



Financial Statements

East Metro Youth Services

March 31, 2018

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## Independent Auditor's Report

Grant Thornton LLP  
11th Floor  
200 King Street West, Box 11  
Toronto, ON  
M5H 3T4  
T +1 416 366 0100  
F +1 416 360 4949  
[www.GrantThornton.ca](http://www.GrantThornton.ca)

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, 2018, 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, 2018, and its financial performance and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Toronto, Canada  
June 19, 2018

*Grant Thornton LLP*

Chartered Professional Accountants  
Licensed Public Accountants

## East Metro Youth Services Statement of Operations

Year ended March 31

	2018	2017
	(see schedule)	
Revenue		
Ministry of Children and Youth Services	\$ 10,086,702	\$ 9,141,152
Special programs funding	1,306,369	1,126,436
Ministry of Public Safety and Emergency Preparedness	332,747	312,024
Other revenue	200,881	387,214
Parental contributions	84,671	104,407
City of Toronto	48,667	101,262
Interest	35,136	31,565
	<u>12,095,173</u>	<u>11,204,060</u>
Expenses		
Salaries	7,390,859	6,857,640
Benefits (Note 8)	1,157,047	1,097,450
Occupancy	584,092	513,097
Amortization	406,106	220,926
Professional services	391,843	307,107
Other services	340,779	310,203
Administration	314,914	293,652
Staff training	233,061	209,728
Purchased client services	227,942	192,083
IT – supplies and equipment	204,315	201,397
Contracted-out IT services	199,779	225,413
Travel	175,416	181,540
Other supplies and equipment	158,160	184,658
Repairs and maintenance – supplies	72,695	7,640
Communication	67,360	80,706
Repairs and maintenance – services	63,949	124,452
Advertising and promotion	52,460	137,971
Insurance	35,316	35,886
Utilities	19,080	22,511
	<u>12,095,173</u>	<u>11,204,060</u>
Excess of revenue over expenses	<u>\$ -</u>	<u>\$ -</u>

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**East Metro Youth Services**  
**Statement of Changes in Net Assets**

Year ended March 31

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	Unrestricted	Invested in capital assets	<b>Total 2018</b>	Total 2017
Net assets, beginning of year	\$ 1,374,665	\$ 136,826	\$ 1,511,491	\$ 1,511,491
Excess (deficiency) of revenue over expenses	5,261	(5,261)	-	-
Purchase of capital assets	602,041	(602,041)	-	-
Funding received for capital asset purchases	<u>(602,041)</u>	<u>602,041</u>	<u>-</u>	<u>-</u>
<b>Net assets, end of year</b>	<b><u>\$ 1,379,926</u></b>	<b><u>\$ 131,565</u></b>	<b><u>\$ 1,511,491</u></b>	<b><u>\$ 1,511,491</u></b>

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# East Metro Youth Services Statement of Financial Position

March 31

2018

2017

## Assets

### Current

Cash	\$ 3,262,358	\$ 2,698,842
Accounts receivable	380,889	158,356
Government grants and rebates receivable	230,316	510,608
Prepaid expenses	<u>68,232</u>	<u>52,701</u>

3,941,795 3,420,507

Capital assets (Note 4)

1,609,442 1,413,507

\$ 5,551,237 \$ 4,834,014

## Liabilities

### Current

Accounts payable and accrued liabilities	\$ 1,413,180	\$ 1,017,431
Due to Ministry of Children and Youth Services	92,957	-
Deferred grant revenue (Note 5)	971,865	946,315
Deferred donations (Note 6)	<u>83,867</u>	<u>82,096</u>

2,561,869 2,045,842

Deferred capital contributions (Note 7)

1,477,877 1,276,681

4,039,746 3,322,523

## Net assets

Invested in capital assets	131,565	136,826
Unrestricted	<u>1,379,926</u>	<u>1,374,665</u>

1,511,491 1,511,491

\$ 5,551,237 \$ 4,834,014

On behalf of the Board of Directors



Director



Director

# East Metro Youth Services

## Statement of Cash Flows

Year ended March 31

2018

2017

Increase (decrease) in cash

### Operating

Excess of revenue over expenses	\$ -	\$ -
Non-cash items		
Amortization of deferred capital contributions	(400,845)	(215,665)
Amortization of capital assets	<u>406,106</u>	<u>220,926</u>
	5,261	5,261
Change in non-cash working capital items		
Accounts receivable	(222,533)	67,410
Government grants and rebates receivable	280,292	(167,032)
Prepaid expenses	(15,531)	(4,437)
Accounts payable and accrued liabilities	395,749	(286,287)
Deferred grant revenue	118,507	257,724
Donation fund	<u>1,771</u>	<u>-</u>
	<u>563,516</u>	<u>(127,361)</u>

### Investing

Purchase of capital assets	(602,041)	(632,552)
Funding received for capital asset purchases	<u>602,041</u>	<u>632,552</u>
	<u>-</u>	<u>-</u>

Increase (decrease) in cash

563,516 (127,361)

### Cash

Beginning of year	<u>2,698,842</u>	<u>2,826,203</u>
End of year	<u>\$ 3,262,358</u>	<u>\$ 2,698,842</u>



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# **East Metro Youth Services**

## **Notes to the Financial Statements**

March 31, 2018

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### **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.

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### **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.

