

Financial Statements of

SARNIA - LAMBTON "REBOUND"
A Program For Youth

March 31, 2018



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Independent Auditor's Report

To the Members of Sarnia-Lambton "Rebound" – A Program For Youth

We have audited the accompanying financial statements of **Sarnia-Lambton "Rebound" – A Program For Youth** which comprise the balance sheet as at March 31, 2018 and the statements of revenue and expense, 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 qualified audit opinion.

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Basis for Qualified Opinion

In common with many not-for-profit organizations, Sarnia-Lambton “Rebound” – A Program For Youth derives revenue from donations, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of Sarnia-Lambton “Rebound” – A Program for Youth. Therefore, we were not able to determine whether any adjustments might be necessary to donations, excess of expenses over revenues, and cash flows from operations for the years ended March 31, 2018 and 2017, current assets as at March 31, 2018 and 2017, and net assets as at April 1 and March 31 for both the 2018 and 2017 years. Our audit opinion on the financial statements for the year ended March 31, 2017 was modified accordingly because of the possible effects of this limitation in scope.

Qualified Opinion

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Sarnia-Lambton “Rebound” – A Program For Youth as at March 31, 2018, and its financial performance 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

Sarnia, Ontario
June 7, 2018

SARNIA - LAMBTON "REBOUND"

A Program For Youth

Balance Sheet

As at March 31, 2018

	<u>2018</u>	<u>2017</u>
ASSETS		
CURRENT		
Cash	\$ 356,377	\$ 430,418
Short-term investments	256,005	328,515
Accounts receivable (Note 4)	193,029	58,530
Prepaid expenses	7,096	3,517
Deposits	10,000	-
	<u>822,507</u>	<u>820,980</u>
EQUIPMENT AND LEASEHOLD IMPROVEMENTS (Note 5)	62,866	72,394
	<u>\$ 885,373</u>	<u>\$ 893,374</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued charges (Note 6)	\$ 89,912	\$ 105,466
Deferred revenue (The Hub - \$31,134)	416,742	399,487
	<u>506,654</u>	<u>504,953</u>
DEFERRED CAPITAL CONTRIBUTIONS (The Hub - \$14,266)	24,797	32,123
	<u>531,451</u>	<u>537,076</u>
NET ASSETS		
Internally restricted (Note 7)	285,055	342,565
Invested in equipment	38,069	40,272
Unrestricted deficit	30,798	(26,539)
	<u>353,922</u>	<u>356,298</u>
	<u>\$ 885,373</u>	<u>\$ 893,374</u>

APPROVED BY THE BOARD

Braham Director

M. Vandeweyer Director

SARNIA - LAMBTON "REBOUND"
A Program For Youth
Statement of Changes in Net Assets

For the year ended March 31, 2018

	Internally Restricted (Note 7)			Invested in Equipment		Unrestricted		2018 Total		2017 Total	
Balance, beginning of year	\$	342,565	\$	40,272	\$	(26,539)	\$	356,298	\$	359,978	
Excess of expense over revenue		-		(14,150)		9,284		(4,866)		(6,245)	
Non-operating revenue		2,490		-		-		2,490		2,565	
Transfer expenditures		(60,000)		-		60,000		-		-	
Investment in equipment and leasehold improvements		-		11,947		(11,947)		-		-	
BALANCE, END OF YEAR	\$	285,055	\$	38,069	\$	30,798	\$	353,922	\$	356,298	

SARNIA - LAMBTON "REBOUND"

A Program For Youth

Statement of Revenue and Expense

For the year ended March 31, 2018

	<u>2018</u>	<u>2017</u>
REVENUE		
Grants	\$ 1,147,530	\$ 1,072,423
Donations	96,327	82,252
Client fees	2,938	2,100
Fundraising	261,268	179,958
Memberships	6,000	9,021
Other	14,220	5,588
Loss on disposal of capital assets	(1,213)	-
Amortization of deferred capital contribution	3,004	4,059
	<u>1,530,074</u>	<u>1,355,401</u>
EXPENSE		
Amortization	15,941	18,726
Bank charges	3,651	4,728
Dow Centre	-	10,117
Insurance	8,644	9,614
Office and miscellaneous	43,417	35,523
Fundraising	99,881	116,173
Professional fees	27,362	31,802
Programs	86,821	104,295
Public relations	11,103	11,776
Rent	52,499	49,376
Staff development	15,808	9,988
Telephone	13,585	9,419
Travel and promotion	9,206	7,060
Wages and benefits	1,147,022	943,049
	<u>1,534,940</u>	<u>1,361,646</u>
EXCESS OF EXPENSE OVER REVENUE	\$ (4,866)	\$ (6,245)

