

ST. CLAIR CHILD & YOUTH SERVICES

FINANCIAL STATEMENTS

MARCH 31, 2016

**HUME MCDONOUGH LITTLE LLP
Chartered Professional Accountants
194 George Street
Sarnia, Ontario
N7T 4N7**

ST. CLAIR CHILD & YOUTH SERVICES

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MARCH 31, 2016

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INDEPENDENT AUDITOR'S REPORT

Board of Directors St. Clair Child & Youth Services

Report on the Financial Statements

We have audited the accompanying financial statements of the St. Clair Child & Youth Services, which comprise of the balance sheet as of March 31, 2016 and the statements of government funded operations, general and capital funded operations, fund balances and cash flows for the period ended March 31, 2016, 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. Except as explained in the Basis for Qualified opinion paragraph, 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 misstatements 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.

Basis for Qualified Opinion

In common with many other charitable organizations, the organization derives revenue from donations and fund raising events, the completeness of which is not susceptible to audit verification. Accordingly, our verification of these revenues 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 revenue, excess of revenue over expenses (expenses over revenue), assets and fund balances.



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 the revenue from donations and fund raising events referred to in the above paragraph, the financial statements present fairly, in all material respects, the financial position of the St. Clair Child & Youth Services as at March 31, 2016 and the results of government funded operations, general and capital funded operations and cash flow for the period ended March 31, 2016 in accordance with Canadian accounting standards for not-for-profit organizations.

Hume McDough Little LLP

Sarnia, Ontario
June 13, 2016

CHARTERED PROFESSIONAL ACCOUNTANTS
Licensed Public Accountants

ST. CLAIR CHILD & YOUTH SERVICES

BALANCE SHEET

AS AT MARCH 31, 2016

	<u>2016</u>	<u>2015</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash	\$ 128,620	\$ 83,391
Short term investments (Note 3)	-	400,000
Harmonized sales tax recoverable	41,958	24,355
Accounts receivable	34,540	10,124
Prepaid expenses	<u>-</u>	<u>10,063</u>
	205,118	527,933
INVESTMENTS (Note 3)	405,041	-
PROPERTY AND EQUIPMENT (Note 4)	<u>1,233,772</u>	<u>1,222,673</u>
	<u>\$ 1,843,931</u>	<u>\$ 1,750,606</u>
<u>LIABILITIES</u>		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ <u>90,503</u>	\$ <u>90,839</u>
<u>FUND BALANCES</u>		
FRANCIS FOWLER, KIM SAUVE	8,411	8,411
GOVERNMENT OPERATING FUND	(409,903)	(414,310)
GENERAL AND CAPITAL FUND	<u>2,154,920</u>	<u>2,065,666</u>
	<u>1,753,428</u>	<u>1,659,767</u>
	<u>\$ 1,843,931</u>	<u>\$ 1,750,606</u>

APPROVED ON BEHALF OF THE BOARD:

_____ Director

_____ Director

ST. CLAIR CHILD & YOUTH SERVICES

STATEMENT OF GOVERNMENT FUNDED OPERATIONS

YEAR ENDED MARCH 31, 2016

	<u>2016</u>	<u>2015</u>
REVENUE		
Children's Aid Society	\$ 99,450	\$ 150,499
Bluewater Health Mental Health Collaborative	75,000	-
Donations and fund raising	-	2,865
Province of Ontario funding	3,983,622	3,752,139
Recoveries and fees	16,408	26,841
Invoiced income	24,499	16,568
United way budget	48,500	52,599
County of Lambton funding	<u>218,017</u>	<u>223,017</u>
	<u>4,465,496</u>	<u>4,224,528</u>
EXPENSES		
Salaries and wages	3,178,147	3,139,568
Employee benefits	614,804	585,554
Travel and transportation	69,141	59,158
Training and recruitment	31,191	12,223
Building occupancy	110,834	101,584
Professional services - non-client	120,857	66,111
Professional services - client	123,098	131,320
Program expenses	31,699	22,076
Food services	17,759	14,743
Client personal needs	20	227
Promotion and publicity	10,715	13,910
Office administration	91,719	83,122
Miscellaneous	<u>33,887</u>	<u>34,937</u>
	4,433,871	4,264,533
Less: Goods and services tax recoverable	<u>34,652</u>	<u>23,322</u>
	<u>4,399,219</u>	<u>4,241,211</u>
AMORTIZATION	<u>(61,870)</u>	<u>(76,735)</u>
EXCESS OF EXPENSES OVER REVENUE	<u>\$ 4,407</u>	<u>\$ (93,418)</u>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

