
EAST METRO YOUTH SERVICES

FINANCIAL STATEMENTS

MARCH 31, 2011

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, 2011 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 generally accepted accounting principles 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 donation and fundraising revenue, 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 effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of donation and fundraising revenue, the financial statements present fairly, in all material respects, the financial position of East Metro Youth Services as at March 31, 2011, and its financial performance and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Cowperthwaite Mehta

Chartered Accountants
Licensed Public Accountants

June 10, 2011
Toronto, Ontario

EAST METRO YOUTH SERVICES

BALANCE SHEET

AS AT MARCH 31, 2011

	2011	2010
ASSETS		
Current assets		
Cash and cash equivalents	\$ 904,001	\$ 871,648
Accounts receivable	496,726	414,648
Prepaid expenses	<u>31,396</u>	<u>31,396</u>
	1,432,123	1,317,692
Capital assets (note 4)	<u>581,510</u>	<u>609,511</u>
	<u>\$ 2,013,633</u>	<u>\$ 1,927,203</u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued liabilities	\$ 587,870	\$ 434,990
Deferred grant revenue (note 5)	212,724	245,441
Donation fund (note 6)	116,001	122,753
Current portion of mortgages payable (note 7)	<u>20,819</u>	<u>19,091</u>
	<u>937,414</u>	<u>822,275</u>
Long-term liabilities		
Mortgages payable (note 7)	289,152	310,687
Deferred capital contributions (note 8)	<u>81,068</u>	<u>96,831</u>
	<u>370,220</u>	<u>407,518</u>
Net assets		
Invested in capital assets	190,471	182,901
Unrestricted	<u>515,528</u>	<u>514,509</u>
	<u>705,999</u>	<u>697,410</u>
	<u>\$ 2,013,633</u>	<u>\$ 1,927,203</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, 2011

			2011	2010
	<u>Unrestricted</u>	<u>Invested in Capital assets</u>	<u>Total</u>	<u>Total</u>
Net assets, beginning of year	\$ 514,509	\$ 182,901	\$ 697,410	\$ 697,138
Excess of revenue over expenses	8,589		8,589	272
Amortization	27,999	(27,999)		
Amortization of deferred capital contributions	(15,763)	15,763		
Mortgage principal repayments	<u>(19,806)</u>	<u>19,806</u>	<u> </u>	<u> </u>
NET ASSETS, END OF YEAR	<u>\$ 515,528</u>	<u>\$ 190,471</u>	<u>\$ 705,999</u>	<u>\$ 697,410</u>

see accompanying notes

EAST METRO YOUTH SERVICES

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31, 2011

	2011	2010
	(See schedule)	
REVENUE		
Ministry of Children and Youth Services	\$ 5,737,165	\$ 5,379,773
Children's Aid Societies	1,549,910	1,496,551
Other program/special services funding	1,525,688	1,525,934
Other revenue (including donations)	81,446	302,194
Amortization of deferred capital contributions	15,763	22,522
Interest income	<u>4,536</u>	<u>2,057</u>
	<u>8,914,508</u>	<u>8,729,031</u>
EXPENSES		
Salaries and benefits	7,068,094	6,936,174
Rent	383,602	384,453
Consulting and professional fees	272,441	319,699
Program expenses	251,151	259,759
Repairs, maintenance and equipment	198,176	142,543
Training	121,568	49,275
Travel	115,099	105,692
Food	110,105	103,193
Supplies and other	106,025	109,471
Communication	64,336	68,636
Medical and personal needs	56,433	69,258
Meetings and promotion	47,950	36,806
Insurance	38,458	34,855
Utilities and property taxes	27,257	27,816
Mortgage interest	17,225	18,162
Amortization	<u>27,999</u>	<u>62,967</u>
	<u>8,905,919</u>	<u>8,728,759</u>
EXCESS OF REVENUE OVER EXPENSES	<u>\$ 8,589</u>	<u>\$ 272</u>

