



Grant Thornton

Financial Statements

Youth Employment Services YES

March 31, 2018

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Independent Auditor's Report

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To the Board of Directors of
Youth Employment Services YES

We have audited the accompanying financial statements of Youth Employment Services YES, which comprise the statement of financial position as at March 31, 2018, and 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 in our audit 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 Youth Employment Services YES 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.



Toronto, Canada
June 18, 2018

Chartered Professional Accountants
Licensed Public Accountants

Youth Employment Services YES

Statement of Financial Position

March 31

2018

2017

Assets

Current

Cash	\$ 2,198,910	\$ 2,744,212
Investments	4,232,431	3,816,298
Accounts receivable	903,962	335,896
Prepaid expenses	23,989	20,344
	<u>7,359,292</u>	<u>6,916,750</u>

Leasehold improvements and equipment (Note 3)	<u>205,620</u>	<u>204,685</u>
	<u>\$ 7,564,912</u>	<u>\$ 7,121,435</u>

Liabilities and fund balances

Current


Accounts payable and accrued liabilities (Note 4)	\$ 1,901,192	\$ 1,997,922
Deferred revenue	<u>1,511,865</u>	<u>1,249,653</u>
	<u>3,413,057</u>	<u>3,247,575</u>

Deferred contributions (Note 5)	<u>205,263</u>	<u>204,328</u>
	<u>3,618,320</u>	<u>3,451,903</u>

Fund balances

Operating Fund	(1,719)	(1,014)
Special Projects Fund (Note 6)	<u>3,948,311</u>	<u>3,670,546</u>
	<u>3,946,592</u>	<u>3,669,532</u>
	<u>\$ 7,564,912</u>	<u>\$ 7,121,435</u>

On behalf of the Board of Directors


Patti Wright Director


Luzita Kennedy Director

See accompanying notes to the financial statements.

Youth Employment Services YES

Statement of Operations and Changes in Fund Balance - Operating Fund

Year ended March 31

2018

2017

Revenue

Provincial Government

Employment Service	\$ 2,839,903	\$ 3,299,031
Youth Job Connections	4,100,034	3,979,154
Canada-Ontario Job Grant	1,381,309	1,573,593
Youth Job Connections - Summer	778,096	769,343
Youth Job Link	124,485	122,818
YESAbility	149,168	122,000
Summer Company	221,618	62,356

Federal Government

Youth Collaboration and Job Central	1,481,327	777,795
BizStart	615,564	496,635
Lighthouse	325,161	308,245

City of Toronto

Toronto Social Services (Ontario Works)	249,195	262,040
Streets to Jobs	68,547	68,547
Toronto Youth Job Corps	444,482	-

Other

Investing in Neighbourhoods	-	12,703
Interest income	10,131	13,597
Amortization of deferred contributions (Note 5)	140,013	124,137
Less: deferred funding for leasehold improvements and equipment (Note 5)	(140,948)	(89,664)

12,788,085 **11,902,330**

Expenses

Participants' stipends, training allowance and benefits	6,430,907	5,867,453
Staff salaries and benefits	5,563,090	4,961,900
Program operating costs	1,327,333	1,219,394
Amortization of leasehold improvements and equipment	140,013	124,137
Other expenses	1,009	831

13,462,352 **12,173,715**

Deficiency of revenue over expenses **(674,267)** **(271,385)**

Operating Fund deficit, beginning of year **(1,014)** **(1,171)**

Transfers from the Special Projects Fund

GAP – This Way Ahead	210,248	114,423
HSBC – Ask A Business Consultant	77,578	77,619
Counselling Foundation – Empower the Employment	20,000	37,500
Starbucks	62,478	-
Citi Foundation	64,157	-
RBC Foundation	35,854	-
Manulife	10,247	-
Annual transfer (Note 6)	193,000	42,000

Operating Fund deficit, end of year **\$ (1,719)** **\$ (1,014)**

See accompanying notes to the financial statements.

