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**EAST METRO YOUTH SERVICES**

**FINANCIAL STATEMENTS**

**MARCH 31, 2014**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors,  
East Metro Youth Services:

### Report on the Financial Statements

We have audited the accompanying financial statements of East Metro Youth Services, which comprise the balance sheet as at March 31, 2014, and the statements of changes in net assets, operations, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### *Management's Responsibility 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.

#### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

#### *Basis for Qualified Opinion*

In common with many not-for-profit organizations, the organization derives revenue from donations and fundraising, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, verification of this revenue was limited to the amounts recorded in the records of the organization, and we were not able to determine whether any adjustments might be necessary to donation and fundraising revenue, excess of revenue over expenses for the year, assets and net assets.

#### *Qualified Opinion*

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion, the financial statements present fairly, in all material respects, the financial position of East Metro Youth Services as at March 31, 2014, and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Cowperthwaite Mehta

Chartered Accountants  
Licensed Public Accountants

June 24, 2014  
Toronto, Ontario

# EAST METRO YOUTH SERVICES

## BALANCE SHEET

AS AT MARCH 31, 2014

	2014	2013
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents (note 3)	\$ 1,275,141	\$ 1,273,059
Accounts receivable	231,743	290,280
Government grants and rebates receivable	302,794	309,830
Prepaid expenses	<u>30,571</u>	<u>32,221</u>
	1,840,249	1,905,390
Capital assets (note 4)	<u>606,728</u>	<u>572,698</u>
	<u>\$ 2,446,977</u>	<u>\$ 2,478,088</u>
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities		
Accounts payable and accrued liabilities	\$ 1,097,730	\$ 918,435
Deferred grant revenue (note 5)	237,515	399,071
Donation fund (note 6)	83,761	104,097
Current portion of mortgages payable (note 7)	<u>25,897</u>	<u>25,103</u>
	1,444,903	1,446,706
Long-term liabilities		
Mortgages payable (note 7)	215,359	241,256
Deferred capital contributions (note 8)	<u>69,506</u>	<u>73,164</u>
	284,865	314,420
	<u>1,729,768</u>	<u>1,761,126</u>
Net assets		
Invested in capital assets	295,966	233,175
Unrestricted	<u>421,243</u>	<u>483,787</u>
	717,209	716,962
	<u>\$ 2,446,977</u>	<u>\$ 2,478,088</u>

Approved on behalf of the Board:

  
\_\_\_\_\_, Director

  
\_\_\_\_\_, Director

see accompanying notes

**EAST METRO YOUTH SERVICES**  
**STATEMENT OF CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED MARCH 31, 2014**

			<b>2014</b>	<b>2013</b>
	<u>Unrestricted</u>	Invested in <u>capital assets</u>	<u>Total</u>	<u>Total</u>
Net assets, beginning of year	\$ 483,787	\$ 233,175	\$ 716,962	\$ 708,580
Excess of revenue over expenses	247		247	8,382
Amortization	18,577	(18,577)		
Amortization of deferred capital contributions	(3,658)	3,658		
Purchase of capital assets	(52,607)	52,607		
Mortgage principal repayments	<u>(25,103)</u>	<u>25,103</u>	<u>          </u>	<u>          </u>
<b>NET ASSETS, END OF YEAR</b>	<b><u>\$ 421,243</u></b>	<b><u>\$ 295,966</u></b>	<b><u>\$ 717,209</u></b>	<b><u>\$ 716,962</u></b>

see accompanying notes

# EAST METRO YOUTH SERVICES

## STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31, 2014

	2014	2013
	(see schedule)	
<b>REVENUE</b>		
Ministry of Children and Youth Services	\$ 7,217,625	\$ 6,340,629
Children's Aid Societies	1,508,230	1,637,360
Other program/special services funding	1,176,456	1,351,423
Other revenue (including donations)	346,162	220,863
Interest	12,553	7,773
Amortization of deferred capital contributions	<u>3,658</u>	<u>3,851</u>
	<u>10,264,684</u>	<u>9,561,899</u>
<b>EXPENSES</b>		
Salaries and benefits	7,681,107	7,440,338
Program expenses	522,168	340,766
Rent and related	381,192	367,594
Repairs, maintenance and equipment	368,252	190,037
Consulting and professional fees	356,384	477,035
Training	280,520	127,580
Travel	149,884	125,748
Supplies and other	115,889	88,725
Food	99,772	112,462
Communication	90,146	86,087
Medical and personal needs	51,816	50,051
Meetings and promotion	48,293	44,937
Insurance	35,321	38,999
Utilities and property taxes	33,842	32,366
Program start-up costs	23,591	
Mortgage interest	7,683	15,435
Amortization	<u>18,577</u>	<u>15,357</u>
	<u>10,264,437</u>	<u>9,553,517</u>
<b>EXCESS OF REVENUE OVER EXPENSES</b>	<u>\$ 247</u>	<u>\$ 8,382</u>

