

**Addiction Services for York  
Region  
Financial Statements  
For the year ended March 31, 2015**

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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, 2015 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, 2015 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 25, 2015

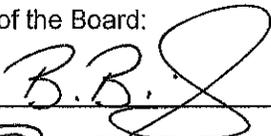
**Addiction Services for York Region  
Statement of Financial Position**

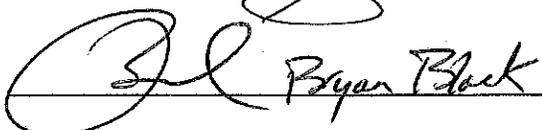
March 31	2015	2014
<b>Assets</b>		
<b>Current</b>		
Cash (Note 2)	\$ 386,063	\$ 263,778
Short-term investments (Note 3)	825,105	821,862
Accounts receivable	61,408	50,352
HST receivable	113,725	98,564
Prepaid expenses	-	11,300
	1,386,301	1,245,856
<b>Capital assets (Note 4)</b>	<b>165,648</b>	<b>235,647</b>
	<b>\$ 1,551,949</b>	<b>\$ 1,481,503</b>

**Liabilities and Net Assets**

<b>Current</b>		
Accounts payable and accrued liabilities	\$ 966,199	\$ 907,160
Deferred revenue	10,513	16,013
	976,712	923,173
<b>Deferred capital contributions (Note 6)</b>	<b>74,470</b>	<b>107,176</b>
<b>Deferred rent</b>	<b>118,962</b>	<b>100,032</b>
	<b>1,170,144</b>	<b>1,130,381</b>
<b>Net Assets</b>		
Unrestricted	31,805	51,122
Internally restricted (Note 5)	350,000	300,000
	<b>381,805</b>	<b>351,122</b>
	<b>\$ 1,551,949</b>	<b>\$ 1,481,503</b>

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

<b>For the year ended March 31</b>	<b>2015</b>	<b>2014</b>
<b>Revenue</b>		
Ministry of Health and Long-Term Care - Base funding	\$ 4,133,672	\$ 3,522,899
Other funded programs (Note 7)	456,706	127,278
Fee for service	141,257	144,994
Community Withdrawal Management Funding (Note 8)	128,033	128,033
Ministry of Children and Youth Services	60,564	60,564
Amortization of deferred capital contributions (Note 6)	32,706	25,426
Donations and other income	14,257	48,233
Interest income	6,187	13,907
	<b>4,973,382</b>	<b>4,071,334</b>
<b>Expenditures</b>		
Salaries and benefits	3,455,467	2,611,364
Occupancy costs	431,450	451,521
Medical services	181,516	186,226
Office expenses	174,993	192,426
Professional fees	170,213	146,983
Purchased services	164,030	158,147
Information technology	110,777	74,461
Amortization	69,999	48,730
Travel	56,579	42,230
Professional development	54,288	51,605
Telephone	41,619	30,879
Insurance	12,141	15,817
Repairs and maintenance	10,660	17,610
Bank charges and interest	6,139	4,634
Computer maintenance and supplies	1,684	2,816
Advertising and promotion	1,144	21,143
	<b>4,942,699</b>	<b>4,056,592</b>
<b>Net excess of revenue over expenditures for the year</b>	<b>\$ 30,683</b>	<b>\$ 14,742</b>

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

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

<b>For the year ended March 31</b>	<b>2015</b>			
	<b>Unrestricted</b>	<b>Internally Restricted (Note 5)</b>	<b>Total 2015</b>	<b>Total 2014</b>
<b>Balance, beginning of year</b>	<b>\$ 51,122</b>	<b>\$ 300,000</b>	<b>\$ 351,122</b>	<b>\$ 336,380</b>
<b>Excess of revenue over expenditures</b>	<b>30,683</b>	<b>-</b>	<b>30,683</b>	<b>14,742</b>
<b>Transfer from unrestricted to internally restricted</b>	<b>(50,000)</b>	<b>50,000</b>	<b>-</b>	<b>-</b>
<b>Balance, end of year</b>	<b>\$ 31,805</b>	<b>\$ 350,000</b>	<b>\$ 381,805</b>	<b>\$ 351,122</b>

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

## Addiction Services for York Region Statement of Cash Flows

<b>For the year ended March 31</b>	<b>2015</b>	<b>2014</b>
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Net excess of revenue over expenditures for the year	\$ 30,683	\$ 14,742
Adjustments required to reconcile net excess of revenue over expenditures with net cash provided by operating activities		
Amortization of capital assets	69,999	48,730
Amortization of deferred capital contributions	(32,706)	(25,426)
Deferred rent	18,930	29,262
Changes in non-cash working capital balances		
Accounts receivable	(11,056)	9,695
HST receivable	(15,161)	(23,193)
Prepaid expenses	11,300	(11,300)
Accounts payable and accrued liabilities	59,039	600,035
Deferred revenue	(5,500)	7,013
	<b>125,528</b>	<b>649,558</b>
<b>Investing activity</b>		
Purchase of capital assets	-	(120,525)
Purchase of short-term investments	(3,243)	(613,903)
	<b>(3,243)</b>	<b>(734,428)</b>
<b>Financing activity</b>		
Contributions received for capital purposes	-	45,000
	<b>122,285</b>	<b>(39,870)</b>
<b>Increase (decrease) in cash during the year</b>	<b>122,285</b>	<b>(39,870)</b>
<b>Cash, beginning of year</b>	<b>263,778</b>	<b>303,648</b>
<b>Cash, end of year</b>	<b>\$ 386,063</b>	<b>\$ 263,778</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, 2015**

