2023

Distress Centres of Greater Toronto

Financial Statements

For the year ended December 31, 2023

S+C Partners

CHARTERED PROFESSIONAL ACCOUNTANTS

Independent Auditor's Report

To the members of
Distress Centres of Greater Toronto

Report on the Financial Statements

Qualified Opinion
We have audited the accompanying financial statements of Distress Centres of Greater Toronto (the "Charity"), which comprise the statement of financial position as at December 31, 2023 and the statement of operations, statement of changes in net assets, and statement of 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* paragraph, the financial statements present fairly, in all material respects, the financial position of the Charity as at December 31, 2023, 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 charitable organizations, the Charity derives revenue from cash 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 Charity and were not able to determine whether any adjustments might be necessary to donation revenues, excess of revenues over expenses, assets and net assets for the year ended December 31, 2022.

We conducted our audit in accordance with Canadian generally accepted auditing standards ("CAS"). 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 Charity 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.

Other Information
Management is responsible for the other information, which comprises the annual report except for the financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, is inconsistent with our knowledge obtained in the audit, or otherwise appears to be materially misstated. When we read the annual report, if we determine that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

101 Queen St. South, Mississauga, ON L5M 1K7
t (905) 821-9215 t (866) 965-1435 f (905) 821-8212 scpllp.com

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

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

Auditor's Responsibility 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 CAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in 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 CAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. 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.
2. 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 Charity's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. 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 Charity'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 Charity to cease to continue as a going concern.
5. 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.

S+C Partners LLP

Chartered Professional Accountants
Licensed Public Accountants

Mississauga, Ontario
April 9, 2024

Statement of Operations
For the year ended December 31, 2023

		2023		2022
Revenues				
Fee for service	**$**	**666,729**	$	395,940
Fund development		**634,467**		828,289
United Way Greater Toronto		**519,342**		518,345
Provincial grants		**328,014**		335,970
Municipal grants		**254,873**		380,617
Other revenue		**50,742**		31,631
Federal grants		**39,094**		321,782
		2,493,261		2,812,574
Expenses				
Salaries and benefits		**1,938,931**		1,895,111
Systems and telecommunications		**244,890**		273,539
Office, general and administration		**90,130**		107,276
Accounting, audit and legal		**56,735**		44,945
Fundraising expenses		**38,670**		40,734
Insurance		**30,293**		30,731
Program and volunteer related		**27,841**		43,888
Repairs and maintenance		**10,325**		29,067
Building occupancy		**4,567**		33,688
Amortization		**2,990**		1,495
Marketing and communications		**1,235**		116,244
		2,446,607		2,616,718
Excess of revenues over expenses	**$**	**46,654**	$	195,856

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

Distress Centres of Greater Toronto

Statement of Financial Position
December 31, 2023

Assets		**2023**		2022
Current assets				
Cash and equivalents	**$**	**1,181,326**	$	954,626
Accounts receivable (note 3)		**144,392**		191,212
Marketable securities		**49,334**		56,053
Prepaid expenses		**11,089**		15,023
		1,386,141		1,216,914
Property, plant and equipment (note 4)		**9,717**		12,707
	$	**1,395,858**	$	1,229,621
Liabilities				
Current liabilities				
Accounts payable and accrued liabilities (note 5)	**$**	**88,651**	$	148,138
Deferred revenue (note 6)		**271,715**		92,645
		360,366		240,783
Contingent liability (note 7)				
Net assets				
Invested in property, plant and equipment		**9,717**		12,707
Operating fund		**1,025,775**		976,131
		1,035,492		988,838
	$	**1,395,858**	$	1,229,621

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

Approved :

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Director Director

Statement of Changes in Net Assets

For the year ended December 31, 2023

	Operating fund unrestricted	Invested in Property, plant and equipment	Total 2023	Total 2022
Balance - beginning of period	$ 976,131	$ 12,707	**$ 988,838**	$ 792,982
Excess of revenues over expenses	46,654	-	**46,654**	195,856
Inter-fund transfers representing:				
Amortization	2,990	(2,990)	-	-
Balance - end of period	**$ 1,025,775**	**$ 9,717**	**$ 1,035,492**	$ 988,838

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

Distress Centres of Greater Toronto

Statement of Cash Flows
For the year ended December 31, 2023

	2023	2022
Cash flows from operating activities		
Cash receipts from donors and customers	**$ 2,519,139**	$ 2,172,316
Cash paid to suppliers and employees	**(2,499,168)**	(2,582,337)
Cash receipts from fundraising events	**155,987**	149,467
Other revenue	**50,742**	24,931
Increase (decrease) in cash and equivalents	**226,700**	(235,623)
Cash and equivalents, beginning of period	**954,626**	1,190,249
Cash and equivalents, end of period	**$ 1,181,326**	$ 954,626

Cash and equivalents is comprised of:

	2023	2022
Cash	**$ 510,591**	$ 203,243
Short-term deposits	**670,735**	751,383
	$ 1,181,326	$ 954,626

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

1 Purpose of organization

The mission of Distress Centres of Greater Toronto (the "Charity") is to provide support for those in crisis, at risk for suicide and those experiencing emotional distress through 24/7 multi-lingual inbound, outbound and in-person programs.

The Charity provides confidential crisis response intervention to individuals who are emotionally vulnerable and at risk in the community and serves as a point of access for suicide prevention, intervention and postvention.

The Charity is incorporated without share capital under the laws of Ontario with the amalgamation of Distress Centres and Spectra Community Support Services and is registered as a charitable organization under the *Income Tax Act (Canada) Act (the "Act")*. As such, the Charity is generally exempt from income taxes and is able to issue donation receipts for income tax purposes. In order to maintain its status as a registered charity under the Act, the Charity must meet certain requirements within the Act.

