



Financial Statements

East Metro Youth Services

March 31, 2016

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Independent Auditor's Report

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To the Board of Directors of
East Metro Youth Services

We have audited the accompanying financial statements of East Metro Youth Services, which comprise the statement of financial position as at March 31, 2016, and the statements of operations, changes in net assets, 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 audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of East Metro Youth Services as at March 31, 2016, and its financial performance and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Grant Thornton LLP

Toronto, Canada
June 21, 2016

Chartered Professional Accountants
Licensed Public Accountants

East Metro Youth Services Statement of Operations

Year ended March 31

	2016	2015
	(see schedule)	
Revenue		
Ministry of Children and Youth Services	\$ 8,370,421	\$ 7,147,762
Special programs funding	608,608	890,355
Gain on sale of capital assets	429,235	498,105
Other revenue	330,880	1,043,901
Ministry of Public Safety and Emergency Preparedness	293,976	197,628
City of Toronto	101,226	51,464
Parental contributions	77,350	97,355
Interest	<u>26,683</u>	<u>14,294</u>
	<u>10,238,379</u>	<u>9,940,864</u>
Expenses		
Salaries	5,870,052	6,301,536
Benefits (note 9)	998,149	1,035,631
Occupancy and mortgage interest (note 7)	423,914	386,812
Staff training	401,053	78,330
Contracted-out IT services	344,010	165,016
Other services	304,397	254,989
Professional services	229,850	123,729
Administration	211,779	260,006
Purchased client services	181,005	270,586
Other supplies and equipment	171,202	204,629
IT – supplies and equipment	161,496	92,262
Travel	158,002	138,805
Advertising and promotion	95,683	16,813
Communication	93,341	76,345
Repairs and maintenance – services	37,508	101,796
Insurance	36,580	37,135
Repairs and maintenance – supplies	27,377	14,129
Utilities	24,197	32,151
Amortization	<u>9,559</u>	<u>15,107</u>
	<u>9,779,154</u>	<u>9,605,807</u>
Excess of revenue over expenses	<u>\$ 459,225</u>	<u>\$ 335,057</u>

East Metro Youth Services

Statement of Changes in Net Assets

Year ended March 31

	Unrestricted	Invested in capital assets	Total 2016	Total 2015
Net assets, beginning of year	\$ 811,504	\$ 240,762	\$ 1,052,266	\$ 717,209
Excess of revenue over expenses	21,178	438,047	459,225	335,057
Purchase of capital assets	(859,794)	859,794	-	-
Funding received for capital asset purchases	859,794	(859,794)	-	-
Proceeds on disposal of capital assets	582,871	(582,871)	-	-
Mortgage principal repayments	(4,827)	4,827	-	-
Discharge of mortgage	(41,322)	41,322	-	-
Net assets, end of year	<u>\$ 1,369,404</u>	<u>\$ 142,087</u>	<u>\$ 1,511,491</u>	<u>\$ 1,052,266</u>

See accompanying notes to the financial statements.

East Metro Youth Services Statement of Financial Position

March 31

2016

2015

Assets

Current

Cash and cash equivalents	\$ 2,826,203	\$ 1,530,939
Accounts receivable	225,766	146,146
Government grants and rebates receivable	343,576	243,757
Prepaid expenses	<u>48,264</u>	<u>49,538</u>

3,443,809 1,970,380

Capital assets (note 4)

1,001,881 305,282

\$ 4,445,690 \$ 2,275,662

Liabilities

Current

Accounts payable and accrued liabilities	\$ 1,303,718	\$ 810,111
Deferred grant revenue (note 5)	688,591	266,669
Donation fund (note 6)	82,096	82,096
Current portion of mortgage payable (note 7)	<u>-</u>	<u>14,934</u>

2,074,405 1,173,810

Mortgage payable (note 7)

- 31,215

Deferred capital contributions (note 8)

859,794 18,371

2,934,199 1,223,396

Net assets

Invested in capital assets

142,087 240,762

Unrestricted

1,369,404 811,504

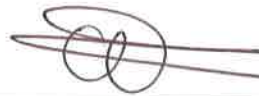
1,511,491 1,052,266

\$ 4,445,690 \$ 2,275,662

On behalf of the Board of Directors



Director



Director

East Metro Youth Services Statement of Cash Flows

Year ended March 31

2016

2015

Increase (decrease) in cash and cash equivalents

Operating

Excess of revenue over expenses for the year	\$ 459,225	\$ 335,057
Non-cash items		
Write-off of deferred capital contributions	(18,371)	(51,135)
Amortization	9,559	15,107
Gain on sale of capital assets	(429,235)	(498,105)
	<u>21,178</u>	<u>(199,076)</u>
Change in non-cash working capital items		
Accounts receivable	(79,620)	85,597
Government grants and rebates receivable	(99,819)	59,037
Prepaid expenses	1,274	(18,967)
Accounts payable and accrued liabilities	493,607	(287,619)
Deferred grant revenue	421,922	29,154
Donation fund	-	(1,665)
	<u>758,542</u>	<u>(333,539)</u>