see accompanying notes

**EAST METRO YOUTH SERVICES**  
**SCHEDULE OF PROGRAM REVENUES AND EXPENSES**

**FOR THE YEAR ENDED MARCH 31, 2014**

	Access and Counselling	Day Treatment	Intensive Child & Family Services	Galloway After School Program	Whatever it Takes	Priority Access	Youth Outreach	Walk in Clinic
<b>REVENUE</b>								
Ministry of Children and Youth Services	\$ 1,506,973	\$ 537,139	\$ 160,812	\$ 56,576	\$ 333,916	\$ 283,207	\$ 2,473,294	\$ 151,642
Children's Aid Societies	-	-	-	-	-	-	-	-
Other program/special services funding	-	-	-	-	-	-	-	-
Other revenue (including donations)	141,411	-	-	-	-	-	-	-
Interest	12,553	-	-	-	-	-	-	-
Amort of deferred capital contributions	-	-	-	-	-	-	-	-
	<u>1,660,937</u>	<u>537,139</u>	<u>160,812</u>	<u>56,576</u>	<u>333,916</u>	<u>283,207</u>	<u>2,473,294</u>	<u>151,642</u>
<b>EXPENSES</b>								
Salaries and benefits	1,265,195	459,621	152,399	18,283	310,582	251,403	1,726,706	143,159
Program expenses	8,242	9,399	4,942	15,017	411	162	320,236	586
Rent and related	164,696	52,811	-	-	11,026	27,108	815	-
Repairs, maintenance and equipment	93,964	4,431	-	8,339	-	-	29,872	3,025
Consulting and professional fees	161,333	597	-	2,373	-	-	84,207	868
Training	10,646	1,647	635	807	883	809	204,041	1,685
Travel	18,106	1,281	1,587	1,952	7,417	1,396	45,422	665
Supplies and other	46,398	377	-	629	208	-	105	140
Food	18	965	-	-	22	15	29	-
Communication	19,643	2,739	957	2,740	2,111	1,103	33,905	1,141
Medical and personal needs	-	-	-	-	-	-	-	-
Meetings and promotion	29,975	641	-	464	379	42	3,196	373
Insurance	5,735	2,630	292	877	877	1,169	1,169	-
Utilities and property taxes	-	-	-	5,095	-	-	-	-
Program start-up costs	-	-	-	-	-	-	23,591	-
Mortgage interest	-	-	-	-	-	-	-	-
Administrative overhead	(112,759)	-	-	-	-	-	-	-
Amortization	4,830	-	-	-	-	-	-	-
	<u>1,716,022</u>	<u>537,139</u>	<u>160,812</u>	<u>56,576</u>	<u>333,916</u>	<u>283,207</u>	<u>2,473,294</u>	<u>151,642</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES</b>	<u>\$ (55,085)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

