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Financial statements of  
**YOUTHLINK**

March 31, 2018

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Independent Auditor's Report .....	1
Statement of financial position .....	2
Statement of operations and changes in fund balances .....	3
Statement of cash flows .....	4
Notes to the financial statements .....	5-10

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## Independent Auditor's Report

To the Members of  
YOUTHLINK

We have audited the accompanying financial statements of YOUTHLINK, which comprise the statement of financial position as at March 31, 2018, the statements of operations and changes in fund balances 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 YOUTHLINK as at March 31, 2018 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

*Deloitte LLP*

Chartered Professional Accountants  
Licensed Public Accountants  
June 29, 2018

**YOUTHLINK**

**Statement of financial position**  
As at March 31, 2018

	Notes				2018	2017
		Operating Fund	Internally Restricted Funds	Externally Restricted Funds	Total	Total
		\$	\$	\$	\$	\$
<b>Assets</b>						
<b>Current assets</b>						
Cash		25,560	—	—	25,560	24,491
Investments	3	—	695,046	51,140	746,186	1,102,282
Accounts receivable		402,768	—	—	402,768	130,472
Amount due from sale of property	10	—	1,301,108	—	1,301,108	—
Prepaid expenses and deposits		33,781	—	—	33,781	32,268
Property held for sale	4	—	—	—	—	211,047
		<u>462,109</u>	<u>1,996,154</u>	<u>51,140</u>	<u>2,509,403</u>	<u>1,500,560</u>
Property and equipment	4	—	5,763,704	—	5,763,704	5,233,957
		<u>462,109</u>	<u>7,759,858</u>	<u>51,140</u>	<u>8,273,107</u>	<u>6,734,517</u>
<b>Liabilities</b>						
<b>Current liabilities</b>						
Accounts payable and accrued liabilities	11	514,426	—	—	514,426	349,812
Deferred revenue	5	325,778	—	—	325,778	255,667
Capital lease obligation	9	—	1,602	—	1,602	18,900
Bank loan	10	—	—	—	—	3,200,000
Interfund balances		(471,207)	493,692	(22,485)	—	—
		<u>368,997</u>	<u>495,294</u>	<u>(22,485)</u>	<u>841,806</u>	<u>3,824,379</u>
Capital lease obligation	9	—	—	—	—	1,602
Deferred capital contributions	6	—	1,126,728	—	1,126,728	1,392,586
		<u>368,997</u>	<u>1,622,022</u>	<u>(22,485)</u>	<u>1,968,534</u>	<u>5,218,567</u>
<b>Fund balances</b>		<u>93,112</u>	<u>6,137,836</u>	<u>73,625</u>	<u>6,304,573</u>	<u>1,515,950</u>
		<u>462,109</u>	<u>7,759,858</u>	<u>51,140</u>	<u>8,273,107</u>	<u>6,734,517</u>

- Carry value of property sold for \$5.2 m.

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The accompanying notes are an integral part of the financial statements.

