

CRISIS SERVICES CANADA

FINANCIAL STATEMENTS

MARCH 31, 2021



INDEPENDENT AUDITOR'S REPORT

To the Members of
Crisis Services Canada

Opinion

We have audited the financial statements of **Crisis Services Canada** (the "Organization"), 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, 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 Opinion

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 Organization 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 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 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:

INDEPENDENT AUDITOR'S REPORT, continued

- ♦ 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.



Mississauga, Ontario
May 31, 2021

CHARTERED PROFESSIONAL ACCOUNTANTS
LICENSED PUBLIC ACCOUNTANTS



CRISIS SERVICES CANADA

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STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2021

	2021	2020
ASSETS		
Current		
Cash	\$ 397,781	\$ 179,786
Short-term investments (note 3)	330,000	5,000
Prepaid expenses	31,870	19,657
HST recoverable	<u>35,608</u>	<u>31,651</u>
	<u>\$ 795,259</u>	<u>\$ 236,094</u>
LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$ 377,910	\$ 347,394
Due to related parties (note 4)	1,850	70,849
Deferred revenue (note 5)	<u>222,663</u>	<u>84,979</u>
	<u>602,423</u>	<u>503,222</u>
COMMITMENTS (note 12)		
IMPACT OF COVID-19 (note 13)		
NET ASSETS		
Unrestricted	<u>192,836</u>	<u>(267,128)</u>
	<u>\$ 795,259</u>	<u>\$ 236,094</u>

Approved on behalf of the board

_____ Chair

_____ Treasurer

See Accompanying Notes to the Financial Statements



CRISIS SERVICES CANADA

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STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS

FOR THE YEAR ENDED MARCH 31, 2021

	2021	2020 (Note 14)
Revenues		
Centre for Addiction and Mental Health (note 7)	\$ 2,001,005	\$ -
Public Health Agency of Canada (note 8)	922,779	1,437,717
Donations	485,840	35,016
Canada Temporary Wage Subsidy (note 10)	10,644	3,467
Mental Health Commission of Canada (note 9)	8,528	88,757
Investment income	661	5,063
	<u>3,429,457</u>	<u>1,570,020</u>
Expenditures		
Wages and benefits	1,236,807	582,691
Partner site costs (note 4)	873,844	224,697
Telecommunications and technology	522,104	313,576
Contract services	244,989	257,885
Audit and accounting	115,989	59,770
Office and administration	52,908	8,851
Program delivery	18,261	24,157
Insurance	16,324	16,455
Travel	833	30,556
Professional services	430	2,427
Rent	190	836
Fundraising and marketing	(113,186)	14,237
	<u>2,969,493</u>	<u>1,536,138</u>
Excess of revenues over expenditures for the year	459,964	33,882
Unrestricted net deficit, beginning of year	<u>(267,128)</u>	<u>(301,010)</u>
Unrestricted net assets (unrestricted net deficit), end of year	<u>\$ 192,836</u>	<u>\$ (267,128)</u>

See Accompanying Notes to the Financial Statements



STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2021

	2021	2020
Cash flows from operating activities		
Excess of revenues over expenditures for the year	\$ 459,964	\$ 33,882
Change in non-cash working capital		
Prepaid expenses	(12,213)	(5,623)
HST recoverable	(3,957)	74,660
Accounts payable and accrued liabilities	166,116	(15,126)
Deferred revenue	137,684	(75,326)
Due from Ontario Association of Distress Centres	-	4,059
Due to related parties	-	(52,250)
	<u>747,594</u>	<u>(35,724)</u>
Cash flows from investing activities		
Purchase of short-term investment	(630,000)	(600,000)
Proceeds from redemption of short-term investments	305,000	600,000
	<u>(325,000)</u>	<u>-</u>
Cash flows from financing activities		
Advances to related party	(10,195)	-
Forgiveness of amounts due to third parties	(135,600)	-
Forgiveness of amounts due to related parties	(58,804)	-
	<u>(204,599)</u>	<u>-</u>
Increase (decrease) in cash	217,995	(35,724)
Cash, beginning of year	<u>179,786</u>	<u>215,510</u>
Cash, end of year	<u>\$ 397,781</u>	<u>\$ 179,786</u>

See Accompanying Notes to the Financial Statements



1. NATURE OF OPERATIONS

Crisis Services Canada (the "Organization") was incorporated on August 18, 2017 as a corporation without share capital under the Canada Not-for-profit Corporations Act (NFP Act), and accordingly, is not subject to income taxes. In June 2020 the Organization received notification from Canada Revenue Agency that the Organization met the requirements for charitable registration under the Income Tax Act effective April 1, 2020.

The purpose of the Organization is to deliver crisis management, distress management, and suicide prevention services to individuals in Canada, including complementary activities consistent with and required for effective fulfillment of that main purpose.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO") in Part III of the Chartered Professional Accountants of Canada Handbook. Significant accounting policies adopted by the Organization are as follows:

(a) Revenue recognition

The Organization follows the deferral method of accounting for contributions. Restricted contributions are recognized in revenue in the year in which the related expenses are incurred. 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.

