

**ADAPT - Halton Alcohol Drug and Gambling  
Assessment Prevention and Treatment**

**Financial Statements**

**March 31, 2020**



## **Independent Auditors' Report**

To the Board of Directors:

### **ADAPT - Halton Alcohol Drug and Gambling Assessment Prevention and Treatment**

#### **Qualified Opinion**

We have audited the financial statements of **ADAPT - Halton Alcohol Drug and Gambling Assessment Prevention and Treatment** (the Organization), which comprise the statement of financial position as at **March 31, 2020** and **2019**, the statements of operations and changes in net assets and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

In our opinion, except for the 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, 2020 and 2019, and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

#### **Basis for Qualified Opinion**

In common with many not-for-profit organizations, the Organization derives revenue from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the organization. Therefore, we were not able to determine whether any adjustments might be necessary to the donation and fundraising revenue, excess of revenues over expenses, and cash flows from operations for the years ended March 31, 2020 and 2019, current assets as at March 31, 2020 and 2019, and fund balances as at April 1 and March 31 for both the 2020 and 2019 years. Our audit opinion on the financial statements for the year ended March 31, 2019 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 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 qualified 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.

# ADAPT

## Halton Alcohol Drug and Gambling Assessment Prevention and Treatment

### Independent Auditor's Report

Page 2

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#### 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.

*Clarkson Rouble LLP*

Mississauga, Ontario  
July 27, 2020

**Clarkson Rouble LLP**  
Chartered Professional Accountants  
Licensed Public Accountants



**ADAPT****Halton Alcohol Drug and Gambling Assessment Prevention and Treatment****Statement of Financial Position****As at March 31**

	2020	2019
<b>Assets</b>		
<b>Current</b>		
Cash and cash equivalents (Note 2)	\$ 1,725,171	\$ 1,795,803
Accounts receivable	144,441	33,120
Sales taxes receivable	59,811	68,983
Prepaid expenses	18,355	18,355
	<b>\$ 1,947,778</b>	<b>\$ 1,916,261</b>
<b>Liabilities</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 170,867	\$ 251,488
Due to the Ministry of Health	551,860	513,631
Due to the Region of Halton	140,103	140,103
Due to the Ministry of Children & Youth Services (Note 3)	4,583	-
	867,413	905,222
<b>Net Assets</b>	<b>1,080,365</b>	<b>1,011,039</b>
	<b>\$ 1,947,778</b>	<b>\$ 1,916,261</b>

*See accompanying notes to financial statements***On behalf of the Board:**

Director



Director

## ADAPT

### Halton Alcohol Drug and Gambling Assessment Prevention and Treatment

#### Statement of Operations and Changes In Net Assets

Year Ended March 31

	2020	2019
<b>Revenue</b>		
Ministry of Health	\$ 4,456,865	\$ 4,429,085
Ministry of Children and Youth Services (Note 3)	178,261	178,261
Ministry of Community Safety and Correctional Services	80,000	86,153
United Way	77,027	77,027
Other program funding	656,187	636,080
Donations and other income	36,723	36,395
	<u>5,485,063</u>	<u>5,443,001</u>
<b>Expenditures</b>		
Salaries and benefits	4,134,902	4,190,734
Rent	428,140	432,299
Advertising and promotion	25,786	14,087
Bank charges	4,373	749
Education and training	38,073	41,964
Equipment and maintenance	55,086	104,397
Insurance	11,883	13,946
Office and general	76,003	69,918
Professional fees	39,818	27,717
Partner agency costs	60,180	60,178
Telephone	73,782	72,791
Travel	105,653	116,791
Utilities	13,903	13,151
	<u>5,067,582</u>	<u>5,158,722</u>
<b>Excess of revenue over expenditures from operations</b>	<b>417,481</b>	<b>284,279</b>
<b>Surplus repayable</b>	<b>348,155</b>	<b>211,457</b>
<b>Excess of revenue over expenditures</b>	<b>69,326</b>	<b>72,822</b>
<b>Net assets, beginning of year</b>	<b>1,011,039</b>	<b>938,217</b>
<b>Net assets, end of the year</b>	<b>\$ 1,080,365</b>	<b>\$ 1,011,039</b>

See accompanying notes to financial statements

**ADAPT****Halton Alcohol Drug and Gambling Assessment Prevention and Treatment****Statement of Cash Flows****Year Ended March 31**

	2020	2019
<b>Operating activities</b>		
Excess of revenue over expenses for the year	\$ 69,326	\$ 72,822
Cash generated from (used for)		
Operating working capital		
Accounts receivable	(111,321)	50,500
Sales taxes receivable	9,172	16,374
Accounts payable	(80,621)	(182,004)
<b>Decrease from operating activities</b>	<b>(113,444)</b>	<b>(42,308)</b>
<b>Financing activities</b>		
Due to the Ministry of Health	38,229	37,664
Due to Region of Halton	-	(7,744)
Due to the Ministry of Children & Youth Services	4,583	(3,143)
<b>Increase from financing activities</b>	<b>42,812</b>	<b>26,777</b>
<b>Decrease in cash</b>	<b>(70,632)</b>	<b>(15,531)</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>1,795,803</b>	<b>1,811,334</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 1,725,171</b>	<b>\$ 1,795,803</b>

*See accompanying notes to financial statements*

# ADAPT

## Halton Alcohol Drug and Gambling Assessment Prevention and Treatment

### Notes to Financial Statements

March 31, 2020

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The Halton Alcohol Drug and Gambling Assessment Prevention and Treatment ("ADAPT" or the "Organization") is an assessment and community treatment service of adults and youth who are affected, directly or indirectly, by alcohol, drug or gambling problems. ADAPT's services are delivered through an Adult Program serving those age 25 and over, a Youth Program serving those under the age of 25 and a Problem Gambling Program for all age groups.

