



Financial Statements

Youth Employment Services YES

March 31, 2022

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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, 2022, 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, 2022, 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.

The logo for Grant Thornton LLP, featuring the company name in a stylized, cursive script font.

Toronto, Canada
June 20, 2022

Chartered Professional Accountants
Licensed Public Accountants

Youth Employment Services YES

Statement of Financial Position

March 31

2022

2021

Assets

Current

Cash	\$ 1,355,948	\$ 1,590,909
Investments (Note 3)	7,516,303	7,346,630
Accounts receivable	969,127	671,197
Prepaid expenses	<u>51,605</u>	<u>61,518</u>

9,892,983 9,670,254

Leasehold improvements and equipment (Note 4) 158,075 219,591

\$ 10,051,058 **\$ 9,889,845**

Liabilities and fund balances

Current

Accounts payable and accrued liabilities (Note 5)	\$ 2,442,539	\$ 2,417,306
Deferred revenue (Note 6)	<u>1,133,199</u>	<u>1,407,634</u>

3,575,738 3,824,940

Deferred capital contributions (Note 7) 157,718 219,234

3,733,456 4,044,174

Fund balances (Note 8)

Operating Fund	-	(315)
Special Projects Fund	<u>6,317,602</u>	<u>5,845,986</u>

6,317,602 5,845,671

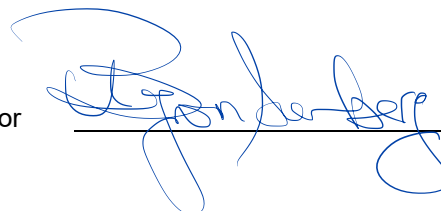
\$ 10,051,058 **\$ 9,889,845**

Lease commitments (Note 11)

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	2022	2021
Revenue		
Provincial Government		
Youth Job Connections	\$ 3,940,974	\$ 3,609,231
Employment Service	2,652,486	2,652,521
Canada-Ontario Job Grant	944,387	944,058
Youth Job Connections - Summer	778,100	754,429
YES 2 Tech Learn and Earn (Y2TLE)	539,989	404,695
YESAbility	142,385	170,385
Federal Government		
Youth Collaboration and Job Central	2,419,808	1,673,693
BizStart	1,341,293	1,120,811
Lighthouse	652,248	687,776
City of Toronto		
Toronto Youth Job Corps	842,177	615,560
Toronto Social Services (Ontario Works)	425,402	334,439
Streets to Jobs	68,472	71,036
Miscellaneous income	152,285	84,341
Interest income (Note 3)	9,745	14,988
Amortization of deferred capital contributions (Note 7)	121,081	176,465
Less: deferred funding for leasehold improvements and equipment (Note 7)	<u>(59,565)</u>	<u>(100,577)</u>
	14,971,267	13,213,851
Expenses		
Staff salaries and benefits	6,876,064	6,768,037
Participants' stipends, training allowance and benefits	7,381,138	5,706,693
Program operating costs	1,839,966	1,798,392
Amortization of leasehold improvements and equipment	121,081	176,465
Other expenses	<u>1,062</u>	<u>1,068</u>
	16,219,311	14,450,655
Deficiency of revenue over expenses	(1,248,044)	(1,236,804)
Operating Fund deficit, beginning of year	(315)	(487)
Transfers from the Special Projects Fund		
Citi Foundation – YES2Tech	313,945	165,729
HSBC – Career Accelerator	242,431	184,588
GAP This Way Onward / Ahead	158,151	250,662
RBC Foundation	107,241	69,196
Y2TLE	32,280	-
Career Navigator	18,977	-
Manulife	6,857	24,452
Citi Foundation – YES on Demand	-	214,076
HSBC – Ask A Business Consultant	-	14,756
Additional restricted program supports	176,450	160,017
Annual transfer (Note 8)	<u>192,027</u>	<u>153,500</u>
Operating Fund deficit, end of year	\$ -	\$ (315)