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# East Metro Youth Services

## Notes to the Financial Statements

March 31, 2018

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### 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 IT infrastructure	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.

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## East Metro Youth Services

### Notes to the Financial Statements

March 31, 2018

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#### 3. Economic dependence

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

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#### 4. Capital assets

			<u>2018</u>	<u>2017</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Land	\$ 100,000	\$ -	\$ 100,000	\$ 100,000
Buildings	1,103,973	516,481	587,492	671,036
Office and IT infrastructure	1,392,908	470,958	921,950	642,471
Vehicles	61,280	61,280	-	-
Group home furniture and equipment	<u>148,992</u>	<u>148,992</u>	<u>-</u>	<u>-</u>
	<u>\$ 2,807,153</u>	<u>\$ 1,197,711</u>	<u>\$ 1,609,442</u>	<u>\$ 1,413,507</u>

Included in buildings and office and IT infrastructure is \$77,868 (2017 - \$258,985) and \$524,173 (2017 - \$373,567), respectively, of assets that are not in use and accordingly, amortization has not commenced.

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#### 5. Deferred grant revenue

	<u>2018</u>	<u>2017</u>
Balance, beginning of year	\$ 946,315	\$ 688,591
Funding received	11,681,063	11,214,554
Less: revenue recognized	<u>(11,655,513)</u>	<u>(10,956,830)</u>
Balance, end of year	<u>\$ 971,865</u>	<u>\$ 946,315</u>

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#### 6. Deferred donations

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

	<u>2018</u>	<u>2017</u>
Balance, beginning of year	\$ 82,096	\$ 82,096
Donations received	5,450	4,867
Less: revenue recognized	<u>(3,679)</u>	<u>(4,867)</u>
Balance, end of year	<u>\$ 83,867</u>	<u>\$ 82,096</u>

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## East Metro Youth Services Notes to the Financial Statements

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March 31, 2018

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### 7. Deferred capital contributions

	<u>2018</u>	<u>2017</u>
Deferred capital contributions, beginning of year	\$ 1,276,681	\$ 859,794
Funding received for capital asset purchases	602,041	632,552
Less: amortization of deferred capital contributions	<u>(400,845)</u>	<u>(215,665)</u>
Deferred capital contributions, end of year	<u>\$ 1,477,877</u>	<u>\$ 1,276,681</u>

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### 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 \$276,143 (2017 - \$264,834) and are included in benefits expense on the statement of operations.

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### 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 these 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 (2017 - \$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.

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## East Metro Youth Services

### Notes to the Financial Statements

March 31, 2018

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#### 10. Commitments

The Organization has leases for premises, which expires on fiscal 2022. The future minimum annual lease payments, exclusive of operating costs and HST, are as follows:

2019	\$ 224,700
2020	226,100
2021	237,100
2022	<u>60,800</u>
	<u>\$ 748,700</u>

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#### 11. Comparative figures

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

## East Metro Youth Services Schedule to the Financial Statements

March 31, 2018

### Schedule of Revenue and Expenses

Schedule 1

	MCYS	Special programs	Public Safety Canada	2018	2017
<b>Revenue</b>					
Ministry of Children and Youth Services	\$ 10,086,702	\$ -	\$ -	\$ 10,086,702	\$ 9,141,152
Special programs funding	65,394	1,240,975	-	1,306,369	1,126,436
Ministry of Public Safety and Emergency Preparedness	-	-	332,747	332,747	312,024
Other revenue	180,932	19,949	-	200,881	387,214
Parental contributions	14,789	69,882	-	84,671	104,407
City of Toronto	-	48,667	-	48,667	101,262
Interest	35,136	-	-	35,136	31,565
	<u>10,382,953</u>	<u>1,379,473</u>	<u>332,747</u>	<u>12,095,173</u>	<u>11,204,060</u>
<b>Expenses</b>					
Salaries	6,355,812	884,149	150,898	7,390,859	6,857,640
Benefits	1,044,964	99,944	12,139	1,157,047	1,097,450
Occupancy	506,823	75,772	1,497	584,092	513,097
Amortization	406,106	-	-	406,106	220,926
Professional services	342,203	1,780	47,860	391,843	307,107
Other services	229,929	91,520	19,330	340,779	310,203
Administration	145,132	130,595	39,187	314,914	293,652
Staff training	223,658	5,232	4,171	233,061	209,728
Purchased client services	227,032	910	-	227,942	192,083
IT - supplies and equipment	182,012	14,964	7,339	204,315	201,397
Contracted-out IT services	184,721	13,459	1,599	199,779	225,413
Travel	136,122	22,061	17,233	175,416	181,540
Other supplies and equipment	107,655	19,904	30,601	158,160	184,658
Repairs and maintenance – supplies	72,695	-	-	72,695	7,640
Communication	59,935	6,532	893	67,360	80,706
Repairs and maintenance – services	52,450	11,499	-	63,949	124,452
Advertising and promotion	51,308	1,152	-	52,460	137,971
Insurance	35,316	-	-	35,316	35,886
Utilities	19,080	-	-	19,080	22,511
	<u>10,382,953</u>	<u>1,379,473</u>	<u>332,747</u>	<u>12,095,173</u>	<u>11,204,060</u>
Excess of revenue over expenses	\$ -	\$ -	\$ -	\$ -	\$ -