



Financial Statements

East Metro Youth Services

March 31, 2017

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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, 2017, 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, 2017, 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 20, 2017

Chartered Professional Accountants
Licensed Public Accountants

East Metro Youth Services

Statement of Operations

Year ended March 31

	2017	2016
	(see schedule)	
Revenue		
Ministry of Children and Youth Services	\$ 9,141,152	\$ 8,370,421
Special programs funding	1,126,436	608,608
Other revenue	387,214	330,880
Ministry of Public Safety and Emergency Preparedness	312,024	293,976
Parental contributions	104,407	77,350
City of Toronto	101,262	101,226
Interest	31,565	26,683
Gain on sale of capital assets	-	429,235
	<u>11,204,060</u>	<u>10,238,379</u>
Expenses		
Salaries	6,857,640	5,870,052
Benefits (Note 8)	1,097,450	998,149
Occupancy	513,097	423,914
Other services	310,203	304,397
Professional services	307,107	229,850
Administration	293,652	211,779
Contracted-out IT services	225,413	344,010
Amortization	220,926	9,559
Staff training	209,728	401,053
IT – supplies and equipment	201,397	161,496
Purchased client services	192,083	181,005
Other supplies and equipment	184,658	171,202
Travel	181,540	158,002
Advertising and promotion	137,971	95,683
Repairs and maintenance – services	124,452	37,508
Communication	80,706	93,341
Insurance	35,886	36,580
Utilities	22,511	24,197
Repairs and maintenance – supplies	7,640	27,377
	<u>11,204,060</u>	<u>9,779,154</u>
Excess of revenue over expenses	<u>\$ -</u>	<u>\$ 459,225</u>

East Metro Youth Services

Statement of Changes in Net Assets

Year ended March 31

	Unrestricted	Invested in capital assets	Total 2017	Total 2016
Net assets, beginning of year	\$ 1,369,404	\$ 142,087	\$ 1,511,491	\$ 1,052,266
Excess (deficiency) of revenue over expenses	5,261	(5,261)	-	459,225
Purchase of capital assets	(632,552)	632,552	-	-
Funding received for capital asset purchases	<u>632,552</u>	<u>(632,552)</u>	<u>-</u>	<u>-</u>
Net assets, end of year	<u>\$ 1,374,665</u>	<u>\$ 136,826</u>	<u>\$ 1,511,491</u>	<u>\$ 1,511,491</u>

East Metro Youth Services Statement of Financial Position

March 31

2017

2016

Assets

Current

Cash	\$ 2,698,842	\$ 2,826,203
Accounts receivable	158,356	225,766
Government grants and rebates receivable	510,608	343,576
Prepaid expenses	<u>52,701</u>	<u>48,264</u>
	3,420,507	3,443,809

Capital assets (Note 4)	<u>1,413,507</u>	<u>1,001,881</u>
	\$ 4,834,014	\$ 4,445,690

Liabilities

Current

Accounts payable and accrued liabilities	\$ 1,017,431	\$ 1,303,718
Deferred grant revenue (Note 5)	946,315	688,591
Donation fund (Note 6)	<u>82,096</u>	<u>82,096</u>
	2,045,842	2,074,405

Deferred capital contributions (Note 7)	<u>1,276,681</u>	<u>859,794</u>
	3,322,523	2,934,199

Net assets

Invested in capital assets	136,826	142,087
Unrestricted	<u>1,374,665</u>	<u>1,369,404</u>
	1,511,491	1,511,491
	\$ 4,834,014	\$ 4,445,690

On behalf of the Board of Directors



Director



Director

East Metro Youth Services

Statement of Cash Flows

Year ended March 31

2017

2016

Increase (decrease) in cash

Operating

Excess of revenue over expenses	\$ -	\$ 459,225
Non-cash items		
Write-off of deferred capital contributions	-	(18,371)
Amortization of deferred capital contributions	(215,665)	-
Amortization of capital assets	220,926	9,559
Gain on sale of capital assets	-	(429,235)

5,261 21,178

Change in non-cash working capital items

Accounts receivable	67,410	(79,620)
Government grants and rebates receivable	(167,032)	(99,819)
Prepaid expenses	(4,437)	1,274
Accounts payable and accrued liabilities	(286,287)	493,607
Deferred grant revenue	257,724	421,922

(127,361) 758,542

Financing

Mortgage principal repayments	-	(4,827)
Mortgage discharge	-	(41,322)

- (46,149)

Investing

Purchase of capital assets	(632,552)	(859,794)
Funding received for capital asset purchases	632,552	859,794
Proceeds on disposal of capital assets	-	582,871

- 582,871

(Decrease) increase in cash

(127,361) 1,295,264

Cash

 Beginning of year 2,826,203 1,530,939

 End of year \$ 2,698,842 \$ 2,826,203

East Metro Youth Services

Notes to the Financial Statements

March 31, 2017

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; one residential treatment program; 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 policies 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 fiscal year in which the related expenses are incurred.

Revenue received for the purchase of capital assets is deferred and amortized over the useful life 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 fiscal year is to be repaid to the respective funder and is included in accounts payable.

Fee for service revenue is included in other revenue, and is recognized as revenue in the period in which the related service has occurred.

