



# GOOD REDDEN KLOSLER

Supporting Growth. Providing Direction.

Chartered Professional Accountants

## INDEPENDENT AUDITORS' REPORT

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To the Board of Directors of:

**HALDIMAND-NORFOLK RESOURCE, EDUCATION AND COUNSELLING HELP**

### Qualified Opinion

We have audited the accompanying financial statements of Haldimand-Norfolk R.E.A.C.H. which comprise the statement of financial position as at March 31, 2021, statement of changes in fund balances, statement of operations and statement of 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 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, Haldimand-Norfolk R.E.A.C.H. derives revenue from the general public through donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of this revenue was limited to the amounts recorded in the records of Haldimand-Norfolk R.E.A.C.H.. Therefore, we were not able to determine whether any adjustments might be necessary to revenue and net assets.

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 Haldimand-Norfolk R.E.A.C.H. 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 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 or cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the 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.

Continued

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 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.

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.

*Good Redden Klosler LLP*

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CHARTERED PROFESSIONAL ACCOUNTANTS  
Licensed Public Accountants

Simcoe, Ontario  
June 29, 2021

# HALDIMAND-NORFOLK RESOURCE, EDUCATION AND COUNSELLING HELP

## STATEMENT OF FINANCIAL POSITION

As at March 31, 2021

(With comparative figures for the year ended 2020)

	Operating	Charity	Nevada	Replacement	Total	Total
	Fund	Fund	Fund	Reserve	2021	2020
	\$	\$	\$	\$	\$	\$
<b>ASSETS</b>						
Cash	2,526,375	228,277	76,393	-	2,831,045	904,856
Accounts receivable - note 3	2,099,745	-	-	-	2,099,745	1,175,831
Due from other R.E.A.C.H. funds	16,750	-	668	-	17,418	36,600
Prepaid expenses	67,998	-	-	-	67,998	134,116
Investments	-	-	(670)	16,093	15,423	63,855
<b>Total current assets</b>	<b>4,710,868</b>	<b>228,277</b>	<b>76,391</b>	<b>16,093</b>	<b>5,031,629</b>	<b>2,315,258</b>
<b>Property, Equipment and Leasehold Improvements - Note 4</b>	<b>2,012,547</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,012,547</b>	<b>1,266,349</b>
<b>Total Assets</b>	<b>6,723,415</b>	<b>228,277</b>	<b>76,391</b>	<b>16,093</b>	<b>7,044,176</b>	<b>3,581,607</b>
<b>LIABILITIES AND FUND BALANCES</b>						
Accounts payable and accrued liabilities	2,860,033	-	-	-	2,860,033	1,795,499
Government remittances payable	133,153	-	-	-	133,153	94,913
Due to other R.E.A.C.H. funds	668	16,750	-	-	17,418	36,600
ELCC professional development fund	135	-	-	-	135	135
Current portion of mortgages payable - note 5	34,960	-	-	-	34,960	34,556
<b>Total current liabilities</b>	<b>3,028,949</b>	<b>16,750</b>	<b>-</b>	<b>-</b>	<b>3,045,699</b>	<b>1,961,703</b>
<b>Mortgages Payable - Note 5</b>	<b>335,307</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>335,307</b>	<b>370,254</b>
<b>Deferred Contributions - Note 7</b>	<b>1,105,307</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,105,307</b>	<b>115,081</b>
<b>Contingency - Note 13</b>	<b>1,154,502</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,154,502</b>	<b>-</b>
<b>Total Liabilities</b>	<b>5,624,065</b>	<b>16,750</b>	<b>-</b>	<b>-</b>	<b>5,640,815</b>	<b>2,447,038</b>
<b>Fund Balances</b>						
Unrestricted	1,099,350	211,527	76,391	-	1,387,268	1,081,079
Externally restricted - note 8	-	-	-	16,093	16,093	53,490
<b>Total Liabilities and Fund Balances</b>	<b>6,723,415</b>	<b>228,277</b>	<b>76,391</b>	<b>16,093</b>	<b>7,044,176</b>	<b>3,581,607</b>

Approved by: \_\_\_\_\_

# HALDIMAND-NORFOLK RESOURCE, EDUCATION AND COUNSELLING HELP

## STATEMENT OF CHANGES IN FUND BALANCES

For the year ended March 31, 2021

(With comparative figures for the year ended 2020)

