

**ST. CLAIR CHILD & YOUTH SERVICES**

**FINANCIAL STATEMENTS**

**MARCH 31, 2017**

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

**ST. CLAIR CHILD & YOUTH SERVICES**

**CONTENTS**

**MARCH 31, 2017**

<b>INDEPENDENT AUDITORS' REPORT</b>	<b>1</b>
<b>FINANCIAL STATEMENTS</b>	
Statement of Financial Position	2
Statement of Government Funded Operations	3
Statement of General and Capital Fund Operations	4
Statement of Fund Balances	5
Statement of Cash Flows	6
Notes to the Financial Statements	7 - 9

**H M L T****HUME McDONOUGH  
LITTLE TAYLOR, LLP  
CHARTERED PROFESSIONAL ACCOUNTANTS**194 George Street  
Sarnia, Ontario, N7T 4N7

Telephone: (519) 332-8119

Facsimile: (519) 332-7051

Email: hmlt@sarniac.ca

**INDEPENDENT AUDITORS' REPORT**

Board of Directors St. Clair Child &amp; 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 statement of financial position as of March 31, 2017 and the statements of government funded operations, general and capital funded operations, fund balances and cash flows for the fiscal year ended March 31, 2017, 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, these financial statements present fairly, in all material respects, the financial position of the St. Clair Child & Youth Services as at March 31, 2017 and the results of government funded operations, general and capital fund operations and cash flows for the period ended March 31, 2017 in accordance with Canadian accounting standards for not-for-profit organizations.

Sarnia, Ontario  
June 19, 2017  
CHARTERED PROFESSIONAL ACCOUNTANTS  
Licensed Public Accountants


**ST. CLAIR CHILD & YOUTH SERVICES**


**STATEMENT OF FINANCIAL POSITION**

**AS AT MARCH 31, 2017**

	<u>2017</u>	<u>2016</u>
<b><u>ASSETS</u></b>		
<b>CURRENT ASSETS</b>		
Cash and bank	\$ 272,222	\$ 128,620
Harmonized Sales Tax (HST) recoverable	16,929	41,958
Accounts receivable	6,607	34,540
Prepaid expenses	<u>3,333</u>	<u>-</u>
	<u>299,091</u>	<u>205,118</u>
<b>INVESTMENTS (Note 3)</b>	250,681	405,041
<b>PROPERTY AND EQUIPMENT (Note 4)</b>	<u>1,188,482</u>	<u>1,233,772</u>
	<u>\$ 1,738,254</u>	<u>\$ 1,843,931</u>
<b><u>LIABILITIES</u></b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities	112,761	90,501
Deferred revenue	<u>45,001</u>	<u>-</u>
	<u>\$ 157,762</u>	<u>\$ 90,501</u>
<b><u>FUND BALANCES</u></b>		
<b>FRANCIS FOWLER, KIM SAUVE FUND</b>	8,411	8,411
<b>GOVERNMENT OPERATING FUND</b>	(493,370)	(409,903)
<b>GENERAL AND CAPITAL FUND</b>	<u>2,065,451</u>	<u>2,154,922</u>
	<u>1,580,492</u>	<u>1,753,430</u>
	<u>\$ 1,738,254</u>	<u>\$ 1,843,931</u>

**APPROVED ON BEHALF OF THE BOARD:**

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Director

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

**ST. CLAIR CHILD & YOUTH SERVICES**

**STATEMENT OF GOVERNMENT FUNDED OPERATIONS**

**YEAR ENDED MARCH 31, 2017**

	<u>2017</u>	<u>2016</u>
<b>REVENUES</b>		
Children's Aid Society	\$ 99,375	\$ 99,450
Bluewater Health Mental Health Collaborative	200,000	75,000
Donations and fund raising	2,840	-
Province of Ontario funding	4,032,666	3,834,032
Recoveries and fees	16,906	16,408
Invoiced income	-	24,499
United Way budget	48,500	48,500
County of Lambton funding	<u>365,108</u>	<u>367,607</u>
	<u>4,765,395</u>	<u>4,465,496</u>
<b>EXPENSES</b>		
Salaries and wages	3,540,487	3,178,147
Employee benefits	695,972	614,804
Travel and transportation	67,492	69,141
Training and recruitment	28,297	31,191
Building occupancy	119,982	110,834
Professional services - non-client	56,408	120,857
Professional services - client	65,959	123,098
Program expenses	42,392	31,699
Food services	19,876	17,759
Client personal needs	-	20
Promotion and publicity	13,122	10,715
Office administration	125,561	91,719
Miscellaneous	<u>33,776</u>	<u>33,887</u>
	<u>4,809,324</u>	<u>4,433,871</u>
Less: Harmonized Sales Tax (HST) recoverable	<u>29,027</u>	<u>34,652</u>
	<u>4,780,297</u>	<u>4,399,219</u>
<b>AMORTIZATION OF PROPERTY AND EQUIPMENT</b>	<u>(68,565)</u>	<u>(61,870)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES</b>	<u>\$ (83,467)</u>	<u>\$ 4,407</u>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

**ST. CLAIR CHILD & YOUTH SERVICES**

**STATEMENT OF GENERAL AND CAPITAL FUND OPERATIONS**

**YEAR ENDED MARCH 31, 2017**

	<u>2017</u>	<u>2016</u>
<b>REVENUES</b>		
Donations	\$ 101,316	\$ 142,164
Fundraising events	-	206
Investment income	5,646	5,120
Minor grants	28,350	14,256
United Way designations	326	682
Workshop	<u>11,660</u>	<u>-</u>
	<u>147,298</u>	<u>162,428</u>
<b>EXPENSES</b>		
Program expenditures	3,501	2,330
Building occupancy	1,288	-
Wages	205,191	42,672
Benefits	11,614	9,560
Advertising and promotion	15,362	15,150
Office administration	115	120
Staff development	238	188
Personal Needs	629	3,263
Travel	<u>224</u>	<u>371</u>
	<u>238,162</u>	<u>73,654</u>
Less: Harmonized Sales Tax (HST) recoverable	<u>1,393</u>	<u>480</u>
	<u>236,769</u>	<u>73,174</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES</b>	<u>\$ (89,471)</u>	<u>\$ 89,254</u>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