see accompanying notes

# EAST METRO YOUTH SERVICES

## SCHEDULE OF PROGRAM REVENUES AND EXPENSES (CONTINUED)

FOR THE YEAR ENDED MARCH 31, 2014

	Priority Access Schools	Aspergers Program	Residential Megan	Residential D/Arcy	Residential Ellesmere	Fiscal Funding	Special Programs	Total
<b>REVENUE</b>								
Ministry of Children and Youth Services	\$ 302,463	\$ 129,914	\$ 1,007,922	-	-	\$ 273,767	-	\$ 7,217,625
Children's Aid Societies	-	-	-	\$ 680,809	\$ 827,421	-	-	1,508,230
Other program/special services funding	-	-	-	-	-	-	\$ 1,176,456	1,176,456
Other revenue (including donations)	-	6,650	106,215	-	91,886	-	-	346,162
Interest	-	-	-	-	-	-	-	12,553
Amort of deferred capital contributions	-	-	-	967	2,691	-	-	3,658
	<u>302,463</u>	<u>136,564</u>	<u>1,114,137</u>	<u>681,776</u>	<u>921,998</u>	<u>273,767</u>	<u>1,176,456</u>	<u>10,264,684</u>
<b>EXPENSES</b>								
Salaries and benefits	297,758	115,276	789,862	581,897	549,552	226,994	792,420	7,681,107
Program expenses	1,667	15,566	15,053	13,017	16,611	20,741	80,518	522,168
Rent and related	-	815	64,372	-	-	-	59,545	381,192
Repairs, maintenance and equipment	-	-	120,273	34,675	57,752	3,361	12,560	368,252
Consulting and professional fees	-	746	75,965	20,229	2,440	-	7,626	356,384
Training	50	924	2,687	900	566	5,238	49,002	280,520
Travel	2,421	1,761	24,644	14,205	14,235	651	14,141	149,884
Supplies and other	155	-	14,190	472	43,744	21	9,454	115,889
Food	28	-	40,987	39,543	17,465	-	700	99,772
Communication	301	665	9,879	5,663	3,825	274	5,200	90,146
Medical and personal needs	-	-	20,955	25,136	5,725	-	-	51,816
Meetings and promotion	83	373	10,243	464	153	-	1,907	48,293
Insurance	-	438	4,568	4,021	4,020	-	9,525	35,321
Utilities and property taxes	-	-	13,459	7,905	7,383	-	-	33,842
Program start-up costs	-	-	-	-	-	-	-	23,591
Mortgage interest	-	-	-	1,559	6,124	-	-	7,683
Administrative overhead	-	-	(37,586)	-	-	16,487	133,858	-
Amortization	-	-	1,610	3,765	8,352	-	-	18,577
	<u>302,463</u>	<u>136,564</u>	<u>1,171,161</u>	<u>753,471</u>	<u>737,947</u>	<u>273,767</u>	<u>1,176,456</u>	<u>10,264,437</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES</b>	\$ -	\$ -	\$ (57,024)	\$ (71,695)	\$ 184,051	\$ -	\$ -	\$ 247

see accompanying notes

# EAST METRO YOUTH SERVICES

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2014

	2014	2013
<b>CASH INFLOW (OUTFLOWS)</b>		
<b>OPERATING ACTIVITIES</b>		
Excess of revenue over expenses for the year	\$ 247	\$ 8,382
Non-cash items		
Amortization of deferred capital contributions	(3,658)	(3,851)
Amortization	18,577	15,357
Net change in non-cash working capital items (below)	<u>64,626</u>	<u>419,619</u>
Cash provided from operations	<u>79,792</u>	<u>439,507</u>
<b>FINANCING ACTIVITIES</b>		
Mortgage principal repayments	(25,103)	(22,617)
<b>INVESTING ACTIVITIES</b>		
Purchase of capital assets	<u>(52,607)</u>	<u>(19,321)</u>
<b>NET CASH ACTIVITY FOR THE YEAR</b>	2,082	397,569
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>1,273,059</u>	<u>875,490</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 1,275,141</u>	<u>\$ 1,273,059</u>
Net change in non-cash working capital items:		
Accounts receivable	\$ 58,537	\$ 24,721
Government grants and rebates receivable	7,036	(49,867)
Prepaid expenses	1,650	(825)
Accounts payable and accrued liabilities	179,295	296,427
Deferred grant revenue	(161,556)	146,663
Donation fund	<u>(20,336)</u>	<u>2,500</u>
	<u>\$ 64,626</u>	<u>\$ 419,619</u>

see accompanying notes



# EAST METRO YOUTH SERVICES

## NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2014

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East Metro Youth Services (the "organization") is a multi-service mental health centre, accredited by Children's Mental Health Ontario (C.M.H.O.), which has been serving young adults, twelve to twenty-nine years of age, and their families in East Toronto since 1974.

The organization offers a continuum of mental health services including a What's Up walk-in counselling clinic; individual, family and group counselling; mental health services for the diverse communities; day treatment programs operated in partnership with the Toronto District School Board; three residential treatment programs; home-based intensive services; respite and after school programs for developmentally delayed teens and clients diagnosed with Aspergers syndrome; a newcomer program for new immigrants; a pre-employment program; access to psychiatric and psychological assessment and consultation; and a wide range of programs such as a youth violence prevention program, school-based bullying and dating violence prevention program, outreach services, a multi-media program and a youth volunteer program.