	Operating	Charity	Nevada	Replacement		
	Fund	Fund	Fund	Reserve	2021	2020
	\$	\$	\$	\$	\$	\$
<b>Fund Balance, Beginning of Year</b>	801,937	205,490	73,652	53,490	1,134,569	1,111,605
<b>Excess of Revenue over Expenditures for the Year</b>	268,792	-	-	-	268,792	22,964
<b>Interfund Transfers</b>	28,621	6,037	2,739	(37,397)	-	-
<b>Fund Balance, End of Year</b>	<b>1,099,350</b>	<b>211,527</b>	<b>76,391</b>	<b>16,093</b>	<b>1,403,361</b>	<b>1,134,569</b>

# HALDIMAND-NORFOLK RESOURCE, EDUCATION AND COUNSELLING HELP

## STATEMENT OF OPERATIONS

For the year ended March 31, 2021

(With comparative figures for the year ended 2020)

	Operating	Charity	Nevada	Replacement	2021	2020
	Fund	Fund	Fund	Reserve		
	\$	\$	\$	Fund	\$	\$
				\$		
<b>REVENUE</b>						
Ministry funding	10,204,220	-	-	2,125	10,206,345	9,069,482
County funding	1,736,683	-	-	-	1,736,683	2,010,870
Hamilton Health Sciences Corp. funding	819,987	-	-	-	819,987	901,990
Other major funders	57,145	-	-	-	57,145	297,480
User fees	1,034,889	-	-	-	1,034,889	1,341,836
Canadian Emergency Wage Subsidy	1,275,112	-	-	-	1,275,112	-
Interest	-	-	-	-	-	3,747
Donations and fundraising	-	-	-	-	-	87,257
Other	210,167	-	-	-	210,167	341,991
<b>Total revenue</b>	<b>15,338,203</b>	<b>-</b>	<b>-</b>	<b>2,125</b>	<b>15,340,328</b>	<b>14,054,653</b>
<b>EXPENDITURES</b>						
Salaries and wages	6,220,997	-	-	-	6,220,997	6,666,858
Benefits	1,398,100	-	-	-	1,398,100	1,371,784
Travel	26,915	-	-	-	26,915	130,648
Professional development	43,605	-	-	-	43,605	70,349
Occupancy	546,495	-	-	-	546,495	604,448
Professional fees	172,496	-	-	-	172,496	121,657
Program supplies and start-up costs	136,139	-	-	-	136,139	156,999
Purchased services - client	417,175	-	-	-	417,175	571,320
Food	29,335	-	-	-	29,335	55,788
Community initiatives	3,091,262	-	-	-	3,091,262	2,491,562
Advertising and promotion	57,242	-	-	-	57,242	18,033
Telephone and internet	92,284	-	-	-	92,284	92,605
Office administration	236,031	-	-	-	236,031	200,263
Dues, fees and licences	41,337	-	-	-	41,337	19,484
Insurance	70,090	-	-	-	70,090	63,564
Capital asset expensed	37,014	-	-	-	37,014	27,241
Board expense and general meeting expense	4,469	-	-	-	4,469	23,942
Amortization	183,697	-	-	-	183,697	193,786
Caregiver, provider and facilitator fees	122,416	-	-	-	122,416	139,038
Respite contracts	915,315	-	-	-	915,315	823,337
Mortgage and loan interest	13,741	-	-	-	13,741	7,487
Funds repaid to funders	-	-	-	-	-	3,523
Accounts receivable write off's	26,991	-	-	-	26,991	7,288
Capital reserve allowance	-	-	-	2,125	2,125	2,125
Other	31,763	-	-	-	31,763	168,560
Contingency - note 13	1,154,502	-	-	-	1,154,502	-
<b>Total expenditures</b>	<b>15,069,411</b>	<b>-</b>	<b>-</b>	<b>2,125</b>	<b>15,071,536</b>	<b>14,031,689</b>
<b>Excess (Deficiency) of Revenue over Expenditures for the Year</b>	<b>268,792</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>268,792</b>	<b>22,964</b>

# HALDIMAND-NORFOLK RESOURCE, EDUCATION AND COUNSELLING HELP

## STATEMENT OF CASH FLOWS

For the year ended March 31, 2021

(With comparative figures for the year ended 2020)

