

Financial Statements

Turning Point Youth Services

March 31, 2024

Turning Point Youth Services
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Independent auditor's report

June 19, 2024

To the directors of **Turning Point Youth Services**:

Qualified Opinion

We have audited the accompanying financial statements of **Turning Point Youth Services** (the "Organization"), which comprise the statement of financial position as at March 31, 2024 and the statements of operations, changes in fund balances and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, except for the effects of the matter described in the *Basis for Qualified Opinion* paragraph, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at March 31, 2024 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 Qualified Opinion

In common with many non-profit organizations, the Organization derives revenue from donations, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of donation revenue was limited to the amounts recorded in the records of the Organization and we were not able to determine whether any adjustments might be necessary to donation revenue, excess of revenue over expenses, assets and fund balances.

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 qualified 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 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 Responsibility for the Audit of 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 it 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 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 judgement 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 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.

A handwritten signature in blue ink that reads "ally lp". The letters are cursive and fluid.

Chartered Professional Accountants
Licensed Public Accountants
Toronto, Ontario



Turning Point Youth Services
Statement of Financial Position

March 31	Operating Fund 2024 \$	Capital Fund 2024 \$	Total 2024 \$	Total 2023 \$
ASSETS				
Current				
Cash and cash equivalents	2,793,562	1,306,640	4,100,202	3,658,589
Receivable from funding agencies	193,431	9,112	202,543	107,993
Other receivables	187,029		187,029	169,621
Prepaid expenses	<u>43,193</u>		<u>43,193</u>	<u>25,366</u>
	3,217,215	1,315,752	4,532,967	3,961,569
Long-term				
Interfund loans [note 3]	(4,170,026)	4,170,026		
Capital assets [note 4]		546,194	546,194	700,558
<i>Total assets</i>	(952,811)	6,031,972	5,079,161	4,662,127
LIABILITIES				
Current				
Accounts payable and accrued liabilities [note 5]	776,115		776,115	658,441
Deferred government assistance and other contributions [note 6]	<u>305,770</u>		<u>305,770</u>	<u>379,878</u>
	1,081,885		1,081,885	1,038,319
Long-term				
Deferred government assistance and other contributions [note 6]		286,339	286,339	362,968
<i>Total liabilities</i>	1,081,885	286,339	1,368,224	1,401,287
FUND BALANCES				
Unrestricted	(2,034,696)	5,745,633	3,710,937	3,260,840
<i>Total liabilities and fund balances</i>	(952,811)	6,031,972	5,079,161	4,662,127

see accompanying notes

On behalf of the Board:

DocuSigned by:
Donna Spagnolo
CFATC9A2246A459...
Director

DocuSigned by:
Heather Baird
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Director

Turning Point Youth Services
Statement of Operations and Changes in Fund Balances

Year ended March 31	Operating Fund 2024 \$	Capital Fund 2024 \$	Total 2024 \$	Total 2023 \$
Revenue				
Grants	8,250,867		8,250,867	7,436,803
Rental of land and buildings	7,425	868,537	875,962	853,852
Other	75,005	47,700	122,705	173,278
Interest		176,538	176,538	95,100
Amortization of deferred government assistance and other contributions related to capital assets		76,629	76,629	76,629
Donations		7,517	7,517	19,830
	<u>8,333,297</u>	<u>1,176,921</u>	<u>9,510,218</u>	<u>8,655,492</u>
Expenses				
Salaries and benefits	6,267,562	143,339	6,410,901	5,713,260
Administrative and other	1,179,316	816	1,180,132	1,219,258
Building occupancy	846,757	114,911	961,668	1,101,063
Community client needs	353,055		353,055	328,115
Amortization of capital assets		154,365	154,365	154,365
COVID-19 expenses				2,139
	<u>8,646,690</u>	<u>413,431</u>	<u>9,060,121</u>	<u>8,518,200</u>
Excess (deficiency) of revenue over expenses for the year	(313,393)	763,490	450,097	137,292
Fund balances, beginning of year	(1,721,303)	4,982,143	3,260,840	3,123,548
Fund balances, end of year	(2,034,696)	5,745,633	3,710,937	3,260,840