Youth Employment Services YES **Statement of Operations and Changes in Fund Balance -** **Special Projects Fund**

Year ended March 31

2018

2017

Revenue		
Unrestricted donations	\$ 277,682	\$ 345,156
Restricted donations	471,638	268,183
Restricted donations – Citi Foundation	64,157	-
Investment income	<u>157,591</u>	<u>228,547</u>
	971,068	841,886
Expenses		
Investment fees	<u>19,741</u>	<u>16,938</u>
Excess of revenue over expenses	951,327	824,948
Fund balance, beginning of year	3,670,546	3,117,140
Transfers to the Operating Fund		
GAP – This Way Ahead	(210,248)	(114,423)
HSBC – Ask A Business Consultant	(77,578)	(77,619)
Counselling Foundation – Empower the Employment	(20,000)	(37,500)
Starbucks	(62,478)	-
Citi Foundation	(64,157)	-
RBC Foundation	(35,854)	-
Manulife	(10,247)	-
Annual transfer (Note 6)	<u>(193,000)</u>	<u>(42,000)</u>
Special Projects Fund balance, end of year (Note 6)	<u>\$ 3,948,311</u>	<u>\$ 3,670,546</u>

See accompanying notes to the financial statements.

Youth Employment Services YES

Statement of Cash Flows

Year ended March 31

2018

2017

Increase (decrease) in cash

Operating

Excess (deficiency) of revenue over expenses

Operating Fund

\$ (674,267) \$ (271,385)

Special Projects Fund

951,327 824,948

Add (deduct) items not involving cash

Amortization of leasehold improvements and equipment

140,013 124,137

Unrealized gain on investments, net

(157,590) (228,547)

Amortization of deferred contributions

(140,013) (124,137)

119,470 325,016

Net change in non-cash working capital items

Accounts receivable

(568,066) 387,856

Prepaid expenses

(3,645) (6,374)

Accounts payable and accrued liabilities

(96,730) 400,274

Deferred revenue

262,212 (191,083)

(286,759) 915,689

Investing and financing activities

Deferred contributions

140,948 89,664

Proceeds on sales of investments

355,453 1,656,565

Purchases of investments

(613,996) (1,670,544)

Purchases of leasehold improvements and equipment

(140,948) (89,664)

(258,543) (13,979)

Change in cash during the year

(545,302) 901,710

Cash, beginning of year

2,744,212 1,842,502

Cash, end of year

\$ 2,198,910 \$ 2,744,212

See accompanying notes to the financial statements.

Youth Employment Services YES

Notes to the Financial Statements

March 31, 2018

1. Organization and purpose

Youth Employment Services YES ("YES" or the "Organization") was originally incorporated on April 18, 1968 under the Ontario Corporations Act as Youth Employment Service. The operation was subsequently transferred, and all rights, obligations and interests assigned to Youth Employment Services YES, which was incorporated on October 2, 2006 under the laws of Canada and continued under the Canada Not-for-Profit Corporations Act on April 30, 2013. YES is a Canadian registered charity under the Income Tax Act, Canada.

YES is engaged primarily in activities assisting disadvantaged young people, between the ages of 15 and 30, in finding and keeping employment and provides similar services for adults should the need arise. YES also operates a Youth Business Centre to help youth become self-employed or start their own business.

2. Summary of significant accounting policies

The financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations, the more significant of which are outlined below:

Fund accounting

The Organization follows the restricted fund method of accounting for contributions and follows the principles of fund accounting, under which resources for particular purposes are classified for accounting and reporting into funds corresponding to those purposes.

The Operating Fund represents YES's program delivery and administrative activities. This fund reflects unrestricted resources and restricted operating grants.

The Special Projects Fund reflects restricted and unrestricted donations, to be spent as the donor and/or the Board of Directors (the "Board") directs.

Revenue recognition

Revenue of the Operating Fund is recorded when received or receivable and collection is reasonably assured. Restricted and unrestricted donations are recognized as revenue of the Special Projects Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Contributions restricted for the purchase of leasehold improvements and equipment are deferred and amortized into revenue of the Operating Fund at a rate corresponding with the amortization rate for the related leasehold improvements and equipment.