	2021	2020
	\$	\$
<b>Cash from Operating Activities</b>		
Excess (deficiency) of revenues over expenditures	268,792	22,964
Amortization of property, equipment and leasehold improvements	198,243	208,061
	467,035	231,025
Change in non-cash working capital accounts		
Decrease (increase) in accounts receivable	(923,914)	(472,849)
Decrease (increase) in investments	48,432	28,620
Decrease (increase) in prepaid expenses	66,118	85,977
Increase (decrease) in accounts payable and accrued liabilities	1,064,534	357,999
Increase (decrease) in government remittances payable	38,240	(2,102)
Increase (decrease) in contingency	1,154,502	-
Net cash generated through (applied to) operating activities	1,914,947	228,670
<b>Financing and Investing Activities</b>		
Increase (decrease) in mortgages payable	(34,543)	248,616
Net (purchase of) property, equipment and leasehold improvements	(944,441)	(515,073)
Increase (decrease) in deferred contributions	990,226	(9,923)
Net cash used in financing and investing activities	11,242	(276,380)
<b>Increase (Decrease) in Cash During the Year</b>	1,926,189	(47,710)
<b>Cash, Beginning of Year</b>	904,856	952,566
<b>Cash, End of Year</b>	2,831,045	904,856



# HALDIMAND-NORFOLK RESOURCE, EDUCATION AND COUNSELLING HELP

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2021

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### 1. PURPOSE OF THE ORGANIZATION

Haldimand-Norfolk Resource, Education and Counselling Help (R.E.A.C.H.) is a regional organization operating programs to ensure that there will be a socially and emotionally secure community of individuals and families living within the counties of Haldimand and Norfolk. R.E.A.C.H. is a not-for-profit organization and is a registered charity under the Income Tax Act.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Presentation

The financial statements are prepared in accordance with Canadian Accounting Standards for Not-for-Profit Organizations (ASNFPPO).

(b) Fund Accounting

(i) Operating Fund

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

(ii) Charity Fund

Revenues and expenses related to general fundraising activities are reported in the Charity Fund.

(iii) Nevada Fund

Revenues and expenses related to Nevada tickets fundraising activities are reported in the Nevada Fund.

(iv) Replacement Reserve Fund

Revenues and expenses related to the statutory maintenance of a replacement reserve fund for the Ministry of Community and Social Services funding, relating to repairs for the Union (Simcoe) property, are reported in the Replacement Reserve Fund.

(c) Revenue Recognition

R.E.A.C.H. follows the deferral method of accounting for contributions.

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 estimated and if collection is reasonably assured.

User fee revenue is recognized for services that have been provided, it is recognized when it is received or receivable and collection can be reasonably assured. Interest revenue is accrued as it is earned.

Other revenue includes revenue from rental units, funds that have been transferred from other budgets and is off set by the central administration allocation. Other revenue is recognized when it is received or receivable and collection can be reasonably assured.



# HALDIMAND-NORFOLK RESOURCE, EDUCATION AND COUNSELLING HELP

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2021

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### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Expenses

Expenses are reported on the accrual basis of accounting. The cost of goods and services are recorded in the year acquired regardless whether or not payment has been made.

(e) Investments

All of the investments are carried at their fair market value and consist of guaranteed investment certificates (GIC's).

(f) Property and Equipment

Purchased property and equipment are recorded in the Operating Fund at cost. Contributed property and equipment are recorded in the Operating Fund at fair market value at the date of the contribution. Amortization is calculated on a straight-line basis over the capital assets' estimated useful lives at the following annual rates:

Building - Bramble (Townsend)	10 years
Building - Union (Simcoe)	10 years
Building - John (Simcoe)	40 years
Ramsey (Dunnville)	20 years
Furniture and equipment	5 years
Information technology equipment	3 years
Information technology software	5 years
Leasehold improvements	Evenly over the term of the lease
Vehicles	10 years

In accordance with the Ministry of Community and Social Services and the Ministry of Children and Youth Services accounting requirements, the Union (Simcoe) and the Bramble (Townsend) properties are amortized over the life of their related mortgages. Their annual amortization expense matches the mortgage principal payments made during the year on each property.

The costs associated with capital in progress are capitalized during the development phase of the capital project. Upon completion of the project, the assets are allocated to their respective property and equipment class and amortized at the applicable class rate.

(g) Accumulated Fund Balances

The Ministry of Community and Social Services and the Ministry of Children and Youth Services provide the majority of the funding for R.E.A.C.H. The applicable Ministry will request the repayment of excess funds. The excess funds are set up as accounts payable and recoverable by the Ministry. Effective June, 2018, these are collectively known as the Ministry of Community, Children and Social Services.





# HALDIMAND-NORFOLK RESOURCE, EDUCATION AND COUNSELLING HELP

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2021

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### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Financial Instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale or issue of financial instruments are expensed when incurred. Financial instruments are comprised of accounts receivable, short and long term investments, accounts payable and accrued liabilities and long term debt. All financial instruments are subsequently carried at amortized cost.

