

DAYA COUNSELLING CENTRE

Financial Statements

Year ended March 31, 2021



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Daya Counselling Centre

Qualified Opinion

We have audited the financial statements of Daya Counselling Centre ("the Centre"), which comprise the Statement of Financial Position as at March 31, 2021, and the Statements of Operations and Changes in Net Assets 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 accompanying financial statements present fairly, in all material respects, the financial position of the Centre as at March 31, 2021 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 Centre derives revenue from fundraising activities, donations and special programs and events, 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 Centre. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising activities, donation and special programs and events revenues, net expense, and cash flows from operations for the years ended March 31, 2021 and March 31, 2020, current assets and net assets for the years then ended. Our audit opinion on the financial statements 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 Centre 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.

Emphasis of Matter

We draw attention to Note 9 of the financial statements, which describes the effects of the COVID-19 pandemic on the Centre's operations. Our opinion is not modified in respect of this matter.

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

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

Bringing Solutions Together

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 Centre's preparation and fair presentation of the financial statements 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 Centre'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 Centre'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 Centre 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 achieve 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.

London, Ontario
June 28, 2021



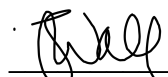
**Chartered Professional Accountants
Licensed Public Accountants**

DAYA COUNSELLING CENTRE

Statement of Financial Position as at March 31, 2021

| | 2021 | 2020 |
|---|-------------------|-------------------|
| ASSETS | | |
| CURRENT | | |
| Cash | \$ 81,462 | \$ 138,533 |
| Short-term investments | 227,704 | 36,887 |
| Accounts receivable (Note 2) | 49,453 | 37,082 |
| HST rebate | 21,068 | 17,408 |
| Prepaid expenses | 14,795 | 8,730 |
| | <u>394,482</u> | <u>238,640</u> |
| CAPITAL ASSETS (Note 3) | 34,285 | 44,184 |
| | <u>\$ 428,767</u> | <u>\$ 282,824</u> |
| LIABILITIES | | |
| CURRENT | | |
| Accounts payable and accrued liabilities | \$ 54,837 | \$ 24,552 |
| Deferred revenue (Note 4) | 10,938 | 28,438 |
| Obligations under capital leases due within one year (Note 7) | 672 | 672 |
| | <u>66,447</u> | <u>53,662</u> |
| CEBA LOAN (Note 11) | 30,000 | - |
| DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS (Note 5) | 26,146 | 36,154 |
| OBLIGATIONS UNDER CAPITAL LEASES (Note 7) | 550 | 1,217 |
| | <u>123,143</u> | <u>91,033</u> |
| CONTINGENT LIABILITY (Note 11) | | |
| NET ASSETS | <u>305,624</u> | <u>191,791</u> |
| | <u>\$ 428,767</u> | <u>\$ 282,824</u> |

APPROVED BY THE DIRECTORS:



Director



Director

DAYA COUNSELLING CENTRE

Statement of Operations and Changes in Net Assets Year ended March 31, 2021

| | 2021 | % | 2020 | % |
|---|----------------|--------------|----------------|--------------|
| REVENUE | | | | |
| Client fees | \$ 280,128 | 29.4 | \$ 243,591 | 32.0 |
| United Way | 255,426 | 26.8 | 113,660 | 15.0 |
| City of London, Ontario Works | 165,665 | 17.4 | 269,467 | 35.5 |
| Government assistance (Note 11) | 102,315 | 10.7 | 6,227 | 0.8 |
| Ministry of Attorney General, Victim Services | 39,313 | 4.1 | 49,968 | 6.6 |
| Donations | 32,008 | 3.4 | 9,858 | 1.3 |
| City of London, Community Grant | 23,750 | 2.5 | 5,938 | 0.8 |
| Contribution from other partners | 22,000 | 2.3 | 23,900 | 3.1 |
| Partner faith community contributions | 12,050 | 1.3 | 12,150 | 1.6 |
| Amortization of deferred contributions (Note 5) | 10,008 | 1.0 | 5,237 | 0.7 |
| Bereavement services | 5,596 | 0.6 | 5,815 | 0.8 |
| Small contracts | 4,505 | 0.5 | 8,655 | 1.1 |
| Interest | 1,514 | 0.2 | 2,634 | 0.3 |
| Special programs and events | - | 0.0 | 3,025 | 0.4 |
| | 954,278 | 100.0 | 760,125 | 100.0 |
| EXPENSES | | | | |
| Contract counselling | 365,674 | 38.3 | 327,736 | 43.1 |
| Wages and benefits | 214,502 | 22.5 | 189,782 | 25.0 |
| Rent (Note 8) | 87,435 | 9.2 | 53,815 | 7.1 |
| FSTV, City of London, Ontario Works | 69,133 | 7.2 | 123,299 | 16.2 |
| Office | 22,975 | 2.4 | 16,737 | 2.2 |
| Client database support | 17,519 | 1.8 | 8,944 | 1.2 |
| Repairs and maintenance | 14,172 | 1.5 | 5,524 | 0.7 |
| Amortization of capital assets | 13,125 | 1.4 | 6,401 | 0.8 |
| Telecommunications | 9,134 | 1.0 | 5,767 | 0.8 |
| Bereavement services | 5,596 | 0.6 | 5,815 | 0.8 |
| Insurance | 4,835 | 0.5 | 4,431 | 0.6 |
| Professional fees | 6,681 | 0.7 | 4,967 | 0.7 |
| Professional development and training | 3,562 | 0.4 | 4,018 | 0.5 |
| Bank charges and interest | 2,809 | 0.3 | 3,345 | 0.4 |
| Memberships and licenses | 1,918 | 0.2 | 1,065 | 0.1 |
| Hospitality and client access | 895 | 0.1 | 3,139 | 0.4 |
| Advertising and promotion | 480 | 0.1 | 4,483 | 0.6 |
| Travel | - | 0.0 | 105 | 0.0 |
| | 840,445 | 88.1 | 769,373 | 101.2 |
| NET REVENUE (EXPENSE) | 113,833 | 11.9 | (9,248) | (1.2) |
| NET ASSETS, Beginning of year | 191,791 | | 201,039 | |
| NET ASSETS, End of year | \$ 305,624 | | \$ 191,791 | |

DAYA COUNSELLING CENTRE

Statement of Cash Flows
Year ended March 31, 2021

| | 2021 | 2020 |
|--|----------------|-----------------|
| Cash provided by (used in): | | |
| OPERATING ACTIVITIES | | |
| Net revenue (expense) | \$ 113,833 | \$ (9,248) |
| Add (deduct) non-cash items: | | |
| Amortization of capital assets | 13,125 | 6,401 |
| Change in non-cash working capital items: | | |
| Amounts receivable | (12,367) | 22,949 |
| Prepaid expenses | (6,065) | (4,554) |
| Deferred revenue | (17,500) | 23,168 |
| Deferred contributions related to capital assets | (10,009) | 36,154 |
| Accounts payable and accrued liabilities | 29,853 | (8,949) |
| HST rebate | (3,660) | (7,140) |
| Accounts payable and accrued liabilities | 428 | (7,383) |
| | <u>107,638</u> | <u>51,398</u> |
| INVESTING ACTIVITIES | | |
| Acquisition of capital assets: | | |
| Furniture and fixtures | - | (11,720) |
| Computers and server equipment | - | (24,543) |
| Leasehold improvements | - | (8,447) |
| Alarm and camera security system | (3,225) | (5,876) |
| | <u>(3,225)</u> | <u>(50,586)</u> |
| FINANCING ACTIVITIES | | |
| Increase in CEBA loan | 40,000 | - |
| Increase in obligations under capital leases | - | 2,000 |
| Payments on obligations under capital leases | (10,667) | (111) |
| | <u>29,333</u> | <u>1,889</u> |
| INCREASE IN CASH AND CASH EQUIVALENTS | 133,746 | 2,701 |
| Cash and cash equivalents, beginning of year | <u>175,420</u> | <u>172,719</u> |
| CASH AND CASH EQUIVALENTS, END OF YEAR | \$ 309,166 | \$ 175,420 |
| REPRESENTED BY: | | |
| Cash | \$ 81,462 | \$ 138,533 |
| Short-term investments | <u>227,704</u> | <u>36,887</u> |
| | \$ 309,166 | \$ 175,420 |

DAYA COUNSELLING CENTRE

Notes to Financial Statements
March 31, 2021

NATURE OF ORGANIZATION

Daya Counselling Centre ("the Centre") is incorporated by letters of patent, under Federal legislation, without share capital. The Centre's mission is to foster a culture of wholeness, health and mental wellness through counselling and education.