see accompanying notes

Turning Point Youth Services
Statement of Cash Flows

Year ended March 31	2024	2023
	\$	\$
OPERATING ACTIVITIES		
Excess of revenue over expenses for the year	450,097	137,292
Items not requiring an outlay (receipt) of cash -		
Amortization of capital assets	154,365	154,365
Amortization of deferred government assistance and other contributions related to capital fund	<u>(76,629)</u>	<u>(76,629)</u>
	527,833	215,028
Changes in non-cash working capital items -		
(Increase) decrease in receivable from funding agencies	(94,550)	(47,967)
(Increase) decrease in other receivables	(17,408)	5,673
(Increase) decrease in prepaid expenses	(17,827)	(6,273)
Increase (decrease) in accounts payable and accrued liabilities	117,673	(45,475)
Increase (decrease) in deferred government assistance and other contributions related to operating fund	<u>(74,108)</u>	<u>(197,985)</u>
Net change in cash and cash equivalents during the year	441,613	(76,999)
Cash and cash equivalents, beginning of year	3,658,589	3,735,588
Cash and cash equivalents, end of year	4,100,202	3,658,589
Cash and cash equivalents is comprised of -		
Cash	630,096	349,080
Short-term deposits	3,470,106	3,309,509
	<u>4,100,202</u>	<u>3,658,589</u>

see accompanying notes

Turning Point Youth Services

Notes to Financial Statements

March 31, 2024

1. NATURE OF OPERATIONS

Turning Point Youth Services (the "Organization") is a charitable organization which provides counselling and residential services for youth in the Toronto area.

The Organization engages in various programs related to:

- The provision of individual, family and group counselling for at-risk youth aged 12 to 18, with social, behavioural and emotional difficulties coupled with residential facilities for youth with serious mental health difficulties;
- The provision of residential and community-based services to youth aged 12 to 18 in conflict with the law;
- The provision of a 35 bed emergency shelter for youth aged 16 to 24 who are homeless or at risk of homelessness.

Funding for operations is provided by the government on an annual basis. In addition, the Organization receives funding in the form of government assistance and private donations for purposes of effecting capital improvements to its premises.

The Organization is incorporated under the Corporations Act, Ontario as an organization without share capital and is registered as a not-for-profit organization under paragraph 149(1)(l) of the Income Tax Act and, as such, is exempt from income taxes.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations.

Fund accounting

The operating fund supports various youth assistance programs. All operating costs of these programs are charged to this fund.

The capital fund has been established to account for capital expenditure programs to acquire capital assets used for a youth shelter, in offices used for counselling and in other programs.

Turning Point Youth Services
Notes to Financial Statements

March 31, 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition

The Organization follows the deferral method of accounting for contributions, which include grants, donations and other income. Restricted contributions are recognized as revenue of the appropriate fund in the year in which the related expenses are incurred. 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.

Interest income is recognized on an accrual basis.

All other revenue is recognized when delivery has occurred or services have been rendered and measurement and collection are reasonably assured.

Cash and cash equivalents

Cash and cash equivalents consist of unrestricted cash and short-term deposits with an initial maturity term of three months or less at the date of acquisition.

Receivable from funding agencies

Receivable from funding agencies includes the balance of approved operating grants reported in revenues. The receivable is recognized when the amount to be received can be reasonably estimated and collection is reasonably assured.

Capital assets

Capital assets are recorded at cost and are amortized on a straight-line basis over their estimated useful lives as follows:

Buildings	30 years
Furniture, fixtures and equipment	10 years
Vehicles	5 years

Deferred government assistance and other contributions

Capital grants are recorded on the statement of financial position of the capital fund and represent funds received for improvements to various buildings and other capital items. Amortization of deferred capital grants is provided for on the same basis as the related capital asset.

