

**RURAL RESPONSE FOR HEALTHY CHILDREN
FINANCIAL STATEMENTS
MARCH 31, 2020**

SEEBACH & COMPANY
Chartered Professional Accountants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Rural Response for Healthy Children

Opinion

We have audited the accompanying financial statements of Rural Response for Healthy Children, which are comprised of the statement of financial position as at March 31, 2020 and the statements of revenue and expenditures and changes in fund balance 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 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 Rural Response for Healthy Children as at March 31, 2020, and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPO).

Basis for Qualified Opinion

In common with many charitable organizations, Rural Response for Healthy Children derives revenue from 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 Rural Response for Healthy Children. Therefore, we were not able to determine whether any adjustments might be necessary to recorded donations, excess of revenues over expenses, assets and fund balances. Our opinion on the financial statements for the year ended March 31, 2020 was modified accordingly because of the possible effects of this scope limitation.

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 Rural Response for Healthy Children 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 ASNFPO, 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 Rural Response for Healthy Children'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 Rural Response for Healthy Children or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing Rural Response for Healthy Children's financial reporting process.

INDEPENDENT AUDITOR'S REPORT (continued)

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 Rural Response for Healthy Children'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 Rural Response for Healthy Children'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 Rural Response for Healthy Children to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated 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.

Seebach & Company

Chartered Professional Accountants
Licensed Public Accountants

Clinton, Ontario
June 17, 2020

RURAL RESPONSE FOR HEALTHY CHILDREN

STATEMENT OF FINANCIAL POSITION

The accompanying notes are an integral part of this financial statement

As at March 31	2020	2019
ASSETS		
Current		
Cash	59,372	88,265
Accounts receivable	3,000	720
HST rebate receivable	5,653	3,398
Prepayments	5,699	5,417
	<u>73,724</u>	<u>97,800</u>
Capital assets (note 3)	<u>14,292</u>	<u>17,634</u>
	<u>\$ 88,016</u>	<u>\$ 115,434</u>
LIABILITIES		
Current		
Accounts payable and accrued liabilities	21,018	26,023
Deferred contributions (note 4)	31,722	45,968
Deferred contributions related to capital assets (note 5)	<u>14,292</u>	<u>17,634</u>
	<u>67,032</u>	<u>89,625</u>
FUND BALANCE (DEFICIENCY)	<u>20,984</u>	<u>25,809</u>
	<u>\$ 88,016</u>	<u>\$ 115,434</u>

Approved on behalf of the Board:

RURAL RESPONSE FOR HEALTHY CHILDREN**STATEMENT OF REVENUE AND EXPENSES AND CHANGES IN FUND BALANCE**

The accompanying notes are an integral part of this financial statement

For the year ended March 31	2020	2019
Revenue		
Administrative fees	16,795	13,439
Amortization of capital contributions related to capital assets (note 4)	3,342	5,431
Service club and individual donations and fundraising	16,949	2,895
Other project revenue	11,295	6,299
Interest	837	466
	<u>49,218</u>	<u>28,530</u>
Expenditure		
Wages and benefits	32,178	28,689
Program expenses	8,418	3,150
Administrative expenses	6,509	833
Fundraising expenses	3,596	-
Depreciation	3,342	5,431
	<u>54,043</u>	<u>38,103</u>
Net revenue (expenditure) for general program operations	(4,825)	(9,573)
Other programs and projects net revenue (expenditure)		
Rural Response for Healthy Children Program - CAPC - net (Schedule A)	-	(5,931)
Social and Emotional Learning Project - net (Schedule B)	-	-
Investing in Children Project (MOE 2017-18) - net (Schedule C)	-	-
Investing in Children Project (MOE 2018-19) - net (Schedule D)	-	-
Ontario Sport "Strengthening Huron" Project - net (Schedule E)	-	-
Cannabis Awareness - net (Schedule F)	-	-
Libro Credit Union Community Project - net (Schedule G)	-	-
	<u>(4,825)</u>	<u>(15,504)</u>
Surplus (deficit) for the year	(4,825)	(15,504)
Fund balance (deficiency), beginning of year	25,809	41,313
	<u>25,809</u>	<u>41,313</u>
Fund balance (deficiency), end of year	\$ 20,984	\$ 25,809
	<u><u>\$ 20,984</u></u>	<u><u>\$ 25,809</u></u>

