

**FINANCIAL STATEMENTS OF**

**CHIMO YOUTH & FAMILY SERVICES,  
INC.**

**March 31, 2022**

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## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of  
Chimo Youth & Family Services, Inc.

### *Opinion*

We have audited the financial statements of Chimo Youth & Family Services, Inc., which comprise the statement of financial position as at March 31, 2022, and the statements of changes in net assets, operations 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, 2022, 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.

### *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 the 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.

## **ASSURANCE • TAX • ADVISORY**

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## INDEPENDENT AUDITOR'S REPORT, continued

### *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.

*Baker Tilly KDN LLP*

Chartered Professional Accountants  
Licensed Public Accountants

Lindsay, Ontario  
June 29, 2022

**CHIMO YOUTH & FAMILY SERVICES, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**As at March 31, 2022**

	2022	2021
	\$	\$
<b>ASSETS</b>		
<b>Current assets</b>		
Cash	857,648	717,654
Accounts receivable	37,371	36,477
HST rebates receivable	24,407	34,965
Prepaid expenses	23,548	14,230
	942,974	803,326
<b>Other assets</b>		
Tangible capital assets (note 3)	1,525,682	1,691,456
	2,468,656	2,494,782
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities (note 4)	263,771	106,505
Deferred operating contributions (note 5)	34,443	70,951
	298,214	177,456
<b>Long-term liabilities</b>		
Deferred contributions - tangible capital assets (note 7)	1,003,460	1,076,799
	1,301,674	1,254,255
<b>Net assets</b>		
Unrestricted	18,890	460,413
Investment in tangible capital assets	522,222	614,657
Internally restricted (note 9)	625,870	165,457
	1,166,982	1,240,527
	2,468,656	2,494,782

Approved on behalf of the Board

\_\_\_\_\_ Director

\_\_\_\_\_ Director

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

**CHIMO YOUTH & FAMILY SERVICES, INC.**  
**STATEMENT OF CHANGES IN NET ASSETS**  
For the year ended March 31, 2022

	Investment in capital assets \$	Unrestricted \$	Internally restricted (note 9) \$	Total 2022 \$	Total 2021 \$
<b>Balance - beginning of year</b>	614,657	460,413	165,457	1,240,527	1,229,038
Excess (deficiency) of revenues over expenses for the year	(129,218)	55,673	-	(73,545)	11,489
Purchases of tangible capital assets	48,283	(48,283)	-	-	-
Proceeds from disposition of tangible capital assets	(11,500)	11,500	-	-	-
Internal restriction of the Board of Directors (note 9)	-	(460,413)	460,413	-	-
<b>Balance - end of year</b>	<b>522,222</b>	<b>18,890</b>	<b>625,870</b>	<b>1,166,982</b>	<b>1,240,527</b>

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

# CHIMO YOUTH & FAMILY SERVICES, INC.

## STATEMENT OF OPERATIONS

For the year ended March 31, 2022

	2022	2021
	\$	\$
<b>Revenues</b>		
Contribution - Ministry of Children, Community and Social Services and Ministry of Health	4,631,994	4,467,504
COVID-19 Funding (note 13)	85,636	339,466
Non-ministry programs (note 12)	112,791	115,505
Amortization of deferred contributions - tangible capital assets (note 7)	73,339	77,895
Transportation and administration fees	31,710	15,534
Gain on sale of tangible capital assets	11,500	4,000
Cost recoveries (note 12)	1,433	-
Donations (note 12)	565	24
Interest (note 12)	45	471
	<u>4,949,013</u>	<u>5,020,399</u>
<b>Expenses</b>		
Wages and benefits	3,951,984	3,733,996
Amortization of tangible capital assets	214,056	222,888
COVID-19 expenses (note 13)	85,636	339,466
Repairs and maintenance	91,341	79,084
Professional fees	82,181	61,621
Insurance	74,443	64,626
Technology	72,189	82,170
Rent and municipal tax - administration	64,156	62,898
Professional fees - clinical	60,054	54,934
Food and health care	54,797	45,942
Resident and program supplies	45,197	44,958
Travel	44,999	37,400
Education and training	44,135	21,587
Telephone	39,853	47,284
Utilities	38,505	33,881
Office	30,883	39,763
Housekeeping supplies	12,574	17,478
Memberships	10,339	11,917
Advertising and promotion	3,663	5,202
Interest and bank charges	1,573	1,815
	<u>5,022,558</u>	<u>5,008,910</u>
<b>Excess (deficiency) of revenues over expenses for the year</b>	<u>(73,545)</u>	<u>11,489</u>

