

New Path Foundation
Financial Statements
For the year ended March 31, 2020

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Independent Auditor's Report

To the Board of Directors of New Path Foundation

Qualified Opinion

We have audited the accompanying financial statements of New Path Foundation (the "Foundation"), which comprise the statement of financial position as at March 31, 2020, and the statements of operations, 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, 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 of the Foundation as at March 31, 2020, 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, the Foundation derives revenue from donations and fundraising activities 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 Foundation. Therefore, we were not able to determine whether any adjustments might be necessary to donation and fundraising revenues, 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 net assets 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 Foundation 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 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 Foundation'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 Foundation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Foundation'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:

- 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 Foundation'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 Foundation'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 Foundation 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.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Barrie, Ontario
September 9, 2020

**New Path Foundation
Statement of Financial Position**

March 31	2020	2019
Assets		
Current		
Cash and short-term investment (note 2)	\$ 75,824	\$ 397,395
Government remittances receivable	191,668	-
Accounts receivable	334,232	147,299
Due from related party (note 6)	52,899	-
Prepaid expenses	10,786	35,763
	665,409	580,457
Capital Assets, at cost less accumulated amortization (note 3)	9,165,714	7,190,854
Trust Assets - Simcoe County Coalition Fund (note 4)	226,527	227,632
	\$ 10,057,650	\$ 7,998,943
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 136,509	\$ 90,335
Government remittances payable	-	63,270
Loan payable to related party - current (note 6)	28,263	29,255
Deferred contributions	112,579	194,537
Current portion of long-term debt (note 5)	228,898	114,300
	506,249	491,697
Loan Payable to Related Party (note 6)	75,000	100,000
Deferred Contributions Related to Capital Assets (note 7)	1,264,510	1,273,934
Long-Term Debt (note 5)	4,796,789	2,898,633
Trust Liability - Simcoe County Coalition Fund (note 4)	226,527	227,632
Commitments (note 8)		
Net Assets		
Internally restricted reserve funds		
Richmond fund (note 9)	371,607	371,607
Thompson fund (note 9)	193,676	193,676
Unrestricted	2,623,292	2,441,764
	3,188,575	3,007,047
	\$ 10,057,650	\$ 7,998,943

On behalf of the Board:

_____ Director

_____ Director

**New Path Foundation
Statement of Changes in Net Assets**

March 31				2020	2019
	Richmond Fund	Thompson Fund	Unrestricted	Total	Total
	(note 9)	(note 9)			
Balance, beginning of the year	\$ 371,607	\$ 193,676	\$ 2,441,764	\$ 3,007,047	\$ 2,943,083
Excess of revenues over expenses for the year	-	-	181,528	181,528	63,964
Balance, end of the year	\$ 371,607	\$ 193,676	\$ 2,623,292	\$ 3,188,575	\$ 3,007,047

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

New Path Foundation Statement of Operations

For the year ended March 31	2020	2019
Revenues		
Rental income and cost recoveries	\$ 1,703,757	\$ 1,327,329
Donations and fundraising	26,134	22,240
Amortization of deferred contributions related to capital assets (note 7)	82,332	79,395
Interest income	7,571	1,816
	1,819,794	1,430,780
Expenses		
Advertising and promotion	2,808	200
Amortization of capital assets	259,715	224,866
Grants (note 6)	105,819	113,616
Insurance	27,644	20,756
Interest on long-term debt	174,925	119,202
Office expenses	56,035	48,585
Professional fees	129,074	60,043
Property taxes	179,636	164,839
Rental	21,875	-
Repairs and maintenance	275,067	239,390
Salaries and benefits	252,793	233,422
Sub-contracts	14,879	28,202
Travel expenses	4,778	3,631
Utilities	133,218	110,064
	1,638,266	1,366,816
Excess of revenues over expenses for the year	\$ 181,528	\$ 63,964

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

New Path Foundation Statement of Cash Flows

For the year ended March 31	2020	2019
Cash flows from operating activities		
Excess of revenues over expenses for the year	\$ 181,528	\$ 63,964
Adjustment for items not involving cash		
Amortization of capital assets	259,715	224,866
Amortization of deferred contributions related to capital assets	(82,332)	(79,395)
	358,911	209,435
Net change in non-cash working capital balances related to operations		
Accounts receivable	(186,933)	(24,877)
Prepaid expenses	24,976	(31,415)
Accounts payable and accrued liabilities	46,173	38,020
Government remittances payable/receivable	(254,937)	37,226
Deferred contributions	(81,957)	62,374
	(93,767)	290,763
Cash flows from investing activities		
Acquisition of capital assets	(2,234,574)	(127,766)
Cash flows from financing activities		
Repayment of long-term debt	(187,247)	(111,880)
Proceeds from long-term debt	2,200,000	-
Net increase (decrease) in amount due to related party	(78,891)	24,201
Increase in deferred contributions related to capital assets	72,908	-
	2,006,770	(87,679)
Net increase (decrease) in cash and short-term investment during the year	(321,571)	75,318
Cash and short-term investment, beginning of the year	397,395	322,077
Cash and short term investment, end of the year	\$ 75,824	\$ 397,395

