

**Addiction Services for York Region  
Financial Statements  
For the year ended March 31, 2017**

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## Independent Auditor's Report

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### To the Members of Addiction Services for York Region

We have audited the accompanying financial statements of Addiction Services for York Region, which comprise the statement of financial position as at March 31, 2017 and the statements of operations, changes in net assets 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 Addiction Services for York Region as at March 31, 2017 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.

*BDO Canada LLP*

Chartered Professional Accountants, Licensed Public Accountants  
Mississauga, Ontario  
June 22, 2017

## Addiction Services for York Region Statement of Financial Position

**March 31** **2017** **2016**

### Assets

#### Current

Cash (Note 2)	\$	<b>356,455</b>	\$	242,819
Short-term investments (Note 3a)		<b>217,600</b>		413,950
Accounts receivable		<b>47,869</b>		52,952
HST receivable		<b>54,717</b>		80,805
Prepaid expenses		<b>16,739</b>		20,000

**693,380** **810,526**

**Long-term investments** (Note 3b)

**200,000** -

**Capital assets** (Note 4)

**96,509** **127,181**

**\$ 989,889** **\$ 937,707**

### Liabilities and Net Assets

#### Current

Accounts payable and accrued liabilities	\$	<b>301,144</b>	\$	281,299
Deferred revenue (Note 7)		<b>63,843</b>		37,805

**364,987** **319,104**

**Deferred capital contributions** (Note 6)

**46,422** **66,734**

**Deferred rent**

**140,153** **131,557**

**551,562** **517,395**

#### Net Assets


Unrestricted		<b>13,327</b>		20,312
Internally restricted (Note 5)		<b>425,000</b>		400,000

**438,327** **420,312**

**\$ 989,889** **\$ 937,707**

On behalf of the Board:

 Director

 Director

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

## Addiction Services for York Region Statement of Operations

For the year ended March 31	2017	2016
<b>Revenue</b>		
Central Local Health Integration Network		
Base funding	\$ 4,115,126	\$ 4,111,435
One-time funding	87,865	25,850
Other funded programs (Note 7)	462,654	464,455
Fee for service	132,854	135,239
Community Withdrawal Management Funding (Note 8)	128,033	128,123
Ministry of Children and Youth Services	60,564	60,564
Ministry of Health and Long-Term Care	27,267	-
Amortization of deferred capital contributions (Note 6)	20,312	29,736
Donations and other income	16,964	14,032
Interest income	4,310	6,054
	<b>5,055,949</b>	<b>4,975,488</b>
<b>Expenditures</b>		
Salaries and benefits	3,621,093	3,626,314
Occupancy costs	430,807	419,364
Office and program expenses	248,477	190,570
Professional fees	179,334	208,654
Purchased services	129,087	131,304
Information technology	77,346	78,984
Travel	78,998	58,633
Professional development	75,009	57,286
Telephone	55,945	49,762
Repairs and maintenance	40,581	25,234
Amortization	36,105	60,716
Website	28,032	1,281
Bank charges, interest and payroll processing	22,913	13,207
Insurance	14,207	15,672
	<b>5,037,934</b>	<b>4,936,981</b>
<b>Excess of revenue over expenditures for the year</b>	<b>\$ 18,015</b>	<b>\$ 38,507</b>

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

**Addiction Services for York Region  
Statement of Changes in Net Assets**

**For the year ended March 31, 2017**

	<b>Unrestricted</b>	<b>Internally Restricted (Note 5)</b>	<b>Total 2017</b>	<b>Total 2016</b>
<b>Balance, beginning of year</b>	<b>\$ 20,312</b>	<b>\$ 400,000</b>	<b>\$ 420,312</b>	<b>\$ 381,805</b>
<b>Excess of revenue over expenditures</b>	<b>18,015</b>	<b>-</b>	<b>18,015</b>	<b>38,507</b>
<b>Transfer from unrestricted to internally restricted</b>	<b>(25,000)</b>	<b>25,000</b>	<b>-</b>	<b>-</b>
<b>Balance, end of year</b>	<b>\$ 13,327</b>	<b>\$ 425,000</b>	<b>\$ 438,327</b>	<b>\$ 420,312</b>