RURAL RESPONSE FOR HEALTHY CHILDREN
STATEMENT OF CASH FLOWS

The accompanying notes are an integral part of this financial statement

For the year ended December 31	2020	2019
Operating activities		
Annual surplus (deficit)	(4,825)	(15,504)
Amortization of capital assets not requiring cash outlay	3,342	5,431
Amortization of deferred capital contributions not providing cash	(3,342)	(5,431)
Decrease (increase) in accounts receivable	(2,280)	(370)
Decrease (increase) in HST rebate receivable	(2,255)	(1,250)
Decrease (increase) in prepayments	(282)	(137)
Increase (decrease) in accounts payable	(5,005)	8,335
Increase (decrease) in deferred revenue	(14,246)	45,089
Cash provided by (used for) operating activities	(28,893)	36,163
Investing activities		
Net disposals (purchases) of capital assets	-	(3,416)
Cash provided by (used for) investing activities	-	(3,416)
Financing activities		
Increase (decrease) in deferred capital contributions	-	3,416
Cash provided by (used for) financing activities	-	3,416
Increase (decrease) in cash position	(28,893)	36,163
Cash, beginning of year	88,265	52,102
Cash, end of year	\$ 59,372	\$ 88,265

The accompanying notes are an integral part of this financial statement

RURAL RESPONSE FOR HEALTHY CHILDREN

NOTES TO FINANCIAL STATEMENTS

For the year ended March 31, 2020

On December 13, 2007, the Huron County Community Child Abuse Coordinating Committee changed its name to Rural Response for Healthy Children (RRHC). The organization was initially incorporated on October 16, 1990 as a corporation without share capital. Effective January 1, 1991, the corporation was determined to qualify for tax exempt status as a registered charity under paragraph 149(1) of the Income Tax Act.

The purpose of the organization is to establish and operate a community based social service operation to raise public awareness of child abuse and neglect by providing quality support, education and advocacy programs for children and parents, professional and the community.

1. Accounting policies

The financial statements are the representation of management prepared in accordance with Canadian accounting standards for not-for-profit organizations. Significant aspects of accounting policies adopted by the organization are as follows:

a) Accrual basis of accounting

Revenues and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they are earned and measurable, and recognizes expenditures as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

b) Cash and cash equivalents

Cash and cash equivalents consist of cash and highly liquid investments with initial maturities of three months or less.

c) Financial instruments

Financial instruments are recorded at fair value upon initial recognition. Equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are recorded at cost or amortized cost. Financial assets are tested for impairment on an annual basis if there are any indicators of impairment.

d) Capital assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Depreciation is provided on a straight-line basis over the asset's useful life as follows:

Automotive equipment	10 years
Furniture and computer equipment	5 - 10 years

e) Revenue recognition

The organization follows the deferral method of accounting for contributions.

Externally restricted contributions are recognized as 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.

Kinderoo registration fee revenues are recognized when services are provided.

Contributions restricted for the purchase of capital assets are deferred and amortized into revenue at a rate corresponding with the amortization rate for the related capital assets.