Investment income is recognized as earned.

Youth Employment Services YES

Notes to the Financial Statements

March 31, 2018

2. Summary of significant accounting policies (continued)

Leasehold improvements and equipment

Leasehold improvements and equipment are recorded at cost less accumulated amortization. Repairs and maintenance costs are charged to expense. When leasehold improvements and equipment no longer contribute to YES's ability to provide services, the carrying amounts are written down to their residual value.

Leasehold improvements and equipment are amortized on a straight-line basis using the following annual rates:

Furniture and equipment	5 years
Computer equipment	3 years
Leasehold improvements	Over the term of the lease

Amortization at one-half the above rates is provided in the year of acquisition for furniture and equipment and computer equipment.

Allocation of expenses

General support expenses such as salaries and benefits, professional services, office expenses, promotions, bank and payroll charges, insurance, membership, staff travel and staff development and training, are expenses that are covered by funders through administration fees or organizational infrastructure costs.

YES receives administration or organizational infrastructure fees, which are based on each funder's allowable percentages set in the contracts or guidelines, to cover general support expenses. Administration or organizational infrastructure fees are either negotiated or set by the program funders at the beginning of each program term.

The details of the expense allocations are disclosed in Note 7.

Use of estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires that management make estimates 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 for the fiscal year then ended. Actual amounts could differ from those estimates. Items subject to significant management estimate include amortization of leasehold improvements and equipment, the estimate of allowance for doubtful accounts, measurement of deferred grant revenues, amounts owing to government funders and the vacation pay accrual.

Financial instruments

The Organization's financial instruments consist of cash, investments, accounts receivable, and accounts payable.

Financial assets or liabilities are initially measured at fair value and subsequently the Organization measures all of its financial assets and financial liabilities at amortized cost except for investments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in investment income.

Youth Employment Services YES

Notes to the Financial Statements

March 31, 2018

3. Leasehold improvements and equipment

			<u>2018</u>	<u>2017</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Furniture and equipment	\$ 236,006	\$ 161,425	\$ 74,581	\$ 59,120
Computer equipment	558,161	440,141	118,020	82,957
Leasehold improvements	<u>327,681</u>	<u>314,662</u>	<u>13,019</u>	<u>62,608</u>
	<u>\$ 1,121,848</u>	<u>\$ 916,228</u>	<u>\$ 205,620</u>	<u>\$ 204,685</u>

4. Government remittances

Included in accounts payable and accrued liabilities are government remittances of \$23,610 (2017 - \$20,636). These amounts were remitted during April and May, 2018 (2017 - April and May, 2017).

5. Deferred contributions

Deferred contributions represent the unamortized amount of grants and donations received for the purchase of leasehold improvements and equipment. The amortization of these contributions is recorded as revenue in the statement of operations and changes in fund balance - Operating Fund.

	<u>2018</u>	<u>2017</u>
Balance, beginning of year	\$ 204,328	\$ 238,801
Grants and donations	140,948	89,664
Amounts amortized to revenue	<u>(140,013)</u>	<u>(124,137)</u>
Balance, end of year	<u>\$ 205,263</u>	<u>\$ 204,328</u>

Youth Employment Services YES

Notes to the Financial Statements

March 31, 2018

6. Special Projects Fund

The balance of the Special Projects Fund is comprised of the following amounts, restricted and internally restricted by the Board, for donor or Board-designated purposes:

	<u>2018</u>	<u>2017</u>
Internally restricted by the Board	\$ 3,919,077	\$ 3,570,399
Externally restricted		
TD Bank - Youth Collaboration and Job Central	15,000	-
Silicon Valley - YBC	9,234	-
Rotary Club – BizStart	5,000	-
Job Camp	-	51,359
BizStart	-	23,815
GAP Inc. – Capacity Building for Staff Development	-	12,586
CITI Foundation	-	12,387
	<u>\$ 3,948,311</u>	<u>\$ 3,670,546</u>

The transfers to the Operating Fund from the Special Projects Fund totalling \$193,000 (2017 - \$42,000) were used to fund additional client supports, as well as the general operating fund deficit.