Restricted contributions for which expenses have not yet been incurred are recorded as deferred revenue.

Government assistance is recognized when there is reasonable assurance that the Organization will comply with the conditions required for the subsidy, and the subsidy is reasonably assured to be received. The Organization recognizes government assistance as revenue.

(b) Financial instruments

The Organization initially measures its financial assets and financial liabilities at fair value, except for certain non-arm's length transactions. The Organization subsequently measures its financial assets including cash, short-term investment, and HST recoverable, and financial liabilities including accounts payable and accrued liabilities, and amounts due to related parties at amortized cost, less impairment, if applicable. Changes in fair value are recognized in the statement of operations.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment.

(c) Contributed services

The Organization is dependent on the ongoing support of volunteers, the value of which has not been quantified in these financial statements due to the difficulty in determining their value.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2021

2. SIGNIFICANT ACCOUNTING POLICIES, continued

(d) Allocation of Fundraising/General expenses

The Organization classifies expenses on the Statement of Operations by category. The Organization does not allocate expenses between categories on the Statement of Operations.

(e) 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 amounts of assets and liabilities at the date of the financial statements, and the reported amount of revenue and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future. Accounts specifically affected by estimates in these financial statements are accounts receivable, accounts payable and accrued liabilities and amounts due to related parties.

3. SHORT-TERM INVESTMENTS

The short-term investments are comprised of three guaranteed investment certificates which mature on various dates between May 20, 2021 and August 10, 2021 and bear interest between 0.25% and 1.25% per annum (2020 0.5%).

Under the terms of the corporate credit card agreement the Organization is required to hold a \$5,000 guaranteed investment certificate as security, and it is thus not available for use in operations. The investment is classified as a current asset since it is collateral for the current liability of the credit card. The outstanding balance on the credit card at March 31, 2021 is \$784 (2020 \$1,231) and has been included in accounts payable and accrued liabilities on the statement of financial position.

4. RELATED PARTY TRANSACTIONS AND BALANCES

The Organization is related to the entities listed below by virtue of fact the members of the Board of Directors have significant influence over both organizations. These transactions are in the normal course of operations and have been valued in these financial statements at the exchange amount which is the amount of consideration established and agreed to by the related parties. The composition of the Board of Directors of the Organization migrated from being populated by a majority from the founding member distress centres to fully independent organizations and individuals. During the fiscal year ended March 31, 2021 only 1 member of the board was from a member distress centre who completed their term in September 2020. As of March 31, 2021 all board members of the Organization are unrelated.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2021

4. RELATED PARTY TRANSACTIONS AND BALANCES, continued

For the year ended March 31, 2021 the Organization was invoiced for partner site mentorship, support and training, and direct response fees. In addition COVID emergency funding was provided (2020 - partner site mentorship, support and training, and overnight hub funding) to related parties as follows:

	2021	2020
Distress Centres (Calgary)	\$ -	\$ 32,598
Distress Centres of Greater Toronto	-	39,345
Vancouver Island Crisis Society	<u>101,088</u>	<u>24,672</u>
	<u>\$ 101,088</u>	<u>\$ 96,615</u>

The following amounts were due to the related parties:

	2021	2020
Distress Centres (Calgary)	\$ -	\$ 9,701
Distress Centres of Greater Toronto	-	51,447
Vancouver Island Crisis Society	<u>1,850</u>	<u>9,701</u>
	<u>\$ 1,850</u>	<u>\$ 70,849</u>

During the year, \$58,804 that was previously due to related parties for pilot site honorariums was forgiven. The forgiven amount has been recorded as a reduction in partner site costs on the statement of operations.

5. DEFERRED REVENUE

Deferred revenue reported in the statement of financial position represents restricted operating funding received in the current period that is related to subsequent periods.

	2021	2020
Centre for Addiction and Mental Health	\$ 205,785	\$ -
Donations	11,048	-
Public Health Agency of Canada	5,830	76,451
Mental Health Commission of Canada	<u>-</u>	<u>8,528</u>
	<u>\$ 222,663</u>	<u>\$ 84,979</u>



5. DEFERRED REVENUE, continued

Changes in deferred revenue are as follows:

	2021	2020
Deferred revenue, beginning of year	\$ 84,979	\$ 160,305
Add: restricted funding received during the year	3,233,582	1,455,194
Less: amount recognized as revenue in the year	(2,932,312)	(1,526,474)
Less: write off of receivable from the Ontario Association of Distress Centres	-	(4,046)
Less: amounts returned to funders	<u>(163,586)</u>	<u>-</u>
	<u>\$ 222,663</u>	<u>\$ 84,979</u>

6. FINANCIAL INSTRUMENTS

The fair values of cash, short-term investment, HST recoverable, accounts payable and accrued liabilities, and amounts due to related parties approximate their carrying value due to the relatively short periods to maturity of these items.