East Metro Youth Services

Notes to the Financial Statements

March 31, 2017

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.

Capital assets

Capital assets are recorded at cost and are amortized as follows:

Buildings	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 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 fiscal year.

Financial instruments

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

- cash
- accounts receivable
- government grants and rebates receivable
- accounts 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.

East Metro Youth Services

Notes to the Financial Statements

March 31, 2017

3. Economic dependence

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

4. Capital assets

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>2017 Net Book Value</u>	<u>2016 Net Book Value</u>
Land	\$ 100,000	\$ -	\$ 100,000	\$ 100,000
Buildings	1,026,105	355,069	671,036	515,063
Office and computer equipment	868,735	226,264	642,471	386,818
Vehicles	61,280	61,280	-	-
Group home furniture and equipment	148,992	148,992	-	-
	<u>\$ 2,205,112</u>	<u>\$ 791,605</u>	<u>\$ 1,413,507</u>	<u>\$ 1,001,881</u>

Included in buildings and office and computer equipment is \$258,985 (2016 - \$515,063) and \$373,567 (2016 - \$344,732), respectively, of assets that are not in use and accordingly, amortization has not commenced.

5. Deferred grant revenue

	<u>2017</u>	<u>2016</u>
Balance, beginning of year	\$ 688,591	\$ 266,669
Funding received	11,430,219	10,181,636
Less: revenue recognized	(11,172,495)	(9,759,714)
Balance, end of year	<u>\$ 946,315</u>	<u>\$ 688,591</u>

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 fiscal year is as follows:

	<u>2017</u>	<u>2016</u>
Balance, beginning of year	\$ 82,096	\$ 82,096
Donations received	4,867	4,729
Less: revenue recognized	(4,867)	(4,729)
Balance, end of year	<u>\$ 82,096</u>	<u>\$ 82,096</u>

East Metro Youth Services

Notes to the Financial Statements

March 31, 2017

7. Deferred capital contributions

	<u>2017</u>	<u>2016</u>
Deferred capital contributions, beginning of year	\$ 859,794	\$ 18,371
Funding received for capital asset purchases	632,552	859,794
Less: amortization of deferred capital contributions	(215,665)	-
Less: write-off of deferred capital contributions related to the disposal of capital assets	<u>-</u>	<u>(18,371)</u>
Deferred capital contributions, end of year	<u>\$ 1,276,681</u>	<u>\$ 859,794</u>

8. 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 \$264,834 (2016 - \$245,157) and are included in benefits expense on the statement of operations.

9. 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 the prior fiscal 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 (2016 - \$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 the Financial Statements

March 31, 2017

10. Commitments

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

2018	\$ 222,135
2019	233,223
2020	219,504
2021	228,482
2022	<u>63,885</u>
	<u>\$ 967,229</u>

East Metro Youth Services Schedule to the Financial Statements

March 31, 2017

	MCYS	Special programs	Public Safety Canada	2017	2016
Schedule 1					
Schedule of Revenue and Expenses					
Revenue					
Ministry of Children and Youth Services	\$ 9,141,152	\$ -	\$ -	\$ 9,141,152	\$ 8,370,421
Special programs funding	-	1,126,436	-	1,126,436	608,608
Other revenue	218,742	168,472	-	387,214	330,880
Ministry of Public Safety and Emergency Preparedness	-	-	312,024	312,024	293,976
Parental contributions	14,907	89,500	-	104,407	77,350
City of Toronto	-	101,262	-	101,262	101,226
Interest	31,565	-	-	31,565	26,683
Gain on sale of capital assets	-	-	-	-	429,235
	<u>9,406,366</u>	<u>1,485,670</u>	<u>312,024</u>	<u>11,204,060</u>	<u>10,238,379</u>
Expenses					
Salaries	5,907,282	818,531	131,827	6,857,640	5,870,052
Benefits	997,050	87,519	12,881	1,097,450	998,149
Occupancy	420,449	92,648	-	513,097	423,914
Other services	214,990	67,565	27,648	310,203	304,397
Professional services	207,466	44,772	54,869	307,107	229,850
Administration	131,132	123,700	38,820	293,652	211,779
Contracted-out IT services	196,446	28,967	-	225,413	344,010
Amortization	220,926	-	-	220,926	9,559
Staff training	194,642	9,585	5,501	209,728	401,053
IT – supplies and equipment	172,123	29,061	213	201,397	161,496
Purchased client services	176,088	15,995	-	192,083	181,005
Other supplies and equipment	140,365	17,328	26,965	184,658	171,202
Travel	142,479	26,912	12,149	181,540	158,002
Advertising and promotion	137,137	834	-	137,971	95,683
Repairs and maintenance – services	22,278	102,174	-	124,452	37,508
Communication	63,450	16,105	1,151	80,706	93,341
Insurance	35,582	304	-	35,886	36,580
Utilities	20,439	2,072	-	22,511	24,197
Repairs and maintenance – supplies	6,042	1,598	-	7,640	27,377
	<u>9,406,366</u>	<u>1,485,670</u>	<u>312,024</u>	<u>11,204,060</u>	<u>9,779,154</u>
Excess of revenue over expenses	\$ -	\$ -	\$ -	\$ -	\$ 459,225