

**Addiction Services for York Region
Financial Statements
For the year ended March 31, 2019**

	Contents
Independent Auditor's Report	2 - 3
Financial Statements	
Statement of Financial Position	4
Statement of Operations	5
Statement of Changes In Net Assets	6
Statement of Cash Flows	7
Notes to Financial Statements	8 - 12



Tel: 905 270-7700
Fax: 905 270-7915
Toll-free: 866 248 6660
www.bdo.ca

BDO Canada LLP
1 City Centre Drive, Suite 1700
Mississauga ON L5B 1M2 Canada

Independent Auditor's Report

To the Members of Addiction Services for York Region

Opinion

We have audited the financial statements of Addiction Services for York Region (the Organization), which comprise the statement of financial position as at March 31, 2019, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

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.

Independent Auditor's Report (continued)

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.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants
Mississauga, Ontario
June 21, 2019

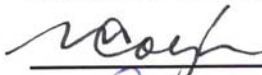
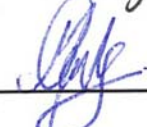
Addiction Services for York Region Statement of Financial Position

March 31	2019	2018
Assets		
Current		
Cash (Note 2)	\$ 150,552	\$ 628,253
Short-term investments (Note 3a)	273,485	324,290
Accounts receivable	220,991	91,192
HST receivable	138,643	82,490
Prepaid expenses	51,719	-
	835,390	1,126,225
Long-term investments (Note 3b)	254,000	200,000
Capital assets (Note 4)	88,864	79,703
	\$ 1,178,254	\$ 1,405,928

Liabilities and Net Assets

Current		
Accounts payable and accrued liabilities	\$ 504,102	\$ 764,278
Deferred revenue	13,464	-
	517,566	764,278
Deferred capital contributions (Note 6)	59,817	41,381
Deferred rent	143,345	144,749
	720,728	950,408
Net Assets		
Unrestricted	7,526	15,520
Internally restricted (Note 5)	450,000	440,000
	457,526	455,520
	\$ 1,178,254	\$ 1,405,928

On behalf of the Board:

 - June 21, 2019. Director
 - June 21/19 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	2019	2018
Revenue		
Central Local Health Integration Network (Note 12)	\$ 7,240,530	\$ 5,496,590
Other funded programs (Note 7)	395,770	503,048
Community Withdrawal Management Funding (Note 8)	128,033	128,033
Fee for service	126,243	130,536
Ministry of Children, Community and Social Services	60,564	60,564
Amortization of deferred capital contributions (Note 6)	20,659	16,151
Donations and other income	16,040	16,279
Interest income	4,108	6,690
	7,991,947	6,357,891
Expenditures		
Salaries and benefits	3,930,480	3,754,790
Agency partnership distributions	1,705,167	868,888
Occupancy costs	460,417	472,936
Program supplies	669,770	347,260
Office	183,978	64,474
Purchased services	281,645	105,760
Repairs and maintenance	221,944	99,917
Professional fees	156,400	334,536
Telephone	97,535	57,545
Travel	88,991	82,370
Professional development	82,312	62,476
Information technology	40,081	20,071
Amortization	29,934	27,916
Bank charges, interest and payroll processing	22,382	24,433
Insurance	18,905	17,326
	7,989,941	6,340,698
Excess of revenue over expenditures for the year	\$ 2,006	\$ 17,193

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, 2019

	Unrestricted	Internally Restricted (Note 5)	Total 2019	Total 2018
Balance, beginning of year	\$ 15,520	\$ 440,000	\$ 455,520	\$ 438,327
Excess of revenue over expenditures	2,006	-	2,006	17,193
Transfer of funds (Note 5)	(10,000)	10,000	-	-
Balance, end of year	\$ 7,526	\$ 450,000	\$ 457,526	\$ 455,520