Financial instrument risk exposure and management

Management has established policies and procedures to manage risks related to financial instruments, with the objective of minimizing any adverse effects on financial performance. A brief description of management's assessments of these risks is as follows:

General objective, policies and processes

The Board and management are responsible for the determination of the Organization's risk management objectives and policies and designing operating processes that ensure the effective implementation of the objectives and policies. In general, the Organization measures and monitors risk through the preparation and review of monthly reports.

The Organization is exposed to various risks through its financial instruments. The following provides information about the Organization's risk exposure and concentration as of March 31, 2021. There have been no significant changes to the Organization's risk exposure since March 31, 2020.

(a) Credit risk

Credit risk is the risk that a third party to a financial instrument might fail to meet its obligations under the terms of the financial instrument. The Organization's financial assets that are exposed to credit risk consist primarily of cash and amounts receivable from government organizations and other not-for-profit organizations. The Organization's cash is maintained with a large federally regulated financial institution in Canada. The risk related to accounts receivable is mitigated by the strong collectibility factor inherent in government organizations and through review of other not-for-profit organizations used.

(b) 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: foreign currency, interest rate risk and other price risk.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2021

6. FINANCIAL INSTRUMENTS, continued

(c) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with its 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 they are worth; or may be unable to settle or recover a financial asset. Liquidity risk arises from accounts payable and accrued liabilities. For further information of this risk as it relates to government funding, see Note 11 Economic Dependence.

It is management's opinion that the Organization is not exposed to any significant interest rate risk or foreign currency risk arising from its financial instruments.

7. CENTRE FOR ADDICTION AND MENTAL HEALTH - GRANT EXPENSES

Expenses for this contract are combined with expenses of all other programs of the Organization in the statement of operations. Expenses incurred related to the funding agreements with the Centre for Addiction and Mental Health are as follows:

	<i>2021</i>	<i>2020</i>
Wages and benefits	\$ 905,752	\$ -
Partner site costs	362,457	-
Telecommunications and technology	391,859	-
Contact services	199,588	-
Audit and accounting	70,315	-
Office and administration	34,279	-
Program delivery	17,593	-
Insurance	12,485	-
Travel	504	-
Fundraising and marketing	<u>6,173</u>	<u>-</u>
	<u>\$ 2,001,005</u>	<u>\$ -</u>



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2021

8. PUBLIC HEALTH AGENCY OF CANADA - GRANT EXPENSES

Expenses for this contract are combined with expenses of all other programs of the Organization in the statement of operations. Expenses incurred related to the funding agreements with the Public Health Agency of Canada are as follows:

	<i>2021</i>	<i>2020</i>
Wages and benefits	\$ 237,156	\$ 582,691
Contract services	19,559	257,885
Telecommunications and technology	130,245	313,576
Partner site costs	542,191	136,082
Audit and accounting	25,196	59,770
Travel	329	30,556
Insurance	3,840	16,454
Office and administration	17,159	7,691
Fundraising and marketing	1,871	13,082
Program delivery	669	24,157
Rent	190	836
	<u>\$ 978,405</u>	<u>\$ 1,442,780</u>

9. MENTAL HEALTH COMMISSION OF CANADA - GRANT EXPENSES

Expenses for this contract are combined with expenses of all other programs of the Organization in the statement of operations. Expenses incurred related to the funding agreement with the Mental Health Commission of Canada are as follows:

	<i>2021</i>	<i>2020</i>
Partner site costs	<u>\$ 8,528</u>	<u>\$ 88,757</u>

10. CANADA TEMPORARY WAGE SUBSIDY

The Organization has applied for and received financial assistance during the year from the Canadian government under the Temporary Wage Subsidy ("TWS") amounting to \$10,644 (F2020 \$3,467). The TWS is considered government assistance and has been recognized as revenue in the statement of operations for the year-ended March 31, 2021.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2021

11. ECONOMIC DEPENDENCE

Approximately 85% of the Organization's revenues are from Federal government funding, either directly from PHAC or indirectly through the partnership with CAMH. The loss of core funding from these sources could have a material adverse effect on the operations of the Organization

PHAC has awarded funding to a CAMH, Crisis Services Canada, CMHA partnership to continue and enhance the service until March 31, 2025. Core functions of the Organization will be funded almost entirely for the next 12 months, a financial gap of approximately \$175,000 exists for F2022 to be funded from alternate sources.

12. COMMITMENTS

As at March 31, 2021, the Organization has contractual commitments with various service providers which extend beyond the current fiscal period. Future minimum commitments, under these arrangements are as follows:

2022	<u>\$ 131,000</u>
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13. IMPACT OF COVID-19

During the year the global spread of the COVID-19 virus has created material uncertainty for business continuity across a broad range of industries. The economic impact of the virus could be severe and long lasting as unprecedented measures are being taken to mitigate the consequences of the pandemic.

The Organization has taken advantage of federal government assistance programs in place as disclosed in note 10. Management and the Board of Directors are carefully monitoring and evaluating the impact. The pandemic could impact future operations thorough increased demand for services. At this time it is not practicable to determine the precise impact on the Organization. No adjustments have been made to these financial statements as a result of this uncertainty.

14. COMPARATIVE FIGURES

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect the prior year deficiency.