Approved by the Board

  
Adrian Brown  
Finance Committee Chair

  
Chilton Ng  
Board Chair

## YOUTHLINK

### Statement of operations and changes in fund balances

Year ended March 31, 2018

	2018			2017	
	Operating Fund	Internally Restricted Funds (Note 7)	Externally Restricted Funds (Note 8)	Total	Total
	\$	\$	\$	\$	\$
<b>Revenue</b>					
Province of Ontario grants	2,665,361	—	—	2,665,361	2,478,793
Pathways Canada	1,372,490	—	—	1,372,490	1,365,043
United Way	711,374	—	—	711,374	719,434
Other agencies	362,418	—	—	362,418	345,832
Amortization of deferred capital contributions	—	358,482	—	358,482	188,419
Donations	312,036	—	6,398	318,434	246,826
City of Toronto	107,220	—	—	107,220	197,827
Other income	91,406	—	—	91,406	29,292
Rental income	39,155	—	—	39,155	70,626
Federal grants	14,296	—	—	14,296	11,660
Bequests	10,500	—	—	10,500	40,953
Investment income	6,652	—	513	7,165	12,426
	<b>5,692,908</b>	<b>358,482</b>	<b>6,911</b>	<b>6,058,301</b>	<b>5,707,131</b>
<b>Expenses</b>					
Salaries and wages	3,108,670	—	—	3,108,670	3,147,946
Employee benefits	532,425	—	—	532,425	537,505
Building occupancy	510,694	41,655	—	552,349	453,582
Client costs	511,305	—	—	511,305	437,892
Direct program costs	462,765	—	14,150	476,915	434,521
Office	204,547	—	—	204,547	186,694
Purchased services	153,380	295,546	—	448,926	122,066
Amortization	—	248,324	—	248,324	195,951
Food services	62,602	—	—	62,602	59,746
Staff training/conferences	58,266	—	—	58,266	45,251
Miscellaneous	33,804	—	—	33,804	27,901
Staff travel	30,570	—	—	30,570	29,512
Promotion and publicity	15,620	5,015	—	20,635	13,461
	<b>5,684,648</b>	<b>590,540</b>	<b>14,150</b>	<b>6,289,338</b>	<b>5,692,028</b>
Excess (deficiency) of revenue over expenses before the undemoted items	8,260	(232,058)	(7,239)	(231,037)	15,103
Gain on sale of property and equipment	—	5,019,660	—	5,019,660	—
Change in unrealized gain on investments	—	—	—	—	1,223
Excess (deficiency) of revenue over expenses for the year	8,260	4,787,602	(7,239)	4,788,623	16,326
Fund balances, beginning of the year	84,852	1,350,234	80,864	1,515,950	1,499,624
<b>Fund balances, end of year</b>	<b>93,112</b>	<b>6,137,836</b>	<b>73,625</b>	<b>6,304,573</b>	<b>1,515,950</b>

The accompanying notes are an integral part of the financial statements.

**YOUTHLINK**

**Statement of cash flows**

Year ended March 31, 2018

	2018			2017	
	Operating Fund	Internally Restricted Funds	Externally Restricted Funds	Total	
	\$	\$	\$	\$	
<b>Operating activities</b>					
Excess (deficiency) of revenue over expenses	8,260	4,787,602	(7,239)	4,788,623	16,326
Items not affecting cash					
Amortization of property and equipment	—	248,324	—	248,324	195,951
Amortization of deferred capital contributions	—	(358,482)	—	(358,482)	(188,419)
Change in unrealized gain on investments	—	—	—	—	1,223
Gain on sale of property	—	(5,019,660)	—	(5,019,660)	—
	<b>8,260</b>	<b>(342,216)</b>	<b>(7,239)</b>	<b>(341,195)</b>	<b>25,081</b>
<b>Changes in non-cash working capital items</b>					
Accounts receivable	(272,296)	—	—	(272,296)	22,277
Amount due from sale of property	—	(1,301,108)	—	(1,301,108)	—
Prepaid expenses and deposits	(1,513)	—	—	(1,513)	(10,078)
Accounts payable and accrued liabilities	164,614	—	—	164,614	(9,117)
Deferred revenue	70,111	—	—	70,111	83,166
	<b>(30,824)</b>	<b>(1,643,324)</b>	<b>(7,239)</b>	<b>(1,681,387)</b>	<b>111,329</b>
<b>Investing activities</b>					
Additions to property and equipment	—	(778,071)	—	(778,071)	(3,947,003)
Proceeds from sale of property	—	5,230,707	—	5,230,707	—
Purchase/sale of investments - net	—	331,760	24,336	356,096	468,183
	<b>—</b>	<b>4,784,396</b>	<b>24,336</b>	<b>4,808,732</b>	<b>(3,478,820)</b>
<b>Financing activities</b>					
Change in interfund balances	31,913	(14,816)	(17,097)	—	—
Deferred capital contributions	—	92,624	—	92,624	67,500
Repayment of capital lease obligation (Repayment of bank loan) bank loan proceeds	—	(18,900)	—	(18,900)	(18,317)
	<b>—</b>	<b>(3,200,000)</b>	<b>—</b>	<b>(3,200,000)</b>	<b>3,200,000</b>
	<b>31,913</b>	<b>(3,141,092)</b>	<b>(17,097)</b>	<b>(3,126,276)</b>	<b>3,249,183</b>
Net cash inflow (outflow)	1,089	(20)	—	1,069	(118,308)
Cash, beginning of year	24,471	20	—	24,491	142,799
Cash, end of year	<b>25,560</b>	<b>—</b>	<b>—</b>	<b>25,560</b>	<b>24,491</b>