1. Accounting policies (continued)

f) Donated services

The work of the organization is dependent on volunteer service. Since these services are not normally purchased by the organization and because of the difficulty of determining their fair market value, donated services are not reflected in these statements.

g) Allocation of expenses

The organization engages in several specific programs. The costs of each program include costs of personnel and other expenses directly related to providing the program. The organization also incurs a number of general support expenses that are common to the administration of the organization and each of its programs. The organization allocates certain of its general support expenses by identifying the appropriate basis of allocating each component expense and applies that basis consistently each year. The basis adopted for allocation is measured or estimated consumption attributable to the program. Corporate governance and general management expenses are not allocated.

h) Use of estimates

The preparation of 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 disclosure of contingent assets and liabilities at the date of the financial statements, the reported amounts of revenues and expenditures during the period, and the accompanying notes. Due to the inherent uncertainty in making estimates, actual results could differ from those estimates. These estimates are reviewed periodically and, as adjustments become necessary, they are reported in earnings in the period in which they become known.

2. Capital assets

	Cost	Accumulated Depreciation	2020 Net Book Value	2019 Net Book Value
Furniture and computer equipment	\$ 41,828	\$ 27,536	\$ 14,292	\$ 17,634

3. Deferred contributions

Deferred contributions represent unspent resources externally restricted for use in a specific program or for a specific purpose. The breakdown of funding deferred is as follows:

	2020	2019
Investing in Children Project (2018-19) - Ministry of Education	-	1,000
Libro Credit Union Community Grant	-	2,063
Social and Emotional Learning (SEL) - Ontario Trillium Foundation	5,086	32,882
Social and Emotional Learning (SEL) - Tanner Steffler Foundation	7,791	7,500
Grandparents Raising Grandchildren - New Horizons Program for Seniors	18,845	-
Ontario Sport and Recreation Communities Fund "Strengthening Huron" Initiative - Ontario Ministry of Tourism, Culture and Sport	-	2,523
	<u>\$ 31,722</u>	<u>\$ 45,968</u>

4. Deferred contributions related to capital assets

Deferred capital contributions related to capital assets represent the unamortized amount of donations and grants received for the purchase of capital assets. The amortization of capital contributions is recorded as revenue in the statement of operations.

	2020	2019
Balance, beginning of year	17,634	19,649
Contributions received	-	3,416
Disposals	-	-
Amortization	<u>(3,342)</u>	<u>(5,431)</u>
Balance, end of year	<u>\$ 14,292</u>	<u>\$ 17,634</u>

5. Lease commitments

The organization's total obligations under an operating lease are as follows:

	Month of Expiry	Monthly Payment
Office premises	March 2020	\$1,075 + HST + utilities and taxes

6. Allocation of expenses

General support expenses include items such as office supplies, bank service charges, payroll service fee, audit fees, rent and maintenance, telephone, internet and insurance. These costs have been allocated as follows:

	2020	2019
Community Action Program for Children Program	31,244	35,904
Social and Emotional Learning	9,633	995
Investing in Children Project	200	386
MTCS Ontario Sport and Rec Communities Fund "Strengthening Huron" Project	99	6,623
Libro Credit Union Community Project	<u>-</u>	<u>577</u>
	<u>\$ 41,176</u>	<u>\$ 44,485</u>

7. Economic dependence

The Public Health Agency of Canada provides a substantial amount of operating funding for Rural Response for Healthy Children. The Organization's continued viability is dependent on this funding and its ability to work within the budgetary constraints as well as its ability to obtain alternate funding sources to support its ongoing operations.

8. Rural Response for Healthy Children - Community Action Program for Children (CAPC)

The operating grant revenue recorded is based on the current amount approved by the Public Health Agency of Canada. Final grant revenue for the period is subject to review, adjustment and possibly recovery by the Public Health Agency of Canada.

9. Financial instrument risk management

Risk management

The organization monitors, evaluates and manages the principal risks assumed with its financial instruments. The risks that arise from transacting financial instruments include credit risk, liquidity risk, market risk, and interest rate risk.

Credit risk

The Organization is exposed to credit risk through its cash, trade and other receivables, and short-term investments. There is the possibility of non-collection of its trade and other receivables. The majority of the Organization's receivables are from users and government entities. For trade and other receivables, the Organization measures impairment based on how long the amounts have been outstanding. For amounts outstanding considered doubtful or uncollectible, an impairment allowance is setup.