see accompanying notes

EAST METRO YOUTH SERVICES

SCHEDULE OF PROGRAM REVENUES AND EXPENSES

FOR THE YEAR ENDED MARCH 31, 2011

	Non-Residential	Day Treatment	Intensive Child & Family Services	Galloway After School Program	Whatever it Takes	Priority Access	Youth Outreach	Unusual Difficult Situational Services
REVENUE								
Ministry of Children and Youth Services	\$ 1,506,973	\$ 537,139	\$ 175,431	\$ 56,576	\$ 308,916	\$ 283,207	\$ 1,165,208	\$ 205,185
Children's Aid Societies	-	-	-	-	-	-	-	-
Other program/special services funding	-	-	-	-	-	-	-	-
Other revenue (including donations)	50,682	-	-	-	-	-	-	-
Amort of deferred capital contributions	11,496	-	-	-	-	-	-	-
Interest income	4,536	-	-	-	-	-	-	-
	<u>1,573,687</u>	<u>537,139</u>	<u>175,431</u>	<u>56,576</u>	<u>308,916</u>	<u>283,207</u>	<u>1,165,208</u>	<u>205,185</u>
EXPENSES								
Salaries and benefits	1,341,872	479,829	162,639	47,330	286,367	250,303	946,367	205,185
Rent	101,680	28,535	-	-	11,662	23,201	19,759	-
Consulting and professional fees	38,344	2,097	1,157	350	1,439	1,455	465	-
Program expenses	4,029	12,322	178	2,138	172	606	121,415	-
Repairs, maintenance and equipment	42,486	85	-	3,422	3,299	931	2,076	-
Training	26,682	5,076	309	358	815	322	15,636	-
Travel	26,237	949	3,424	269	3,689	2,150	24,766	-
Food	323	1,508	-	-	-	-	249	-
Supplies and other	65,024	1,241	81	275	244	326	11,806	-
Communication	17,320	1,256	1,671	278	776	1,496	20,054	-
Medical and personal needs	-	-	-	-	-	-	-	-
Meetings and promotion	26,157	1,337	282	422	845	1,126	1,324	-
Insurance	6,829	2,904	323	484	968	1,291	1,291	-
Utilities and property taxes	2,065	-	-	2,066	-	-	-	-
Mortgage interest	-	-	-	-	-	-	-	-
Administrative overhead	(135,892)	-	6,000	-	-	-	-	-
Amortization	10,913	-	-	-	-	-	-	-
	<u>1,574,069</u>	<u>537,139</u>	<u>176,064</u>	<u>57,392</u>	<u>310,276</u>	<u>283,207</u>	<u>1,165,208</u>	<u>205,185</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	<u>\$ (382)</u>	<u>\$ -</u>	<u>\$ (633)</u>	<u>\$ (816)</u>	<u>\$ (1,360)</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, 2011

	Aspergers Program	Residential Megan	Residential D'Arcy	Residential Ellesmere	Fiscal Funding	Special Programs	Total
REVENUE							
Ministry of Children and Youth Services	\$ 130,538	\$ 971,695	-	-	\$ 396,297	-	\$ 5,737,165
Children's Aid Societies	-	6,949	\$ 728,666	\$ 814,295	-	-	1,549,910
Other program/special services funding	-	-	-	-	-	\$ 1,525,688	1,525,688
Other revenue (including donations)	-	7,800	2,933	12,667	7,364	-	81,446
Amort of deferred capital contributions	-	-	1,128	3,139	-	-	15,763
Interest income	-	-	-	-	-	-	4,536
	<u>130,538</u>	<u>986,444</u>	<u>732,727</u>	<u>830,101</u>	<u>403,661</u>	<u>1,525,688</u>	<u>8,914,508</u>
EXPENSES							
Salaries and benefits	113,911	632,992	574,081	618,384	289,499	1,119,335	7,068,094
Rent	2,432	48,915	-	-	280	147,138	383,602
Consulting and professional fees	99	125,592	23,126	17,558	48,032	12,727	272,441
Program expenses	12,425	8,742	11,053	17,143	8,555	52,373	251,151
Repairs, maintenance and equipment	-	62,679	31,585	37,775	-	13,838	198,176
Training	96	6,817	2,323	3,555	35,913	23,666	121,568
Travel	323	15,371	12,252	12,586	216	12,867	115,099
Food	-	30,181	36,670	37,863	1,250	2,061	110,105
Supplies and other	275	12,690	552	1,284	-	12,227	106,025
Communication	-	8,323	4,631	3,524	-	5,007	64,336
Medical and personal needs	-	11,782	16,862	27,789	-	-	56,433
Meetings and promotion	353	9,925	900	283	74	4,922	47,950
Insurance	484	5,121	4,619	4,619	-	9,525	38,458
Utilities and property taxes	-	9,244	6,398	7,484	-	-	27,257
Mortgage interest	-	-	4,847	12,378	-	-	17,225
Administrative overhead	-	-	-	-	19,890	110,002	-
Amortization	-	3,638	4,194	9,254	-	-	27,999
	<u>130,398</u>	<u>992,012</u>	<u>734,093</u>	<u>811,479</u>	<u>403,709</u>	<u>1,525,688</u>	<u>8,905,919</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	<u>\$ 140</u>	<u>\$ (5,568)</u>	<u>\$ (1,366)</u>	<u>\$ 18,622</u>	<u>\$ (48)</u>	<u>\$ -</u>	<u>\$ 8,589</u>

see accompanying notes

EAST METRO YOUTH SERVICES

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2011

	2011	2010
CASH INFLOW (OUTFLOWS)		
OPERATING ACTIVITIES		
Excess of revenue over expenses for the year	\$ 8,589	\$ 272
Non-cash items		
Amortization of deferred capital contributions	(15,763)	(22,522)
Amortization	27,999	62,967
Net change in non-cash working capital items (below)	<u>31,334</u>	<u>(272,131)</u>
Cash provided from (used in) operations	<u>52,159</u>	<u>(231,414)</u>
INVESTING AND FINANCING ACTIVITIES		
Decrease in mortgages payable	<u>(19,806)</u>	<u>(33,018)</u>
Cash used in investing and financing activities	<u>(19,806)</u>	<u>(33,018)</u>
NET CASH ACTIVITY FOR THE YEAR	32,353	(264,432)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>871,648</u>	<u>1,136,080</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 904,001</u>	<u>\$ 871,648</u>
Net change in non-cash working capital items:		
Accounts receivable	\$ (82,078)	\$ 46,016
Accounts payable and accrued liabilities	152,881	(258,315)
Deferred grant revenue	(32,717)	(80,659)
Donation fund	<u>(6,752)</u>	<u>20,827</u>
	<u>\$ 31,334</u>	<u>\$ (272,131)</u>

see accompanying notes

EAST METRO YOUTH SERVICES

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2011

1. THE ORGANIZATION

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

The organization offers a continuum of mental health services including individual, family and group counselling; mental health services for the diverse community; 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 development 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. SIGNIFICANT ACCOUNTING POLICIES

