

**New Directions for
Children, Youth, Adults and
Families Inc.**

Financial Statements
March 31, 2020



Independent auditor's report

To the Board of Directors of New Directions for Children, Youth, Adults and Families Inc.

Our opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of New Directions for Children, Youth, Adults and Families Inc. (the Organization) 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.

What we have audited

The Organization's financial statements comprise:

- the balance sheet as at March 31, 2020;
 - the statement of revenues and expenses for the year then ended;
 - the statement of changes in net assets for the year then ended;
 - the statement of cash flows; and
 - the notes to the financial statements, which include a summary of significant accounting policies.
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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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

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.

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"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.



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:

- 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.

PricewaterhouseCoopers LLP

Chartered Professional Accountants

Winnipeg, Manitoba
May 22, 2020

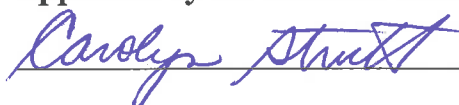
New Directions for Children, Youth, Adults and Families Inc.

Balance Sheet

As at March 31, 2020

	2020 \$	2019 \$
Assets		
Current assets		
Cash and cash equivalents	-	1,887,342
Restricted cash (note 4)	107,000	-
Accounts receivable	4,683,194	3,354,166
Prepaid expenses	756,404	432,223
	<u>5,546,598</u>	<u>5,673,731</u>
Capital assets (note 5)	<u>12,575,831</u>	<u>13,500,851</u>
	<u>18,122,429</u>	<u>19,174,582</u>
Liabilities		
Current liabilities		
Bank indebtedness (note 8)	486,268	-
Accounts payable	1,454,378	2,709,943
Accrued vacation pay	1,356,372	1,288,777
Deferred contributions (note 6)	615,937	648,076
Deferred tenant inducements	2,116,672	2,355,095
Working capital advances – Province of Manitoba (note 7)	1,997,991	1,997,991
Current portion of obligation under capital lease (note 8)	7,212	7,212
Current portion of long-term debt (note 8)	1,706,699	857,613
	<u>9,741,529</u>	<u>9,864,707</u>
Obligation under capital lease (note 8)	-	84,690
Long-term debt (note 8)	2,861,871	4,047,760
Long-term employee benefits	700,641	584,653
Forgivable loans (note 9)	<u>1,427,973</u>	<u>1,488,594</u>
	<u>14,732,014</u>	<u>16,070,404</u>
Net Assets		
Net assets invested in capital assets	6,572,076	7,014,982
Net assets internally restricted (note 10)	676,366	433,201
Unrestricted net deficit	<u>(3,858,027)</u>	<u>(4,344,005)</u>
	<u>3,390,415</u>	<u>3,104,178</u>
	<u>18,122,429</u>	<u>19,174,582</u>

Approved by the Board of Directors



Director



Director

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

New Directions for Children, Youth, Adults and Families Inc.

Statement of Revenues and Expenses

For the year ended March 31, 2020

	2020 \$	2019 \$
Revenues		
Government of Canada	447,631	582,035
Province of Manitoba (note 11)	51,736,217	48,789,982
Child and Family Services Authorities/Agencies	4,060,638	4,641,513
United Way of Winnipeg	108,442	108,245
Other	1,002,379	1,082,362
	<hr/> 57,355,307	<hr/> 55,204,137
Expenses		
Operating expenses (schedule)	<hr/> 56,857,191	<hr/> 55,397,965
Excess (deficiency) of revenues over expenses before the following	498,116	(193,828)
Impairment of capital assets	<hr/> (211,879)	<hr/> (191,743)
Excess (deficiency) of revenues over expenses	<hr/> 286,237	<hr/> (385,571)

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

New Directions for Children, Youth, Adults and Families Inc.