(i) Allocation of expenses

R.E.A.C.H. engages in several client support services and programs. The costs of each program includes the cost of personnel, marketing, premises and other expenses that are directly related to providing the program. R.E.A.C.H. also incurs a number of general support expenses that are common to the administration of the organization and its programs. R.E.A.C.H. allocates its general overhead and marketing expenses by identifying the portion of support applicable to each contract or program and/or the amount permitted by the funding source, which is generally based on a percentage of funding.

(j) Government Grants

Government grants and funding is recorded when there is reasonable assurance that R.E.A.C.H. has complied with and will continue to comply with all necessary conditions to obtain the grants and funding.

(k) Programs

R.E.A.C.H. administers many different types of programs. Some of these programs are 'managed by the Organization', while others are 'managed on behalf of others'. All programs are subject to audit attestation. Only programs 'managed by the Organization' are included in the combined statement of operations. The programs are segregated in the index to these financial statements between 'managed by the Organization' and 'managed on behalf of others'.

(l) Measurement Uncertainty

The preparation of financial statements in conformity with Canadian Accounting Standards for Not-for-Profit Organizations (ASNPO) requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates. The most significant estimates in the financial statements include the useful life of capital assets and the determination of accruals.

(m) Contributed Services

Volunteers contribute numerous hours to assist R.E.A.C.H. in carrying out certain aspects of its service delivery activities. The fair value of these contributed services is not readily determinable and, as such, is not reflected in the financial statements.

(n) Economic Dependence

The Ministry of Community and Social Services and the Ministry of Children and Youth Services provides the majority of the funding for R.E.A.C.H. and as such R.E.A.C.H. has the ability to continue viable operations and is dependent upon continued funding by the Ministries. The funding is based on approved expenditure levels for each program as set out by an agreement between the Ministries and the R.E.A.C.H. Any excess of revenue over expenditures subsidized by the Ministries will be requested to be returned.

(o) Comparative Figures

Certain of the comparative figures have been reclassified to conform to the current year financial statement presentation.



# HALDIMAND-NORFOLK RESOURCE, EDUCATION AND COUNSELLING HELP

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2021

### 3. ACCOUNTS RECEIVABLE

Included in accounts receivable is \$1,430,182 (2020- \$1,175,831) of trade receivable and \$669,563 (2020 - \$nil) of Canadian Emergency Wage Subsidy receivable.

### 4. PROPERTY, EQUIPMENT AND LEASEHOLD IMPROVEMENTS

	Cost	Accumulated Amortization	2021	2020
	\$	\$	\$	\$
Land - Bramble (Townsend)	39,500	-	39,500	39,500
Land - John (Simcoe)	132,975	-	132,975	132,975
Land - Ramsey (Dunnville)	75,000	-	75,000	75,000
Building - Bramble (Townsend)	162,010	154,324	7,686	9,125
Building - Union (Simcoe)	298,612	257,237	41,375	56,884
Building - John (Simcoe)	191,886	19,577	172,309	177,573
Building - Ramsey (Dunnville)	321,566	10,049	311,517	319,556
Furniture and equipment	789,080	492,405	296,675	206,366
Information technology equipment	310,715	252,783	57,932	52,541
Information technology software	373,021	286,297	86,724	120,932
Leasehold improvements	208,914	189,666	19,248	31,695
Vehicles	38,903	9,401	29,502	33,392
Capital in progress	742,104	-	742,104	10,810
	<b>3,684,286</b>	<b>1,671,739</b>	<b>2,012,547</b>	<b>1,266,349</b>

### 5. MORTGAGE AND LOAN PAYABLE

R.E.A.C.H. has a mortgage payable and loans payable. The mortgage payable is on the Union (Simcoe) property. The mortgage bears interest at 3.75% per annum, is repayable in blended monthly installments of \$1,358 and matures on September 1, 2023. The mortgage is secured by the Union (Simcoe) property. The current portion of the mortgage principal balance is \$14,560 (2020 - \$15,101) and the long-term portion is \$23,767 (2020 - \$38,855).

One loan is secured by the Ramsey (Dunnville) property. The loans interest at prime plus 0.49% annum, is repayable in blended monthly installments of \$1,574 and matures on March 19, 2031. The current portion of the loan principal balance is \$10,247 (2020 - \$9,909) and the long-term portion is \$252,417 (2020 - \$262,664).

