



Financial Statements

Youth Employment Services YES

March 31, 2019

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Independent Auditor's Report

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To the Board of Directors of
Youth Employment Services YES

Opinion

We have audited the financial statements of **Youth Employment Services YES** ("the Organization"), which comprise the statement of financial position as at March 31, 2019, 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.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of **Youth Employment Services YES** as at March 31, 2019, and its results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance 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.

In preparing the financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Grant Thornton LLP

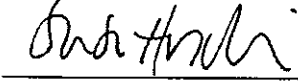
Toronto, Canada
June 24, 2019

Chartered Professional Accountants
Licensed Public Accountants

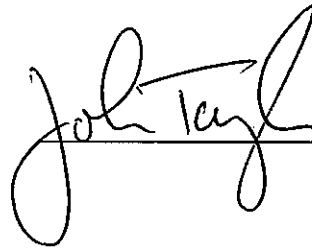
**Youth Employment Services YES
Statement of Financial Position**

March 31	2019	2018
Assets		
Current		
Cash	\$ 1,700,345	\$ 2,198,910
Investments (Note 3)	5,806,332	4,232,431
Accounts receivable	1,152,937	903,962
Prepaid expenses	<u>26,758</u>	<u>23,989</u>
	8,686,372	7,359,292
Leasehold improvements and equipment (Note 4)	<u>338,187</u>	<u>205,620</u>
	<u>\$ 9,024,559</u>	<u>\$ 7,564,912</u>
Liabilities and fund balances		
Current		
Accounts payable and accrued liabilities (Note 5)	\$ 2,183,311	\$ 1,901,192
Deferred revenue	<u>1,671,728</u>	<u>1,511,865</u>
	3,855,039	3,413,057
Deferred contributions (Note 6)	<u>337,830</u>	<u>205,263</u>
	<u>4,192,869</u>	<u>3,618,320</u>
Fund balances		
Operating Fund	(885)	(1,719)
Special Projects Fund (Note 7)	<u>4,832,575</u>	<u>3,948,311</u>
	<u>4,831,690</u>	<u>3,946,592</u>
	<u>\$ 9,024,559</u>	<u>\$ 7,564,912</u>

On behalf of the Board of Directors



Director



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	2019	2018
Revenue		
Provincial Government		
Employment Service	\$ 3,440,995	\$ 2,839,903
Youth Job Connections	4,503,981	4,100,034
Canada-Ontario Job Grant	1,224,849	1,381,309
Youth Job Connections - Summer	778,096	778,096
Youth Job Link	126,000	124,485
YESAbility	158,500	149,168
Summer Company	72,590	221,618
Federal Government		
Youth Collaboration and Job Central	1,838,902	1,481,327
BizStart	1,215,369	615,564
Lighthouse	419,469	325,161
City of Toronto		
Toronto Social Services (Ontario Works)	245,973	249,195
Streets to Jobs	68,547	68,547
Toronto Youth Job Corps	687,911	444,482
Miscellaneous income	72,205	-
Interest income	24,195	10,131
Amortization of deferred contributions (Note 6)	161,334	140,013
Less: deferred funding for leasehold improvements and equipment (Note 6)	<u>(293,901)</u>	<u>(140,948)</u>
	14,745,015	12,788,085
Expenses		
Participants' stipends, training allowance and benefits	7,320,577	6,430,907
Staff salaries and benefits	6,247,760	5,563,090
Program operating costs	1,710,997	1,327,333
Amortization of leasehold improvements and equipment	161,334	140,013
Other expenses	<u>516</u>	<u>1,009</u>
	15,441,184	13,462,352
Deficiency of revenue over expenses	(696,169)	(674,267)
Operating Fund deficit, beginning of year	(1,719)	(1,014)
Transfers from the Special Projects Fund		
GAP – This Way Ahead	195,063	210,248
HSBC – Ask A Business Consultant	77,688	77,578
Counselling Foundation – Empower the Employment	-	20,000
Starbucks	39,298	62,478
Citi Foundation	215,349	64,157
RBC Foundation	70,219	35,854
Manulife	51,386	10,247
Annual transfer (Note 7)	<u>48,000</u>	<u>193,000</u>
Operating Fund deficit, end of year	\$ (885)	\$ (1,719)

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	2019	2018
Revenue		
Restricted donations	\$ 749,652	\$ 471,638
Unrestricted donations	299,466	277,682
Restricted donations – Citi Foundation	215,349	64,157
Unrestricted donations – Citi Foundation	89,132	-
Investment income	<u>248,280</u>	<u>157,591</u>
	1,601,879	971,068
Expenses		
Investment fees	<u>20,612</u>	<u>19,741</u>
	1,581,267	951,327
Excess of revenue over expenses	1,581,267	951,327
Fund balance, beginning of year	3,948,311	3,670,546
Transfers to the Operating Fund		
GAP – This Way Ahead	(195,063)	(210,248)
HSBC – Ask A Business Consultant	(77,688)	(77,578)
Counselling Foundation – Empower the Employment	-	(20,000)
Starbucks	(39,298)	(62,478)
Citi Foundation	(215,349)	(64,157)
RBC Foundation	(70,219)	(35,854)
Manulife	(51,386)	(10,247)
Annual transfer (Note 7)	<u>(48,000)</u>	<u>(193,000)</u>
Special Projects Fund balance, end of year (Note 7)	<u>\$ 4,832,575</u>	<u>\$ 3,948,311</u>

See accompanying notes to the financial statements.