The organization was incorporated in 1974 under the laws of Ontario as a corporation without share capital. It is a registered charity under the Income Tax Act (Canada) and, as such, is exempt from income taxes.

### 1. SIGNIFICANT ACCOUNTING POLICIES

In preparing its financial statements, the organization follows Canadian accounting standards for not-for-profit organizations, which is one of the financial reporting frameworks included in Canadian generally accepted accounting principles. The significant accounting policies used are as follows:

#### **Revenue recognition**

The organization follows the deferral method of accounting for contributions. Unrestricted donations are recorded as revenue when received. Externally restricted contributions, including grants, restricted donations and fundraising revenue net of related expenses, are deferred and recognized as revenue in the year in which the related expenses are recognized. 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. Investment income is recognized as revenue when earned.

#### **Deferred capital contributions**

Contributions received for capital assets are deferred in the accounts and amortized over the same terms and on the same basis as the related capital assets.

#### **Expense recognition and allocation**

The organization engages in various programs. The direct costs of each program include the costs of personnel, supplies and services and other expenses that are 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, such as administrative salaries, benefits and occupancy costs based on the size of each program and its use of resources, as determined during its budgeting process, and applies that basis consistently each year.

# EAST METRO YOUTH SERVICES

## NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2014

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### Prepaid expenses

Prepaid expenses are recorded for goods and services that have been paid for but which will be received in a future year. The balance at year end represents primarily a security deposit paid on leased premises.

### Capital assets

Capital assets are recorded at cost. Amortization is provided annually at rates calculated to write off the assets over their estimated useful lives as follows:

Buildings purchased prior to 1999	- 15 years sinking-fund method
Buildings purchased after 1999	- 5% declining balance
Office, group home and computer equipment	- 3 year straight-line basis
Vehicles	- 3 year straight-line basis

The organization acquired the Megan land and building through a grant which has restrictive covenants. This grant must be returned to the Ministry of Children and Youth Services (the "Ministry") if the restrictive covenants are contravened.

### Intangible assets

An intangible assets is an identifiable non-monetary asset without substance. The organization recognizes an intangible assets only if it expects that it will receive future economic benefits from the asset and the cost of the intangible asset can be measured reliably. The intangible asset is then amortized over its expected useful life. Once the asset no longer has any long-term service potential to the organization, it is written down.

If the criteria for recognizing the intangible asset are not met, the expenditure for the intangible asset is recognized as an expense.

### Surplus repayment

As required by the Ministry of Children and Youth Services, any net surplus from various programs is repayable to the Ministry.

### Contributed services

Volunteers contribute an undeterminable number of hours per year. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

### Post-employment benefits

The organization maintains a defined-contribution pension plan. Contributions made by the organization are expensed as incurred.

# EAST METRO YOUTH SERVICES

## NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2014

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### **Use of estimates**

The preparation of these financial statements in conformity with generally accepted accounting principles requires management to make estimate 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. Examples of estimates are the useful life of assets and accrued liabilities. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant.

## **2. FINANCIAL INSTRUMENTS**

The organization's financial instruments consist of cash and cash equivalents, accounts receivable, government grants and rebates receivable, accounts payable and accrued liabilities, and mortgages payable.

### **Fair value**

The carrying amounts for accounts receivable, government grants and rebates receivable, accounts payable and accrued liabilities on the balance sheet approximate their fair value because of the limited term of these instruments.

Mortgages payable are carried at amortized cost.

### **Liquidity risk**

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The organization is exposed to this risk mainly in respect of its mortgages and accounts payable. The organization expects to meet obligations as they come due primarily from cash flow from operations.

### **Credit risk**

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The organization's main credit risk relates to its accounts receivable. The organization provides credit to other agencies and funders in the normal course of its operations. The organization's losses due to credit historically have been minimal.

Periodically, the organization assesses the collectibility of its accounts receivable and provides an allowance for doubtful accounts as appropriate. At March 31, 2014, the allowance for doubtful accounts was nil (nil in 2013).

### **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 not exposed to interest rate risk on its mortgages payable because they have fixed interest rates.