ADAPT was established in 1975 by the Addiction Research Foundation as a pilot project and was the first community based addictions assessment and treatment centre in Ontario. The agency was incorporated as a charitable organization in 1976. As a registered charity, the organization is exempt from tax liability under Section 149(1)(f) of the Income Tax Act. The catchment area is the Region of Halton. The Organization's main office is in Oakville with satellite offices in Burlington, Milton, Georgetown and Acton.

#### 1. Summary of significant accounting policies

The financial statements of the Organization have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. The significant accounting policies are summarized as follows:

**a) Cash and cash equivalents**

Cash and cash equivalents consist of deposits in bank and term deposits which consist of redeemable guaranteed investment certificates. The Organization also has an available credit facility (Note 2).

**b) Financial instruments**

*Financial instruments*

The organization initially measures its financial assets and liabilities at fair value. The organization subsequently measures all its financial assets and financial liabilities at amortized cost, except for term deposits, which are measured at fair value. Changes in fair value are recognized in net income.

Financial assets measured at amortized cost include cash and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

# **ADAPT**

## **Halton Alcohol Drug and Gambling Assessment Prevention and Treatment**

### **Notes to Financial Statements**

**March 31, 2020**

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#### **1. Summary of significant accounting policies (continued)**

Financial assets measured at fair value include term deposits which consists of guaranteed investment certificates. The organization has elected to carry its guaranteed investment certificates at fair value as these investments are considered part of cash and cash equivalents (Note 2). The accrued interest recorded on such investments was felt to more accurately reflect the cash value of the guaranteed investments at year end.

The organization does not have any financial liabilities measured at fair value and has not elected to recognized any financial liabilities at fair value.

##### **c) Capital assets**

The policy followed by the Organization in accounting for capital assets is to expense acquisitions in the year acquired, which is not in accordance with Canadian generally accepted accounting policies.

Capital assets held include computer hardware, software, office furniture and equipment. The cost of capital assets purchased and expensed during the year was \$38,603 (2019 - \$38,728).

##### **d) Revenue recognition**

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

##### **e) Measurement uncertainty**

The preparation of the organization's financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions which affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Valuation of accounts receivable and accrued liabilities are the most significant items that involve use of estimates.



# ADAPT

## Halton Alcohol Drug and Gambling Assessment Prevention and Treatment

### Notes to Financial Statements

March 31, 2020

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#### 2. Cash and cash equivalents

	2020	2019
Cash held in bank - at cost	\$ 833,105	\$ 919,687
Term deposits - at fair value	892,066	876,116
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	\$ 1,725,171	\$1,795,803

The Organization has a credit facility for \$100,000 secured by a General Security Agreement covering all assets. The facility bears interest of prime plus .5% per annum. As at March 31, 2020 the outstanding balance related to the credit facility was \$Nil (2019 - \$Nil).

#### 3. Contract with the Ministry of Children and Youth Services

The organization has a service contract with the Ministry of Children and Youth Services (MCYS), in which one requirement of the contract is the production by Management of a Transfer Payment Annual Reconciliation (TPAR) which shows a summary by service of all revenues and expenditures and any resulting surplus or deficit that relates to the contract. The following is the surplus/deficit position for the year ended March 31, 2019 on each of the contracts:

Detail Code	Service Name	MCYS Funding	Net Expenses	Surplus (Deficit)
A837	Substance Abuse	\$ 82,000	\$ 82,000	\$ -
A804	Extrajudicial Sanction (EJS) Program	24,065	19,482	4,583
A802	Extrajudicial Measures (EJM) Program	72,196	72,196	-
		<hr/>	<hr/>	<hr/>
		\$ 178,261	\$ 173,678	\$ 4,583

# ADAPT

## Halton Alcohol Drug and Gambling Assessment Prevention and Treatment

### Notes to Financial Statements

March 31, 2020

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#### 4. Lease obligations

The Organization has operating lease commitments in respect of its various office premises which end at various times through 2028. Lease commitments for the remaining lease terms are as follows.

2021	\$ 289,152
2022	53,494
2023	54,902
2024	35,703
2025	28,968
Thereafter	74,834
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	\$ 537,053

#### 5. Financial instruments risk exposure

The Organization is exposed to various risks through financial instruments. The following analysis provides a measure of the organization's risk exposure and concentrations at the balance sheet date.

##### *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's main credit risks relate to accounts receivable, however the risk is limited due to the nature of its accounts receivable. Contributions are not recorded in receivables unless collection is reasonably assured. The allowance for doubtful accounts is \$Nil (2019 - \$Nil)

##### *Liquidity risk*

Liquidity risk is the risk that the organization will encounter difficulty in meeting obligations associated with financial liabilities. The Organization is exposed to this risk mainly in respect of its accounts payable. The Organization expects to meet these obligations as they come due through sufficient cash flow from operations. The Organization has not had issues with meeting obligations in the past..

There has been no change in risk assessment from the prior period.

##### *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. Due to the nature of the organization and the type of financial assets and liabilities that it carries, the Organization is not significantly exposed to currency risk, interest rate risk or other price risk.