

Financial Statements of

**AY ALTERNATIVES FOR YOUTH
HAMILTON**

And Independent Auditor's Report thereon

Year ended March 31, 2024



KPMG LLP
Commerce Place
21 King Street West, Suite 700
Hamilton, ON L8P 4W7
Canada
Telephone 905 523 8200
Fax 905 523 2222

INDEPENDENT AUDITOR'S REPORT

To the Members of AY Alternatives for Youth Hamilton

Opinion

We have audited the financial statements of AY Alternatives for Youth Hamilton (the Entity), which comprise:

- the statement of financial position as at March 31, 2024
- the statement of operations for the year then ended
- the statement of changes in fund balances
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the “financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the statement of financial position of the Entity as at March 31, 2024, 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 auditor’s report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other 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.

Emphasis of Matter – Financial Reporting Framework

We draw attention to Note 1 to the financial statements which describes the basis of preparation used in these financial statements and the purpose of the financial statements.

Our opinion is not modified in respect of this matter.



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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity'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 the 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 Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



Page 3

- 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 Entity'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 Entity 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.
- 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.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. Below the signature is a horizontal line that starts under the 'K' and ends under the 'P', with a small upward tick at the end.

Chartered Professional Accountants, Licensed Public Accountants

Hamilton, Canada

June 10, 2024

AY ALTERNATIVES FOR YOUTH HAMILTON

Statement of Financial Position

Year ended March 31, 2024, with comparative information for 2023

	2024	2023
Assets		
Current assets:		
Cash	\$ 149,027	\$ 135,660
Investments (note 2)	138,224	131,482
Grants and accounts receivable	24,583	15,417
Government remittances receivable	4,366	5,830
Prepaid expenses	7,128	13,736
	<u>\$ 323,328</u>	<u>\$ 302,125</u>

Liabilities and Fund Balances

Current liabilities:		
Accounts payable and accrued liabilities	\$ 80,674	\$ 80,002
Fund balances:		
Unrestricted	170,860	170,860
Internally restricted	71,794	51,263
	<u>242,654</u>	<u>222,123</u>
Commitments (note 3)		
	<u>\$ 323,328</u>	<u>\$ 302,125</u>

See accompanying notes to financial statements.

On behalf of the Board:

 Director

 Director

AY ALTERNATIVES FOR YOUTH HAMILTON

Statement of Operations

Year ended March 31, 2024, with comparative information for 2023

	2024	2023
Revenues:		
Grants:		
Ministry of Health and Long-Term Care ("MOHLTC") (schedule 1)	\$ 731,257	\$ 696,356
Ministry of Children, Community and Social Services ("MCCSS") (schedule 2)	87,074	82,874
City of Hamilton	81,274	81,275
United Way of Halton and Hamilton (schedule 3)	70,936	70,936
Good Shepherd Non-Profit Homes Inc.	55,000	55,000
Donations and membership dues	9,406	4,545
Interest	6,742	1,095
Other grant revenue	65,000	65,000
Miscellaneous	—	4,078
	<u>1,106,689</u>	<u>1,061,159</u>
Expenses:		
Salaries	798,987	798,618
Benefits	155,641	136,084
Building occupancy costs	30,318	30,180
Equipment and computer	24,414	14,604
Professional fees	9,287	9,656
Travel	7,128	5,933
Office administration	13,264	21,384
Staff training	12,491	8,309
Program expenses	499	986
Data processing and communications	2,213	2,515
Insurance	4,589	4,892
Advertising and promotion	14,345	12,595
Meeting and food	1,971	1,153
Bank charges and interest	2,315	2,219
Dues, fees and memberships	8,696	4,379
	<u>1,086,158</u>	<u>1,053,507</u>
Excess of revenues over expenses	<u>\$ 20,531</u>	<u>\$ 7,652</u>

See accompanying notes to financial statements.

AY ALTERNATIVES FOR YOUTH HAMILTON

Statement of Changes in Fund Balances

Year ended March 31, 2024, with comparative information for 2023

	Internally restricted	Unrestricted	2024	2023
Balance, beginning of year	\$ 51,263	\$ 170,860	\$ 222,123	\$ 214,471
Excess of revenues over expenses	–	20,531	20,531	7,652
Transfers (note 4)	20,531	(20,531)	–	–
Balance, end of year	\$ 71,794	\$ 170,860	\$ 242,654	\$ 222,123

See accompanying notes to financial statements.