The Centre is a registered charity within the meaning of the Income Tax Act (Canada) and accordingly, is exempt from income taxes.

1. SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations. The significant accounting policies are summarized below.

Revenue Recognition

The 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 covering specific operational periods are recognized as revenue on a prorated basis over the operational period. All other 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.

Client fees are recognized as revenue in the period the services are provided.

Capital Assets

Capital assets are recorded at acquisition cost. Capital assets greater than \$2,500 are capitalized and amortized over their useful lives. Amortization is provided on the straight-line method over the estimated useful lives of the assets at the following annual rates:

| | |
|----------------------------------|------------------------------|
| Furniture and fixtures | 5 years |
| Computers and server equipment | 3 years |
| Alarm and camera security system | 5 years |
| Leasehold improvements | 10 years over the lease term |

One half of annual amortization is charged on assets acquired during the year. No amortization is taken in the year of disposal.

Financial Instruments

Measurement of financial instruments:

The Centre initially measures its financial assets and financial liabilities at fair value, except for certain non-arm's length transactions.

The Centre subsequently measures all its financial assets and financial liabilities at amortized cost, except the investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in net revenue (expense).

Impairment:

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down and any subsequent reversal are recognized in net revenue (expense).

Transaction costs:

The Centre recognizes its transactions costs in net revenue (expense) in the period incurred. However, financial instrument 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.

DAYA COUNSELLING CENTRE

Notes to Financial Statements
March 31, 2021

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

Cash as disclosed on the Statement of Financial Position consists of cash on hand, balances with banks and guaranteed investment certificates with interest rates ranging from 0.3% to 0.55%, maturing between April 1, 2021 and May 30, 2021.

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 amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reported period. Significant estimates in these financial statements consist of the useful lives of capital assets, amortization rates and methods, allowance for doubtful accounts and deferred contributions. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in net revenue (expense) in the period in which they become known. Actual results could differ from these estimates.

2. ACCOUNTS RECEIVABLE

| | 2021 | 2020 |
|---|------------------|------------------|
| Operating receivables | \$ 46,891 | \$ 30,855 |
| Canada Emergency Wage Subsidy (Note 11) | 2,562 | 6,227 |
| | <u>\$ 49,453</u> | <u>\$ 37,082</u> |

3. CAPITAL ASSETS

| | Cost | Accumulated Amortization | Net | |
|----------------------------------|------------------|-----------------------------|------------------|------------------|
| | | | 2021 | 2020 |
| Computer equipment | \$ 24,543 | \$ 12,272 | \$ 12,271 | \$ 20,452 |
| Furniture and fixtures | 11,720 | 3,516 | 8,204 | - |
| Alarm and camera security system | 11,672 | 2,857 | 8,815 | 18,150 |
| Leasehold improvements | 5,876 | 881 | 4,995 | 5,582 |
| | <u>\$ 53,811</u> | <u>\$ 19,526</u> | <u>\$ 34,285</u> | <u>\$ 44,184</u> |

4. DEFERRED REVENUE

Deferred contributions represent unspent funding restricted for program expenses in a future period. Changes in the deferred contribution balances are as follows:

| | Opening 2020 | Received | Expenses | Ending 2021 |
|----------------------------------|------------------|------------------|------------------|------------------|
| COVID-19 counselling | \$ 10,000 | \$ - | \$ 10,000 | \$ - |
| Complex Trauma | 8,000 | - | 8,000 | - |
| City of London - Community Grant | 5,938 | 23,750 | 23,750 | 5,938 |
| Journey Through Loss | 4,500 | 5,000 | 4,500 | 5,000 |
| | <u>\$ 28,438</u> | <u>\$ 28,750</u> | <u>\$ 46,250</u> | <u>\$ 10,938</u> |