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

## Addiction Services for York Region Statement of Cash Flows

For the year ended March 31	2017	2016
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Excess of revenue over expenditures for the year	\$ 18,015	\$ 38,507
Adjustments required to reconcile excess of revenue over expenditures for the year with net cash provided by operating activities		
Amortization of capital assets	36,105	60,716
Amortization of deferred capital contributions	(20,312)	(29,736)
Deferred rent	8,596	12,595
Changes in non-cash working capital balances		
Accounts receivable	5,083	8,456
HST receivable	26,088	32,920
Prepaid expenses	3,261	(20,000)
Accounts payable and accrued liabilities	19,845	(685,243)
Deferred revenue	26,038	27,635
	<b>122,719</b>	<b>(554,150)</b>
<b>Investing activities</b>		
Purchase of capital assets	(5,433)	(249)
Sale (purchase) of investments, net	(3,650)	411,155
	<b>(9,083)</b>	<b>410,906</b>
<b>Increase (decrease) in cash during the year</b>	<b>113,636</b>	<b>(143,244)</b>
<b>Cash, beginning of year</b>	<b>242,819</b>	<b>386,063</b>
<b>Cash, end of year</b>	<b>\$ 356,455</b>	<b>\$ 242,819</b>

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

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## Addiction Services for York Region Notes to Financial Statements

March 31, 2017

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### 1. Nature of Organization and Significant Accounting Policies

#### Nature of the Organization

Addiction Services for York Region is a non-profit agency that supports change in the lives of individuals, their families and communities related to substance use and gambling.

The Organization is a registered charity under the Income Tax Act and as such is exempt from income tax.

#### General

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

#### Deferred Rent

Deferred rent represents the straight lining of premises rental payments over the term of the lease.

#### Capital Assets

Capital assets are stated at cost less accumulated amortization. Amortization based on the estimated useful life of the asset is calculated as follows:

Computer equipment	-	33 % declining balance
Office furniture and equipment	-	20 % declining balance
Leasehold improvements	-	20 % straight line

#### Revenue Recognition

The Organization follows the deferral method of accounting for contributions, which includes donations and government grants.

The Organization is funded in part by the Government of Ontario in accordance with budget arrangements established by the Central Local Health Integration Network and the Ministry of Children and Youth Services. Operating grants are recorded as revenue in the period to which they relate.

Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Restricted contributions are recognized as revenue in the year in which the related expenses are incurred.

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## Addiction Services for York Region Notes to Financial Statements

March 31, 2017

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### 1. Nature of Organization and Significant Accounting Policies (continued)

#### Revenue Recognition (continued)

Contributions restricted for the purchase of capital assets are deferred and amortized into revenue at a rate corresponding with the amortization rate for the related capital assets.

Fee for service and other contract revenue is recognized when the services are provided and collectibility is reasonably assured.

#### Contributed Services

Volunteers contribute time to assist the Organization in carrying out its services. Due to the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

#### Financial Instruments

Financial assets and financial liabilities are initially recognized at fair value when the Organization becomes a party to the contractual provision of the financial instrument. Subsequently, all financial instruments are measured at amortized cost, except for investments. The Organization has elected to use the fair value option to measure investments, with any subsequent changes in fair value recorded in the statement of operations.

Financial assets measured at amortized cost are assessed at each reporting date for indications of impairment. If such impairment exists, the asset is written down and the resulting impairment loss is recognized in the statement of operations. Transaction costs are expensed for those items measured at fair value at each statement of financial position date and charged to the financial instrument for those measured at amortized cost.



## Addiction Services for York Region Notes to Financial Statements

**March 31, 2017**

### 2. Cash

The Organization has an unused line of credit of \$50,000 that bears interest at prime + 1.25%.