AY ALTERNATIVES FOR YOUTH HAMILTON

Statement of Cash Flows

Year ended March 31, 2024, with comparative information for 2023

	2024	2023
Cash provided by (used in):		
Operating activities:		
Excess of revenues over expenses	\$ 20,531	\$ 7,652
Change in non-cash operating working capital:		
Grants and accounts receivable	(9,166)	(5,417)
Government remittances receivable	1,464	(2,153)
Prepaid expenses	6,608	(9,691)
Accounts payable and accrued liabilities	672	(14,510)
	20,109	(24,119)
Financing activity:		
Purchase of investments	(6,742)	–
Net change in cash	13,367	(24,119)
Cash, beginning of year	135,660	159,779
Cash, end of year	\$ 149,027	\$ 135,660

See accompanying notes to financial statements.

AY ALTERNATIVES FOR YOUTH HAMILTON

Notes to Financial Statements

Year ended March 31, 2024

AY Alternatives for Youth Hamilton (the “Organization”) is a not-for-profit corporation incorporated without share capital under the laws of Canada and operated under the name Alternatives for Youth. In December 2013, the Organization successfully obtained a Certificate of Continuance issued by Industry Canada under the *Canada Not-for-profit Corporations Act*. The name of the Organization has been changed from AY/Alienated Youth of Canada to AY Alternatives for Youth Hamilton. The principal activity of this Organization is to provide a range of services to children and youth ages 12 to 25 years, and their families, who are experiencing difficulties related to the use of tobacco, alcohol and drugs.

The Organization is registered as a charity and is exempt from income tax under section 149 of the *Income Tax Act*.

1. Significant accounting policies:

(a) Basis of presentation:

These financial statements have been prepared by management to meet the reporting requirements of the Ministry of Health and Long-Term Care (“MOHLTC”) and Ministry of Children, Community and Social Services (“MCCSS”) funding agreements. Management has interpreted the financial reporting requirements to generally follow Canadian accounting standards for not-for-profit organizations with the following material departures:

- i. Capital assets purchased are charged to operations in the year the expense is incurred and,
- ii. Depreciation is not provided on capital assets as they are expensed directly in the year acquired.

(b) Fund accounting:

The unrestricted fund accounts for the Organization’s program delivery and administrative activities.

The internally restricted fund was established by the Organization to dedicate to the accreditation process. Funds available for transfer will be established by the Board on an annual basis.

(c) Provincial assistance:

Grants received from the MOHLTC and the MCCSS are provided to the Organization through an annual Funding Agreement allowing the Organization to provide mandated services to qualifying recipients in the Hamilton area. The amount of grants received from the MOHLTC and the MCCSS amounted to \$818,331 (2023 - \$779,229). The Funding Agreements with the MOHLTC and MCCSS require that Organization funding not spent in accordance with the terms of this Funding Agreement must be returned to the MCCSS and the MOHLTC unless otherwise agreed to by the MOHLTC and the MCCSS in writing. Accordingly, any related excess of revenue over expenses has been recorded as a liability at year end.

AY ALTERNATIVES FOR YOUTH HAMILTON

Notes to Financial Statements (continued)

Year ended March 31, 2024

1. Significant accounting policies (continued):

(d) Use of estimates:

The preparation of these financial statements in accordance with the financial reporting provisions established by the MOHLTC and the MCCSS requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. These estimates are reviewed periodically and, as adjustments become necessary, they are reported in the period they are known. Actual results could differ from these estimates. Significant estimates have been made regarding accrued liabilities.

(e) Revenue recognition:

The Organization follows the deferral method of accounting for contributions which include donations and other contributions.

Grant and miscellaneous revenues are recognized in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Contributions and grants are recorded as revenue when the cash is received, except that contributions and grants for a specific project are deferred until the funds are expended.

(f) Financial instruments:

Financial instruments are initially recognized at fair value when the Organization becomes a party to the contractual provisions of the financial instrument. Subsequently, all financial instruments are measured at amortized cost.