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

New Path Foundation Notes to Financial Statements

For the year ended March 31, 2020

1. Significant Accounting Policies

Nature and Purpose of Organization	The New Path Foundation is a non-profit organization incorporated without share capital under the laws of the Province of Ontario. The New Path Foundation develops and manages philanthropic investment and mobilizes community support to meet the mental health needs of children, youth and families in Simcoe County, Ontario.
Basis of Accounting	The financial statements have been prepared using Canadian accounting standards for not-for-profit organizations.
Revenue Recognition	<p>The New Path Foundation follows the deferral method of accounting for contributions.</p> <p>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.</p> <p>Externally restricted contributions are recognized as revenue in the year in which the related expenses are recognized.</p> <p>Contributions restricted for the purchase of capital assets are deferred and amortized into revenue on a straight-line basis at a rate corresponding with the amortization rate for the related capital asset.</p> <p>Rental income and cost recoveries are recorded in the period earned.</p>
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 amounts of revenue and expenses during the reporting period. The principal estimates used in the preparation of these financial statements includes the estimated useful life of capital assets and the fair value of financial instruments. Actual results could differ from management's best estimates as additional information becomes available in the future.

New Path Foundation Notes to Financial Statements

For the year ended March 31, 2020

1. Significant Accounting Policies (continued)

Contributed Materials and Services	<p>Contributions of materials and assets are recognized in the period they are donated at their fair market value.</p> <p>The Foundation is dependent on the voluntary services of many individuals. Contributed services are not recognized in the financial statements due to the inherent difficulty in valuing time of volunteers.</p>
Income Taxes	<p>The Foundation is not subject to federal or provincial income taxes pursuant to exemptions accorded to registered charities in the income tax legislation.</p>
Financial Instruments	<p>Financial Instruments are recorded at fair value at initial recognition. In subsequent periods, equities traded in an active market and derivatives are reported at fair value, with any unrealised gains and losses reported in operations. All other financial instruments are reported at cost or amortized cost less impairment, if applicable. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items remeasured at fair value at each statement of financial position date and charged to the financial instrument for those measured at amortized cost.</p>
Impairment of Long Lived Assets	<p>In the event that facts and circumstances indicate that the Foundation's long lived assets may be impaired, an evaluation of recoverability would be performed. Such an evaluation entails comparing the estimated future undiscounted cash flows associated with the asset to the asset's carrying amount to determine if a write down to market value or discounted cash flow is required. The Foundation considers that no circumstances exist that would require such an evaluation.</p>

New Path Foundation Notes to Financial Statements

For the year ended March 31, 2020

1. Significant Accounting Policies (continued)

Capital Assets

Purchased capital assets are recorded at cost less accumulated amortization. Contributed capital assets are recorded at fair value at the date of contribution. Where fair value cannot be reasonably determined, contributed assets are recorded at a nominal value.

Construction in progress is not amortized until the capital asset is substantially complete and ready for use.

Amortization is provided on capital assets based on estimated useful life of the assets as follows:

Buildings	- 2.5% straight line basis
Building improvements	- 2.5% to 5% straight line basis
Computer equipment	- 25% straight line basis
Furniture and fixtures	- 10% straight line basis
Vehicle	- 20% straight line basis

New Path Foundation Notes to Financial Statements

For the year ended March 31, 2020

2. Cash and Short-Term Investment

The Foundation's bank account is held at a chartered bank. The chartered bank account earns interest at a variable rate dependent on the monthly minimum balance.

Included in cash and short-term investment at March 31, 2019 is a Guaranteed Investment Certificate with a face value of \$72,606, interest at 1.4% and a maturity date of May 17, 2019.

The Foundation has an operating line of credit facility available with the Royal Bank of Canada with an authorization limit of \$100,000 and interest at the bank's prime rate plus 1.25%. The balance outstanding on this credit facility as at March 31, 2020 was \$NIL (2019 - \$NIL). See note 5 for security on all of the Royal Bank of Canada credit facilities.

