

**Durham Farm and Rural Family Resources
Financial Statements
For the Year Ended March 31, 2021**

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Independent Auditor's Report

**To the Board of Directors of
Durham Farm and Rural Family Resources**

Qualified Opinion

We have audited the accompanying financial statements of Durham Farm and Rural Family Resources (the Organization), which comprise the statement of financial position as at March 31, 2021, and the statements of operations, 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 Organization 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 Organization 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 Organization. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising revenue, donation revenue, user fees, excess of revenues over expenses, and cash flows from operations for the years ended March 31, 2021 and 2020, current assets as at March 31, 2021 and 2020, and net assets as at April 1 and March 31 for both the 2021 and 2020 years. Our audit opinion on the financial statements for the year ended March 31, 2021 was modified accordingly because of the possible effects of this limitation in scope.

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.

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.

Chartered Professional Accountants, Licensed Public Accountants

Uxbridge, Ontario
September 30, 2021

Durham Farm and Rural Family Resources Statement of Financial Position

As at March 31	2021	2020
Assets		
Current assets		
Cash and bank	\$ 89,351	\$ 94,708
Temporary investments (Note 2)	22,288	21,873
Accounts receivable	1,978	9,070
Prepaid expenses	899	172
	114,516	125,823
Tangible capital assets (Note 3)	6,341	4,836
	\$ 120,857	\$ 130,659
 Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued liabilities	\$ 17,712	\$ 28,278
Deferred contributions (Note 4)	65,382	67,500
	83,094	95,778
 Net Assets		
Invested in tangible capital assets	6,341	4,836
Unrestricted	31,422	30,045
	37,763	34,881
	\$ 120,857	\$ 130,659

Subsequent Events (Note 6)

On behalf of the Board:

_____ Director

_____ Director

**Durham Farm and Rural Family Resources
Statement of Changes in Net Assets**

For the year ended March 31	Invested in tangible capital assets	Unrestricted	2021 Total	2020 Total
Balance, beginning of the year	4,836	30,045	34,881	38,651
Excess (deficiency) of revenues over expenses	(1,889)	4,771	2,882	(3,770)
Interfund transfers	3,394	(3,394)	-	-
Balance, end of the year	\$ 6,341	\$ 31,422	\$ 37,763	\$ 34,881

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

Durham Farm and Rural Family Resources Statement of Operations

For the year ended March 31	2021	2020
Revenue		
Donations	\$ 1,974	\$ 9,010
Fundraising	30	10,024
Grants and other income	255,672	299,793
Membership and user fees	30	5,975
	257,706	324,802
Expenses		
Advertising and promotion	-	967
Amortization	1,889	2,053
Bookkeeping	16,358	15,198
Fundraising expenses	-	4,106
Insurance	3,518	3,717
Office and general	6,403	6,239
Parent workshops	1,206	6,715
Professional fees	10,988	10,126
Rent	1,342	3,985
Supplies	10,061	61,993
Telephone	1,120	4,379
Travel and vehicle	716	3,546
Wages and benefits	201,223	205,548
	254,824	328,572
Excess (deficiency) of revenues over expenses	\$ 2,882	\$ (3,770)

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

Durham Farm and Rural Family Resources Statement of Cash Flows

For the year ended March 31

	2021	2020
Cash flows from operating activities		
Excess of revenues over expenses	\$ 2,882	\$ (3,770)
Items not affecting cash:		
Amortization of tangible capital assets	1,889	2,053
	4,771	(1,717)
Changes in non-cash working capital:		
Accounts receivable	7,092	(4,313)
Inventories and prepaid expenses	(727)	-
Accounts payable and accrued liabilities	(10,566)	10,532
Deferred contributions	(2,118)	67,500
	(1,548)	72,002
Cash flows from investing activities		
Purchase of temporary investments	(22,288)	(21,873)
Maturity of temporary investments	21,873	21,340
Acquisition of tangible capital assets	(3,394)	-
	(3,809)	(533)
Net (decrease) increase in cash	(5,357)	71,469
Cash, beginning of the year	94,708	23,239
Cash, end of the year	\$ 89,351	\$ 94,708

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

Durham Farm and Rural Family Resources

Notes to Financial Statements

March 31, 2021

1. Significant Accounting Policies

Nature and Purpose of Organization The organization is a non-profit organization incorporated without share capital under the laws of Ontario. The organization provides quality and flexible children's services and programs to farm and rural families. The organization serves the Region of Durham.

The organization is a registered charity and, as such, is exempt from income tax and may issue income tax receipts to donors.

Basis of Accounting The financial statements have been prepared using Canadian accounting standards for not-for-profit organizations.

