

FINANCIAL STATEMENTS

For

OOLAGEN COMMUNITY SERVICES

For year ended

MARCH 31, 2015

INDEPENDENT AUDITOR'S REPORT

To the directors of

OOLAGEN COMMUNITY SERVICES

We have audited the accompanying financial statements of Oolagen Community Services, which comprise the statement of financial position as at March 31, 2015 and the statements of operations and 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

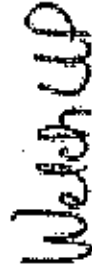
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable 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 Oolagen Community Services 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.



Chartered Professional Accountants
Licensed Public Accountants

Toronto, Ontario
July 28, 2015.

OOLAGEN COMMUNITY SERVICES
STATEMENT OF FINANCIAL POSITION
MARCH 31, 2015

| | <u>2015</u> | <u>2014</u> |
|--|-------------------|-------------------|
| <u>ASSETS</u> | | |
| CURRENT ASSETS | | |
| Cash | \$ 18,872 | \$ 79,249 |
| Accounts receivable | 29,410 | 84,154 |
| HST rebate receivable | 38,311 | 44,212 |
| Prepaid expenses | 1,902 | 1,812 |
| Due from Oolagen Charities (note 5) | <u>54,057</u> | <u>-</u> |
| | \$ 142,552 | \$ 209,427 |
| <u>LIABILITIES AND NET ASSETS</u> | | |
| CURRENT LIABILITIES | | |
| Accounts payable and accrued liabilities | \$ 127,087 | \$ 145,687 |
| Deferred contributions (note 6) | 12,734 | 41,431 |
| Owing to Oolagen Charities (note 5) | <u>-</u> | <u>19,578</u> |
| | 139,821 | 206,696 |
| | <u>2,731</u> | <u>2,731</u> |
| NET ASSETS | \$ 142,552 | \$ 209,427 |

Approved by the Board:

 Director
 Director

(See accompanying notes)

**COLLAGEN COMMUNITY SERVICES
STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS
YEAR ENDED MARCH 31, 2015**

| | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 | 2002 | 2001 | Total |
|---|----------------|----------------|----------------|---------------|----------------|----------------|----------------|----------------|---------------|--------------|---------------|------------------|------------------|------------------|---------------|------------------|
| REVENUE | | | | | | | | | | | | | | | | |
| Grants (note 5) | \$ 259,774 | \$ 702,221 | \$ 741,854 | \$ 82,527 | \$ 180,182 | \$ 180,008 | \$ 379,000 | \$ 48,856 | \$ 2,980 | \$ 5,500 | \$ 39,000 | \$ 2,651,888 | \$ 3,135,114 | \$ 1,289,888 | \$ 84,433 | \$ 9,957,043 |
| Sales tax recoveries and other | 5,013 | 8,631 | 27,358 | 31 | 124 | 59 | 744 | 29 | - | - | - | 72,568 | 128,888 | 84,433 | - | 397,043 |
| Outlier Charitable grants (note 5) | 122,747 | - | - | - | 15,274 | 15,627 | 87,043 | 179,787 | 49,480 | 5,500 | 36,747 | 2,007,832 | 2,957,043 | - | - | 9,957,043 |
| EXPENSES | | | | | | | | | | | | | | | | |
| Salaries and benefits | 328,846 | 756,319 | 476,142 | 81,072 | 184,227 | 157,838 | 147,464 | 179,241 | 49,935 | 2,688 | 2,788 | 2,428,534 | 2,428,534 | 308,288 | 308,288 | 2,428,534 |
| Programs | 2,314 | 2,143 | 7,904 | 365 | 2,789 | 3,106 | 256,722 | 712 | - | - | - | 282,554 | 308,288 | 308,288 | 308,288 | 308,288 |
| Travel and administration | 18,818 | 83,184 | 99,972 | 577 | 4,011 | 18,358 | 16,514 | (128,822) | - | - | - | 118,554 | 162,982 | 162,982 | 162,982 | 162,982 |
| Building occupancy (note 5) | 24,883 | 45,245 | 490,430 | - | 2,760 | - | 14,268 | 12,092 | - | - | - | 311,954 | 312,232 | 312,232 | 312,232 | 312,232 |
| Depreciation and publicty | 282 | 575 | - | - | - | - | - | - | - | - | - | 19,125 | 19,526 | 19,526 | 19,526 | 19,526 |
| Amortization | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Travel | 368 | 41,141 | 200 | 543 | 1,677 | 790 | 504 | 504 | - | - | - | 9,828 | 9,788 | 9,788 | 9,788 | 9,788 |
| Food services | 4,500 | 13,881 | - | - | - | - | - | - | - | - | - | 15,658 | 15,701 | 15,701 | 15,701 | 15,701 |
| Staff printing | 1,667 | 3,731 | - | - | 807 | 30 | 891 | 891 | - | - | - | 20,551 | 24,017 | 24,017 | 24,017 | 24,017 |
| Client professional services | - | - | 10,985 | - | - | - | - | - | - | - | - | 10,985 | 10,498 | 10,498 | 10,498 | 10,498 |
| Non-plant professional services | 400 | - | - | - | - | - | - | - | - | - | - | 30,443 | 19,471 | 19,471 | 19,471 | 19,471 |
| Client physical needs | 4,370 | 6,370 | - | - | - | - | - | - | - | - | - | 10,978 | 23,018 | 23,018 | 23,018 | 23,018 |
| EXCESS OF REVENUE OVER EXPENSES (EXPENSES OVER REVENUE) FOR THE YEAR | 386,481 | 740,762 | 781,212 | 82,556 | 209,360 | 180,182 | 125,508 | 119,787 | 49,480 | 5,500 | 39,147 | 3,007,832 | 3,255,128 | 2,957,043 | 84,433 | 9,957,043 |
| NET ASSETS, BEGINNING OF YEAR | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 1,615 |
| NET ASSETS, END OF YEAR | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 1,615 |

