

**FRIENDS & ADVOCATES PEEL**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2023**

**FRIENDS & ADVOCATES PEEL**  
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**YEAR ENDED MARCH 31, 2023**

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## INDEPENDENT AUDITOR'S REPORT

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To the Members of: Friends & Advocates Peel

### **Qualified Opinion**

We have audited the accompanying financial statements of Friends & Advocates Peel, 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 effects of the matter described in the Basis for Qualified Opinion paragraph, these financial statements present fairly, in all material respects, the financial position of Friends & Advocates Peel as at March 31, 2023 and its financial performance 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 charitable organizations, the organization derives some of its revenues from donations and fundraising activities, 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 organization and we were not able to determine whether any adjustments might be necessary to revenues, (deficiency) excess of revenues over expenditures 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 2023 and 2022. 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 Friends & Advocates Peel 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 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 organization's ability to continue as a going concern, disclosing, as applicable, matters related to a 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.

## **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 judgement 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 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.



Guelph, Ontario  
June 28, 2023

Chartered Professional Accountants  
Licensed Public Accountants

**FRIENDS & ADVOCATES PEEL**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT MARCH 31, 2023**

	<b>2023</b>	<b>2022</b>
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash and cash equivalents	\$ 641,018	\$ 599,903
Accounts receivable	16,420	9,865
Prepaid expenses	<u>6,653</u>	<u>6,468</u>
	<u>\$ 664,091</u>	<u>\$ 616,236</u>
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities	\$ 30,436	\$ 27,149
Government remittances payable	22,516	12,764
Grant repayable (note 6)	<u>449,930</u>	<u>386,623</u>
	<u>502,882</u>	<u>426,536</u>
<b>NET ASSETS</b>		
<b>INTERNALLY RESTRICTED BOARD RESERVE FUND</b>	<u>161,209</u>	<u>189,700</u>
	<u>\$ 664,091</u>	<u>\$ 616,236</u>

**FRIENDS & ADVOCATES PEEL**  
**STATEMENT OF CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED MARCH 31, 2023**

	Unrestricted Net Asset Fund		Internally Restricted Board Reserve		Combined	
	2023	2022	2023	2022	2023	2022
<b>NET ASSETS</b> , beginning of year	\$ <u>0</u>	\$ <u>0</u>	\$ <u>189,700</u>	\$ <u>186,276</u>	\$ <u>189,700</u>	\$ <u>186,276</u>
<b>(DEFICIENCY) EXCESS OF REVENUES OVER EXPENDITURES</b> for the year	(28,491)	3,424	0	0	(28,491)	3,424
Interfund transfers	<u>28,491</u>	<u>(3,424)</u>	<u>(28,491)</u>	<u>3,424</u>	<u>0</u>	<u>0</u>
	<u>0</u>	<u>0</u>	<u>(28,491)</u>	<u>3,424</u>	<u>(28,491)</u>	<u>3,424</u>
<b>NET ASSETS</b> , end of year	\$ <u><u>0</u></u>	\$ <u><u>0</u></u>	\$ <u><u>161,209</u></u>	\$ <u><u>189,700</u></u>	\$ <u><u>161,209</u></u>	\$ <u><u>189,700</u></u>

**FRIENDS & ADVOCATES PEEL**  
**STATEMENT OF OPERATIONS**  
**FOR THE YEAR ENDED MARCH 31, 2023**

	<b>Ministry of Health Program 2023</b>	<b>General Program 2023</b>	<b>Combined</b>	
			<b>2023</b>	<b>2022</b>
<b>REVENUES</b>				
Ministry of Health and Long-Term Care				
Operating Grant	\$ 901,040	\$ 0	\$ 901,040	\$ 901,040
Other grants	14,060	0	14,060	4,456
Fundraising	0	4,849	4,849	3,424
Interest	249	0	249	58
Provision for grant repayment (note 6)	<u>(63,307)</u>	<u>0</u>	<u>(63,307)</u>	<u>(178,348)</u>
	<u>852,042</u>	<u>4,849</u>	<u>856,891</u>	<u>730,630</u>
<b>EXPENDITURES</b>				
Advertising	5,622	0	5,622	3,577
Bank charge and interest	458	0	458	326
Computer	17,312	0	17,312	29,363
Contracted services	37,153	0	37,153	36,190
Employee benefits	120,481	0	120,481	104,680
Equipment expenses	7,216	0	7,216	7,216
Insurance	3,578	0	3,578	2,847
Meeting	10,219	0	10,219	326
Memberships	961	0	961	4,306
Office supplies	16,099	0	16,099	13,780
Program	32,765	0	32,765	15,942
Rent	53,182	0	53,182	51,615
Repair and maintenance	7,130	0	7,130	5,240
Salary	508,633	33,340	541,973	434,796
Staff development	13,465	0	13,465	5,480
Telephone	4,679	0	4,679	4,976
Travel - staff	5,109	0	5,109	660
Utilities	<u>7,980</u>	<u>0</u>	<u>7,980</u>	<u>5,886</u>
	<u>852,042</u>	<u>33,340</u>	<u>885,382</u>	<u>727,206</u>
<b>(DEFICIENCY) EXCESS OF REVENUES OVER EXPENDITURES</b>	<u>\$ 0</u>	<u>\$ (28,491)</u>	<u>\$ (28,491)</u>	<u>\$ 3,424</u>