The accompanying notes are an integral part of these financial statements

**CHIMO YOUTH & FAMILY SERVICES, INC.**  
**STATEMENT OF CASH FLOWS**  
For the year ended March 31, 2022

	2022	2021
	\$	\$
<b>CASH PROVIDED FROM (USED FOR)</b>		
<b>Operating activities</b>		
Excess (deficiency) of revenues over expenses for the year	(73,545)	11,489
Items not affecting cash		
Amortization of tangible capital assets	214,056	222,888
Gain on sale of tangible capital assets	(11,500)	(4,000)
Amortization of deferred capital contributions	(73,339)	(77,895)
	55,672	152,482
Change in non-cash working capital items		
Decrease (increase) in accounts receivable	(894)	514
Decrease in HST rebates receivable	10,558	(115)
Decrease (increase) in prepaid expenses	(9,318)	145
Increase (decrease) in accounts payable and accrued liabilities	157,267	(22,951)
Increase (decrease) in deferred operating contributions	(36,508)	36,622
	176,777	166,697
<b>Investing activities</b>		
Purchase of tangible capital assets	(48,283)	(121,151)
Proceeds on disposal of tangible capital assets	11,500	4,000
	(36,783)	(117,151)
<b>Increase in cash</b>	<b>139,994</b>	<b>49,546</b>
<b>Cash - beginning of year</b>	<b>717,654</b>	<b>668,108</b>
<b>Cash - end of year</b>	<b>857,648</b>	<b>717,654</b>

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

**CHIMO YOUTH & FAMILY SERVICES, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended March 31, 2022**

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**1. NATURE OF OPERATIONS**

Chimo Youth & Family Services, Inc. is a not-for-profit registered charity incorporated without share capital under the laws of Ontario. The organization is an amalgamation of two predecessor organizations - Chimo Youth & Family Services, Inc., and Chimo Youth Residences Inc., which were amalgamated on August 14, 2019, and are carrying on operations as Chimo Youth & Family Services, Inc. The organization maintains care and treatment services for children and adolescents, ages zero to nineteen years, who are moderately or severely emotionally disturbed.

**2. SIGNIFICANT ACCOUNTING POLICIES**

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations. The significant accounting policies are detailed as follows:

*(a) Revenue recognition*

Government assistance for operating expenses received as a result of the Government of Canada COVID response programs is recognized as revenue in the period to which it relates.

The organization follows the deferral method of accounting for contributions which includes grants and donations. Contributions of property and equipment are included as deferred contributions and are amortized to revenue at the same rate and on the same basis as amortization of the related property and equipment.

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

Interest, cost recoveries and fees revenues are recognized in revenue as they are incurred, and collection is reasonably assured.

*(b) Income taxes*

The organization is a not-for-profit registered charity, and is exempt from income taxes.



**CHIMO YOUTH & FAMILY SERVICES, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended March 31, 2022

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2. **SIGNIFICANT ACCOUNTING POLICIES, continued**

(c) *Tangible capital assets*

Tangible capital assets are recorded at cost. The organization provides for amortization using the straight-line method at rates designed to amortize the cost of the tangible capital assets over their estimated useful lives. The annual amortization rates are as follows:

Buildings	25 years
Equipment	10 years
Vehicles	5 years
Furniture and fixtures	10 years
Leasehold improvements	10 years
Computer equipment	5 years

Tangible capital assets are reviewed for impairment whenever events or changes in the circumstances indicate that the carrying value may not be recoverable. If the total of the estimated undiscounted future cash flows is less than the carrying value of the asset, an impairment loss is recognized for the excess of the carrying value over the fair value of the asset during the year the impairment occurs.

The estimated useful lives of assets are reviewed by management and adjusted if necessary.

(d) *Contributed services*

A substantial number of volunteers contribute a significant amount of their time each year to assist Chimo Youth & Family Services, Inc. in carrying out its activities. Because of the difficulty of determining the fair value, contributed services are not recognized in the financial statements.

(e) *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 amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period.

Key areas where management has made complex or subjective judgments (often as a result of matters that are inherently uncertain) include, among others, allowance for doubtful accounts, the useful lives of tangible capital assets and related amortization expense, deferred contributions - tangible capital assets and related amortization, and accounts payable and accrued liabilities. Actual results could differ from these and other estimates, the impact of which would be recorded in future periods.