(See accompanying notes)

COLLAGEN COMMUNITY SERVICES
STATEMENT OF CASH FLOWS
YEAR ENDED MARCH 31, 2015

| | <u>2015</u> | <u>2014</u> |
|---|------------------|------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Excess of revenues over expenses | \$ - | \$ 1,615 |
| Adjustments for: | | |
| Amortization of capital assets | - | 2,099 |
| Amortization of deferred capital grant | - | <u>(3,704)</u> |
| | - | 10 |
| Changes in non-cash working capital items: | | |
| Accounts receivable | 54,744 | 6,813 |
| HST rebate receivable | 5,901 | (1,878) |
| Prepaid expenses | (90) | (36) |
| Accounts payable and accrued liabilities | (18,600) | (34,856) |
| Deferred contributions | <u>(28,697)</u> | <u>(31,020)</u> |
| | 13,258 | (60,967) |
| | <u>(73,635)</u> | <u>124,015</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Decrease (increase) in amounts due from/to Collagen Charities | (60,377) | 63,048 |
| INCREASE (DECREASE) IN CASH | <u>79,249</u> | <u>16,201</u> |
| CASH AT BEGINNING OF YEAR | | |
| CASH AT END OF YEAR | <u>\$ 18,872</u> | <u>\$ 79,249</u> |

(See accompanying notes)

COOLAGEN COMMUNITY SERVICES
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2015

1. NATURE OF OPERATIONS

The purpose of Coolagen Community Services (the "Organization") is to provide out-patient and residential treatment to individuals and families. The Organization's operations are financed principally by the Ministry of Children and Youth Services ("The Ministry"), which reimburses the organization for operating expenses on the basis of budgets approved each year. Other agencies provide funding for specific projects. The Organization was incorporated in the Province of Ontario on December 23, 1969 continued under the Canada Not-for-profit Corporations Act on January 29, 2015. The Organization is a Registered Canadian Charitable Organization and is exempt from tax under the Income Tax Act, Canada, Subsection 149(1)(f).

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

The accounting policies of the Organization are in accordance with Canadian accounting standards for not-for-profit organizations.

Revenue recognition

The Organization follows the deferral method of accounting for contributions. Contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Restricted contributions are deferred and recognized as revenue in the year in which the related expenses are recognized and are recorded as deferred contributions on the statement of financial position. Externally restricted contributions for depreciable capital assets are deferred and amortized over the life of the related capital assets. Externally restricted contributions for capital assets that have not been expended are recorded as part of deferred capital contribution on the statement of financial position.

Interest and other recoveries are recognized when earned. Fundraising and other income are recorded when funds are received.

Contributed material and services

Because of the difficulty of determining their fair value, contributed materials and services are not recognized in the financial statements.

Tangible capital assets

Tangible capital assets are stated at acquisition cost. Amortization is provided on a straight line basis at the following rates:

Leasehold improvements - over the term of the lease of 5 years

Financial instruments

The Organization initially measures its financial assets and financial liabilities at fair value.

With the exception of cash, the Organization subsequently measures all its financial assets and financial liabilities at amortized cost.

