



Financial Statements

Youth Employment Services YES

March 31, 2016

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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, 2016, 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, 2016 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 20, 2016



Chartered Professional Accountants
Licensed Public Accountants

Youth Employment Services YES

Statement of Financial Position

March 31

2016

2015

Assets

Current

Cash	\$ 1,842,502	\$ 828,081
Investments	3,573,772	2,703,359
Accounts receivable	723,752	421,295
Prepaid expenses	<u>13,970</u>	<u>16,734</u>
	6,153,996	3,969,469

Leasehold improvements and equipment (Note 3)	<u>239,158</u>	<u>84,775</u>
	<u>\$ 6,393,154</u>	<u>\$ 4,054,244</u>

Liabilities and fund balances

Current

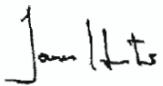
Accounts payable and accrued liabilities (Note 4)	\$ 1,597,648	\$ 1,079,324
Deferred revenue	<u>1,440,736</u>	<u>167,912</u>
	3,038,384	1,247,236

Deferred contributions (Note 5)	<u>238,801</u>	<u>84,418</u>
	<u>3,277,185</u>	<u>1,331,654</u>

Fund balances

Operating Fund	(1,171)	(3,949)
Special Projects Fund (Note 6)	<u>3,117,140</u>	<u>2,726,539</u>
	<u>3,115,969</u>	<u>2,722,590</u>
	<u>\$ 6,393,154</u>	<u>\$ 4,054,244</u>

On behalf of the Board of Directors


 _____ Director
 James Hunter


 _____ Director
 Patti Wright

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	2016	2015
Revenue		
Provincial Government		
Employment Service	\$ 3,334,343	\$ 2,822,398
Youth Job Connections	1,283,519	-
Canada-Ontario Job Grant	1,010,392	414,967
Summer Jobs Service (SJS)	596,752	596,752
Jobs for Youth	122,068	367,454
YESAbility	118,674	77,046
Youth Employment Fund	97,995	2,277,600
5 Star	66,762	49,692
Summer Company	46,377	81,543
Minding My Own Business (MMOB)	43,216	135,383
Passion for Fashion	-	70,000
Federal Government		
Youth Collaboration and Job Central	1,148,361	698,826
BizStart	394,642	475,719
Lighthouse	350,425	3,976
City of Toronto		
Toronto Social Services (Ontario Works)	192,282	190,428
Streets to Jobs	68,547	62,806
Other		
Investing in Neighbourhoods	30,008	55,334
Canada Summer Jobs	5,966	5,196
Career Focus – Research	-	19,208
Miscellaneous income	50,993	-
Interest income	5,440	8,721
Amortization of deferred contributions (Note 5)	100,489	46,345
Less: deferred funding for leasehold improvements and equipment (Note 5)	<u>(254,872)</u>	<u>(49,421)</u>
	<u>8,812,379</u>	<u>8,409,973</u>
Expenses		
Participants' stipends, training allowance and benefits	3,879,309	4,237,868
Staff salaries and benefits	3,791,165	3,484,214
Program operating costs	1,089,021	905,502
Amortization of leasehold improvements and equipment	100,489	46,345
Other expenses	<u>1,617</u>	<u>1,496</u>
	<u>8,861,601</u>	<u>8,675,425</u>
Deficiency of revenue over expenses	(49,222)	(265,452)
Operating Fund deficit, beginning of year	(3,949)	(4,497)
Transfer from Special Projects Fund (Note 6)	<u>52,000</u>	<u>266,000</u>
Operating Fund deficit, end of year	<u>\$ (1,171)</u>	<u>\$ (3,949)</u>

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	2016	2015
Revenue		
Unrestricted donations	\$ 379,436	\$ 215,448
Restricted donations	88,107	89,381
Investment income (loss)	<u>(9,437)</u>	<u>245,000</u>
	458,106	549,829
Expenses		
Investment fees	<u>(15,505)</u>	<u>(14,104)</u>
Excess of revenue over expenses	442,601	535,725
Fund balance, beginning of year	2,726,539	2,456,814
Transfer to Operating Fund (Note 6)	<u>(52,000)</u>	<u>(266,000)</u>
Special Projects Fund balance, end of year (Note 6)	<u>\$ 3,117,140</u>	<u>\$ 2,726,539</u>

See accompanying notes to the financial statements.