The accompanying notes are an integral part of the financial statements.

## YOUTHLINK

### Notes to the financial statements

March 31, 2018

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#### 1. Description of operations

YOUTHLINK is a charitable organization registered under the Income Tax Act. In operation since 1914, YOUTHLINK addresses the needs of disadvantaged youth by providing a multi-faceted service that responds to their developmental, emotional and social needs and acts as an advocate on their behalf within the community.

#### 2. Significant accounting policies

##### *Basis of presentation*

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations, using the deferral method of reporting restricted contributions.

##### *Description of funds*

- (a) Operating Fund - this fund records all recurring revenue and expenses related to the operations of YOUTHLINK.
- (b) Internally Restricted Funds - these funds have been restricted by the Board of Directors to fund certain commitments entered into by YOUTHLINK and to help ensure its financial security. Internally Restricted Funds include the following funds:

Capital Fund - this fund records all the activities associated with property and equipment plus any accumulated investment income earned on the reserve fund.

Reserve Fund - created in the event of a financial emergency or in the event of an interruption in cash flow.

- (c) Externally Restricted Funds - these funds record resources that are to be used for specific purposes, as specified by donors. Externally Restricted Funds include the following funds:

Big Sister Legacy Fund ("BSLF") - created by a \$100,000 allocation of the proceeds on the sale of the Big Sister Thrift Shop. Restricted donations and interest income earned are recorded in the BSLF. Any expenses are approved by the BSLF Committee.

Camping Fund - created to offset camping expenses incurred by YOUTHLINK. Only the interest on the donation is available to be used for this purpose.

Joy Blossom Fund - created by a donation from the estate of Mrs. Edna Byrne. Only the interest on the donation is available to be used for crippled or ill Little Sisters.

##### *Property and equipment*

Property and equipment are recorded at cost. Contributed property and equipment are recorded at fair value at the date of the contribution. Repairs and maintenance costs are charged to expense. Betterments which extend the estimated life of an asset are capitalized. When an asset no longer contributes to YOUTHLINK's ability to provide services, its carrying amount is written down to its residual value. Property and equipment with a value greater than \$5,000 are amortized on the following basis using the following rates:

Asset	Basis	Rate
Buildings	Straight line	20 years
Computer equipment	Straight line	3 years
Furniture and fixtures	Straight line	5 years
Tenant improvements	Declining balance	Term of lease (10 years)
Leasehold improvements	Straight line	Term of lease (2 to 5 years)

**2. Significant accounting policies (continued)**

*Income taxes*

Under the Income Tax Act, the Organization is classified as a registered charity and is exempt from income tax provided it complies with certain requirements as specified by the Act. As of March 31, 2018 management believes that YOUTHLINK has complied with these requirements.

*Financial instruments*

YOUTHLINK's financial assets are comprised of cash, investments and accounts receivable. Financial liabilities are comprised of accounts payable and accrued liabilities.

Financial assets and financial liabilities are initially recognized at fair value when YOUTHLINK becomes a party to the contractual provisions of the financial instrument. Subsequently, all financial instruments are measured at amortized cost, except for investments, which are carried at fair value. YOUTHLINK has elected to use the fair value option to measure all of its investments. Any subsequent changes in fair value are recorded in the Statement of operations and changes in fund balances.

*Revenue recognition*

Donations, bequests and grants are recorded when received or receivable. Donations, which have been restricted through specific direction from a contributor, are deferred and recorded as revenue when the related expense occurs. Project grants received in advance of the related expense are recorded as deferred revenue. Donations and grants received specifically for the purchase of property and equipment are deferred and amortized to revenue on the same basis as the related property and equipment.