Liquidity risk

Liquidity risk is the risk that the Organization will not be able to meet its financial obligations as they fall due. The Organization has a planning and a budgeting process in place to help determine the funds required to support the Organization's normal operating requirements on an ongoing basis. The Organization ensures that there are sufficient funds to meet its short-term requirements, taking into account its anticipated cash flows from operations and its holdings of cash and cash equivalents.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates or interest rates will affect the Organization's income or the value of its holdings of financial instruments. The objective of market risk management is to control market risk exposures within acceptable parameters while optimizing return on investments.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Organization is occasionally exposed to interest rate risk arising from the possibility that changes in interest rates will affect the variable rate of temporary borrowings and long-term liabilities and the value of fixed rate long-term liabilities.

There has been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure risks.

**RURAL RESPONSE FOR HEALTHY CHILDREN
COMMUNITY ACTION PROGRAM FOR CHILDREN (CAPC)
SCHEDULE OF REVENUE AND EXPENDITURE**

Schedule A

The accompanying notes are an integral part of this financial statement

For the year ended March 31	2020	2019
Revenue		
Public Health Agency of Canada		
- Community Action Program for Children (CAPC) contribution (note 8)	319,500	319,500
Allocation of funding to deferred capital contributions	-	(3,416)
	319,500	316,084
Expenditure		
Wages and benefits	243,055	252,623
Rent and utilities	18,627	21,853
General overhead	19,172	17,273
Travel	8,959	10,922
Equipment	3,316	3,524
Materials	21,754	13,765
Evaluation	4,617	2,055
	319,500	322,015
Net revenue (expenditure)	-	(5,931)

**RURAL RESPONSE FOR HEALTHY CHILDREN
SOCIAL AND EMOTIONAL LEARNING PROJECT
SCHEDULE OF REVENUE AND EXPENDITURE**

Schedule B

The accompanying notes are an integral part of this financial statement

For the year ended March 31	2020	2019
Revenue		
Project sponsor - Ontario Trillium Foundation	130,996	18,718
Project sponsor - Tanner Steffler Foundation	7,269	-
	138,265	18,718
Expenditure		
Wages and benefits	70,597	8,664
Administration	15,455	6,439
Travel	10,263	360
Materials	28,681	3,255
Evaluation	6,000	-
Other - Tanner Steffler Foundation expenditures	7,269	-
	138,265	18,718
Net revenue (expenditure)	-	-

**RURAL RESPONSE FOR HEALTHY CHILDREN
INVESTING IN CHILDREN PROJECT (MOE 2017-18)
SCHEDULE OF REVENUE AND EXPENDITURE**

Schedule C

The accompanying notes are an integral part of this financial statement

For the year ended March 31	2020	2019
Revenue		
Project Sponsor - Ministry of Education	-	2,379
	-	2,379
Expenditure		
Speaker fees and speaker travel	-	1,000
Refreshments	-	500
Advertising	-	243
Printing	-	386
Development	-	250
	-	2,379
Net revenue (expenditure)	-	-

**RURAL RESPONSE FOR HEALTHY CHILDREN
INVESTING IN CHILDREN PROJECT (MOE 2018-19)
SCHEDULE OF REVENUE AND EXPENDITURE**

Schedule D

The accompanying notes are an integral part of this financial statement

For the year ended March 31	2020	2019
Revenue		
Project Sponsor - Ministry of Education	<u>2,500</u>	<u>2,500</u>
	<u>2,500</u>	<u>2,500</u>
Expenditure		
Development	<u>2,500</u>	<u>2,500</u>
	<u>2,500</u>	<u>2,500</u>
Net revenue (expenditure)	<u><u>-</u></u>	<u><u>-</u></u>

**RURAL RESPONSE FOR HEALTHY CHILDREN
 ONTARIO SPORT AND RECREATION "STRENGTHENING HURON" PROJECT
 SCHEDULE OF REVENUE AND EXPENDITURE**