Youth Employment Services YES

Statement of Cash Flows

Year ended March 31

2016

2015

Increase (decrease) in cash

Operating

Excess (deficiency) of revenue over expenses		
Operating Fund	\$ (49,222)	\$ (265,452)
Special Projects Fund	442,601	535,725
Add (deduct) items not involving cash		
Amortization of leasehold improvements and equipment	100,489	46,345
Realized gain on disposal of investments	(24,001)	(63,475)
Unrealized loss (gain) on investments	33,438	(181,525)
Amortization of deferred contributions	<u>(100,489)</u>	<u>(46,345)</u>
	402,816	25,273

Net change in non-cash working capital items

Accounts receivable	(302,457)	15,073
Prepaid expenses	2,764	(3,901)
Accounts payable and accrued liabilities	518,324	6,659
Deferred revenue	<u>1,272,824</u>	<u>167,912</u>

1,894,271 **211,016**

Investing and financing activities

Deferred contributions	254,872	49,421
Proceeds on sale of investments	375,058	1,267,553
Purchase of investments	(1,254,908)	(1,628,938)
Purchase of leasehold improvements and equipment	<u>(254,872)</u>	<u>(49,421)</u>
	<u>(879,850)</u>	<u>(361,385)</u>

Change in cash during the year **1,014,421** (150,369)

Cash, beginning of year **828,081** 978,450

Cash, end of year **\$ 1,842,502** **\$ 828,081**

See accompanying notes to the financial statements.

Youth Employment Services YES

Notes to the Financial Statements

March 31, 2016

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, 2016

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, 2016

3. Leasehold improvements and equipment

	<u>2016</u>	<u>2015</u>		
<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>		
	<u>Net Book Value</u>	<u>Net Book Value</u>		
Furniture and equipment	\$ 181,185	\$ 120,847	\$ 60,338	\$ 31,281
Computer equipment	418,628	321,045	97,583	52,230
Leasehold improvements	<u>291,423</u>	<u>210,186</u>	<u>81,237</u>	<u>1,264</u>
	<u>\$ 891,236</u>	<u>\$ 652,078</u>	<u>\$ 239,158</u>	<u>\$ 84,775</u>

4. Government remittances

Included in accounts payable and accrued liabilities are government remittances of \$24,378 (2015 - \$20,135). These amounts were remitted during April and May, 2016 (2015 - April and May, 2015).

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>2016</u>	<u>2015</u>
Balance, beginning of year	\$ 84,418	\$ 81,342
Grants and donations	254,872	49,421
Amounts amortized to revenue	<u>(100,489)</u>	<u>(46,345)</u>
Balance, end of year	<u>\$ 238,801</u>	<u>\$ 84,418</u>

Youth Employment Services YES

Notes to the Financial Statements

March 31, 2016

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>2016</u>	<u>2015</u>
Internally restricted by the Board	\$ 3,064,824	\$ 2,710,330
Externally restricted		
Job Camp	51,359	10,229
Meals for Youth	957	5,980
	<u>\$ 3,117,140</u>	<u>\$ 2,726,539</u>

The transfers to the Operating Fund from the Special Projects Fund totalling \$52,000 (2015 - \$266,000) were used to fund the operating expenses of the Youth Collaboration & Job Central and the Job Camp activities, 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>2016 Total</u>	<u>2015 Total</u>
Salary and benefits	\$ 389,889	\$ 112,267	\$ 6,596	\$ 508,752	\$ 455,923
Professional services	40,486	11,658	685	52,828	40,792
Other	<u>86,676</u>	<u>24,958</u>	<u>1,466</u>	<u>113,101</u>	<u>49,470</u>
	<u>\$ 517,051</u>	<u>\$ 148,883</u>	<u>\$ 8,747</u>	<u>\$ 674,681</u>	<u>\$ 546,185</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, 2016

9. Lease commitments

YES rents office and operating space under operating leases which expire at various times up to May 2019. Future minimum annual lease payments representing base rent are as follows:

2017	342,000
2018	351,000
2019	296,000
2020	50,000

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, 2016 are from the city, provincial and federal governments. Allowance for doubtful accounts is \$Nil (2015 - \$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, 2016

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.
