



*Financial Statements of*

**SARNIA - LAMBTON "REBOUND"  
A Program For Youth**

*March 31, 2017*



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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, 2017 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, 2017 and 2016, current assets as at March 31, 2017 and 2016, and net assets as at April 1 and March 31 for both the 2017 and 2016 years. Our audit opinion on the financial statements for the year ended March 31, 2016 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, 2017, and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

The financial statements of Sarnia-Lambton "Rebound" – A Program for Youth for the year-ended March 31, 2016 were audited by the firm Hazlitt Steeves Harris Dunn LLP whose practice now operates under BDO Canada LLP and who expressed a qualified opinion on those statements.

*BDO Canada LLP*

Chartered Professional Accountants, Licensed Public Accountants

Sarnia, Ontario  
June 8, 2017

# SARNIA - LAMBTON "REBOUND"

## A Program For Youth


### Balance Sheet

As at March 31, 2017

	<u>2017</u>	<u>2016</u>
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	\$ 430,418	\$ 219,332
Short-term investments	328,515	387,598
Accounts receivable (Note 4)	58,530	57,863
Prepaid expenses	3,517	3,424
	<u>820,980</u>	<u>668,217</u>
<b>EQUIPMENT AND LEASEHOLD IMPROVEMENTS (Note 5)</b>	<b>72,394</b>	<b>63,362</b>
	<u>\$ 893,374</u>	<u>\$ 731,579</u>
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Accounts payable and accrued charges (Note 6)	\$ 105,466	\$ 58,320
Deferred revenue (The Hub - \$86,964)	399,487	295,688
	<u>504,953</u>	<u>354,008</u>
<b>DEFERRED CAPITAL CONTRIBUTIONS (The Hub - \$18,588)</b>	<b>32,123</b>	<b>17,594</b>
	<u>537,076</u>	<u>371,602</u>
<b>NET ASSETS</b>		
Internally restricted (Note 7)	342,565	340,000
Invested in equipment	40,272	45,768
Unrestricted (deficit)	(26,539)	(25,791)
	<u>356,298</u>	<u>359,977</u>
	<u>\$ 893,374</u>	<u>\$ 731,579</u>

APPROVED BY THE BOARD

 Director

 Director

**SARNIA - LAMBTON "REBOUND"**  
**A Program For Youth**

**Statement of Changes in Net Assets**  
**For the year ended March 31, 2017**

	<u>Internally Restricted</u>	<u>Invested in Equipment</u>	<u>Unrestricted</u>	<u>2017 Total</u>	<u>2016 Total</u>
Balance, beginning of year	\$ 340,000	\$ 45,769	\$ (25,791)	\$ 359,978	\$ 363,165
Excess of revenue over expense (expense over revenue)	-	(14,667)	8,422	(6,245)	(5,670)
Non-operating revenue	2,565	-	-	2,565	2,482
Investment in equipment and leasehold improvements	-	9,170	(9,170)	-	-
<b>BALANCE, END OF YEAR</b>	<b>\$ 342,565</b>	<b>\$ 40,272</b>	<b>\$ (26,539)</b>	<b>\$ 356,298</b>	<b>\$ 359,977</b>

# **SARNIA - LAMBTON "REBOUND"**

## **A Program For Youth**

### **Statement of Revenue and Expense**

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

	<u>2017</u>	<u>2016</u>
<b>REVENUE</b>		
Grants	\$ 1,072,423	\$ 922,876
Donations	82,252	94,680
Client fees	2,100	1,385
Fundraising	179,958	163,637
Memberships	9,021	29,000
Other	5,588	6,548
Amortization of deferred capital contribution	4,059	5,625
	<u>1,355,401</u>	<u>1,223,751</u>
<b>EXPENSE</b>		
Amortization	18,726	19,973
Bank charges	4,728	5,366
Dow Centre	10,117	-
Insurance	9,614	9,863
Office and miscellaneous	35,523	38,396
Fundraising	116,173	71,428
Professional fees	31,802	37,564
Programs	104,295	85,998
Public relations	11,776	10,842
Rent	49,376	45,788
Staff development	9,988	18,581
Telephone	9,419	10,290
Travel and promotion	7,060	8,618
Wages and benefits	943,049	866,714
	<u>1,361,646</u>	<u>1,229,421</u>
<b>EXCESS OF EXPENSE OVER REVENUE</b>	<b>\$ (6,245)</b>	<b>\$ (5,670)</b>