Statement of Changes in Net Assets

For the year ended March 31, 2020

				2020	2019
	Invested in capital assets \$	Internally restricted \$ (note 10)	Unrestricted \$	Total \$	Total \$
Balance – Beginning of year	7,014,982	433,201	(4,344,005)	3,104,178	3,489,749
Excess (deficiency) of revenues over expenses	-	-	286,237	286,237	(385,571)
Amortization	(986,637)	-	986,637	-	-
Amortization of forgivable loan (note 9)	60,621	-	(60,621)	-	-
Internally imposed restrictions transferred to fund operations	-	(4,960)	4,960	-	-
Internally imposed restrictions transferred to unrestricted net assets	-	(428,241)	428,241	-	-
Internally imposed restrictions	-	676,366	(676,366)	-	-
Investment in capital assets (see below)	483,110	-	(483,110)	-	-
Balance – End of year	6,572,076	676,366	(3,858,027)	3,390,415	3,104,178
Investment in capital assets consists of					
Purchase of capital assets	273,496	-	(273,496)		
Impairment of capital assets	(211,879)	-	211,879		
Capital lease principal repayments	84,690	-	(84,690)		
Long-term debt principal repayments	336,803	-	(336,803)		
	483,110	-	(483,110)		

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

New Directions for Children, Youth, Adults and Families Inc.

Statement of Cash Flows

For the year ended March 31, 2020

	2020 \$	2019 \$
Cash provided by (used in)		
Operating activities		
Excess (deficiency) of revenues over expenses	286,237	(385,571)
Items not affecting cash		
Amortization	986,637	1,006,342
Amortization of forgivable loan (note 9)	(60,621)	(60,621)
Impairment of capital assets	211,879	191,743
Other long-term liabilities	115,988	(55,251)
	<hr/>	<hr/>
	1,540,120	696,642
Changes in non-cash working capital components	<hr/> (3,111,741)	<hr/> (294,025)
	<hr/> (1,571,621)	<hr/> 402,617
Investing activities		
Purchase of capital assets	(273,496)	(601,896)
Restricted cash	(107,000)	-
	<hr/> (380,496)	<hr/> (601,896)
Financing activities		
Forgivable loan proceeds	-	336,789
Long-term debt principal payments	(336,803)	(317,810)
Capital lease principal repayments	(84,690)	(88,485)
	<hr/> (421,493)	<hr/> (69,506)
Net decrease in cash during the year	(2,373,610)	(268,785)
Cash – Beginning of year	<hr/> 1,887,342	<hr/> 2,156,127
Cash (bank indebtedness) – End of year	<hr/> (486,268)	<hr/> 1,887,342

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

New Directions for Children, Youth, Adults and Families Inc.

Notes to Financial Statements

March 31, 2020

1 Organization

New Directions for Children, Youth, Adults and Families Inc. (New Directions or the Organization) is a private, not-for-profit organization offering services that contribute to the well-being of children, youth, adults, families and their communities.

New Directions receives a majority of its revenue from grant funding and per diem payments from Manitoba Family Services and Consumer Affairs, Manitoba Education, Manitoba Healthy Living, Youth and Seniors, and Child and Family Services Authorities/Agencies.

New Directions is a registered charity under the provisions of the Income Tax Act of Canada.

2 Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

3 Summary of significant accounting policies

Basis of accounting

The ongoing operations of New Directions are dependent on continued financial support at adequate levels from the Manitoba Government. These financial statements are prepared on the basis that this support will continue and that New Directions will be able to realize its assets and discharge its liabilities in the ordinary course of business.

Capital assets

Capital assets are initially recorded at cost and are amortized 50% in the year of purchase. Amortization is provided using the straight-line method over estimated useful lives as follows:

Buildings	25 years straight-line
Computer equipment	5 years straight-line
Furniture and equipment	10 years straight-line
Leasehold improvements	over the life of the lease
Vehicles	5 years straight-line
Computer software	5 years straight-line

Cash and cash equivalents

Cash and cash equivalents consists of cash on hand, cash held at banking institutions and restricted cash held at banking institutions.

New Directions for Children, Youth, Adults and Families Inc.

Notes to Financial Statements

March 31, 2020

Deferred contributions

Deferred contributions represent operating and other funding related to projects to be carried out in subsequent periods or the acquisition of capital assets.

The forgivable loans are treated as a deferred contribution for accounting purposes and are amortized into revenue over the life of the underlying assets.

Deferred tenant inducements

The benefit of tenant inducements is accounted for as a reduction of rental expense over the term of the lease.