**ST. CLAIR CHILD & YOUTH SERVICES**

**STATEMENT OF FUND BALANCES**

**YEAR ENDED MARCH 31, 2017**

	<u>2017</u>	<u>2016</u>
<b>FRANCIS FOWLER, KIM SAUVE FUND</b>		
Balance, beginning	\$ <u>8,411</u>	\$ <u>8,411</u>
Balance, ending	\$ <u>8,411</u>	\$ <u>8,411</u>
<b>GOVERNMENT OPERATING FUND</b>		
Balance, beginning	\$ (409,903)	\$ (414,310)
Excess (deficiency) of revenues over expenses	<u>(83,467)</u>	<u>4,407</u>
Balance, ending	\$ <u>(493,370)</u>	\$ <u>(409,903)</u>
<b>GENERAL AND CAPITAL FUND</b>		
Balance, beginning	\$ 2,154,922	\$ 2,065,668
Excess (deficiency) of revenues over expenses	<u>(89,471)</u>	<u>89,254</u>
Balance, ending	\$ <u>2,065,451</u>	\$ <u>2,154,922</u>

**ST. CLAIR CHILD & YOUTH SERVICES**

**STATEMENT OF CASH FLOWS**

**MARCH 31, 2017**

	<u>2017</u>	<u>2016</u>
<b>OPERATING ACTIVITIES</b>		
Excess of revenue over expenses - General and Capital Fund	\$ (89,471)	\$ 89,254
Excess of revenue over expenses - Government Operating Fund	(83,467)	4,407
Items not requiring an outlay of cash:		
Amortization of property and equipment	<u>68,565</u>	<u>61,870</u>
	(104,373)	155,531
Changes in non-cash working capital balances		
Accounts receivable	27,933	(24,416)
Harmonized Sales Tax (HST) recoverable	25,029	(17,603)
Prepaid expenses	(3,333)	10,063
Accounts payable and accrued liabilities	22,259	(336)
Deferred revenue	<u>45,001</u>	<u>-</u>
	<u>12,516</u>	<u>123,239</u>
<b>INVESTING ACTIVITIES</b>		
Transfers from (to) investment account	154,360	(405,041)
Purchase of property and equipment	<u>(23,274)</u>	<u>(72,969)</u>
	<u>131,086</u>	<u>(478,010)</u>
<b>INCREASE (DECREASE) IN CASH AND EQUIVALENTS</b>	<b>143,602</b>	<b>(354,771)</b>
<b>CASH AND EQUIVALENTS, beginning of the year</b>	<u>128,620</u>	<u>483,391</u>
<b>CASH AND EQUIVALENTS, end of the year</b>	<b>\$ <u>272,222</u></b>	<b>\$ <u>128,620</u></b>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS



**ST. CLAIR CHILD & YOUTH SERVICES**

**NOTES TO THE FINANCIAL STATEMENTS**

**MARCH 31, 2017**

**PURPOSE OF THE ORGANIZATION**

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 and is therefore exempt from income taxes.

**1. SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Accounting**

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. The significant accounting policies are as follows:

**Cash and Cash Equivalents**

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

**Investments**

Investments are reported at fair value at each statement of financial position date. Any change in fair value is recognized in excess (deficiency) of revenues over expenses in the period during which the change occurs.

**Property and Equipment**

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

Building	30 years
Computer and audio visual equipment	3 years
Furniture, equipment and building 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**

**NOTES TO THE FINANCIAL STATEMENTS**

**MARCH 31, 2017**

**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, 2017**

**3. INVESTMENTS**

	<u>2017</u>	<u>2016</u>
Guaranteed Investment Certificates	\$ <u>250,681</u>	\$ <u>405,041</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>Cost</u>	<u>2017 Accumulated Amortization</u>	<u>Net Book Value</u>	<u>2016 Net Book Value</u>
Land	\$ 471,709	\$ -	\$ 471,709	\$ 471,709
Building	1,377,219	719,452	657,767	695,981
Computers and audio visual equipment	412,594	380,108	32,486	54,143
Furniture, equipment & improvements	266,644	261,092	5,552	9,568
Vehicle	142,433	122,650	19,783	-
Leasehold improvements	<u>4,741</u>	<u>3,556</u>	<u>1,185</u>	<u>2,371</u>
	<u>\$ 2,675,340</u>	<u>\$ 1,486,858</u>	<u>\$ 1,188,482</u>	<u>\$ 1,233,772</u>

**5. ECONOMIC DEPENDENCE**

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

**6. EXCESS OF REVENUE OVER EXPENSES**

The excess, if any, of revenues over expenses under the measurement practices followed by the Province of Ontario for each service year funded, may be fully or partially recovered by the Province subject to provincial funding practices.

**7. EMPLOYEE FUTURE BENEFITS**

St. Clair Child & Youth Services has a registered pension plan which was previously administered by Sun Life Assurance Company and by Great West Life Assurance Company presently. Under this defined contribution plan, the organization contributes 5% of each full time employee's gross pay to the plan and the employee contributes 3%.

Total payments made by the organization to this plan during the year were \$168,722 (2016-\$148,820).