New Path Foundation Notes to Financial Statements

For the year ended March 31, 2020

3. Capital Assets

	2020		2019	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Barrie Common Roof				
Land	\$ 750,000	\$ -	\$ 750,000	\$ -
Building	1,325,009	463,753	1,325,009	430,628
Building improvements	1,071,215	645,913	1,036,984	592,352
	<u>3,146,224</u>	<u>1,109,666</u>	<u>3,111,993</u>	<u>1,022,980</u>
Orillia Common Roof				
Land	878,220	-	878,220	-
Building	4,420,728	994,664	4,420,728	884,146
Building improvements	791,009	109,534	766,823	89,758
	<u>6,089,957</u>	<u>1,104,198</u>	<u>6,065,771</u>	<u>973,904</u>
Collingwood Common Roof				
Land	1,275,000	-	-	-
Building	294,733	7,368	-	-
Building improvements	598,695	29,935	-	-
	<u>2,168,428</u>	<u>37,303</u>	<u>-</u>	<u>-</u>
Computer equipment	7,757	2,448	2,037	509
Furniture and fixtures	34,936	27,973	32,926	24,480
Vehicle	-	-	32,007	32,007
	<u>42,693</u>	<u>30,421</u>	<u>66,970</u>	<u>56,996</u>
	<u>\$ 11,447,302</u>	<u>\$ 2,281,588</u>	<u>\$ 9,244,734</u>	<u>\$ 2,053,880</u>
Net book value		<u>\$ 9,165,714</u>		<u>\$ 7,190,854</u>

New Path Foundation Notes to Financial Statements

For the year ended March 31, 2020

4. Simcoe County Coalition Fund

Pursuant to the terms of an agreement between the Foundation and the Simcoe County Youth and Family Services Coalition, the Foundation has taken on the role of financial trustee of the Coalition and holds funds in a trust bank account for the Coalition.

5. Long-Term Debt

	2020	2019
Royal Bank of Canada term loan, interest at 3.95%, repayable in monthly payments of principal and interest of \$19,273, maturity date of December 15, 2022	\$ 2,899,020	\$ 3,012,933
Royal Bank of Canada term loan, interest at 3.77%, repayable in monthly principal payments of \$9,167 plus interest, maturity date of July 31, 2024	2,126,667	-
	5,025,687	3,012,933
Less current portion due within one year	(228,898)	(114,300)
	\$ 4,796,789	\$ 2,898,633

Scheduled principal payments for the next five fiscal years are as follows:

2021	\$ 228,898
2022	233,680
2023	2,766,442
2024	110,000
2025	1,686,667
	\$ 5,025,687

The mortgages are secured by a general security agreement covering all assets of the Foundation, a collateral mortgage in the amount of \$2,292,500 on the Orillia property, a collateral mortgage in the amount of \$2,200,000 on the Barrie property, a collateral mortgage in the amount of \$1,610,000 on the Collingwood property, assignment of rents at the Collingwood property and certificate of insurance evidencing fire and other perils coverage on the Collingwood property showing the Bank as the first mortgage. In addition, the mortgage is guaranteed by New Path Youth & Family Counselling Services of Simcoe County, a related party, by way of a general security agreement and guarantees and postponement of claims in the amounts of \$5,213,000 (see note 6). In addition, the Foundation must maintain a debt service coverage ration of not less than 1.10:1 at the end of each fiscal year.

New Path Foundation Notes to Financial Statements

For the year ended March 31, 2020

6. Related Party Transactions

The Foundation is related to New Path Youth & Family Counselling Services of Simcoe County ("New Path Services") in that New Path Services is to receive some distributions of donations and grants by the Foundation.

The Foundation had the following transactions with New Path Services:

	2020	2019
Rental income and cost recoveries	\$ 401,015	\$ 361,380
Collingwood partnership fees received	-	75,000
Contribution to the Newby scholarship fund received, included in deferred contributions	50,000	-
Cost recoveries related to leasehold improvements for Collingwood Common Roof	56,481	-
Funds received from New Path Services	\$ 507,496	\$ 436,380
Grants and miscellaneous payments made to New Path Services	\$ 47,323	\$ 45,247

These transactions are in the normal course of operations and are measured at the exchange amount (the amount of consideration established and agreed to by the related entities).

At the end of the year, the amount due to/from related parties is as follows:

	2020	2019
Due from New Path Services	\$ 52,899	\$ -
Loan payable to New Path Services - current	28,263	29,255
- long term	75,000	100,000
	\$ 103,263	\$ 129,255

This balance has arisen from the transactions set out above and as a result of a loan from New Path Services to the Foundation in the amount of \$250,000 that is repayable in annual installments of \$25,000. The balance is measured at the carrying amount. The loan is interest-free, except for in the event that the organization is unable to make the annual payment, interest is charged at 1%. During the year, the organization made payments on this loan of \$25,000 (2019 - \$25,000).