Revenue recognition

New Directions follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenues when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Government assistance

Funds received from the Government in the form of grants or forgivable loans are recognized in the current period if related to non-capital expenditures or current period expense, or deferred and recognized in the period the related expense is incurred, or amortized over the life of the underlying asset if related to capital expenditures.

Financial instruments

Measurement of financial instruments

New Directions initially measures its financial assets and financial liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument.

New Directions subsequently measures all its financial assets and financial liabilities at amortized cost.

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

Financial liabilities measured at amortized cost include bank indebtedness, accounts payable, accrued vacation pay, working capital advances, obligation under capital lease, long-term debt, and forgivable loans.

New Directions for Children, Youth, Adults and Families Inc.

Notes to Financial Statements

March 31, 2020

Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of possible impairment. When a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial asset or group of assets, a writedown is recognized in the statement of revenues and expenses. When events occurring after the impairment confirm that a reversal is necessary, the reversal is recognized in the statement of revenues and expenses up to the amount of the previously recognized impairment.

Use of estimates

The preparation of financial statements in accordance with Canadian ASNPO requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingencies at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

4 Cash and cash equivalents

New Directions has \$107,000 (2019 – \$nil) in restricted cash held at a banking institution for the purpose of securing a business credit card facility.

5 Capital assets

			2020	2019
	Cost	Accumulated	Net	Net
	\$	amortization	\$	\$
		\$		
Land	1,861,972	-	1,861,972	1,861,972
Buildings	8,671,662	3,284,916	5,386,746	5,863,012
Computer equipment	790,406	497,718	292,688	164,920
Furniture and equipment	574,136	368,761	205,375	244,342
Leasehold improvements	7,430,076	2,791,777	4,638,299	5,122,178
Vehicles	338,754	167,361	171,393	203,843
Computer software	252,933	233,575	19,358	40,584
	19,919,939	7,344,108	12,575,831	13,500,851

The Organization has capital leases for vehicles with a cost of \$219,247 (2019 – \$219,247) and accumulated amortization of \$101,192 (2019 – \$57,343).

New Directions for Children, Youth, Adults and Families Inc.

Notes to Financial Statements

March 31, 2020

6 Deferred contributions

	2020 \$	2019 \$
Balance – beginning of year	648,076	405,569
Add: Amount received in the current year relating to future projects	4,225,383	3,811,495
Less: Amount recognized as revenue in the current year	(4,257,522)	(3,568,988)
	<hr/>	<hr/>
Balance – end of year	615,937	648,076

7 Working capital advances – Province of Manitoba

There are no terms of repayment for working capital advances from the Province of Manitoba.

8 Long-term debt

	2020 \$	2019 \$
Steinbach Credit Union Limited		
3.25% fixed rate mortgage, repayable in monthly instalments of \$2,295 including principal and interest, due May 31, 2024; this mortgage is secured by Gilia Drive, Merrill Crescent, Sharp Boulevard, Greendell Avenue, Kings Drive, Kilkenny Drive, Spruce Street, and Cheriton Avenue properties	220,322	239,144
Culross Bay		
2.89% fixed rate mortgage, repayable in monthly instalments of \$435 including principal and interest, due March 1, 2023	44,923	48,762
Sanderson Ave		
2.69% fixed rate mortgage, repayable in monthly instalments of \$409 including principal and interest, due February 1, 2022	9,195	13,793
Wakopa Street		
2.89% fixed rate mortgage, repayable in monthly instalments of \$1,408 including principal and interest, due March 1, 2023	145,581	158,021
Belcourt Bay		
3.25% fixed rate mortgage, repayable in monthly instalments of \$1,157 including principal and interest, due June 1, 2024	111,054	120,216
Aspen Glen		
2.65% fixed rate mortgage, repayable in monthly instalments of \$2,156 including principal and interest, due May 1, 2020	230,604	250,097
Bonner		
2.65% fixed rate mortgage, repayable in monthly instalments of \$1,730 including principal and interest, due December 1, 2020	190,424	205,925

New Directions for Children, Youth, Adults and Families Inc.