DAYA COUNSELLING CENTRE

Notes to Financial Statements
March 31, 2021

5. DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS

During 2020, the Centre received contributions in the amount of \$41,391 to assist with the costs associated with the relocation of the Centre. These contributions are being deferred and amortized on a straight-line basis over the useful life of the assets

| | 2021 | 2020 |
|------------------------------------|------------------|------------------|
| Beginning balance | \$ 36,154 | \$ 41,391 |
| Less: amounts amortized to revenue | 10,008 | 5,237 |
| Ending Balance | <u>\$ 26,146</u> | <u>\$ 36,154</u> |

6. BANK LOAN

The Centre has a line of credit in the amount of \$30,000 with Libro Credit Union bearing interest at Prime + 1.5% (2021 - 3.95%, 2020 - 3.95%), secured by a General Security Agreement pledging a general assignment of accounts receivable and book debts. The amount outstanding was \$NIL (2020 - \$NIL).

7. CAPITAL LEASE OBLIGATIONS

| | 2021 | 2020 |
|---|---------------|-----------------|
| Alarmtech Security Systems Inc., repayable in monthly payments of \$56, due February 1, 2023. | \$ 1,222 | \$ 1,889 |
| Less amounts due within one year | 672 | 672 |
| | <u>\$ 550</u> | <u>\$ 1,217</u> |

The future minimum lease payments in subsequent fiscal years under the capital lease are as follows:

| | |
|------|-----------------|
| 2022 | \$ 672 |
| 2023 | 550 |
| | <u>\$ 1,222</u> |

8. COMMITMENTS

The Centre has entered into a lease agreement for the rental of office space for a 10 year period ending December 31, 2029 at an annual cost of approximately \$70,018 plus HST.

The Centre has also entered into an agreement to upgrade the client database at a cost of approximately \$25,000 plus HST. Total costs incurred in 2021 were \$8,575, with the remainder to be completed in fiscal 2022.

9. COVID-19 PANDEMIC

In March 2020, the World Health Organization declared a global pandemic known as COVID-19. This pandemic has impacted the demand for and ability to provide services throughout the year, and in the near future. The impact to the Centre is not determinable at the date of these financial statements; however, it may be material and could include changes to operations and the financial position of the Centre.

DAYA COUNSELLING CENTRE

Notes to Financial Statements
March 31, 2021

10. FINANCIAL INSTRUMENTS RISK MANAGEMENT

Transactions in financial instruments may result in financial risks being assumed by the Centre. The risks identified by the Centre are as follows:

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other by failing to discharge an obligation. The Centre is exposed to credit risk from clients and funding agencies. An allowance for doubtful accounts, if required, is established based on factors surrounding the credit risk of specific accounts, historical trends and other information. The Centre does not have any significant credit risk concentration.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Centre's investments include guaranteed investment certificates at fixed interest rates. Accordingly the Centre is exposed to interest rate risk resulting in changes to future interest rates earned on its guaranteed investment certificates.

Other Risks

The Centre is not exposed to significant currency, liquidity or market risk.

There have been no significant changes in the nature or concentration of the risk exposures from the prior year.

11. GOVERNMENT ASSISTANCE

During the year the Centre applied and was approved for a federal subsidy of \$81,756 (2019 - \$6,227) as part of the Canada Emergency Wage Subsidy (CEWS) program. The purpose of the program is to enable businesses affected by COVID-19 to re-hire and retain employees.

During the year the Centre applied and was approved for a federal subsidy of \$10,559 as part of the Canada Emergency Wage Rent (CERS) program. The purpose of the program is to provide rent support to businesses affected by COVID-19.

Also during the year, the Centre applied for and was approved for a federal loan of \$40,000 as part of the Canada Emergency Business Account (CEBA) program. Subsequent to year-end, an additional \$20,000 of this loan was received. No interest or payments are required on the loan up to December 31, 2022, after which interest of 5% per annum will be paid in monthly installments. The purpose of this program is to ensure that small businesses have access to additional capital to assist with the impact of COVID-19. Up to \$10,000, \$20,000 after the subsequent expansion received, of this loan is forgivable provided the Centre meets the following conditions:

- the Centre spent between \$20,000 and \$1,500,000 on total payroll in 2019;
- the funds are only used for non-deferrable operating expenses; and
- the loan is repaid in full before on or before December 31, 2022.

Management is of the opinion that the Centre is compliant with the above conditions. The Centre remains contingently liable for the \$10,000 forgivable portion of the Canada Emergency Business Account balance at the year-end date.