# EAST METRO YOUTH SERVICES

## NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2014

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### 3. CASH AND CASH EQUIVALENTS

Cash and cash equivalents are composed of amounts on deposit with a financial institution, petty cash and a guaranteed investment certificate.

### 4. CAPITAL ASSETS

Capital assets, recorded at cost, are as follows:

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>2014 Net</u>	<u>2013 Net</u>
Land	\$ 326,000		\$ 326,000	\$ 326,000
Buildings	680,995	\$ 462,535	218,460	230,597
Office and computer equipment	150,436	97,829	52,607	-
Vehicles	61,280	51,619	9,661	16,101
Group home furniture and equip.	<u>148,992</u>	<u>148,992</u>	<u>-</u>	<u>-</u>
	<u>\$ 1,367,703</u>	<u>\$ 760,975</u>	<u>\$ 606,728</u>	<u>\$ 572,698</u>

### 5. DEFERRED GRANT REVENUE

Continuity of deferred grant revenue for the year is as follows:

	<u>2014</u>	<u>2013</u>
Deferred grant revenue, beginning of year	\$ 399,071	\$ 252,408
Add amounts received during the year	9,740,755	9,476,075
Less amounts recognized as revenue during the year	<u>(9,902,311)</u>	<u>(9,329,412)</u>
Deferred grant revenue, end of year	<u>\$ 237,515</u>	<u>\$ 399,071</u>

### 6. DONATION FUND

The donation fund is composed of unspent donations which are restricted for specific purposes or programs. The continuity of the donation fund for the year is as follows:

	<u>2014</u>	<u>2013</u>
Donation fund balance, beginning of year	\$ 104,097	\$ 101,597
Donations and net fundraising revenue received in year	10,031	12,680
Less amounts recognized as revenue during the year	<u>(30,367)</u>	<u>(10,180)</u>
Donation fund balance, end of year	<u>\$ 83,761</u>	<u>\$ 104,097</u>

# EAST METRO YOUTH SERVICES

## NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2014

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### 7. MORTGAGES PAYABLE

	<u>2014</u>	<u>2013</u>
The mortgage on the D'Arcy residence bears interest at 2.99% and is repayable at the rate of \$1,386 per month including principal and interest. The mortgage matures on May 1, 2017.	\$ 60,108	\$ 74,712
The mortgage on the Ellesmere residence bears interest at 3.30% and is repayable at the rate of \$1,385 per month including principal and interest. The mortgage matures on November 1, 2017.	<u>181,148</u>	<u>191,647</u>
	241,256	266,359
less current portion	<u>(25,897)</u>	<u>(25,103)</u>
	<u>\$ 215,359</u>	<u>\$ 241,256</u>

Principal payments due in the next five years are approximately as follows:

March 31, 2015	\$ 25,897
2016	26,711
2017	27,551
2018	<u>161,097</u>
	<u>\$ 241,256</u>

### 8. DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions represent externally restricted grants and other funding received for the purchase of capital assets. The amortization of deferred capital contributions is over the same terms and on the same basis as the related capital assets, and is recorded as revenue in the statement of operations.

	<u>2014</u>	<u>2013</u>
Deferred capital contributions, beginning of year	\$ 73,164	\$ 77,015
Less amortization of deferred capital contributions	<u>(3,658)</u>	<u>(3,851)</u>
Deferred capital contributions, end of year	<u>\$ 69,506</u>	<u>\$ 73,164</u>

# EAST METRO YOUTH SERVICES

## NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2014

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### 9. LEASE COMMITMENTS

The organization leases premises at 1200 Markham Road. The future minimum annual lease payments, exclusive of lease inducements, operating costs and HST, are as follows:

March 31, 2015	\$ 140,175
2016	140,175
2017	140,175
2018	140,175
2019	<u>58,406</u>
	<u>\$ 619,106</u>

### 10. POST-EMPLOYMENT BENEFITS

Contributions to the defined contribution pension plan are generally based on the employee's age and/or years of service. Contributions of \$360,530 (\$364,035 in 2013) were made during the year. The employer's portion of these contributions of \$245,030 (\$249,206 in 2013) is included in the salaries and benefits expense line in the statement of operations.

### 11. SUBSEQUENT EVENT

Subsequent to year end, the Ellesmere residential program was cancelled and the property was sold.