**CHIMO YOUTH & FAMILY SERVICES, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended March 31, 2022

2. **SIGNIFICANT ACCOUNTING POLICIES, continued**

(f) *Financial instruments*

(i) *Measurement of financial instruments*

The organization initially measures its financial assets and financial liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument. Amounts due to and from related parties are measured at the exchange amount, being the amount agreed upon by the related parties.

The organization subsequently measures its financial assets and financial liabilities at amortized cost. Changes in fair value are recognized in the statement of operations.

Financial assets measured at amortized cost include cash and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

The organization has not designated any financial instruments to be measured at fair value.

(ii) *Impairment*

Financial assets measured at amortized cost are tested for impairment when there are indicators of possible impairment. When a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial asset or group of assets, a write-down is recognized in the statement of operations.

3. **TANGIBLE CAPITAL ASSETS**

	Cost	Accumulated amortization	2022 Net book value	2021 Net book value
	\$	\$	\$	\$
Land	15,000	-	15,000	15,000
Buildings	1,763,090	707,609	1,055,481	1,126,004
Equipment	79,539	49,164	30,375	38,959
Vehicles	286,802	181,377	105,425	125,802
Furniture and fixtures	270,675	175,378	95,297	101,334
Leasehold improvements	385,356	199,883	185,473	222,567
Computer equipment	302,904	264,273	38,631	61,790
	3,103,366	1,577,684	1,525,682	1,691,456

# CHIMO YOUTH & FAMILY SERVICES, INC.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2022

### 4. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2022	2021
	\$	\$
Accounts payable	215,793	106,504
Government remittances payable	47,978	-
	263,771	106,505

### 5. DEFERRED OPERATING CONTRIBUTIONS

Deferred operating contributions represent the unspent resources which are externally restricted for funding of operating costs.

	2022	2021
	\$	\$
Balance - beginning of year	70,951	34,329
Add contributions received:		
- TLDSB	40,000	30,000
- Northern Alternatives	32,403	-
- Kinark Child and Family Services / Ministry of Health Covid funding	-	35,740
- MOH Recoverable	-	1,871
- MCCSS Temporary Wage Enhancement	-	7,192
- KHCAS Funding	-	500
	143,354	109,632
Less funding utilized:		
- Northern Alternatives	(32,400)	-
- Kinark Child and Family Services / Ministry of Health Covid funding	(35,740)	-
- TLDSB	(31,337)	(30,913)
- MCCSS Temporary Wage Enhancement	(7,192)	-
- Amortized to revenue - other	(1,742)	(891)
- KHCAS Funding	(500)	-
- HTS program	-	(3,227)
- Women's Resources	-	(3,650)
	(108,911)	(38,681)
	34,443	70,951

# CHIMO YOUTH & FAMILY SERVICES, INC.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2022

### 6. LINE OF CREDIT

The organization has a line of credit authorized by the bank to a maximum of \$300,000 that bears interest at the bank's prime lending rate per annum and is secured by a general security agreement over all assets of the organization. As at March 31, 2022, there were no amounts outstanding on this credit facility.

### 7. DEFERRED CONTRIBUTIONS - TANGIBLE CAPITAL ASSETS

Deferred contributions for tangible capital assets represent the unamortized amount and unspent amount of donations and grants received for the purchase of capital assets. The amortization of capital contributions is recorded as revenue in the statements of operations.

	2022	2021
	\$	\$
Balance - start of year	1,076,799	1,154,694
Less: amounts amortized to revenue	(73,339)	(77,895)
	1,003,460	1,076,799

### 8. LEASE COMMITMENT

The organization is committed under an operating lease for its premises, expiring December 2027. Total lease payments, exclusive of occupancy costs, are as follows:

	\$
2023	21,771
2024	22,198
2025	22,641
2026	23,090
2027	23,543
Subsequent years	17,919
	131,162

### 9. INTERNALLY RESTRICTED NET ASSETS

The Board of Directors has designated a portion of the surplus for future unfunded expenditures. This amount cannot be utilized for other purposes without a resolution of the Board of Directors. During the year, the Board of Directors internally restricted an additional \$460,413.

### 10. ECONOMIC DEPENDENCE

Chimo Youth & Family Services, Inc. is dependent on contributions from the Ministry of Children, Community and Social Services and the Ministry of Health to continue to provide its services.