Financial assets measured at amortized cost include accounts receivable, HST receivable and amounts due from Coolagen Charities. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

YEAR ENDED MARCH 31, 2015

2. SIGNIFICANT ACCOUNTING POLICIES - Cont'd.*Use of estimates*

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 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. Management makes accounting estimates when determining significant accrued liabilities and the related costs charged to the statement of operations. Actual results could differ from those estimates, the impact of which would be recorded in future periods.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future years affected.

3. FINANCIAL INSTRUMENTS

The following disclosures provide information to assist users of the financial statements in assessing the extent of risk related to the Organization's financial instruments.

Credit risk

The Organization is exposed to credit risk resulting from the possibility that parties may default on their financial obligations. The Organization's maximum exposure to credit risk represents the sum of the carrying value of its cash, accounts receivable, HST receivable and amounts due from Oolagen charities. The Organization's cash is with a Canadian chartered bank and as a result management believes the risk of loss on this item to be remote.

Management believes the Organization's credit risk with respect to receivables is limited as the majority of the amounts receivable are due from tax authorities and a related organization. The Organization manages its credit risk by reviewing accounts receivable aging and following up with outstanding amounts. Management has not considered it necessary to provide for allowance for doubtful accounts.

Liquidity risk

Liquidity risk refers to the adverse consequence that the Organization will encounter difficulty in meeting obligations associated with the financial liabilities, which are comprised of accounts payable and accrued liabilities.

The Organization manages liquidity risk by monitoring its cash flow requirements on a regular basis. The Organization believes its overall liquidity risk to be minimal as the Organization's financial assets are considered to be highly liquid.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of market factors and is comprised of currency risk, interest rate risk and other price risk. Management does not believe the Organization is exposed to significant market risk.

Changes in risk

There has been no significant changes in the Organization's risk exposures from the prior year.

OOLAGEN COMMUNITY SERVICES
NOTES TO THE FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED MARCH 31, 2015

4. TANGIBLE CAPITAL ASSETS

Tangible capital assets consist of the following:

| | 2015 | | 2014 | |
|--------------------------|----------------|-----------------------------|----------------|-----------------------------|
| | Cost | Accumulated amortization | Cost | Accumulated amortization |
| Leasehold improvements | \$ 358,728 | \$ 358,728 | \$ 358,728 | \$ 358,728 |
| Accumulated amortization | <u>358,728</u> | | <u>358,728</u> | |
| | \$ - | | \$ - | |

Leasehold improvements consist of improvements to the leased facility located at 591 Huron Street. Amortization is charged against the program which utilizes the facility. The facility was used exclusively to operate the Richard Kalesky House program.

5. OOLAGEN CHARITIES

Balance due from Oolagen Charities is non-interest bearing and due on demand.

Oolagen Charities was established to raise funds to primarily support programs and services operated by Oolagen Community Services. Accordingly, resources of Oolagen Charities may be transferred to the Organization and used for purposes to be agreed upon by the Organization and Oolagen Charities. Oolagen Charities is incorporated under the Canada Not-for-profit Corporations Act and is a registered charity under the Income Tax Act.

During the year, Oolagen Charities distributed \$294,180 (2014 - \$208,433) in grants, which were recognized as follows:

| | 2015 | 2014 |
|--------------------------|------------|---------------|
| Grants | \$ 10,000 | \$ 73,000 |
| Oolagen Charities grants | 284,180 | 94,433 |
| Deferred contributions | <u>-</u> | <u>41,000</u> |
| | \$ 294,180 | \$ 208,433 |

The Organization leases the residence at Dalton Road from Oolagen Charities for the period of April to August 2014 for a total of \$13,625 and the residence at Huron Road for the entire fiscal year for a total of \$31,848 (total \$45,473).

The transactions are recorded at the exchange amount, which is the amount agreed upon by both parties.

OOLAGEN COMMUNITY SERVICES
NOTES TO THE FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED MARCH 31, 2015

5. **OOLAGEN CHARITIES - Cont'd.**

Oolagen Charities has not been consolidated in the Organization's financial statements. Financial statements of Oolagen Charities are available on request. A financial summary of Oolagen Charities as at March 31, 2015 and 2014 and for the years then ended is as follows:

| | <u>2015</u> | <u>2014</u> |
|--------------------------|---------------------|-------------------|
| Total assets | \$ 2,079,410 | \$ 958,465 |
| Total liabilities | \$ 324,924 | \$ 281,589 |
| Total net assets | 1,754,486 | 676,876 |
| | \$ 2,079,410 | \$ 958,465 |