Tangible Capital Assets Purchased tangible capital assets are stated at cost less accumulated amortization. Contributed tangible capital assets are recorded at fair value at the date of contribution and are amortized, unless fair value is not determinable in which case contributed tangible capital assets are recorded at nominal value at the date of contribution. Expenditures for repairs and maintenance are expensed as incurred. Betterments that extend the useful life of the tangible capital asset are capitalized.

Amortization based on the estimated useful life of the asset is calculated using the declining balance method at the following rates:

	Rate
Office equipment	20%
Computer equipment	30%

When a tangible capital asset no longer has any long-term service potential to the organization, the excess of its net carrying amount over any residual value is recognized as an expense in the statement of operations.

Durham Farm and Rural Family Resources

Notes to Financial Statements

March 31, 2021

1. Significant Accounting Policies (continued)

Revenue Recognition	<p>The organization follows the deferral method of accounting for contributions.</p> <p>Grants and contributions received for operating expenses are recognized as revenue in the year in which the funds are received provided the funding agreement does not contain any repayment stipulations.</p> <p>Revenue from donations and fundraising events are recognized as the amounts are received.</p> <p>User fees are recognized at the time the service is provided, the amount is reasonable estimated and collection is reasonably assured.</p> <p>Membership fees are deferred and taken into income ratably over the term of the membership.</p>
Deferred Contributions	<p>To the extent that a funding agreement includes specific stipulations, deferred contributions represents grants or contributions which have been collected but for which the related services have yet to be performed. These amounts will be recognized as revenues in the fiscal year the services are provided.</p>
Financial Instruments	<p>Financial Instruments are recorded at fair value at initial recognition.</p> <p>Financial instruments are reported at cost or amortized cost less impairment. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items measured at fair value and charged to the financial instrument for those measured at amortized cost.</p> <p>Financial assets are tested for impairment when indicators of impairment exist. When a significant change in the expected timing or amount of the future cash flows of the financial asset is identified, the carrying amount of the financial asset is reduced and the amount of the write-down is recognized in net income. A previously recognized impairment loss may be reversed to the extent of the improvement, provided it is not greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously, and the amount of the reversal is recognized in net income.</p>

Durham Farm and Rural Family Resources Notes to Financial Statements

March 31, 2021

1. Significant Accounting Policies (continued)

Contributed Services Volunteers contribute many hours per year to assist the organization in carrying out its activities. Due to the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

2. Temporary Investments

The organization holds two guaranteed investment certificates for \$17,288 and \$5,000 that will mature in December 2021 and earn interest at 0.60% and 0.25% respectively.

3. Tangible Capital Assets

	2021		2020	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Office equipment	\$ 2,470	\$ 1,304	\$ 1,270	\$ 1,162
Computer equipment	16,334	11,159	14,140	9,412
	\$ 18,804	12,463	\$ 15,410	10,574
		\$ 6,341		\$ 4,836

4. Deferred Contributions

Deferred contributions represent unspent resources received in the current period that is related to expenses of a subsequent period. Changes in the deferred contributions balance are as follows:

	2021	2020
Beginning balance, related to operating funding	\$ 67,500	\$ -
Less: amounts recognized as revenue in the year	(2,118)	-
Add: amounts received related to expenses of a subsequent period	-	67,500
	\$ 65,382	\$ 67,500

Durham Farm and Rural Family Resources Notes to Financial Statements

March 31, 2021

5. Financial Instruments

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The organization is exposed to credit risk resulting from the possibility that a customer or counterparty to a financial instrument defaults on their financial obligations; if there is a concentration of transactions carried out with the same counterparty; or of financial obligations which have similar economic characteristics such that they could be similarly affected by changes in economic conditions. The organization's financial instruments that are exposed to concentrations of credit risk relate primarily to its accounts and contributions receivable. The majority of the organization's receivables are from government sources and the organization works to ensure it meets all eligibility criteria in order to qualify to receive the funding.

There have not been any changes in the risk from the prior year.

Liquidity risk

Liquidity risk is the risk that the organization will encounter difficulty in meeting its obligations associated 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. The organization is exposed to this risk mainly in respect of its accounts payable.

The organization's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient cash flows to fund its operations and to meet its liabilities when due, under both normal and stressed conditions. The organization maintains a portion of its invested assets in liquid securities.

There have not been any changes in the risk from the prior year.

Durham Farm and Rural Family Resources Notes to Financial Statements

March 31, 2021

6. Impact of Covid-19

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus, the "COVID-19 outbreak". In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve throughout the world including Canada. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the impact on the Organization will not be known with certainty for months to come.

As of August 2021, the Organization has experienced no delays in funding, however, the ongoing uncertainty resulting from the pandemic has caused many events and activities to be cancelled or postponed, impacting user fees and fundraising revenues.

Although the Organization cannot estimate the length or gravity of the impact of the COVID-19 outbreak at this time, if the pandemic continues, it may have a material adverse effect on the Organization's results of future operations, financial position, and liquidity in fiscal year 2022.