### 3. Investments

- a) Short-term investments consist of cash and a high interest savings account (2016 - Guaranteed Investment Certificates ("GICs") earning interest of 0.59% to 0.66%, maturing between August 2016 and December 2016).
- b) Long-term investments consist of GICs earning interest of 1.65% to 1.75%, maturing between August 2018 and August 2019 (2016 - \$nil).

### 4. Capital Assets

	2017		2016	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Computer equipment	\$ 285,018	\$ 236,958	\$ 279,585	\$ 212,965
Office furniture and equipment	152,178	103,729	152,178	91,617
Leasehold improvements	61,577	61,577	61,577	61,577
	<b>\$ 498,773</b>	<b>\$ 402,264</b>	<b>\$ 493,340</b>	<b>\$ 366,159</b>
Net book value		<b>\$ 96,509</b>		<b>\$ 127,181</b>

### 5. Internally Restricted Funds

The Board of Directors have internally restricted funds in the amount of \$425,000 (2016 - \$400,000) to be spent only upon approval of the Board and only for unforeseen expenses, major capital asset additions or operating needs that are not otherwise budgeted. They are not to be used to fund current operating activities.

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## Addiction Services for York Region Notes to Financial Statements

**March 31, 2017**

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### 6. Deferred Capital Contributions

Deferred capital contributions consists of the following:

	2017	2016
Balance, beginning of year	\$ 66,734	\$ 74,470
Contributions received from:		
Ministry of Health and Long Term Care	-	22,000
	66,734	96,470
Amortization of deferred capital contributions	(20,312)	(29,736)
	\$ 46,422	\$ 66,734

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### 7. Other Funded Programs

Other program revenue consists of the following amounts:

	2017	2016
<b>Canadian Mental Health</b>		
Housing First Program	\$ 364,705	\$ 364,705
<b>Black Creek Community Health Centre</b>		
Bridges to Moms and Moms and Kids Too Program	67,000	67,000
<b>Women's College Hospital</b>		
Adopting Research to Improve Care Program	27,292	32,750
<b>Ontario Trillium Foundation</b>		
Mentors Obtain Drug Insight from Youth Program	3,657	-
	\$ 462,654	\$ 464,455

During the year, the Organization received \$67,500 from the Ontario Trillium Foundation. Of these funds, \$3,657 was spent in the year as noted above, with the remaining \$63,843 being deferred to the next fiscal year.

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### 8. Community Withdrawal Management Funding

Community Withdrawal Management Funding is received from Royal Victoria Hospital.

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## Addiction Services for York Region Notes to Financial Statements

**March 31, 2017**

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### 9. Commitments

The Organization has the following minimum annual payments for their premises and telecommunications:

2018	\$ 271,838
2019	257,379
2020	252,667
2021	255,000
2022	255,667
Thereafter	<u>2,392,582</u>
	<u>\$ 3,685,133</u>

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### 10. Financial Instrument Risk

#### Interest Rate Risk

Interest rate 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 risk arising from the possibility that changes in interest rates will affect the value of fixed income denominated investments. This risk is mitigated through the use of a formal investment policy, using the services of a professional investment advisor, and on-going monitoring and reporting. This risk has not changed from the prior year.

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### 11. Contingent Liabilities

The Organization receives funding from the Central Local Health Integration Network (the "Central LHIN") to assist with the expenditures of the Organization based on a pre-approved budget. The amount of funding provided to the Organization is subject to final review and approval by the Central LHIN.

As at the date of these financial statements, funding for the period of April 1, 2016 to March 31, 2017 has not been subject to the Central LHIN's review process. As at March 31, 2017 the Organization has not recorded a payable to the Central LHIN (2016 - \$nil) on account of unspent funding. Any adjustments required as a result of this review, will be accounted for in the year of settlement.

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### 12. Comparative Figures

Certain comparative figures have been reclassified to conform with the method of presentation adopted for the current year.