7. Allocation of general support expenses

General support expenses have been allocated to programs as follows:

	<u>Provincial Government</u>	<u>Federal Government</u>	<u>City of Toronto</u>	<u>Other</u>	<u>2018 Total</u>	<u>2017 Total</u>
Salary and benefits	\$ 509,934	\$ 165,840	\$ 26,288	\$ 73,099	\$ 775,161	\$ 706,140
Professional services	12,024	3,911	620	1,724	18,279	20,327
Other	<u>76,947</u>	<u>25,024</u>	<u>3,967</u>	<u>11,030</u>	<u>116,968</u>	<u>120,993</u>
	<u>\$ 598,905</u>	<u>\$ 194,775</u>	<u>\$ 30,875</u>	<u>\$ 85,853</u>	<u>\$ 910,408</u>	<u>\$ 847,460</u>

The general support expenses are expensed in staff salaries and benefits and program operating costs in the statement of operations and changes in fund balances – operating fund.

8. Donations in kind

The Organization receives a variety of donations in kind for which no donation tax receipts are issued. These donations are not reflected in the financial statements, but they assist YES in meeting its objectives in the most cost-effective manner.

Volunteers also contribute significant time each fiscal year to assist YES in carrying out its service delivery activities. Because of the difficulty in determining their fair value, contributed services are not recognized in the financial statements.

Youth Employment Services YES

Notes to the Financial Statements

March 31, 2018

9. Lease commitments

YES rents office and operating space under operating leases which expire at various times up to May 2023. Future minimum annual lease payments over the next five years representing base rent are as follows:

2019	\$ 495,000
2020	411,000
2021	379,000
2022	226,000
2023	226,000

10. Financial instruments

The Organization's main financial instrument risk exposures are detailed as follows:

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. YES is exposed to liquidity risk with respect to its accounts payable. YES reduces its exposure to liquidity risk by ensuring that it documents when authorized payments are due and maintaining adequate cash reserves to repay advances.

Interest rate and market risk

Interest rate and market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Organization is exposed to interest rate and market risk with respect to its investments. The market risk is mitigated by the Organization through investing in instruments which have a low susceptibility to significant fluctuations in the market.

Credit risk

The Organization's financial instruments that are exposed to concentration of credit risk consist primarily of cash and accounts receivable. YES places its cash investments with high credit quality institutions. At times, such investments may be in excess of the Canada Deposit Insurance Corporation insurance limit.

The credit risk with respect to its accounts receivable is to the extent that debtors do not meet their obligations. However, this risk is mitigated by the fact that most of the accounts receivable as of March 31, 2018 are from the city, provincial and federal governments. Allowance for doubtful accounts is \$Nil (2017 - \$Nil).

Other risks

It is management's opinion that the Organization is not exposed to significant cash flow or concentration risks arising from its financial instruments.

Youth Employment Services YES

Notes to the Financial Statements

March 31, 2018

11. Objectives, policies and procedures for managing capital

The Organization's capital is comprised of net amounts invested in leasehold improvements and equipment and the Special Projects Fund.

The investment in leasehold improvements and equipment facilitates the delivery of services to clients.

The Board's objective is to maintain the Special Projects Fund at a level sufficient to meet both the annual working capital requirements and to fund commitments for special projects and programming. The Board has established a statement of investment policy which is conservative and seeks a balance between fixed income investments, which offer the highest immediate income but little protection against inflation, and common stocks, which generally yield a relatively low immediate dividend but which show promise of dividend growth and appreciation in value. This is monitored by the Board on a regular basis with the engagement of a professional investment manager.

The Board reviews and approves the annual budget (which includes the capital budget). Throughout the fiscal year, the actual results are monitored against the budget.