SARNIA - LAMBTON "REBOUND"

A Program For Youth

Statement of Cash Flows

For the year ended March 31, 2018

	<u>2018</u>	<u>2017</u>
OPERATING ACTIVITIES		
Excess of expense over revenue	\$ (4,866)	\$ (6,245)
Items not affecting cash		
Amortization of equipment and leasehold improvements	15,941	18,726
Amortization of deferred capital contributions	(3,004)	(4,059)
Loss on disposal of equipment	1,213	-
	<u>9,284</u>	<u>8,422</u>
Interest earned by contingency reserve fund	2,490	2,565
Changes in non-cash operating working capital items		
Accounts receivable	(134,499)	(667)
Prepaid expenses	(3,579)	(93)
Deposits	(10,000)	-
Accounts payable and accrued charges	(15,554)	47,146
Deferred revenue	17,255	103,799
	<u>(134,603)</u>	<u>161,172</u>
FINANCING ACTIVITIES		
Deferred capital contributions	-	21,087
INVESTING ACTIVITIES		
Changes in short-term investments - net	72,510	59,083
Acquisition of equipment and leasehold improvements	(11,946)	(30,256)
	<u>60,564</u>	<u>28,827</u>
NET CHANGE IN CASH POSITION	(74,039)	211,086
Cash position, beginning of year	430,418	219,332
CASH POSITION, END OF YEAR	\$ 356,379	\$ 430,418

SARNIA - LAMBTON "REBOUND"

A Program For Youth

Notes to the Financial Statements

For the year ended March 31, 2018

1. STATUTES OF INCORPORATION AND NATURE OF ACTIVITIES

Sarnia - Lambton "Rebound" - A Program For Youth is incorporated under the Business Corporations Act of the Province of Ontario as a company without share capital subject to the Charities Accounting Act.

It has been granted tax exempt status as a registered charity and is classified as a charitable organization under Sections 149 and 149.1 of the Income Tax Act, Canada. The organization is in compliance with its disbursement quota requirement as set by the Canada Revenue Agency.

Sarnia-Lambton "Rebound" – A Program For Youth provides prevention and early intervention supports for youth ages 8-24. Programs focus on life skills and social competencies. Programs include: community and school based services, groups and diversion services offered through a service contract with MCYS – Youth Justice Division. A variety of community partnerships exist to allow for a continuum of youth focused supports.

2. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

Revenue

Unrestricted donations are recorded as received. Grants and donations for specific purposes are recorded as earned in accordance with the provisions of the award. Unearned grants and donations are recorded as deferred revenue.

Interest income from short-term investments is recognized as revenue of the appropriate fund when earned on an accrual basis.

Deferred capital contributions

Contributions received to fund the acquisition of equipment and leasehold improvements are deferred and amortized over the same term and on the same basis as the asset.

Expense

Expenditures are recognized as they are incurred and measurable as a result of receipt of goods and services and the creation of a legal obligation to pay.

Investments

Investments are recorded at cost, which equals net realizable value.

SARNIA - LAMBTON "REBOUND"

A Program For Youth

Notes to the Financial Statements

For the year ended March 31, 2018

2. ACCOUNTING POLICIES – continued

Equipment and leasehold improvements

Equipment and leasehold improvements are recorded at cost and amortized using the following annual rates and methods:

Office equipment	20%	diminishing-balance
The Hub equipment	20-45%	diminishing-balance
Computer equipment	45%	diminishing-balance
Computer software	100%	diminishing-balance
Leasehold improvements	5 year	straight line

Internally restricted funds

The internally restricted funds have been created by the Board for the following purposes:

- the contingency reserve has been established by resolutions of the Board of Directors. It provides funds to ensure a continuation of operations should there be a significant reduction in the organization's sources of funding.
- the program expansion reserve was established in 2009 by resolution of the Board of Directors to provide funds to be used to expand programming in the future.
- the Hub reserve fund was established in 2016 by resolution of the Board of Directors to provide funds to be used to support the Hub.