New Path Services has guaranteed the credit facilities of the Foundation (note 5).

New Path Foundation Notes to Financial Statements

For the year ended March 31, 2020

7. Deferred Contributions Related to Capital Assets

Deferred contributions represent the unamortized portion of restricted contributions used in the purchase certain capital assets. The amortization of these contributions is recorded as revenue in the statement of operations.

	<u>2020</u>	<u>2019</u>
Balance, beginning of the year	\$ 1,273,934	\$ 1,353,329
Contributions received	72,908	-
Amounts amortized to revenue	<u>(82,332)</u>	<u>(79,395)</u>
Balance, end of the year	<u>\$ 1,264,510</u>	<u>\$ 1,273,934</u>

8. Commitments

The New Path Foundation has entered into a contract with Fuhre Construction Ltd. to renovate the Collingwood Common Roof location. The total value of the contract is \$1,169,981 including HST of which \$1,065,785 has been paid as at March 31, 2020. The balance of the contract will be completed in fiscal 2021.

Tenants at the Barrie, Orillia and Collingwood buildings who are considered partner organizations and who have completed the minimum 10 year lease occupancy, are entitled under their lease agreement to receive an unrestricted sustainability grant (USG). This grant is calculated based on 60% of the rent paid by each tenant on dedicated space and will be directed back to the tenant beginning in the 11th year of the agreement or when the mortgage is paid, whichever comes first. The first payments of the USG became payable in fiscal 2019 for tenants of the Barrie Common Roof. As a result, USG payments totaling \$86,797 (2019 - \$79,710) were made during the year. The estimated grant to be paid annually beginning in 2020 is \$86,954. These payments will terminate at the end of the lease term, which currently extends to November, 2026 for the partners of the Barrie Common Roof. The Orillia Common Roof USG payments will become payable in 2022 and the Collingwood Common Roof USG payments will become payable in 2031.

New Path Foundation Notes to Financial Statements

For the year ended March 31, 2020

9. Internally Restricted Reserve Funds

Richmond Fund

The Richmond Fund was established upon the amalgamation of the Robert Thompson Youth and Family Centre and the Richmond Youth and Family Centre (Orillia) in 2000. Upon amalgamation, property at 41 Frederick Street, Orillia, Ontario, investments and a Nevada Lottery Ticket License was transferred to the New Path Foundation. These funds are to be used at the discretion of the Board of Directors.

Thompson Fund

Thompson Fund was designed by the Board of Directors at the time when the Foundation changed its name from the Thompson Centre Community Foundation to New Path Foundation, following the merger of The Robert Thompson Youth and Family Centre and Richmond Youth and Family Centre. The net assets of the Thompson Centre Community Foundation were designated as the Thompson Fund of the New Path Foundation. These funds are to be used at the discretion of the Board of Directors.

10. Subsequent Events

a) Subsequent to year end, the impact of COVID-19 in Canada and on the global economy increased significantly. The global pandemic has disrupted economic activities and supply chains. As a result of the pandemic, a significant number of tenants of the Foundation's common roof buildings have closed their offices to the public. At this time, no tenants have been identified as unable to meet their lease commitments for the foreseeable future. Although the disruption from the virus is expected to be temporary, given the dynamic nature of these circumstances, the duration of business activity and the related financial impact cannot be assessed at this time.

b) On April 1, 2020, the Collingwood Common Roof building renovation was substantially complete. As a result, subsequent to year end, tenants have moved into the building and the Foundation has started to operate from this location.

New Path Foundation Notes to Financial Statements

For the year ended March 31, 2020

11. Financial Instruments

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 Foundation is exposed to credit risk resulting from the possibility that a customer or counterparty to a financial instrument defaults on their financial obligations; if there is a concentration of transactions carried out with the same counterparty; or of financial obligations which have similar economic characteristics such that they could be similarly affected by changes in economic conditions. The Foundation is exposed to credit risk arising from all of its bank accounts being held at one financial institution in excess of the amount insured by agencies of the federal government of \$100,000.

Liquidity Risk

Liquidity risk is the risk that the Foundation will encounter difficulty in meeting its obligations associated with financial liabilities. Liquidity risk includes the risk that, as a result of operational liquidity requirements, the Foundation 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 what they are worth; or may be unable to settle or recover a financial asset. Liquidity risk arises from accounts payable and accrued liabilities, government remittances payable, long-term debt and amounts due to related party.

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 Foundation is exposed to interest rate risk on its floating interest rate on the line of credit.

There has been no changes to the Foundation's financial instrument risk exposure from the prior year.