Operating grants are recognized in the operating fund in the year in which the related expenses are incurred in accordance with the terms and conditions of the funding agencies.

Turning Point Youth Services
Notes to Financial Statements

March 31, 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments

The Organization initially measures its financial assets and liabilities at fair value. The Organization subsequently measures all its financial assets and liabilities at amortized cost.

Financial assets and liabilities measured at amortized cost include cash and cash equivalents, receivable from funding agencies, other receivables and accounts payable and accrued liabilities.

The Organization has no financial assets or liabilities measured at fair value.

Impairment

Financial assets measured at amortized cost are assessed for indicators of impairment. When there is indication of an impairment, the carrying amount of the asset is reduced directly or through the use of an allowance account. The amount of the reduction is recognized in the statement of operations and changes in fund balances. A previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in the statement of operations and changes in fund balances.

Allocation of expenses

The costs of each major functional program administered by the Organization include the costs of personnel, premises and other expenses that are directly related to providing the program. The Organization also incurs a number of administrative and general support expenses that are common to the administration of the Organization and each of its programs. The Organization allocates its administrative and general support expenses on an equitable basis to its major functional programs and applies that basis consistently each year.

Use of estimates

The preparation of the financial statements in conformity 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 at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The significant items subject to such estimates and assumptions include the estimated useful lives of the capital assets and estimated market values of rent charged from the capital fund to the operating fund. Actual results could differ from these estimates.

Turning Point Youth Services
Notes to Financial Statements

March 31, 2024

3. INTERFUND LOANS

The amounts owing between the operating and capital funds are non-interest bearing and have no specific terms of repayment. During the year, net interfund transactions of \$775,234 (2023 - \$637,836) were made consisting of the following:

	2024	2023
	\$	\$
Cash receipts for donations, interest and other income	266,776	220,361
Cash disbursements for expenses incurred	(256,494)	(358,727)
Non-cash items related to the rental of capital assets	764,952	776,202
	775,234	637,836

4. CAPITAL ASSETS

	Cost	Accumulated amortization	Net book value	
	\$	\$	2024 \$	2023 \$
Land and buildings	5,136,114	4,598,339	537,775	686,527
Vehicles	97,497	89,078	8,419	14,031
	5,233,611	4,687,417	546,194	700,558

Capital assets include the property known municipally as 95 Wellesley Street East, Toronto, Ontario. Pursuant to a board resolution dated June 10, 1997 based on the funding level provided by the Ministry of Community and Social Services and the Ministry of Children and Youth Services (the "Ministry"), it was agreed that the Ministry would hold an ownership interest in the property. The Ministry's ownership interest would become payable to the Ministry should the property be sold, disposed of or used for purposes other than its current purposes or agreed to with the Ministry. The Ministry's ownership interest has not been reflected in the financial statements as the amount is in dispute.

Turning Point Youth Services
Notes to Financial Statements

March 31, 2024

5. GOVERNMENT REMITTANCES PAYABLE

The accounts payable and accrued liabilities balance includes government remittances payable totaling \$71,709 (2023 - \$60,355).

6. DEFERRED GOVERNMENT ASSISTANCE AND OTHER CONTRIBUTIONS

Deferred government assistance and other contributions represent unexpended externally restricted funds. The continuity of deferred contributions is as follows:

March 31, 2024	Operating Fund \$	Capital Fund \$	Total \$
Balance , beginning of year	379,878	362,968	742,846
Amounts received during the year	285,284		285,284
Amounts recognized as revenue during the year	(359,392)	(76,629)	(436,021)
Balance , end of year	305,770	286,339	592,109

March 31, 2023	Operating Fund \$	Capital Fund \$	Total \$
Balance , beginning of year	577,863	439,596	1,017,459
Amounts received during the year	240,240		240,240
Amounts recognized as revenue during the year	(438,225)	(76,628)	(514,853)
Balance , end of year	379,878	362,968	742,846