Financing

Mortgage principal repayments	(4,827)	(17,521)
Mortgage discharge	(41,322)	(177,586)
	<u>(46,149)</u>	<u>(195,107)</u>

Investing

Purchase of capital assets	(859,794)	-
Funding received for capital asset purchases	859,794	-
Proceeds on disposal of capital assets	582,871	784,444
	<u>582,871</u>	<u>784,444</u>

Increase in cash and cash equivalents

1,295,264 255,798

Cash and cash equivalents

Beginning of year 1,530,939 1,275,141

End of year \$ 2,826,203 \$ 1,530,939

Consisting of:

Cash	\$ 2,826,203	\$ 1,409,829
Term deposits with maturity dates to July 4, 2015 and Interest at 0.15%	-	121,110
	<u>\$ 2,826,203</u>	<u>\$ 1,530,939</u>

East Metro Youth Services

Notes to Financial Statements

March 31, 2016

1. Nature of operations

East Metro Youth Services (the "Organization") is a multi-service mental health centre, accredited by Canadian Centre for Accreditation (C.C.A), which has been serving young adults, zero 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; complex trauma counselling for children and youth who have been sexually exploited; mental health services for diverse communities; "strengthening families", an evidence based psycho-educational group for youth and their caregivers who are at risk to be in conflict with the law; day treatment programs operated in partnership with the Toronto District School Board; two 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; 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.

2. Summary of significant accounting policies

The financial statements are prepared by management in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO), the more significant of which are outlined below:

Revenue recognition

The Organization follows the deferral method of accounting for revenue, whereby restricted sources of revenue (grants and contributions) are recognized as revenue in the year in which the related expenses are incurred.

Revenue received for the purchase of capital assets is deferred and amortized over the useful lives of the related capital assets so that revenue recognition corresponds with the related amortization expense.

Any funding for operations not approved for deferral that is unspent during the year is to be repaid to the respective funder and is included in accounts payable.

Fee for service revenue (residential revenue) is included in other revenue and special programs revenue, and is recognized as revenue in the period in which the related service has occurred.

East Metro Youth Services

Notes to Financial Statements

March 31, 2016

2. Summary of significant accounting policies (continued)

Donated 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.

Cash and cash equivalents

Cash and cash equivalents include cash on deposit, petty cash, and Guaranteed Investment Certificates (GIC's) with maturities of less than 90 days and those which can be converted to cash without penalty.

Capital assets

Capital assets are recorded at cost and are amortized 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 -5 years 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 ("MCYS") if the restrictive covenants are contravened.

Pension plan

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

Allocations of expenses

The Organization incurs general support expenses including human resources, occupancy, information technology, travel, office and staff training expenses that are in common to the administration of each of its programs. The Organization allocates its general support expenses to each program based on the signed contracts with the respective funder.

The details of the allocation of the expenses are included in the Schedule. The basis of expense allocation is consistent with the prior year.

East Metro Youth Services

Notes to Financial Statements

March 31, 2016

2. Summary of significant accounting policies (continued)

Financial instruments

The Organization considers any contract creating a financial asset, liability, or equity instrument as a financial instrument, except in limited circumstances. The Organization accounts for the following as financial instruments:

- cash and cash equivalents
- accounts receivable
- government grants and rebates receivable
- accounts payable
- mortgage payable

Financial assets or liabilities obtained in arm's length transactions are initially measured at their fair value and are subsequently measured at amortized cost.

3. Economic dependence

The Organization is dependent upon the MCYS for the majority of its funding.

4. Capital assets

			<u>2016</u>	<u>2015</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Land	\$ 100,000	\$ -	\$ 100,000	\$ 190,000
Buildings	767,120	252,057	515,063	64,715
Office and computer equipment	495,168	108,350	386,818	47,346
Vehicles	61,280	61,280	-	3,221
Group home furniture and equipment	148,992	148,992	-	-
	<u>\$ 1,572,560</u>	<u>\$ 570,679</u>	<u>\$ 1,001,881</u>	<u>\$ 305,282</u>

Included in buildings and office and computer equipment is \$515,063 (2015 - \$Nil) and \$344,732 (2015 - \$Nil), respectively, of assets that are not in use.

East Metro Youth Services Notes to Financial Statements

March 31, 2016

5. Deferred grant revenue

	2016	2015
Balance, beginning of year	\$ 266,669	\$ 237,515
Funding received	10,181,636	8,690,678
Less: revenue recognized	(9,759,714)	(8,661,524)
Balance, end of year	\$ 688,591	\$ 266,669

6. Donation fund

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

	2016	2015
Balance, beginning of year	\$ 82,096	\$ 83,761
Donations received	4,729	11,805
Less: revenue recognized	(4,729)	(13,470)
Balance, end of year	\$ 82,096	\$ 82,096

7. Mortgage payable

	2016	2015
The mortgage on the D'Arcy residence bears interest at 2.99%, is repayable at the rate of \$1,386 per month including principal and interest, and is secured by the residence. The mortgage matures on May 1, 2017.	\$ -	\$ 46,149
Less: current portion	-	(14,934)
	\$ -	\$ 31,215

The mortgage was repaid during the year.