Notes to Financial Statements

March 31, 2020

	2020 \$	2019 \$
Carroll		
2.65% fixed rate mortgage, repayable in monthly instalments of \$1,235 including principal and interest, due February 1, 2021	139,606	150,580
Costello		
2.49% fixed rate mortgage, repayable in monthly instalments of \$1,287 including principal and interest, due December 1, 2021	157,348	168,730
St. Michael		
2.54% fixed rate mortgage, repayable in monthly instalments of \$688 including principal and interest, due June 1, 2022	86,943	92,914
Charing Cross		
2.54% fixed rate mortgage, repayable in monthly instalments of \$1,672 including principal and interest, due June 1, 2022	210,025	224,565
Peters		
2.54% fixed rate mortgage, repayable in monthly instalments of \$1,361 including principal and interest, due June 1, 2022	172,012	183,827
Astbury		
2.54% fixed rate mortgage, repayable in monthly instalments of \$1,437 including principal and interest, due June 1, 2022	181,561	194,033
Burns		
3.19% fixed rate mortgage, repayable in monthly instalments of \$1,546 including principal and interest, due November 1, 2022	189,648	201,955
Brookside		
3.19% fixed rate mortgage, repayable in monthly instalments of \$1,631 including principal and interest, due November 1, 2022	201,269	214,224
Beaverbrook		
3.19% fixed rate mortgage, repayable in monthly instalments of \$2,076 including principal and interest, due November 1, 2022	257,472	273,911
Driftwood		
2.65% fixed rate mortgage, repayable in monthly instalments of \$2,082 including principal and interest, due July 1, 2020	314,132	330,576
Hamilton Meadows		
2.65% fixed rate mortgage, repayable in monthly instalments of \$2,122 including principal and interest, due August 1, 2020	321,752	338,468
Chalmers		
2.65% fixed rate mortgage, repayable in monthly instalments of \$1,608 including principal and interest, due March 1, 2021	253,003	265,433
Fuga		
2.99% fixed rate mortgage, repayable in monthly instalments of \$1,494 including principal and interest, due September 30, 2022	244,456	254,930

New Directions for Children, Youth, Adults and Families Inc.

Notes to Financial Statements

March 31, 2020

	2020 \$	2019 \$
Steinbach Credit Union Open Term Loan		
3.70% floating rate, repayable in monthly instalments of \$7,150 including principal and interest, due October 1, 2035	450,962	512,699
Glencoe Limited Term Loan		
7.25% fixed rate, repayable in monthly instalments of \$4,914 including principal and interest, due November 1, 2030	436,278	462,570
	<u>4,568,570</u>	<u>4,905,373</u>
Less: Current portion	1,706,699	857,613
	<u>2,861,871</u>	<u>4,047,760</u>

Aspen Glen was refinanced subsequent to year end at 2.79% fixed rate mortgage, repayable in monthly instalments of \$2,170 including principal and interest, due May 1, 2023.

The long-term debt is secured by registered charges against each of the respective properties. As at March 31, 2020, total accrued interest on the mortgages and term loans noted above is \$441,900 (2019 – \$605,509).

The principal payments required in each of the next five years and thereafter are as follows:

	\$
Year ending March 31, 2021	1,706,699
2022	400,781
2023	1,635,110
2024	144,725
2025	317,440
Thereafter	363,815
	<u>4,568,570</u>

New Directions has capitalized equipment under a capital lease which matures in 2021. The amount of accrued interest related to the capital lease obligation during the year was \$2,987, representing 5.95%.

The following is a schedule of the future minimum lease payments of the capital lease together with the balance of the obligation:

	\$
Year ending March 31, 2021	7,271
Less: Interest portion	59
	<u>7,212</u>

New Directions has a \$2,000,000 operating line of credit with the Steinbach Credit Union, of which \$393,098 was utilized at March 31, 2020. The line of credit bears interest at the Steinbach Credit Union standard rate plus 1.0%.

New Directions for Children, Youth, Adults and Families Inc.