Transaction costs related to financial instruments measured subsequent to initial recognition at fair value are expensed as incurred. Transaction costs related to other financial instruments are added to the carrying value of the asset or netted against the carrying value of the liability and are then recognized over the expected life of the instruments using the effective interest method. Any premium or discount related to an instrument measured at amortized cost is amortized over the expected life of the item using the effective interest method and recognized in operations as interest income or expense. Investments with maturity dates beyond one year that are readily convertible into cash are presented as current assets.

With respect to financial assets measured at cost or amortized cost, the Organization recognizes in operations an impairment loss, if any, when there are indicators of impairment and it determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows. When the extent of impairment of a previously written-down asset decreases and the decrease can be related to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed to operations in the period the reversal occurs.

AY ALTERNATIVES FOR YOUTH HAMILTON

Notes to Financial Statements (continued)

Year ended March 31, 2024

2. Investments:

	2024	2023
Guaranteed investment certificate, escalating interest rate at 3.00%, maturing May 29, 2024	\$ 35,539	\$ 34,030
Guaranteed investment certificates, annual interest at 4.25%, maturing December 24, 2024	102,685	97,452
	\$ 138,224	\$ 131,482

3. Commitments:

The Organization is committed under a lease agreement for office space ending October 2024.

The future lease payment over the next year is as follows:

2025	\$ 17,446
	\$ 17,446

4. Interfund transfers:

The board approved \$20,531 (2023 - \$7,652) to be transferred to the internally restricted fund balance for to account for the estimated costs of the accreditation process.

5. Financial risks:

(a) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Organization deals with creditworthy counterparties to mitigate the risk of financial loss from defaults. The Organization monitors the credit risk of customers through credit rating reviews. There has been no change to the risk exposure from 2023.

(b) Liquidity risk:

Liquidity risk is the risk that the Organization will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Organization manages its liquidity risk by monitoring its operating requirements. The Organization prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations. There has been no change to the risk exposure from 2023.

6. Change in classification:

Certain comparative information has been reclassified to confirm the financial statements presentation adopted in the current year.

AY ALTERNATIVES FOR YOUTH HAMILTON

Schedule of revenue and expenses – Ministry of Health and Long-Term Care – Schedule 1

Year ended March 31, 2024, with comparative information for 2023

	2024	2023
Revenue :		
Revenue - MoHLTC	\$ 731,257	\$ 696,356
Donation revenue	–	565
	731,257	696,921
Expenses:		
Salaries and benefits	623,685	594,689
Building occupancy	28,506	28,392
Office administration	10,726	18,794
Equipment and computer	20,654	13,059
Travel	5,442	3,996
Staff training	10,419	1,693
Professional fees	(1,268)	9,384
Program	(740)	(538)
Meeting and food	1,943	1,125
Insurance	4,485	4,783
Data processing and communications	2,133	2,434
Bank charges and interest	2,234	2,138
Advertising and promotion	14,342	12,595
Dues, fees and membership	8,696	4,377
	731,257	696,921
Excess of revenue over expenses	\$ –	\$ –

AY ALTERNATIVES FOR YOUTH HAMILTON

Schedule of revenue and expenses – Ministry of Children, Community and Social Services –
Schedule 2

Year ended March 31, 2024, with comparative information for 2023

	2024	2023
Revenue	\$ 87,074	\$ 82,874
Expenses:		
Salaries and benefits	84,217	82,174
Travel	348	400
Staff training	294	300
Equipment and computer	2,215	–
	87,074	82,874
Excess of revenue over expenses	\$ –	\$ –

AY ALTERNATIVES FOR YOUTH HAMILTON

Schedule of revenue and expenses – United Way of Halton and Hamilton – Schedule 3

Year ended March 31, 2024, with comparative information for 2023

	2024	2023
Revenue:		
Revenue	\$ 70,936	\$ 70,936
Donation revenue	241	–
	<u>71,177</u>	<u>70,936</u>
Expenses:		
Salaries and benefits	65,990	67,554
Building occupancy	1,397	1,378
Office administration	598	650
Staff training	284	290
Professional fees	2,218	272
Program	162	245
Travel	124	139
Equipment and computer	109	109
Insurance	104	109
Bank charges and interest	81	81
Data processing and communications	82	81
Meeting and food	28	28
	<u>71,177</u>	<u>70,936</u>
Excess of revenue over expenses	\$ –	\$ –