ST. CLAIR CHILD & YOUTH SERVICES

STATEMENT OF GENERAL FUND OPERATIONS

YEAR ENDED MARCH 31, 2016

	<u>2016</u>	<u>2015</u>
REVENUE		
Donations	\$ 142,164	\$ 71,805
Fundraising events	206	330
Investment income	5,120	-
Minor grants	14,256	14,624
United way designations	<u>682</u>	<u>81</u>
	<u>162,428</u>	<u>86,840</u>
EXPENSES		
Program expenditures	2,330	-
Food	-	498
Wages	42,672	40,398
Benefits	9,560	8,909
Advertising and promotion	15,150	28,248
Office administration	120	120
Staff development	188	1,257
Personal Needs	3,263	4,471
Travel	<u>371</u>	<u>187</u>
	73,654	84,088
Less: Goods & services tax recoverable	<u>480</u>	<u>514</u>
	<u>73,174</u>	<u>83,574</u>
EXCESS OF REVENUE OVER EXPENSES	<u>\$ 89,254</u>	<u>\$ 3,266</u>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

ST. CLAIR CHILD & YOUTH SERVICES

STATEMENT OF FUND BALANCES

YEAR ENDED MARCH 31, 2016

	<u>2016</u>	<u>2015</u>
FRANCIS FOWLER, KIM SAUVE		
Balance, beginning	\$ <u>8,411</u>	\$ <u>8,411</u>
Balance, ending	\$ <u>8,411</u>	\$ <u>8,411</u>
 GOVERNMENT OPERATING FUND		
Balance, beginning	\$ (414,310)	\$ (320,892)
Excess of expenses over revenues	<u>4,407</u>	<u>(93,418)</u>
Balance, ending	\$ <u>(409,903)</u>	\$ <u>(414,310)</u>
 GENERAL AND CAPITAL FUND		
Balance, beginning	\$ 2,065,666	\$ 2,062,400
Excess of revenues over expenses	<u>89,254</u>	<u>3,266</u>
Balance, ending	\$ <u>2,154,920</u>	\$ <u>2,065,666</u>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

ST. CLAIR CHILD & YOUTH SERVICES

STATEMENT OF CASH FLOWS

MARCH 31, 2016

	<u>2016</u>	<u>2015</u>
OPERATING ACTIVITIES		
Excess of (expenses over revenue) revenue over expenses		
Government operating fund	\$ 4,407	\$ (93,418)
General and capital fund	89,254	3,266
Amortization of capital assets	<u>61,870</u>	<u>76,735</u>
	155,531	(13,417)
Changes in non-cash working capital balances related to operations		
Accounts receivable	(24,416)	32,787
Goods & service tax recoverable	(17,603)	466
Prepaid expenses	10,063	(10,063)
Accounts payable and accrued liabilities	<u>(336)</u>	<u>3,378</u>
	<u>123,239</u>	<u>13,151</u>
INVESTING ACTIVITIES		
Purchase of long term investments	(405,041)	-
Purchase of property and equipment	<u>(72,969)</u>	<u>(6,956)</u>
	<u>(478,010)</u>	<u>(6,956)</u>
CHANGES IN CASH AND SHORT-TERM INVESTMENTS	(354,771)	6,195
CASH AND SHORT-TERM INVESTMENTS, beginning of year	<u>483,391</u>	<u>477,196</u>
CASH AND SHORT-TERM INVESTMENTS, end of year	<u>\$ 128,620</u>	<u>\$ 483,391</u>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

ST. CLAIR CHILD & YOUTH SERVICES

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2016

PURPOSE OF THE ORGANIZATION

The St. Clair Child & Youth Services provides mental health services to the children and youth of Lambton County under approved programs funded by the Province of Ontario, the County of Lambton and other sources. The corporation is a charitable organization.

1. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

Cash and Cash Equivalents

Cash is defined as cash and short term investments with maturity dates of less than 90 days

Investments

Short-term investments are reported at fair value at each balance sheet date, and any change in fair value is recognized in excess of (expenses over revenue) revenue over expenses in the period during which the change occurs.

Property and Equipment

Property and equipment, including expenditures which improve or prolong the useful lives of the assets, are stated at cost less accumulated amortization. The policy held by the organization requires that the property and equipment acquired during the year have a minimum cost basis of a \$1,000 in order to be capitalized. Amortization is computed on a straight-line basis at the following rates:

Building	30 years
Computer and audio visual	3 years
Equipment, furniture and leasehold improvements	4 years
Vehicle	3 years

One-half year's amortization is expensed in the year of acquisition.

Donated Materials and Services

The organization does not record in its financial statements the value of donated materials and services received.

Fund Accounting

Revenues and expenses related to major government funded programs are reported as Government Funded Operations. All other revenue and expenses are reported as the General Fund Operations.

ST. CLAIR CHILD & YOUTH SERVICES

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue Recognition

Revenue is recognized in the appropriate fund in the year in which the related expenses are incurred. Funds received in the current period that relate to the subsequent period are deferred.

Use of Estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the current period. Significant estimates include amortization. These estimates are reviewed periodically and adjustments are made to income as appropriate in the year they become known.

2. FINANCIAL INSTRUMENTS

The organization has a comprehensive risk management framework to monitor, evaluate and manage the principal risks assumed with financial instruments as follows:

Credit risk exposure

The organization relies primarily on Provincial funding and is therefore not exposed to any significant credit risks.

Interest rate risk

The organization is not exposed to any significant interest rate risks.

Market risk

The organization is not exposed to any significant market risks.

Foreign currency risk

The organization does not enter into foreign currency purchase and sale transactions and therefore is not exposed to fluctuations arising from changes in foreign exchange rates.

Liquidity risk

The organization's exposure to liquidity risk is dependant on receipt of funds from the Province of Ontario.

ST. CLAIR CHILD & YOUTH SERVICES

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2016

3. INVESTMENTS

	<u>2016</u>	<u>2015</u>
Short-term investments:		
Guaranteed Investment Certificates	\$ -	\$ 400,000
Long-term investments:		
Guaranteed Investment Certificates	<u>405,041</u>	<u>-</u>
	<u>\$ 405,041</u>	<u>\$ 400,000</u>

The organization holds two guaranteed investment certificates with interest rates of 1.68% and 2.15% maturing December 2017 and February 2020, respectively.

4. PROPERTY AND EQUIPMENT

	<u>2016</u>	<u>2016</u>	<u>Net Book</u>	<u>2015</u>
	<u>Cost</u>	<u>Accumulated</u> <u>Amortization</u>	<u>Value</u>	<u>Net Book</u> <u>Value</u>
Land	\$ 471,709	\$ -	\$ 471,709	\$ 471,709
Building	1,377,219	681,237	695,982	734,196
Computers and audio visual	412,594	358,451	54,143	4,503
Furniture, equipment and improvements	266,644	257,076	9,568	8,709
Vehicle	119,159	119,159	-	-
Leasehold improvements	4,741	2,371	2,370	3,556
	<u>\$ 2,652,066</u>	<u>\$ 1,418,294</u>	<u>\$ 1,233,772</u>	<u>\$ 1,222,673</u>

5. ECONOMIC DEPENDENCE

The government funded operations of the organization are dependant on the Province of Ontario for the majority of its funding.

6. EXCESS OF REVENUE OVER EXPENSES

The excess of revenue over expenses under the measurement practices followed by the Province of Ontario for each service year funded may be fully or partially recoverable by the Province.

7. EMPLOYEE FUTURE BENEFITS

St. Clair Child & Youth Services has a registered pension plan which is administered by Sun Life Assurance Company. Under this defined contribution plan, the centre contributes 5% of each full time employees gross pay to the plan and the employee contributes 3%. Total payments made by the centre towards this plan during the year were \$148,820 (2015-\$153,028).