The organization follows accounting principles generally accepted in Canada in preparing its financial statements. 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 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, 2011

Capital assets

Capital assets which cost less than \$2,500 are expensed in the year of acquisition. Capital assets which cost more than \$2,500 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.

Surplus repayment

As required by the Ministry of Children and Youth Services, any net surplus from various programs is repayable to the Ministry. In 2009, \$38,158 was repaid 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.

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. 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.

3. FINANCIAL INSTRUMENTS

The organization's financial instruments consist of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities, and mortgages payable. The carrying value of the mortgages payable approximates their fair value because they are at current interest rates. The fair value of the other financial instruments approximates their carrying values due to the relatively short periods to maturity of these items or because they are receivable or payable on demand.

Unless otherwise indicated, it is management's opinion that the organization is not subject to significant interest rate or credit risk arising from these financial instruments.

EAST METRO YOUTH SERVICES

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2011

4. CAPITAL ASSETS

Capital assets, recorded at cost, are as follows:

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>2011 Net</u>	<u>2010 Net</u>
Land	\$ 326,000		\$ 326,000	\$ 326,000
Buildings	680,995	\$ 425,485	255,510	268,958
Office and computer equipment	97,830	97,830	NIL	378
Group home furniture and equip.	148,992	148,992	NIL	2,894
Vehicles	<u>71,739</u>	<u>71,739</u>	<u>NIL</u>	<u>11,281</u>
	<u>\$ 1,325,556</u>	<u>\$ 744,046</u>	<u>\$ 581,510</u>	<u>\$ 609,511</u>

5. DEFERRED GRANT REVENUE

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

	<u>2011</u>	<u>2010</u>
Deferred grant revenue, beginning of year	\$ 245,441	\$ 326,100
Add amounts received during the year	8,780,046	8,321,599
Less amounts recognized as revenue during the year	<u>(8,812,763)</u>	<u>(8,402,258)</u>
Deferred grant revenue, end of year	<u>\$ 212,724</u>	<u>\$ 245,441</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>2011</u>	<u>2010</u>
Donation fund balance, beginning of year	\$ 122,753	\$ 101,926
Donations and net fundraising revenue received in year	16,542	60,901
Less amounts recognized as revenue during the year	<u>(23,294)</u>	<u>(40,074)</u>
Donation fund balance, end of year	<u>\$ 116,001</u>	<u>\$ 122,753</u>

EAST METRO YOUTH SERVICES

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2011

7. MORTGAGES PAYABLE

	<u>2011</u>	<u>2010</u>
The mortgage on the D'Arcy residence currently bears interest at 4.50% and is repayable at the rate of \$1,440 per month including principal and interest. The mortgage matured on May 1, 2011.	\$ 101,630	\$ 114,070
The mortgage on the Ellesmere residence currently bears interest at 5.90% and is repayable at the rate of \$1,736 per month including principal and interest. The mortgage matures on June 1, 2014.	<u>208,341</u>	<u>215,708</u>
	309,971	329,778
less current portion	<u>(20,819)</u>	<u>(19,091)</u>
	<u>\$ 289,152</u>	<u>\$ 310,687</u>

Subsequent to year end, the mortgage on the D'Arcy residence renewed at an interest rate of 3.40% for two years, repayable at the rate of \$1,375 per month including principal and interest. The principal repayments below reflect this renewal.

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

2012	\$ 20,819
2013	21,565
2014	82,925
2015	<u>184,662</u>
	<u>\$ 309,971</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 recorded as revenue in the statement of operations.

	<u>2011</u>	<u>2010</u>
Deferred capital contributions, beginning of year	\$ 96,831	\$ 119,353
Less amortization of deferred capital contributions	<u>(15,763)</u>	<u>(22,522)</u>
Deferred capital contributions, end of year	<u>\$ 81,068</u>	<u>\$ 96,831</u>

EAST METRO YOUTH SERVICES

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2011

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:

2012	\$ 122,752
2013	122,752
2014	132,916
2015	140,175
2016	140,175
Thereafter	<u>338,757</u>
	<u>\$ 997,527</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 \$385,095 (\$331,391 in 2010) were made during the year. The employer's portion of these contributions of \$220,998 (\$222,145 in 2010) is included in the salaries and benefits expense line in the statement of operations.

11. COMPARATIVE AMOUNTS

Certain comparative figures have been reclassified in order to conform with the current year's financial statement presentation.