,182
Miscellaneous	32,203	-	-	32,203	5,289
Bank charges	21,213	-	-	21,213	23,645
Supplies	16,094	-	-	16,094	20,690
Travel	15,504	-	-	15,504	8,338
Bad debts	9,466	-	-	9,466	-
Utilities	3,697	-	-	3,697	2,256
HST expense	448	-	-	448	10,521
Rental expenses - operating	-	-	50,682	50,682	45,742
Rental expenses - amortization	-	-	16,527	16,527	16,685
Amortization of capital assets	-	-	25,128	25,128	9,525
COVID-19 expense	-	-	-	-	46
	2,922,221	-	92,337	3,014,558	2,978,734
Excess (deficiency) of revenue over expenses	(149,280)	74	(1,591)	(150,797)	(141,920)
Fund balances, beginning of year	1,248,922	18,679	434,116	1,701,717	1,843,637
Interfund transfer	(124,412)	-	124,412	-	-
Fund balances, end of year	\$ 975,230	\$ 18,753	\$ 556,937	\$ 1,550,920	\$ 1,701,717

See accompanying notes to consolidated financial statements.

RESOLVE COUNSELLING SERVICES CANADA

Consolidated Statement of Cash Flows

Year ended March 31, 2023, with comparative information for 2022

	2023	2022
Cash provided by (used in):		
Operating activities:		
Deficiency of revenue over expenses	\$ (150,797)	\$ (141,920)
Items not involving cash:		
Amortization of capital assets	41,655	26,210
Amortization of deferred capital contributions	(8,864)	(1,876)
Change in non-cash operating working capital:		
Accounts receivable	(91,983)	171,897
Prepaid expenses	1,679	(18,524)
Accounts payable and accrued liabilities	(7,920)	(81,647)
Deferred revenue	175,316	4,677
	(40,914)	(41,183)
Financing activities:		
Repayment of long-term debt	(87,938)	(9,795)
Receipt of deferred capital contributions	41,929	-
	(46,009)	(9,795)
Investing activities:		
Purchase of capital assets	(87,739)	(20,856)
Redemption (purchase) of investments and marketable securities	182,911	(24,361)
	95,172	(45,217)
Increase (decrease) in cash and cash equivalents	8,249	(96,195)
Cash and cash equivalents, beginning of year	1,098,634	1,194,829
Cash and cash equivalents, end of year	\$ 1,106,883	\$ 1,098,634

See accompanying notes to consolidated financial statements.

RESOLVE COUNSELLING SERVICES CANADA

Notes to Consolidated Financial Statements

Year ended March 31, 2023

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 consolidated 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 consolidated 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 Consolidated Financial Statements (continued)

Year ended March 31, 2023

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

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.

RESOLVE COUNSELLING SERVICES CANADA

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2023

1. Significant accounting policies (continued):

(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.

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 consolidated 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 consolidated financial statements and the reported amounts of revenue and expenses during the year. Actual results could differ from those estimates.

2. Investment and marketable securities:

Short-term investments and marketable securities of \$18,753 (2022 - \$106,379) consists of fixed income securities in the form of guaranteed investment certificates which yield interest at rates of 2.00% and 4.55% (2022 - 0.40% and 1.18%) and mature in November 2023 (2022 - November 2022).

Investments and marketable securities at March 31, 2022 of \$95,284 consisted of a fixed income security in the form of a guaranteed investment certificate which yields interest at 1.30% and matures in June 2023. As the balance matures within 3 months of March 31, 2023, the guaranteed investment certificate is included in cash and equivalents in 2023.

RESOLVE COUNSELLING SERVICES CANADA

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2023

3. Accounts receivable:

	2023		2022	
Other	\$	98,329	\$	29,271
Employee Assistance Program		75,398		54,386
HST recoverable		30,165		17,317
Fee for service		15,480		26,415
	\$	219,372	\$	127,389

4. Capital assets:

	2023		2022	
	Cost	Accumulated amortization	Net book value	Net book value
Land	\$ 98,308	\$ -	\$ 98,308	\$ 98,308
Building	704,266	312,928	391,338	408,661
Computer equipment	170,039	91,698	78,341	13,860
Furniture and fixtures	21,700	21,700	-	1,074
Leasehold improvements	16,554	16,554	-	-
Paving	3,611	3,611	-	-
	\$ 1,014,478	\$ 446,491	\$ 567,987	\$ 521,903

Cost and accumulated amortization as at March 31, 2022 amounted to \$926,741 and \$404,838, respectively.

5. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$1,302 (2022 - \$1,822) which include amounts payable for WSIB.

RESOLVE COUNSELLING SERVICES CANADA

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2023

6. Long-term debt:

	2023	2022
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, repaid in full in July 2022	\$ -	\$ 87,938
Current portion of long-term debt	-	87,938
	\$ -	\$ -

Interest on long-term debt of \$1,911 (2022 - \$3,572) was expensed in the accounts of the Organization.

7. Deferred revenue:

Deferred revenue represents unspent externally restricted contributions.

Significant amounts included in the deferred revenue balance include:

	2023	2022
Youth	\$ 22,000	\$ 3,203
Family counselling services	67,249	-
Other	34,673	28,940
Financial wellness	25,000	-
Children, Youth & Family Services Collaborative	58,537	-
	\$ 207,459	\$ 32,143

RESOLVE COUNSELLING SERVICES CANADA

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2023

8. 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 consolidated statement of operations.

	2023	2022
Balance, beginning of year	\$ 18,761	\$ 20,637
Contributions received	41,929	-
Less: amounts amortized to revenue	(8,864)	(1,876)
	\$ 51,826	\$ 18,761

9. Investment in capital assets:

Investment in capital assets is calculated as follows:

	2023	2022
Capital assets	\$ 567,987	\$ 521,903
Amounts financed by:		
Deferred capital contributions	(51,826)	(18,761)
Long-term debt	-	(87,938)
	\$ 516,161	\$ 415,204

10. Internally restricted fund balances:

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

RESOLVE COUNSELLING SERVICES CANADA

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2023

11. 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% (2022 - 50%) interest in the assets and earnings of the venture and is accounting for this interest on a proportionate consolidated basis.

12. 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.

13. 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 77,957.
- (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 which will expire on March 31, 2024. The agreement is on a month-to-month basis at a rate of \$16,882 per annum.

14. 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 exposure from 2022.

RESOLVE COUNSELLING SERVICES CANADA

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2023

14. Financial risks and concentration of risk (continued):

(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. There has been no change to the risk exposure from 2022.

(c) Interest rate risk:

The Organization is exposed to interest rate risk on its fixed-rate financial instruments as disclosed in note 2. Fixed-rate instruments subject the Organization to a fair value risk. There has been no change to the risk exposure from 2022.