Notes to Financial Statements

March 31, 2020

9 Forgivable loan

During the year ended March 31, 2019, New Directions entered into an agreement with the City of Winnipeg – Homelessness Partnering Strategy (City of Winnipeg) to fund the acquisition of land, building and renovation for a shelter for the homeless. Terms of the agreement state that a forgivable loan would be provided to New Directions to fund the acquisition and renovation, and that the loan will be forgiven over five years on an annual basis for every year that the shelter operates as its intended purpose. The forgivable loan bears no interest and is secured by the land the shelter is based on. Prior to expiration of the term, if the land or shelter is leased, sold, conveyed or transferred in whole or in part, to anyone without obtaining prior written approval from City of Winnipeg, the full amount of the City of Winnipeg loan then outstanding and unpaid becomes immediately payable. As at March 31, 2020 the outstanding deferred contribution was as \$336,789. There were no amounts recognized as forgiven in the year. As at March 31, 2020, the outstanding deferred contributions was \$336,789 (2019 – \$336,789). There were no amounts recognized as forgiven in current or prior year.

During the year ended March 31, 2012, New Directions entered into an agreement with the Manitoba Housing and Renewal Corporation (MHRC) to fund the construction of a shelter for sexually exploited youth. Terms of the agreement state that a forgivable loan would be provided to New Directions to fund the construction, and that the loan will be forgiven over 15 years on a monthly basis for every month that the shelter operates as its intended purpose. The forgivable loan bears no interest and is secured by the land the shelter is based on. Prior to expiration of the term, if the land or shelter is leased, sold, conveyed or transferred in whole or in part, to anyone without obtaining prior written approval from MHRC, the full amount of the MHRC loan then outstanding and unpaid becomes immediately payable. As at March 31, 2020 the deferred contributions was \$1,091,184 (2019 – \$1,151,805). The amounts recognized as forgiven in the year was \$60,621 (2019 – \$60, 621). As at March 31, 2020, \$707,250 of the original loan balance of \$1,515,531 has been forgiven.

As disclosed in note 3, the forgivable loans are treated as deferred contributions and are being amortized over 25 years, which is the expected life of the underlying assets.

	2020 \$	2019 \$
Balance – Beginning of year	1,488,594	1,212,426
Add: Amount received in the current year	-	336,789
	<hr/>	<hr/>
	1,488,594	1,549,215
Less: Amount recognized as forgiven in the current year	60,621	60,621
	<hr/>	<hr/>
Balance – End of year	1,427,973	1,488,594

New Directions for Children, Youth, Adults and Families Inc.

Notes to Financial Statements

March 31, 2020

10 Net assets internally restricted

	\$	\$
Internally imposed restrictions – current year		
Operations		
Information technology	15,000	
Operational requirements	354,646	
Program materials, staffing and participant support	73,000	
Renovations of community facilities and furnishings	151,000	
Staff training	7,720	601,366
	<hr/>	
Capital additions		
Information technology	25,000	
Renovations of community facilities and furnishings	50,000	75,000
	<hr/>	<hr/>
Total		676,366
		<hr/>

11 Province of Manitoba revenues

The major provincial government funding sources are as follows:

	2020	2019
	\$	\$
Manitoba Family Services – Child and Family Services	10,278,181	10,817,676
Manitoba Family Services – Community Living disABILITY Services	34,594,330	31,125,238
Manitoba Family Services – Special Needs	582,373	545,508
Children and Youth Opportunities – MB4Youth	1,656,605	1,424,838
Manitoba Education – Youth NOW	50,000	50,000
Winnipeg Regional Health Authority	1,762,221	2,104,164
Children and Youth Opportunities – Crime Prevention	177,200	232,039
Children and Youth Opportunities – Healthy Child Manitoba	165,200	165,199
General	2,470,107	2,325,320
	<hr/>	<hr/>
	51,736,217	48,789,982
		<hr/>

New Directions for Children, Youth, Adults and Families Inc.

Notes to Financial Statements

March 31, 2020

12 Commitments

The future minimum lease payments under the operating leases for office space, office equipment, and vehicles are as follows:

	\$
Year ending March 31, 2021	1,458,026
2022	1,425,959
2023	1,281,637
2024	1,218,800
2025	964,484
Thereafter	4,377,567

13 Employee pension plans

New Directions has a defined contribution plan providing pension benefits to most of its employees. The expense for the year is \$914,020 (2019 – \$924,067).