Turning Point Youth Services
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7. ALLOCATION OF EXPENSES

Administrative and general support expenses of \$900,276 (2023 - \$794,723) have been allocated to programs as follows:

	2024	2023
	\$	\$
Counselling and residential services for youth	499,778	430,764
Youth justice	225,619	204,180
Shelter	155,678	131,642
Other	19,201	28,137
	900,276	794,723

8. ECONOMIC DEPENDENCE

The Organization conducts virtually all of its operations under contracts with government agencies. The contracts are renewed successive one to three year periods following the funder's re-contracting or re-application process, unless terminated by either party at least 60 days before the end of the respective contract term.

9. FINANCIAL INSTRUMENT RISK EXPOSURE

The Organization is exposed to credit risk, liquidity risk and market risk through its financial instruments. The Organization has no changes in its risk exposure from the previous period.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Organization's financial assets that are exposed to credit risk consist primarily of cash and cash equivalents, receivable from funding agencies and other receivables.

Cash and cash equivalents consist of deposits with major Canadian chartered banks. Credit risk associated with amounts receivable from funding agencies and other receivables is minimized due to funding mainly received from government agencies. The Organization does not anticipate non-performance by these counterparties.

Turning Point Youth Services
Notes to Financial Statements

March 31, 2024

9. FINANCIAL INSTRUMENT RISK EXPOSURE (continued)

Liquidity risk

Liquidity risk is the risk that the Organization will not be able to meet a demand for cash or fund its obligations as they come due. The Organization is exposed to liquidity risk primarily arising from its accounts payable and accrued liabilities. The Organization meets its liquidity requirements by preparing and monitoring forecasts of cash flows from operations, anticipating investing and financing activities and holding assets that can be readily converted into cash.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, other price risk and interest rate risk. The Organization is exposed to interest rate risk only.

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 on its fixed interest rate short-term deposits. Interest rate risk is mitigated due to the short-term nature of the financial instruments.

10. SERVICE CONTRACT/CFSA APPROVAL

The Service Provider (Delivery Agent) has a Service Contract/CFSA Approval with the Ministry of Children, Community and Social Services and the Ministry of Health. A reconciliation report summarizes by service (project code), all revenue and expenditures and identifies any resulting surplus or deficit that relates to the Service Contract/CFSA Approval.

A review of these reports shows the following services to be in a surplus (deficit) position as at March 31, 2024. Any net surplus amount is reflected in deferred government assistance and other contributions.

Turning Point Youth Services
Notes to Financial Statements

March 31, 2024

10. SERVICE CONTRACT/CFSA APPROVAL (continued)

Service Code	Revenue	Expenditures	Surplus (deficit)	
	\$	\$	\$	
A349	CYMH Counselling/Therapy Services			
	- Community	277,482	225,824	51,658
A352	Coordinated Access and Intake	22,799	27,667	(4,868)
A353	Intensive Treatment Services			
	- Residential	3,968,879	4,221,651	(252,772)
A354	Case Management and Service Coordination	96,413	73,393	23,020
A000	Intensive Treatment Services			
	- Capital grant	47,700	46,565	1,135
E752	Youth in Transition Worker	75,000	77,114	(2,114)
E786	Non-Residential Attendance Centre	246,515	215,671	30,844
E833	Mental Health/Specialized Program	40,627	43,497	(2,870)
E835	Youth Mental Health Court Worker	171,768	191,206	(19,438)
E855	Detention Placement	128,382	129,529	(1,147)
E862	Open Custody/Detention	1,547,409	1,596,702	(49,293)
F120	BPS - Other Children's Services	53,988	53,988	NIL
E883	YJS - Other Miscellaneous Reinvestment	30,000	30,000	NIL
E000	Community Partnerships	4,290	4,290	NIL
		6,711,252	6,937,097	(225,845)