The loan payable is secured by the John (Simcoe) property. The loans interest at 4.05% per annum, is repayable in blended monthly installments of \$1,091.17 and matures on February 8, 2022 and will be renewed. The current portion of the loan principal balance is \$9,612 (2020 - \$10,087) and the long-term portion is \$59,121 (2020 - \$68,735)

R.E.A.C.H. has the following anticipated total principal repayments over the next 5 years:

	Union (Simcoe)	John (Simcoe)	Ramsey	Total
	\$	\$	\$	\$
2021	15,101	9,612	10,247	34,960
2022	15,683	-	10,595	26,278
2023	8,063	-	10,956	19,019
2024	-	-	11,328	11,328
2025	-	-	11,714	11,714



# HALDIMAND-NORFOLK RESOURCE, EDUCATION AND COUNSELLING HELP

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2021

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### 6. OPERATING LINE OF CREDIT

The Organization has an available line of credit for \$185,000 at prime lending rate plus 0.75%. The outstanding balance as at March 31, 2021 was \$nil (2020 - \$nil).

### 7. DEFERRED CONTRIBUTIONS

Deferred Contributions represent funding provided to R.E.A.C.H. for specific programs which will not be utilized until future years.

	2021	2020
	\$	\$
Deferred Contributions - Beginning of Year	115,081	125,004
Add: Current Year Deferred Contributions	1,013,779	-
Less: Deferred Contributions Used During the Year	(23,553)	(9,923)
	<b>1,105,307</b>	<b>115,081</b>

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### 8. EXTERNAL RESTRICTIONS ON FUND BALANCES

The Replacement Reserve Fund is restricted by the Ministry of Community and Social Services for repairs made on the Union (Simcoe) property. The fund balance of \$16,093 (2020 - \$53,490) is restricted for this purpose.

### 9. INTERFUND TRANSFERS

The Charity Fund and the Nevada Fund each transferred funds to/from the Operating Fund to support programs operated by R.E.A.C.H.

### 10. RELATED PARTY TRANSACTIONS

R.E.A.C.H. is the sponsor agency for Community Action Program for Children (C.A.P.C.) via a Letter of Understanding. Although C.A.P.C. is not a legal entity unto itself, it is regarded as a non-managed fund and it is required to maintain a separate bank account. C.A.P.C.'s net assets are included as a payable balance in the Statement of Financial Position under the Operating Fund and all of C.A.P.C.'s Statements of Revenues and Expenditures are reported as non-managed funds.

### 11. LEASE COMMITMENTS

R.E.A.C.H. has the following payments required under operating leases for rental property:

2022	283,704
2023	27,440
2024	<u>18,293</u>
	<u><u>329,437</u></u>



# HALDIMAND-NORFOLK RESOURCE, EDUCATION AND COUNSELLING HELP

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2021

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### 12. FINANCIAL INSTRUMENT RISK

Financial instruments consist of cash, accounts receivable, investments, accounts payable, accrued liabilities and mortgage payable.

Cash, accounts receivable, accounts payable, and accrued liabilities are all short-term in nature and as such, their carrying values approximate fair value.

Investments consist of guaranteed investment certificates (GIC's) which approximate their fair value.

Mortgage payable is at the prevailing market rate and therefore approximates its fair value.

Some fee-based-revenue is made on credit and is subject to normal credit risk for service agencies. Adequate provisions have been made for anticipated uncollectible amounts.

R.E.A.C.H. is exposed to various risks through financial instruments and has a framework to monitor, evaluate and manage these risks. The following analysis provides information about risk exposure and concentration as of March 31, 2021:

#### Credit Risk

Credit risk arises from the potential that a counterparty will fail to perform its obligations. The nature and significant number of service participants and the significance of the funding received from Ministry of Community and Social Services and the Ministry of Children and Youth Services minimizes the exposure to credit risk as R.E.A.C.H. does not extend significant credit in the form of trade receivables.

#### Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. R.E.A.C.H. is exposed to this risk mainly in respect of its receipt of funds from service participants and other related sources and financial obligations with banking institutions. The nature and significant number of service participants and suppliers minimizes liquidity risk as R.E.A.C.H. does not maintain significant trade payables or receivables. Current amounts due in respect of long term financial obligations are considered manageable.

#### Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk, and other price risk. R.E.A.C.H. is mainly exposed to interest rate risk. Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in interest rates. R.E.A.C.H. is exposed to interest rate risk in respect of its long term financial obligations. Interest rate risk is minimized as the interest rate is fixed.

### 13. CONTINGENCY

During the year, the Organization was required to apply for federal funding in order to secure certain funding. The Organization received funding under the Canadian Emergency Wage Subsidy Program which has resulted in a surplus of funding for payroll costs during the year. The Organization recognizes that the surplus may need to be paid back to a funder and has recorded a provision for the full amount of \$1,154,502.

### 14. COMPARATIVE FINANCIAL STATEMENTS

The comparative financial statements have been reclassified from statements previously presented to conform to the presentation of these financial statements.