2 Significant accounting policies

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and reflect the following significant accounting policies:

Basis of presentation

The operating fund accounts for the day-to-day service delivery activities of the Charity.

Net assets invested in capital assets comprises the net book value of leasehold improvements funded by the Charity.

Revenue recognition

Revenue is recognized using the deferral method.

Revenue from unrestricted fund development donations are recognized when cash is received.

Revenue from restricted donations is recognized in the same period as the related expense the donation was restricted for.

Municipal, provincial and federal grants and fee for services, including United Way Greater Toronto revenue, are recorded as revenue in the year in which the expenses are incurred. Grants approved but not received at the end of the fiscal year are accrued. When a portion of a grant relates to a future period, it is deferred and recognized in the appropriate period.

Other revenue, which consists of interest, dividends, unrealized and realized gains or losses, is recognized on the following basis:

- income (losses) which are unrestricted are recognized in the period in which it is earned;
- income (losses) related to endowments are recorded as direct increases or decreases to net assets;
- income (losses) on restricted investments are recognized in the same period as the expenses they are related to.

Contributed services and materials

Volunteers provide donated services to the Charity. Since volunteer time and services are not purchased and the value of such services cannot be reasonably measured, no provision for these services has been reflected in the financial statements.

The Charity also receives contributions in the form of supplies and property. Contributed materials are recorded at fair market value as determined on the date contributed, if fair value can be reasonably determined.

2 Significant accounting policies (continued)

Cash and equivalents

Cash and equivalents consist of current cash accounts and short term deposits with a maturity period less than one year in length, or are cashable prior to maturity.

Marketable securities

The Charity accounts for its investment in marketable securities with a quoted price on an active market at fair value. Subsequent changes in fair value are recorded as an unrealized gain or loss until the underlying asset is disposed.

Property, plant and equipment

Property, plant and equipment are stated at cost.

Leasehold improvements are amortized using the straight-line basis over the term of the respective lease.

Amortization in the year of acquisition is recorded at one-half the normal rate.

Financial instruments

Measurement of financial instruments

The Charity initially measures its financial assets and liabilities at fair value. The Charity subsequently measures all its financial assets and liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in the statement of operations. Financial assets measured at amortized cost include cash and equivalents and accounts receivable. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities and deferred revenue.

Impairment

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of write-down is recognized in the statement of operations. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in the statement of operations.

Use of estimates

The preparation of these financial statements in conformity 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 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. The principal estimates used in these financial statements are the determination for allowance for doubtful accounts, the estimated useful life of property, plant and equipment and the criteria for deferral of certain revenues. Actual results could differ from management's best estimates as additional information becomes available.

3 Accounts receivable

		2023		2022
Contributions receivable	**$**	**125,986**	$	136,515
Government remittances receivable		**18,264**		54,669
Interest receivable		**142**		28
	$	**144,392**	$	191,212

4 Property, plant and equipment

						2023		2022
		Cost		**Accumulated Amortization**		**Net Book Value**		Net Book Value
Leasehold improvements	**$**	**14,949**	**$**	**5,232**	**$**	**9,717**	$	12,707

5 Accounts payable and accrued liabilities

Accounts payable and accrued liabilities consist of the following:

		2023		2022
Trade payables and accrued liabilities	**$**	**77,367**	$	141,513
Government remittances payable		**11,284**		6,625
	$	**88,651**	$	148,138

6 Deferred revenue

		2023		2022
Balance - Beginning of year	**$**	**92,645**	$	574,900
Amounts received		**271,715**		92,645
Amounts recognized in revenue		**(92,645)**		(574,900)
Balance - End of year	**$**	**271,715**	$	92,645

7 Contingent liability

The Charity has indemnified its past, present and future directors, officers and volunteers against expenses (including legal expenses), judgments and any amount actually or reasonably incurred by them in connection with any action, suit or proceeding, subject to certain restrictions in which they are sued as a result of their involvement with the Charity, if they acted honestly and in good faith with the best interest of the Charity. The nature of the indemnity prevents the Charity from reasonably estimating the maximum exposure. The Charity has purchased directors' and officers' liability insurance to mitigate the cost of any potential future suits and actions.

In the normal course of operations the Charity has entered into agreements that include indemnities in favour of third parties, either express or implied, such as in service contracts, leasing agreements or purchase contracts. In these agreements, the Charity has agreed to indemnify the counterparties in certain circumstances against losses or liabilities arising from the acts or omissions of the Charity. The terms of these indemnities are not explicitly defined and the maximum amount of any potential liability cannot be reasonably estimated.

8 Financial instruments

The Charity is exposed to credit risk through its cash, which has a balance in excess of CDIC insured limits. The Charity manages this risk by ensuring its funds are held by a reputable financial institution.

The Charity is also exposed to credit risk through its accounts receivable, which are by nature unsecured. The Charity has credit management procedures in place to mitigate the risk to any one party and to the aggregate balance. The Charity maintains provisions for contingent losses. Concentration of credit risk arises when a group of donors having a similar characteristic such that their obligations are expected to be affected similarly by changes in economic or other conditions. Management does not estimate that they have any significant credit risk with respect to a single donor.

The Charity is subject to market risk through its investment in marketable securities. The Charity typically holds minimal investments in marketable securities, and typically sells the marketable securities shortly after receiving any as donations.

It is management's opinion that the Charity is not subject to significant interest, currency, liquidity or any other price risk.

9 Lease commitment

The Charity leases a workspace in the Greater Toronto Area. The Charity occupies the premise for no consideration under the operating lease, which expires on February 2032.