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	2022	2021
Revenue		
Restricted donations	\$ 758,681	\$ 805,891
Unrestricted donations	311,503	378,542
Restricted donations – Citi Foundation	313,944	379,806
Investment income (Note 3)	<u>361,108</u>	<u>648,209</u>
	1,745,236	2,212,448
Expenses		
Investment fees	<u>25,261</u>	<u>23,557</u>
Excess of revenue over expenses	1,719,975	2,188,891
Fund balance, beginning of year	5,845,986	4,894,071
Transfers to the Operating Fund (Note 8)		
Citi Foundation – YES2Tech	(313,945)	(165,729)
HSBC – Career Accelerator	(242,431)	(184,588)
GAP This Way Onward / Ahead	(158,151)	(250,662)
RBC Foundation	(107,241)	(69,196)
Y2TLE	(32,280)	-
Career Navigator	(18,977)	-
Manulife	(6,857)	(24,452)
Citi Foundation – YES on Demand	-	(214,076)
HSBC – Ask A Business Consultant	-	(14,756)
Additional restricted program supports	(176,450)	(160,017)
Annual transfer (Note 8)	<u>(192,027)</u>	<u>(153,500)</u>
Special Projects Fund balance, end of year (Note 8)	<u>\$ 6,317,602</u>	<u>\$ 5,845,986</u>

See accompanying notes to the financial statements.

Youth Employment Services YES

Statement of Cash Flows

Year ended March 31

2022

2021

Increase (decrease) in cash

Operating

Excess (deficiency) of revenue over expenses		
Operating Fund	\$ (1,248,044)	\$ (1,236,804)
Special Projects Fund	1,719,975	2,188,891
Add (deduct) items not involving cash		
Amortization of leasehold improvements and equipment	121,081	176,465
Unrealized/reinvested gain on investments, net (Note 3)	(361,108)	(648,209)
Amortization of deferred capital contributions	<u>(121,081)</u>	<u>(176,465)</u>

110,823 303,878

Net change in non-cash working capital items

Accounts receivable	(297,930)	126,782
Prepaid expenses	9,913	(8,540)
Accounts payable and accrued liabilities	25,233	405,048
Deferred revenue	<u>(274,435)</u>	<u>160,867</u>

(426,396) 988,035

Investing and financing activities

Receipt of deferred contributions	59,565	100,577
Proceeds on sales of investments	1,620,000	1,791,749
Purchase of investments	(1,428,565)	(2,589,444)
Purchase of leasehold improvements and equipment	<u>(59,565)</u>	<u>(100,577)</u>

191,435 (797,695)

Change in cash during the year

(234,961) 190,340

Cash, beginning of year

1,590,909 1,400,569

Cash, end of year

\$ 1,355,948 \$ 1,590,909

See accompanying notes to the financial statements.

Youth Employment Services YES

Notes to the Financial Statements

March 31, 2022

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. Externally restricted contributions and grants without a restricted fund are deferred in the Operating Fund when initially recorded in the accounts and recognized as revenue of the Operating Fund in the period in which the related expenses are recognized.

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, 2022

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

Impairment of long-lived assets

The Organization tests for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Recoverability is assessed by comparing the carrying amount to the projected undiscounted future net cash flows the long-lived assets are expected to generate through their direct use and eventual disposition. When a test for impairment indicates that the carrying amount of an asset is not recoverable, an impairment loss is recognized to the extent carrying value exceeds its fair value.

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 9.

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.

Youth Employment Services YES

Notes to the Financial Statements

March 31, 2022

2. Summary of significant accounting policies (continued)

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.

For financial assets measured at cost or amortized cost, the Organization regularly assesses whether there are any indications of impairment. Any impairment loss is recognized in the statement of operations.

3. Investments

	<u>2022</u>	<u>2021</u>
Pooled funds	\$ 4,517,986	\$ 4,156,878
High interest savings account	2,368,317	2,559,752
Guaranteed investment certificates	<u>630,000</u>	<u>630,000</u>
	<u>\$ 7,516,303</u>	<u>\$ 7,346,630</u>

The guaranteed investment certificates (GICs) are cashable within one year. The GICs mature in January, 2023 and earn interest at 0.75% and 0.82% per annum. (2021 – mature in December, 2021 and January, 2022 and earn interest at 0.70% and 0.65%, respectively).