Management estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenue and expense during the reporting period. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported as revenue or expense in the period in which they became known.

Donated services

A number of unpaid volunteers have made significant contributions of their time in the furtherance of the organization's programs. The value of this contributed time has not been included in these financial statements.

In-Kind Contributions

Contributed goods received by the organization are recognized at their fair value at the date of contribution where a fair value can be reasonably established.

SARNIA - LAMBTON "REBOUND"

A Program For Youth

Notes to the Financial Statements

For the year ended March 31, 2018

3. FINANCIAL INSTRUMENTS

The organization has a comprehensive risk management framework to monitor, evaluate and manage the principal risks assumed with financial instruments. The risks that arise from transacting financial instruments include credit risk.

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The organization monitors its accounts receivable regularly and establishes allowances for doubtful accounts as needed.

4. ACCOUNTS RECEIVABLE

	<u>2018</u>	<u>2017</u>
Trade	\$ 176,111	\$ 37,712
Harmonized sales tax recoverable	16,918	20,818
	<u>\$ 193,029</u>	<u>\$ 58,530</u>

5. EQUIPMENT AND LEASEHOLD IMPROVEMENTS

	<u>2018</u>			<u>2017</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Office equipment	\$ 63,599	\$ 41,163	\$ 22,436	\$ 27,009
Computer equipment	84,283	72,163	12,120	8,538
The Hub – equipment	21,087	6,820	14,267	18,589
Computer software	9,417	9,233	184	935
Leasehold improvements	30,075	16,216	13,859	17,323
	<u>\$ 208,461</u>	<u>\$ 145,595</u>	<u>\$ 62,866</u>	<u>\$ 72,394</u>

6. ACCOUNTS PAYABLE AND ACCRUED CHARGES

Accounts payable and other accruals	\$ 66,824	\$ 85,611
Government remittances	23,088	19,855
	<u>\$ 89,912</u>	<u>\$ 105,466</u>

SARNIA - LAMBTON "REBOUND"

A Program For Youth

Notes to the Financial Statements

For the year ended March 31, 2018

7. RESERVE FUNDS

Reserve funds are committed for the following purposes:

	<u>Balance, Beginning of Year</u>	<u>Additions</u>	<u>Transfers, Adjustments, Disbursements</u>	<u>Balance, End of Year</u>
Contingency reserve fund	\$ 282,565	\$ 2,490	\$ -	\$ 285,055
The Hub reserve fund	60,000	-	60,000	-
	<u>\$ 342,565</u>	<u>\$ 2,490</u>	<u>\$ 60,000</u>	<u>\$ 285,055</u>

8. REPAYMENT OF PROGRAM SURPLUSES

The service contracts with the Ministry of Child and Youth Services and Ministry of Community and Social Services require the organization to file a reconciliation report summarizing, by project code, all revenue and expenditure and identifying any resulting surplus or deficiency relating to that service contract. A review of this report shows that the project is in a balanced position as at March 31, 2018 and that there are no amounts owing to or from the Ministries.

9. COMMITMENTS

The company is committed to leases for office equipment and office space.

Future minimum payments under these agreements over the next two years are as follows:

2019	\$ 57,192
2020	\$ 56,189

SARNIA - LAMBTON "REBOUND"**Schedule 1****A Program For Youth****Statement of revenue and expense for "The Hub"****For the year ended March 31, 2018**

	<u>2018</u>	<u>2017</u>
REVENUE		
Grants	\$ 148,721	\$ 61,389
Donations	50,342	4,560
Amortization of deferred capital contribution	4,322	2,498
	<u>203,385</u>	<u>68,447</u>
EXPENSE		
Amortization	4,322	2,498
Insurance	857	872
Programs	34,461	20,432
Public relations	156	253
Rent	3,600	4,000
Staff development	132	106
Telephone	380	-
Travel and promotion	284	62
Wages and benefits	159,193	40,224
	<u>203,385</u>	<u>68,447</u>
EXCESS OF EXPENSE OVER REVENUE	\$ -	\$ -