Investment income is recognized on the accrual basis and includes interest and realized and unrealized gains and losses.

*Inter-fund loans*

Inter-fund loans bear no interest and are due on demand with no fixed terms of repayment.

*Use of estimates*

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and the disclosure of contingent assets and liabilities at the balance sheet date and the reported amounts of revenue and expenses for the year then ended. Actual results may differ from such estimates. Estimates used in the preparation of the financial statements include amortization rates for property and equipment, accrued liabilities, deferred revenue, and deferred capital contributions.



**YOUTHLINK**  
**Notes to the financial statements**  
**March 31, 2018**

**3. Investments**

	2018		2017	
	Cost	Fair value	Cost	Fair value
	\$	\$	\$	\$
Fixed income				
Other funds	140,000	140,150	140,000	140,231
Investment Savings				
Big Sister Legacy Fund	51,140	51,140	75,476	75,476
Other funds	554,815	554,896	886,575	886,575
	<b>745,955</b>	<b>746,186</b>	<b>1,102,051</b>	<b>1,102,282</b>

The one fixed income investment matures January 14, 2019 (2017 - January 12, 2018), is cashable and bears interest at 0.50% (2017 - 0.77%).

**4. Property and equipment**

	2018		2017	
	Cost	Accumulated amortization	Net book value	Net book value
	\$	\$	\$	\$
Land	1,973,077	—	1,973,077	1,973,077
Buildings	5,783,318	2,038,966	3,744,352	3,210,717
Furniture and fixtures	438,198	409,736	28,462	13,666 +
Computer equipment	529,297	516,522	12,775	1,280 +
Computer equipment - capital lease	72,356	72,356	—	18,089 ↓
Tenant Improvements	202,790	202,790	—	—
Leasehold improvements	137,531	132,493	5,038	17,128
	<b>9,136,567</b>	<b>3,372,863</b>	<b>5,763,704</b>	<b>5,233,957</b>

no Δ in lan buildings +

*Property held for sale*

YOUTHLINK entered into a conditional agreement of purchase and sale of a property on Madison Avenue on February 6, 2017 and a deposit of \$100,000 was remitted in trust to Bugart Robertson & Chu LLP.

The agreement was conditional until March 30, 2017 and the conditions were waived on March 30, 2017. A second deposit of \$150,000 was remitted in trust to Bugart Robertson & Chu LLP. The agreement of purchase and sale closed on March 29, 2018 (refer to Note 10).

**YOUTHLINK**  
**Notes to the financial statements**  
 March 31, 2018

**5. Deferred revenue**

	<u>2018</u>	<u>2017</u>
	\$	\$
P Gilgan	<b>88,035</b>	—
Trillium Foundation	<b>49,521</b>	68,072
City of Toronto	<b>47,865</b>	44,026
East Metro	<b>36,471</b>	10,982
Pathways	<b>33,363</b>	58,091
Maxwell Foundation	<b>32,278</b>	13,598
ECHO	<b>14,258</b>	—
MLSE	<b>13,502</b>	25,287
Other	<b>6,485</b>	13,986
Home Depot	<b>4,000</b>	1,428
RBC	—	20,197
	<u><b>325,778</b></u>	<u><b>255,667</b></u>

**6. Deferred capital contributions**

Deferred capital contributions represent restricted donations, government grants and Board-approved allocations, for the purchase of property and equipment. The changes in the deferred capital contributions balance are as follows:

	<u>2018</u>	<u>2017</u>
	\$	\$
Balance, beginning of year	<b>1,392,586</b>	1,513,505
Capital donations	<b>92,624</b>	67,500
Amortization to revenue	<b>(358,482)</b>	(188,419)
Balance, end of year	<u><b>1,126,728</b></u>	<u><b>1,392,586</b></u>