Investment income consists of the following:

	<u>2022</u>	<u>2021</u>
Operating Fund		
Interest income	<u>\$ 9,745</u>	<u>\$ 14,988</u>
Special Project Fund		
Reinvested income	461,122	142,737
Unrealized (loss) gain	<u>(100,014)</u>	<u>505,472</u>
	<u>361,108</u>	<u>648,209</u>
	<u>\$ 370,873</u>	<u>\$ 663,197</u>

Youth Employment Services YES

Notes to the Financial Statements

March 31, 2022

4. Leasehold improvements and equipment

	<u>2022</u>	<u>2021</u>
<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>
Furniture and equipment	\$ 375,004	\$ 317,244
Computer equipment	829,981	745,680
Leasehold improvements	<u>494,105</u>	<u>478,091</u>
	<u>\$ 1,699,090</u>	<u>\$ 1,541,015</u>
	<u>\$ 57,760</u>	<u>\$ 87,280</u>
	<u>\$ 84,301</u>	<u>\$ 109,017</u>
	<u>\$ 16,014</u>	<u>\$ 23,294</u>
	<u>\$ 158,075</u>	<u>\$ 219,591</u>

5. Government remittances

Included in accounts payable and accrued liabilities are government remittances owing of \$36,323 (2021 - \$33,568) in relation to source deductions and \$98,852 (2021 - \$51,273) in relation to provincial funding surpluses. These amounts were remitted during April and May 2022 (2021 - April and May 2021).

6. Deferred revenue

Deferred revenue represents grant and donation revenue for ongoing programs. Under the deferral method, unspent funds received that relate to a future period are deferred.

	<u>2022</u>	<u>2021</u>
Balance, beginning of year	\$ 1,407,634	\$ 1,246,767
Grant and donations received	16,009,699	14,848,081
Revenue recognized (excluding interest and capital contribution)	<u>(16,284,134)</u>	<u>(14,687,214)</u>
Balance, end of year	<u>\$ 1,133,199</u>	<u>\$ 1,407,634</u>

7. Deferred capital contributions

Deferred capital 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>2022</u>	<u>2021</u>
Balance, beginning of year	\$ 219,234	\$ 295,122
Grants and donations	59,565	100,577
Amounts amortized to revenue	<u>(121,081)</u>	<u>(176,465)</u>
Balance, end of year	<u>\$ 157,718</u>	<u>\$ 219,234</u>

Youth Employment Services YES

Notes to the Financial Statements

March 31, 2022

8. Fund balances

	Opening balance April 1, 2021	Excess (deficiency) of revenue over expenses	Transfers	Closing balance March 31, 2022
Operating fund	\$ (315)	\$ (1,248,044)	\$ 1,248,359	\$ -
Special project fund				
Internally restricted by the Board	5,673,446	647,350	(127,028)	6,193,768
Restricted by the Donor - Special projects	-	854,881	(854,881)	-
Restricted by the Donor - Program supports	<u>172,540</u>	<u>217,744</u>	<u>(266,450)</u>	<u>123,834</u>
	<u>5,845,986</u>	<u>1,719,975</u>	<u>(1,248,359)</u>	<u>6,317,602</u>
	<u>\$ 5,845,671</u>	<u>\$ 471,931</u>	<u>\$ -</u>	<u>\$ 6,317,602</u>

The transfers to the Operating Fund from the Special Projects Fund include restricted fund transfers plus an annual transfer totalling \$192,027 (2021 - \$153,500) that was used to fund additional client supports, as well as the general operating fund deficit.

9. Allocation of general support expenses

General support expenses have been allocated to programs as follows:

	Provincial Government	Federal Government	City of Toronto	Other	2022 Total	2021 Total
Salary and benefits	\$ 665,914	\$ 259,729	\$ 26,365	\$ 62,136	\$1,014,144	\$ 950,021
Professional services	10,540	4,111	417	983	16,051	15,794
Other	<u>76,224</u>	<u>29,730</u>	<u>3,018</u>	<u>7,112</u>	<u>116,084</u>	<u>131,260</u>
	<u>\$ 752,678</u>	<u>\$ 293,570</u>	<u>\$ 29,800</u>	<u>\$ 70,231</u>	<u>\$1,146,279</u>	<u>\$1,097,075</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.

10. 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. Because of the difficulty in determining their fair value, contributed donations in kind are not recognized in the financial statements.

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, 2022

11. Lease commitments

YES rents office and operating space under operating leases which expire at various times up to June 2024. Future minimum annual lease payments over the next three years representing base rent are as follows:

2023	386,696
2024	131,166
2025	9,713

12. 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, 2022 are from the city, provincial and federal governments. Allowance for doubtful accounts is \$Nil (2021 - \$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, 2022

13. 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.