Interest incurred on the above debt during the year was \$1,181 (2015 - \$7,677).

East Metro Youth Services Notes to Financial Statements

March 31, 2016

8. Deferred capital contributions

	<u>2016</u>	<u>2015</u>
Deferred capital contributions, beginning of year	\$ 18,371	\$ 69,506
Funding received for capital asset purchases	859,794	-
Less: amortization of deferred capital contributions	-	-
Less: write-off of deferred capital contributions related to the disposal of capital assets	<u>(18,371)</u>	<u>(51,135)</u>
Deferred capital contributions, end of year	<u>\$ 859,794</u>	<u>\$ 18,371</u>

9. Pension plan

Contributions to the defined contribution pension plan are generally based on the employee's age and/or years of service. The Organization's contributions to the pension plan amounted to \$245,157 (2015 - \$247,072) and are included in benefits expense on the statement of operations.

10. Financial instruments

The Organization has a risk management framework to monitor, evaluate and manage the principal risks assumed with its financial instruments. The risks that arise from financial instruments include credit risk and liquidity risk. It is management's opinion that the Organization is not exposed to significant currency, interest rate, or market risks arising from its financial instruments. There were no changes in risks from prior year.

Credit risk

Credit risk is the risk one party to a financial instrument will cause a financial loss for the other party by failing to meet its funding obligation. This risk is mitigated by the Organization through ensuring revenue is derived from qualified sources. The allowance for doubtful accounts in relation to accounts receivable is \$Nil (2015 - \$Nil).

Liquidity risk

Liquidity risk is the risk the Organization will encounter difficulty in meeting the obligations associated with its financial liabilities. The Organization is exposed to this risk mainly in respect of its accounts payable. The Organization reduces its exposure to liquidity risk by ensuring that it documents when authorized payments become due and maintaining adequate cash reserves to repay creditors.

East Metro Youth Services Notes to Financial Statements

March 31, 2016

11. Commitments

The Organization has leases for premises, which expires on June 30, 2021. The future minimum annual lease payments, exclusive of lease inducements, operating costs and HST, are as follows:

2017	\$	185,319
2018		200,367
2019		125,990
2020		63,360
2021		63,360
Thereafter		<u>21,120</u>
	\$	<u>659,516</u>

12. Comparative figures

Comparative figures have been adjusted to conform to changes in the current year presentation.

East Metro Youth Services Schedule to Financial Statements

March 31, 2016

Schedule of Revenue and Expenses

Schedule 1

	MCYS	Special programs	NCPC	Di'arcy	2016	2015
Revenue						
Ministry of Children and Youth Services	\$ 8,370,421	\$ -	\$ -	\$ -	\$ 8,370,421	\$ 7,147,762
Special programs funding	-	608,608	-	-	608,608	890,355
Gain on sale of capital assets	-	-	-	429,235	429,235	498,105
Other revenue	127,776	180,357	-	22,747	330,880	1,043,901
Ministry of Public Safety and Emergency Preparedness	-	-	293,976	-	293,976	197,628
City of Toronto	15,399	101,226	-	-	101,226	51,464
Parental contributions	26,683	61,951	-	-	77,350	97,355
Interest	-	-	-	-	26,683	14,294
	<u>8,540,279</u>	<u>952,142</u>	<u>293,976</u>	<u>451,982</u>	<u>10,238,379</u>	<u>9,940,864</u>
Expenses						
Salaries	5,226,625	493,912	148,049	1,466	5,870,052	6,301,536
Benefits	907,067	67,536	22,925	621	998,149	1,035,631
Occupancy and mortgage interest	339,901	80,832	2,000	1,181	423,914	386,812
Staff training	389,955	5,949	5,084	65	401,053	78,330
Contracted-out IT services	332,312	8,284	2,538	876	344,010	165,016
Other services	216,816	68,617	17,411	1,553	304,397	254,989
Professional services	199,770	4,000	24,637	1,443	229,850	123,729
Administration	127,264	49,812	34,703	-	211,779	260,006
Purchased client services	119,538	59,367	-	2,100	181,005	270,586
Other supplies and equipment	133,169	14,677	22,104	1,252	171,202	204,629
IT - supplies and equipment	144,008	17,488	-	-	161,496	92,262
Travel	128,977	21,057	7,750	218	158,002	138,805
Advertising and promotion	87,512	2,222	5,949	-	95,683	16,813
Communication	64,006	27,093	826	1,416	93,341	76,345
Repairs and maintenance - services	33,421	2,789	-	1,298	37,508	101,796
Insurance	36,580	-	-	-	36,580	37,135
Repairs and maintenance - supplies	27,107	161	-	109	27,377	14,129
Utilities	18,844	2,614	-	2,739	24,197	32,151
Amortization	7,407	-	-	2,152	9,559	15,107
	<u>8,540,279</u>	<u>926,410</u>	<u>293,976</u>	<u>18,489</u>	<u>9,779,154</u>	<u>9,605,807</u>
	\$ -	\$ 25,732	\$ -	\$ 433,493	\$ 459,225	\$ 335,057