14 Government remittances

Government remittances consist of amounts (such as payroll withholding taxes) required to be paid to government authorities and are recognized when the amounts become due. In respect of government remittances, \$1,000 (2019 – \$322,000) is included within accounts payable.

15 The New Directions Endowment Fund and Opikihawin Fund

The New Directions Endowment Fund and Opikihawin Fund (Funds) are endowment funds held by The Winnipeg Foundation. The Funds were established with contributions from donors under the agreement that the Funds remain with The Winnipeg Foundation in perpetuity with New Directions receiving annual income distributions. For the year ended March 31, 2020, the Funds distributed \$18,457 (2019 – \$8,317) which is presented in other revenues in the Statement of Revenues and Expenses. As at March 31, 2020 the fair value of each fund is:

	2020 \$	2019 \$
New Directions Endowment Fund	212,528	220,270
Opikihawin Fund	7,913	8,711

New Directions for Children, Youth, Adults and Families Inc.

Notes to Financial Statements

March 31, 2020

16 Financial instruments

Interest rate risk

Interest rate risk refers to the adverse consequences of interest rate changes in New Directions' cash flows, financial position and expenses. This risk arises from differences in the timing and amount of cash flows related to New Directions' liabilities. This risk is not significant to New Directions as all of the debt is at fixed rate terms, other than the operating line of credit of which the Organization had \$393,098 outstanding at March 31, 2020 (2019 – \$nil).

Credit risk

Credit risk is the risk that a financial loss could arise from a counterparty not being able to meet its obligations. New Directions' financial assets that are exposed to credit risk consist of accounts receivable. New Directions performs regular assessments on the collectability of its accounts receivable. This risk is not significant to New Directions as substantially all of the receivables are from the government.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with its financial liabilities as they come due. New Directions is exposed to liquidity risk mainly in respect to its accounts payable, accrued liabilities, capital lease obligations, and long-term debt. As at March 31, 2020, all capital lease and long-term debt payments have been made in accordance with their original terms.

In March 2020, the novel strain of coronavirus (COVID-19) was declared a pandemic by the World Health Organization. The spread of COVID-19 has severely impacted many local economies around the globe. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions. As disclosed in note 3, the Organization is dependent on continued financial support from the Manitoba Government. The Organization currently continues to receive funding from the Manitoba Government and other agencies, however, given the high level of uncertainty surrounding the duration of the pandemic, it is not possible to reasonably estimate the potential impact on the liquidity, financial condition and operations of the Organization.

New Directions for Children, Youth, Adults and Families Inc.

Schedule of Operating Expenses

For the year ended March 31, 2020

	2020	2019
	\$	\$
Advertising	6,254	9,311
Amortization	986,637	1,006,342
Bad debt	59,605	17,072
Clothing	31,985	42,529
Data processing	64,425	41,052
Endowment fund	18,457	8,317
Evaluation	2,184	3,698
Food	554,816	536,372
Grooming	6,735	8,388
Household	64,040	49,270
Insurance	147,651	136,489
Internal and external relations	109,110	63,213
Interest and service charges		
Bank	11,853	8,425
Long-term debt	166,595	181,095
Internet	63,680	62,296
Interpreting services	34,412	37,283
Janitorial	208,413	161,817
Laundry	1,987	527
Lease	1,766,420	1,711,916
Medical, dental and optical	12,363	18,886
Memberships and subscriptions	44,327	12,649
Miscellaneous expense	6,193	1,141
Office supplies, postage and printing	308,733	280,124
Participant activities and program material	806,256	769,475
Participant accommodation	1,639	3,386
Participant living expenses	1,251,680	1,119,125
Professional fees	55,728	55,901
Repairs and maintenance	823,490	628,083
Salaries and service fees	41,842,495	41,274,879
Salary benefits	5,523,965	5,284,989
School supplies	5,863	4,662
Special programs	70,050	92,939
Staff education	184,628	148,165
Taxes	148,921	121,941
Telephone	213,612	230,755
Transportation	877,701	915,984
Travel	80,345	102,460
Utilities	293,943	247,009
Total operating expenses	56,857,191	55,397,965