# SARNIA - LAMBTON "REBOUND"

## A Program For Youth

### Statement of Cash Flows

For the year ended March 31, 2017

	<u>2017</u>	<u>2016</u>
<b>OPERATING ACTIVITIES</b>		
Excess of expense over revenue	\$ (6,245)	\$ (5,670)
Items not affecting cash		
Amortization of equipment and leasehold improvements	18,726	19,973
Amortization of deferred capital contributions	(4,059)	(5,625)
	<u>8,422</u>	<u>8,678</u>
Interest earned by contingency reserve fund	2,565	2,482
Changes in non-cash operating working capital items		
Accounts receivable	(667)	(22,830)
Prepaid expenses	(93)	(1,710)
Accounts payable and accrued charges	47,146	(16,791)
Deferred revenue	103,799	145,317
	<u>161,172</u>	<u>115,146</u>
<b>FINANCING ACTIVITIES</b>		
Deferred capital contributions	21,087	-
<b>INVESTING ACTIVITIES</b>		
Changes in short-term investments - net	59,083	(102,481)
Acquisition of equipment and leasehold improvements	(30,256)	(23,827)
	<u>28,827</u>	<u>(126,308)</u>
<b>NET CHANGE IN CASH POSITION</b>	<b>211,086</b>	<b>(11,162)</b>
Cash position, beginning of year	219,332	230,494
<b>CASH POSITION, END OF YEAR</b>	<b>\$ 430,418</b>	<b>\$ 219,332</b>

# **SARNIA - LAMBTON "REBOUND"**

## **A Program For Youth**

### **Notes to the Financial Statements**

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

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#### **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, 2017

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#### 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, 2017

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#### 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>2017</u>	<u>2016</u>
Trade	\$ 37,712	\$ 41,711
Harmonized sales tax recoverable	20,818	16,152
	<u>\$ 58,530</u>	<u>\$ 57,863</u>

#### 5. EQUIPMENT AND LEASEHOLD IMPROVEMENTS

	<u>2017</u>			<u>2016</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Office equipment	\$ 63,849	\$ 36,840	\$ 27,009	\$ 26,229
Computer equipment	74,703	66,165	8,538	14,674
The Hub – equipment	21,087	2,498	18,589	-
Computer software	9,048	8,113	935	805
Leasehold improvements	30,075	12,752	17,323	21,654
	<u>\$ 198,762</u>	<u>\$ 126,368</u>	<u>\$ 72,394</u>	<u>\$ 63,362</u>

#### 6. ACCOUNTS PAYABLE AND ACCRUED CHARGES

Accounts payable and other accruals	\$ 85,611	\$ 44,047
Government remittances	19,855	14,273
	<u>\$ 105,466</u>	<u>\$ 58,320</u>

# SARNIA - LAMBTON "REBOUND"

## A Program For Youth

### Notes to the Financial Statements

For the year ended March 31, 2017

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#### 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	\$ 280,000	\$ 2,565	\$ -	\$ 282,565
The Hub reserve fund	60,000	-	-	60,000
	<u>\$ 340,000</u>	<u>\$ 2,565</u>	<u>\$ -</u>	<u>\$ 342,565</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, 2017 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 three years are as follows:

2018	\$ 53,830
2019	\$ 53,830
2020	\$ 52,828

**SARNIA - LAMBTON "REBOUND"**

Schedule 1

**A Program For Youth****Statement of revenue and expense for "The Hub"**

For the year ended March 31, 2017

	<u>2017</u>
<b>REVENUE</b>	
Grants	\$ 61,389
Donations	4,560
Amortization of deferred capital contribution	2,498
	<u>68,447</u>
<b>EXPENSE</b>	
Amortization	2,498
Office and miscellaneous	872
Programs	20,432
Public relations	253
Rent	4,000
Staff development	106
Travel and promotion	62
Wages and benefits	40,224
	<u>68,447</u>
<b>EXCESS OF REVENUE OVER EXPENSE</b>	<u>\$ -</u>