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

<b>Nature of the Organization</b>	<p>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.</p> <p>The Organization is a registered charity under the Income Tax Act and as such is exempt from income tax.</p>									
<b>General</b>	<p>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. The financial statements have, in management's opinion, been properly prepared using careful judgment within reasonable limits of materiality and within the framework of the accounting policies summarized below.</p>									
<b>Short-term Investments</b>	<p>Short-term investments consist Guaranteed Investment Certificates and are recorded at fair value, which is cost plus accrued interest.</p>									
<b>Deferred Rent</b>	<p>Deferred rent represents the straight lining of premises rental payments over the term of the lease.</p>									
<b>Capital Assets</b>	<p>Capital assets are stated at cost less accumulated amortization. Cost is net of related investment tax credits and government grants. Amortization based on the estimated useful life of the asset is calculated as follows:</p> <table><tr><td>Computer equipment</td><td>-</td><td>33 % declining balance</td></tr><tr><td>Office furniture and equipment</td><td>-</td><td>20 % declining balance</td></tr><tr><td>Leasehold improvements</td><td>-</td><td>20 % straight line</td></tr></table>	Computer equipment	-	33 % declining balance	Office furniture and equipment	-	20 % declining balance	Leasehold improvements	-	20 % straight line
Computer equipment	-	33 % declining balance								
Office furniture and equipment	-	20 % declining balance								
Leasehold improvements	-	20 % straight line								
<b>Deferred Capital Contributions</b>	<p>Deferred capital contribution represents funds received by the Organization to cover costs incurred on specific capital assets. Deferred capital contributions are amortized concurrently with the amortization of capital assets acquired.</p>									

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## Addiction Services for York Region Notes to Financial Statements

**March 31, 2015**

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

#### 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 Ministry of Health and Long-Term Care and the Ministry of Community and Social Services. Operating grants are recorded as revenue in the period to which they relate.

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

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.

Revenue from fees and other contracts are recognized when the services are provided.

#### 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 instruments are recorded at fair value when acquired or issued. In subsequent periods, financial instruments are reported at cost or amortized cost less impairment, except for investments, which are measured at fair value. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items remeasured at fair value at each balance sheet date and charged to the financial instrument for those measured at amortized cost.

**Addiction Services for York Region  
Notes to Financial Statements**

**March 31, 2015**

**2. Cash**

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

**3. Short-term Investments**

The GICs mature between August and November 2015 (2014 - maturing between May 2014 and January 2015) and bear interest rates ranging from 0.89% and 1.75% (2014 - 1.05% to 1.70%).

**4. Capital Assets**

	2015		2014	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Computer equipment	\$ 257,336	\$ 179,705	\$ 257,336	\$ 140,947
Office furniture and equipment	152,178	76,476	152,178	57,551
Leasehold improvements	61,577	49,262	61,577	36,946
	<b>\$ 471,091</b>	<b>\$ 305,443</b>	<b>\$ 471,091</b>	<b>\$ 235,444</b>
Net book value		<b>\$ 165,648</b>		<b>\$ 235,647</b>

**5. Internally Restricted Funds**

The Board of Directors have internally restricted funds in the amount of \$350,000 (2014 - \$300,000) 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, 2015**

**6. Deferred Capital Contributions**

Deferred capital contributions consists of the following:

	2015	2014
Balance, beginning of year	\$ 107,176	\$ 87,602
Contributions received from:		
Community Opioid Treatment Program - MOHLTC	-	45,000
	107,176	45,000
Amortization of deferred capital contributions	(32,706)	(25,426)
	\$ 74,470	\$ 107,176

**7. Other Funded Programs**

Other program revenue consists of the following amounts:

	2015	2014
<b>Canadian Mental Health</b>		
Housing First Program	\$ 323,706	\$ 27,778
Homes Plus Care Program	66,000	66,000
<b>Black Creek Community Health Centre</b>		
Bridges to Moms and Moms and Kids Too Program	67,000	33,500
	\$ 456,706	\$ 127,278

**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, 2015

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### 9. Commitments

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

2016	\$	236,347
2017		235,667
2018		239,667
2019		245,669
2020 and thereafter		3,155,917

The Organization entered into a 20 year lease agreement for new premises in Aurora on August 1, 2011. The annual commitments under the new lease are included above.

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### 10. Financial Instrument Risks

#### 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.

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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, 2014 to March 31, 2015 has not been subject to the Central LHIN's review process. As at March 31, 2015 the Organization has recorded a payable to the Central LHIN totalling \$555,000 (2014 - \$555,000) 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.