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	2019	2018
Cash provided by (used in)		
Operating activities		
Excess of revenue over expenditures for the year	\$ 2,006	\$ 17,193
Adjustments required to reconcile excess of revenue over expenditures for the year with net cash provided by operating activities		
Amortization of capital assets	29,934	27,916
Amortization of deferred capital contributions	(20,659)	(16,151)
Deferred rent	(1,404)	4,596
Changes in non-cash working capital balances		
Accounts receivable	(129,799)	(43,323)
HST receivable	(56,153)	(27,773)
Prepaid expenses	(51,719)	16,739
Accounts payable and accrued liabilities	(260,176)	463,134
Deferred revenue	13,464	(63,843)
	(474,506)	378,488
Investing activities		
Purchase of capital assets	(39,095)	(11,110)
Purchase of investments, net	(3,195)	(106,690)
	(42,290)	(117,800)
Financing activity		
Contributions received for capital asset purchases	39,095	11,110
Increase (decrease) in cash during the year	(477,701)	271,798
Cash, beginning of year	628,253	356,455
Cash, end of year	\$ 150,552	\$ 628,253

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

Addiction Services for York Region

Notes to Financial Statements

March 31, 2019

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, Community and Social 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.

Addiction Services for York Region Notes to Financial Statements

March 31, 2019

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, 2019

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 Guaranteed Investment Certificates ("GICs") earning interest of 1.75% to 2.25%, maturing between July 2019 and September 2019 and Money Market Mutual Funds earning interest of 1.60% (2018 - GICs earning interest of 0.87% to 1.65%, maturing between April 2018 and August 2018).
- b) Long-term investments consist of GICs earning interest of 2.16% to 2.85%, maturing between July 2020 and September 2021 (2018 - GICs earning interest of 1.75% to 2.16%, maturing between August 2019 and August 2020).

4. Capital Assets

	2019		2018	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Computer equipment	\$ 296,043	\$ 267,308	\$ 285,018	\$ 252,962
Office furniture and equipment	191,357	131,228	163,288	115,641
Leasehold improvements	61,577	61,577	61,577	61,577
	\$ 548,977	\$ 460,113	\$ 509,883	\$ 430,180
Net book value		\$ 88,864		\$ 79,703

5. Internally Restricted Funds

The Board of Directors have internally restricted funds in the amount of \$450,000 (2018 - \$440,000) 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.

Addiction Services for York Region Notes to Financial Statements

March 31, 2019

6. Deferred Capital Contributions

Deferred capital contributions consists of the following:

	2019	2018
Balance, beginning of year	\$ 41,381	\$ 46,422
Contributions received from:		
Central Local Health Integration Network	39,095	11,110
	80,476	57,532
Amortization of deferred capital contributions	(20,659)	(16,151)
	\$ 59,817	\$ 41,381

7. Other Funded Programs

Other program revenue consists of the following amounts:

	2019	2018
Canadian Mental Health		
Housing First Program	\$ 373,457	\$ 364,705
Black Creek Community Health Centre		
Bridges to Moms and Moms and Kids Too Program	22,313	67,000
Ontario Trillium Foundation		
Mentors Obtain Drug Insight from Youth Program	-	71,343
	\$ 395,770	\$ 503,048

8. Community Withdrawal Management Funding

Community Withdrawal Management Services is a program supported by the Central Local Health Integration Network and the Royal Victoria Hospital. The funding of \$128,033 (2018 - \$128,033) represents funds received from the Royal Victoria Hospital.

Addiction Services for York Region Notes to Financial Statements

March 31, 2019

9. Commitments

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

2020	\$ 290,167
2021	291,400
2022	292,067
2023	292,400
2024	277,233
Thereafter	<u>1,880,583</u>
	<u>\$ 3,323,850</u>

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 short-term and long-term 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.

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 fiscal year from April 1, 2018 to March 31, 2019 has not been subject to the Ministry of Health and Long Term Care review process. As at March 31, 2019 the Organization has not recorded a payable to the Central LHIN (2018 - \$Nil) on account of unspent funding. Any adjustments required as a result of this review, will be accounted for in the year of settlement.

12. Comparative Figures

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