Schedule E

The accompanying notes are an integral part of this financial statement

For the year ended March 31	2020	2019
Revenue		
Project sponsor - Ontario Ministry of Tourism, Culture & Sport	50,488	45,832
	50,488	45,832
Expenditure		
Wages and benefits	38,406	24,384
Travel	2,605	2,672
Materials	7,477	14,776
Evaluation	2,000	4,000
	50,488	45,832
Net revenue (expenditure)	-	-

**RURAL RESPONSE FOR HEALTHY CHILDREN
CANNABIS AWARENESS
SCHEDULE OF REVENUE AND EXPENDITURE**

Schedule F

The accompanying notes are an integral part of this financial statement

For the year ended March 31	2020	2019
Revenue		
Project Sponsor - Canada Substance Use and Addictions Program	<u>1,000</u>	<u>-</u>
	<u>1,000</u>	<u>-</u>
Expenditure		
Printing	370	-
Advertising	480	-
Refreshments	<u>150</u>	<u>-</u>
	<u>1,000</u>	<u>-</u>
Net revenue (expenditure)	<u>-</u>	<u>-</u>

**RURAL RESPONSE FOR HEALTHY CHILDREN
LIBRO CREDIT UNION COMMUNITY PROJECT
SCHEDULE OF REVENUE AND EXPENDITURE**

Schedule G

The accompanying notes are an integral part of this financial statement

For the year ended March 31	2020	2019
Revenue		
Project sponsor - Libro Credit Union	<u>2,063</u>	<u>7,937</u>
	<u>2,063</u>	<u>7,937</u>
Expenditure		
Project coordinator	1,340	7,000
Administration	-	577
Travel	-	152
Materials	<u>723</u>	<u>208</u>
	<u>2,063</u>	<u>7,937</u>
Net revenue (expenditure)	<u>-</u>	<u>-</u>

RURAL RESPONSE FOR HEALTHY CHILDREN

Segmented Information

For the Year Ended March 31, 2020

	RRHC General	CAPC Schedule A	Social, Emotional Learning Schedule B	Investing in Children 17-18 Schedule C	Investing in Children 18-19 Schedule D	Strengthening Huron Schedule E	Cannabis Awareness Schedule F	Libro Credit Union Schedule G	Total 2020	Total 2019
Revenue										
Federal subsidy	-	319,500	-	-	-	-	1,000	-	320,500	319,500
Federal subsidy allocated to capital	-	-	-	-	-	-	-	-	-	(3,416)
Provincial subsidy	-	-	-	-	2,500	-	-	-	2,500	50,711
Ontario Trillium Foundation	-	-	130,996	-	-	-	-	-	130,996	-
Amortization of deferred capital contributions	3,342	-	-	-	-	-	-	-	3,342	5,431
Other	45,876	-	7,269	-	-	50,488	-	2,063	105,696	31,036
	<u>49,218</u>	<u>319,500</u>	<u>138,265</u>	<u>-</u>	<u>2,500</u>	<u>50,488</u>	<u>1,000</u>	<u>2,063</u>	<u>563,034</u>	<u>403,262</u>
Operating expenditure										
Wages, salaries and benefits	32,178	243,055	70,597	-	-	38,406	-	-	384,236	305,696
Program costs and materials	8,418	38,646	44,944	-	2,500	12,082	1,000	2,063	109,653	66,103
Occupancy, administration and consulting	6,509	18,627	15,455	-	-	-	-	-	40,591	24,263
Depreciation	3,342	-	-	-	-	-	-	-	3,342	5,431
Other	3,596	19,172	7,269	-	-	-	-	-	30,037	17,273
	<u>54,043</u>	<u>319,500</u>	<u>138,265</u>	<u>-</u>	<u>2,500</u>	<u>50,488</u>	<u>1,000</u>	<u>2,063</u>	<u>567,859</u>	<u>418,766</u>
Current year operations surplus (deficit)	<u>(4,825)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,825)</u>	<u>(15,504)</u>