**7. Internally restricted funds**

	<u>Balance</u>	<u>Excess</u>	<u>Balance</u>
	March 31,	of revenue	March 31,
	2017	over	2018
	\$	expenses	\$
	\$	\$	\$
Capital Fund	800,234	<b>4,787,602</b>	<b>5,587,836</b>
Reserve Fund	550,000	—	<b>550,000</b>
	<u>1,350,234</u>	<u><b>4,787,602</b></u>	<u><b>6,137,836</b></u>

**YOUTHLINK**  
**Notes to the financial statements**  
**March 31, 2018**

**8. Externally restricted funds**

	Balance March 31, 2017	Deficiency of revenue over expenses	Balance March 31, 2018
	\$	\$	\$
Big Sister Legacy Fund	59,828	(7,239)	52,589
Camping Fund	2,184	—	2,184
Joy Blossom Fund	18,852	—	18,852
	<u>80,864</u>	<u>(7,239)</u>	<u>73,625</u>

**9. Commitments**

YOUTHLINK leases premises and equipment under operating and capital leases which expire at various dates up to February 2024. Future minimum lease payments are as follows:

	Operating lease	Capital lease
	\$	\$
2019	48,903	1,602
2020	49,932	—
2021	50,960	—
2022	51,989	—
2023	53,074	—
Thereafter	13,967	—
	<u>268,825</u>	<u>1,602</u>
Less: current portion	—	1,602
	<u>268,825</u>	<u>—</u>

The implied interest rate for the capital lease is 3.14% and matures in April 2018. Interest expense on the capital lease is included in the Statement of operations and changes in fund balances.

**10. Bank Loan**

YOUTHLINK secured a non-revolving credit facility with the Royal Bank of Canada in the amount of \$3,200,000 with interest payable at bank prime plus 1.7% in January 2017. Repayment was due at maturity and/or upon sale of the Madison property, whichever came first. The sale of the Madison property closed on March 29, 2018. On closing, Bogart Robertson & Chu received a cheque in the amount of \$4,756,304 which was placed in trust. Bogart Robertson & Chu in turn delivered a certified cheque in the amount of \$3,215,351 to RBC in full payment of the loan along with accrued interest of \$15,351. They also issued a real estate commission cheque in the amount of \$239,845 to Royal LePage and the balance of \$1,301,108 was transferred to YOUTHLINK's account at RBC Dominion Securities subsequent to the year-end.

The difference between the above \$4,756,304 and the proceeds from the sale of \$5,230,707 is related to the deposits in the amount of \$550,000 that were previously collected and deposited to YOUTHLINK's investment account, less \$75,597 of other costs associated with this transaction.

**11. Guarantees**

In the normal course of business, YOUTHLINK enters into agreements that meet the definition of a guarantee. Indemnity has been provided to all directors and/or officers of YOUTHLINK for various items including, but not limited to, all costs to settle suits or actions due to association with YOUTHLINK, subject to certain restrictions. YOUTHLINK has purchased directors' and officers' liability insurance to mitigate the cost of any potential future suits or actions. The term of the indemnification is not explicitly defined, but is limited to the period over which the indemnified party served as a trustee, director or officer of YOUTHLINK. The maximum amount of any potential future payment cannot be reasonably estimated.

**12. Accounts payable and accrued liabilities**

There are no outstanding government remittances as at March 31, 2018 (2017 - \$90,620).

**13. Financial instruments and risk management**

*Fair value of financial instruments*

YOUTHLINK's financial instruments recognized on the Statement of financial position consist of cash, investments, accounts receivable, accounts payable and accrued liabilities. The carrying amounts of these instruments approximate their fair value due to the short-term maturity of these instruments.

*Credit risk*

YOUTHLINK is exposed to credit risk with respect to its cash, investments and accounts receivable. In order to reduce its credit risk, YOUTHLINK regularly reviews the outstanding receivable balance to determine if any amounts are significantly past due, and deals with reputable financial institutions. YOUTHLINK does not have significant exposure to any individual funder.

*Market risk*

Market risk arises as a result of fixed income securities. Fluctuations in the market expose YOUTHLINK to the risk of loss.