**FRIENDS & ADVOCATES PEEL  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED MARCH 31, 2023**

	<b>2023</b>	<b>2022</b>
<b>CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>		
(Deficiency) excess of revenues over expenditures for the year	\$ (28,491)	\$ 3,424
Changes in non-cash working capital		
Accounts receivable	(6,555)	4,766
Prepaid expenses	(185)	456
Accounts payable and accrued liabilities	3,287	(1,561)
Government remittances payable	9,752	696
Grant payable	<u>63,307</u>	<u>161,332</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	41,115	169,113
<b>NET CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>599,903</u>	<u>430,790</u>
<b>NET CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u><u>\$ 641,018</u></u>	<u><u>\$ 599,903</u></u>



**FRIENDS & ADVOCATES PEEL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2023**

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**1. NATURE OF ORGANIZATION**

Friends & Advocates Peel organization is a not for profit, non-medical, community based adult mental health program which receives funding from the Ministry of Health and Long-Term Care (MOHLTC). Its primary focus is to offer social rehabilitation services to those who have experienced mental/emotional distress leading to social isolation.

Friends & Advocates Peel is incorporated under the laws of Ontario as a not for profit organization without share capital and is a registered charity under the Income Tax Act. Friends & Advocates Peel is exempt from income tax.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements have been prepared in accordance with Canadian accounting standards for not for profit organizations and include the following significant accounting policies:

(a) CASH AND CASH EQUIVALENTS

The organization considers deposits in banks less outstanding cheques and guaranteed investment certificates as cash and cash equivalents.

(b) CAPITAL ASSETS

Capital assets are recorded at cost and amortized on the basis of their estimated useful life using the following methods and rates:

Equipment	- 3 years straight line basis
Leasehold improvements	- 3 years straight line basis

Amortization is recorded at 50% of the above rates in the year of addition.

(c) FINANCIAL INSTRUMENTS

Measurement of financial instruments

The organization initially measures its financial assets and liabilities at fair value. The organization subsequently measures all its financial assets and financial liabilities at amortized cost.

Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of impairment. If an impairment has occurred, the carrying amount of financial assets measured at amortized cost is reduced to the greater of the discounted future cash flows expected or the proceeds that could be realized from the sale of the financial asset. The amount of the write-down is recognized in net surplus. 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 net surplus.

Transaction costs

The organization recognizes its transaction costs in net income in the period incurred. However, financial instruments that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their origination, issuance or assumption.

**FRIENDS & ADVOCATES PEEL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2023**

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

(d) LEASES

Leases are classified as either capital or operating leases. A lease that transfers substantially all the benefits and risks incidental to the ownership of property is classified as a capital lease. All other leases are accounted for as operating leases wherein rental payments are amortized on a straight-line basis over the term of the lease to rental expense. At the inception of a capital lease, an asset and obligation is recorded at an amount equal to the lesser of the present value of the minimum lease payments and the property's fair value at the beginning of such lease.

(e) CONTRIBUTED MATERIALS AND SERVICES

During the year, a number of organizations and individuals donate materials to the organization and a number of volunteers contribute a significant amount of their time. Because of the difficulty in determining the fair value, contributed materials and services are not recorded in the financial statements.

(f) FUND ACCOUNTING

Unrestricted net assets fund

The unrestricted net assets fund reflects the net accumulated balance of surplus and losses from operations. These funds are required to provide working capital for the operations of the organization.

Internally restricted board reserve fund

The internally restricted board reserve fund reports funds set aside for a specific purpose, to be determined at the discretion of the Board of Directors.

(g) REVENUE RECOGNITION

The organization follows the deferral method of accounting for contributions.

Unrestricted contributions are recognized as revenue when they are received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Donation and fundraising revenue is recognized when received.

Revenue from restricted capital contributions is recorded on the deferral method of accounting for restricted contributions, wherein they are deferred and recognized as revenue on the same basis as amortization of the related capital assets.

Investment income is recognized as revenue when earned.

**3. FINANCIAL INSTRUMENTS**

Unless otherwise noted, it is management's opinion that the organization is not exposed to significant interest, credit, currency, liquidity, or other price risks arising from the financial instruments.

The extent of the organization's exposure to these risks did not change in 2023 compared to the previous period, except as described in note 9.

The organization does not have a significant exposure to any individual customer or counterpart.

**FRIENDS & ADVOCATES PEEL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2023**

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**4. CAPITAL ASSETS**

	Cost	Accumulated Amortization	Net 2023	Net 2022
Equipment	\$ 14,656	\$ 14,656	\$ 0	\$ 0
Leasehold improvements	<u>40,573</u>	<u>40,573</u>	<u>0</u>	<u>0</u>
	<u>\$ 55,229</u>	<u>\$ 55,229</u>	<u>\$ 0</u>	<u>\$ 0</u>

**5. COMMITMENTS**

The organization rents its premises and equipment under an operating lease. Future minimum lease payments are as follows:

2024	\$ <u>31,064</u>
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**6. GRANT REPAYABLE**

Grant repayable consists of unspent operating grants received from the Ministry of Health and Long-Term Care. The unspent amounts are expected to be settled on a net basis against future grants received.

**7. ECONOMIC DEPENDENCE**

The organization is economically dependent on the Ontario Ministry of Health and Long-Term Care, as the organization receives the majority of funding from this ministry.