Youth Employment Services YES

Statement of Cash Flows

Year ended March 31

2019

2018

Increase (decrease) in cash

Operating

Excess (deficiency) of revenue over expenses

Operating Fund \$ (696,169) \$ (674,267)

Special Projects Fund 1,581,267 951,327

Add (deduct) items not involving cash

Amortization of leasehold improvements and equipment 161,334 140,013

Unrealized gain on investments, net (248,280) (157,590)

Amortization of deferred contributions (161,334) (140,013)

636,818 119,470

Net change in non-cash working capital items

Accounts receivable (248,975) (568,066)

Prepaid expenses (2,769) (3,645)

Accounts payable and accrued liabilities 282,119 (96,730)

Deferred revenue 159,863 262,212

827,056 (286,759)

Investing and financing activities

Deferred contributions 293,901 140,948

Proceeds on sales of investments 1,051,094 355,453

Purchase of investments (2,376,715) (613,996)

Purchase of leasehold improvements and equipment (293,901) (140,948)

(1,325,621) (258,543)

Change in cash during the year

(498,565) (545,302)

Cash, beginning of year

2,198,910 2,744,212

Cash, end of year

\$ 1,700,345 \$ 2,198,910

See accompanying notes to the financial statements.

Youth Employment Services YES

Notes to the Financial Statements

March 31, 2019

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, 2019

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 8.

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, 2019

3. Investments

	<u>2019</u>	<u>2018</u>
Pooled funds	\$ 3,507,403	\$ 3,009,123
High interest savings account	1,790,301	1,018,167
Guaranteed investment certificates	<u>508,628</u>	<u>205,141</u>
	<u>\$ 5,806,332</u>	<u>\$ 4,232,431</u>

The guaranteed investment certificates (GICs) are cashable within one year. The GICs mature on March 27, 2020 and January 5, 2021 and earn interest of 1.65% and 2.05% per annum, respectively.

4. Leasehold improvements and equipment

			<u>2019</u>	<u>2018</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Furniture and equipment	\$ 332,496	\$ 195,610	\$ 136,886	\$ 74,581
Computer equipment	630,651	513,559	117,092	118,020
Leasehold improvements	<u>452,602</u>	<u>368,393</u>	<u>84,209</u>	<u>13,019</u>
	<u>\$ 1,415,749</u>	<u>\$ 1,077,562</u>	<u>\$ 338,187</u>	<u>\$ 205,620</u>

5. Government remittances

Included in accounts payable and accrued liabilities are government remittances of \$25,823 (2018 - \$23,610). These amounts were remitted during April and May, 2019 (2018 - April and May, 2018).

6. 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>2019</u>	<u>2018</u>
Balance, beginning of year	\$ 205,263	\$ 204,328
Grants and donations	293,901	140,948
Amounts amortized to revenue	<u>(161,334)</u>	<u>(140,013)</u>
Balance, end of year	<u>\$ 337,830</u>	<u>\$ 205,263</u>

Youth Employment Services YES

Notes to the Financial Statements

March 31, 2019

7. 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>2019</u>	<u>2018</u>
Internally restricted by the Board	\$ 4,523,575	\$ 3,919,077
Externally restricted		
Leonard and Gabryela Osin Foundation	220,000	-
TD Bank - Youth Collaboration and Job Central	40,000	15,000
Rotary Club - YEP	46,000	-
Hylcan Foundation - Wraparound	3,000	-
Silicon Valley - YBC	-	9,234
Rotary Club - BizStart	-	5,000
	<u>\$ 4,832,575</u>	<u>\$ 3,948,311</u>

The transfers to the Operating Fund from the Special Projects Fund totalling \$48,000 (2018 - \$193,000) were used to fund additional client supports, as well as the general operating fund deficit.

8. 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>2019 Total</u>	<u>2018 Total</u>
Salary and benefits	\$ 633,715	\$ 228,646	\$ 24,193	\$ 50,744	\$ 937,298	\$ 775,161
Professional services	14,864	5,363	567	1,190	21,984	18,279
Other	<u>132,006</u>	<u>47,628</u>	<u>5,040</u>	<u>10,570</u>	<u>195,244</u>	<u>116,968</u>
	<u>\$ 780,585</u>	<u>\$ 281,637</u>	<u>\$ 29,800</u>	<u>\$ 62,504</u>	<u>\$1,154,526</u>	<u>\$ 910,408</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.

9. 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, 2019

10. 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 four years representing base rent are as follows:

2020	506,000
2021	492,000
2022	312,000
2023	226,000

11. 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, 2019 are from the city, provincial and federal governments. Allowance for doubtful accounts is \$Nil (2018 - \$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, 2019

12. 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.