**CHIMO YOUTH & FAMILY SERVICES, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended March 31, 2022**

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**11. FINANCIAL INSTRUMENTS**

Transactions in financial instruments may result in an entity assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of financial statements in assessing the extent of risk related to financial instruments.

*(a) Credit risk*

Credit risk is the risk that one party to a transaction will fail to discharge an obligation and cause the other party to incur a financial loss. The organization is exposed to credit risk on its cash and accounts receivable balances.

The organization reduces its exposure to credit risk by maintaining its cash on deposit with large financial institutions. The majority of the organization's cash is held on deposit with a Canadian chartered bank, in which deposits are insured up to \$100,000.

The organization reduces its exposure to risk in accounts receivable by transacting with reputable agencies.

In the opinion of management the credit risk exposure to the organization is low.

*(b) Liquidity risk*

Liquidity risk is the risk that the organization cannot repay its obligations when they become due to its creditors. The organization reduces its exposure to liquidity risk by maintaining adequate cash balances and lines of credit to repay creditors as they become due. In the opinion of management the liquidity risk exposure to the organization is low.

*(c) Interest rate risk*

The organization is exposed to interest rate risk due to the variable rate interest on their bank lines of credit. Changes in the lending rates may cause fluctuations in cash flows and interest expense.

# CHIMO YOUTH & FAMILY SERVICES, INC.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2022

### 12. NON-MINISTRY PROGRAMS

The organization operates programs which are funded from non-ministry revenue sources. Details of the following significant program revenues and related expenses are as follows:

	Northern Alternatives 2022 \$	Other 2022 \$	Total 2022 \$
<b>Revenues</b>			
Program revenues	77,712	35,079	112,791
Interest Income	-	45	45
Donations	-	565	565
Other cost recoveries	-	933	933
	<b>77,712</b>	<b>36,622</b>	<b>114,334</b>
<b>Expenses</b>			
Wages and Benefits	64,668	-	64,668
Travel and vehicle	447	-	447
Repairs and maintenance	-	10,000	10,000
Utilities	-	38	38
Interest and bank charges	-	6	6
Technology	497	-	497
Rent	-	21,337	21,337
Insurance	3,673	-	3,673
Office Supplies	36	2,000	2,036
	<b>69,321</b>	<b>33,381</b>	<b>102,702</b>
	<b>8,391</b>	<b>3,241</b>	<b>11,632</b>

**CHIMO YOUTH & FAMILY SERVICES, INC.****NOTES TO THE FINANCIAL STATEMENTS**

For the year ended March 31, 2022

12. **NON-MINISTRY PROGRAMS, continued**

	Northern Alternatives 2021 \$	Other 2021 \$	Total 2021 \$
<b>Revenues</b>			
Program revenues	77,712	37,793	115,505
Interest income	-	471	471
Donations	-	24	24
Other cost recoveries	-	1,850	1,850
	77,712	40,138	117,850
<b>Expenses</b>			
Wages and benefits	36,701	-	36,701
Travel and vehicle	553	-	553
Repairs and maintenance	-	10,000	10,000
Technology	467	-	467
Insurance	3,449	-	3,449
Office supplies	114	1,717	1,831
Rent	-	20,916	20,916
	41,284	32,633	73,917
	36,428	7,505	43,933

# CHIMO YOUTH & FAMILY SERVICES, INC.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2022

### 13. COVID-19 FUNDING

The organization received funding from several sources specifically to assist with the additional costs associated with the Covid-19 pandemic. The funding recognized in revenue and expenses incurred related to this funding are as follows:

	2022	2021
	\$	\$
<b>COVID-19 REVENUE:</b>		
Ministry of Children, Community and Social Services - Temporary Wage Enhancement	49,896	26,105
Kinark Child and Family Service / Ministry of Health Emergency Relief Funding	35,740	195,902
Ministry of Health - Child and Youth Mental Health Temporary Pandemic Pay	-	60,098
Ministry of Health - Emergency Funding	-	50,200
Ministry of Health - Child and Youth Mental Health Temporary Pandemic Pay	-	7,161
	<b>85,636</b>	<b>339,466</b>
	2022	2021
	\$	\$
<b>COVID-19 EXPENSES:</b>		
Wages and benefits	62,126	264,956
Office supplies	20,555	32,945
Repairs and maintenance	2,633	19,912
Travel and vehicle	72	152
Crafts and recreations	250	20,271
Telephone	-	716
Technology	-	269
Professional fees	-	245
	<b>85,636</b>	<b>339,466</b>