Financial Position

Results of Operations

| | <u>2015</u> | <u>2014</u> |
|--|---------------------|--------------------|
| Total revenues | \$ 1,632,153 | \$ 471,549 |
| Total expenses | 554,544 | 508,147 |
| Excess revenue over expenses (expenses over revenues) | \$ 1,077,609 | \$ (36,598) |

Cash Flows

| | <u>2015</u> | <u>2014</u> |
|---|---------------------|--------------------|
| Cash from (used in) operating activities | \$ (140,867) | \$ 32,920 |
| Cash from (used in) financing activities | 62,527 | 68,584 |
| Cash from (used in) investing activities | 192,706 | (134,542) |
| Increase (decrease) in cash | \$ 114,366 | \$ (33,038) |

6. **DEFERRED CONTRIBUTIONS**

| | <u>2015</u> | <u>2014</u> |
|--|--------------------|--------------------|
| Balance, beginning of year | \$ 41,431 | \$ 69,328 |
| Add: Funds received | 2,806,549 | 3,104,613 |
| Less: Amounts recognized as revenue | (2,935,246) | (3,132,510) |
| Balance, end of year | \$ 12,734 | \$ 41,431 |

7. **COMMITMENTS**

The Organization has a lease commitment with respect to its premises, which expires March 31, 2016. The minimum lease payment for the next fiscal year is \$183,194.

8. **COMPARATIVE FIGURES**

Comparative figures have been reclassified where necessary to conform to the presentation adopted in the current year.

To the directors of

OOLAGEN COMMUNITY SERVICES

We have completed our examination of the financial statements of Oolagen Community Services for the year ended March 31, 2015 and have reported to the members thereon. The Schedules attached, which reflect additional details not necessary to the fair presentation of the financial statements as a whole, have been drawn from the accounts for your information only.

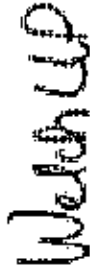
The Schedules have been prepared in accordance with the funder guidelines.

Schedule 1 - Schedule of operations - Wraparound Programs

Schedule 2 - Schedule of operations - MCYS Programs

We shall be glad to provide any further information that you may require.

Yours very truly,



Chartered Professional Accountants
Licensed Public Accountants

Toronto, Ontario
July 28, 2015.

**OOLAGEN COMMUNITY SERVICES
SCHEDULE OF OPERATIONS - WRAPAROUND PROGRAMS**

YEAR ENDED MARCH 31, 2015

| | <u>City WJA</u> | <u>Hedge Funds Canada</u> | <u>DACW</u> | <u>City Jordan</u> | <u>CCAS WJA</u> | <u>Total 2015</u> | <u>Total 2014</u> |
|---|-----------------|---------------------------|---------------|--------------------|-----------------|-------------------|-------------------|
| REVENUE | | | | | | | |
| Grants | \$ 59,660 | \$ 3,000 | \$ 79,320 | \$ 30,682 | \$ 17,500 | \$ 190,162 | \$ 197,750 |
| Sales recoveries and other | 87 | 17 | 140 | 180 | - | 424 | 335 |
| Oolagen Charities grants | 5,124 | 43 | 10,607 | - | - | 15,774 | 7,266 |
| | <u>64,871</u> | <u>3,060</u> | <u>90,067</u> | <u>30,862</u> | <u>17,500</u> | <u>206,360</u> | <u>205,351</u> |
| EXPENSES | | | | | | | |
| Salaries and benefits | 61,872 | 2,846 | 84,610 | 27,787 | 17,212 | 194,327 | 192,102 |
| Programs | 2,143 | - | 275 | 331 | 39 | 2,788 | 4,234 |
| Office and administration | 784 | 214 | 1,028 | 1,985 | - | 4,011 | 3,058 |
| Building occupancy | - | - | 2,750 | - | - | 2,750 | 3,000 |
| Travel | - | - | 1,332 | 345 | - | 1,677 | 1,019 |
| Staff training | 72 | - | 72 | 414 | 249 | 807 | 323 |
| | <u>64,871</u> | <u>3,060</u> | <u>90,067</u> | <u>30,862</u> | <u>17,500</u> | <u>206,360</u> | <u>203,736</u> |
| ALLOCATED CENTRAL ADMIN | | | | | | | |
| | - | - | - | - | - | - | 1,615 |
| | <u>64,871</u> | <u>3,060</u> | <u>90,067</u> | <u>30,862</u> | <u>17,500</u> | <u>206,360</u> | <u>205,351</u> |
| REVENUE OVER EXPENSES FOR THE YEAR | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |

OOLAGEN COMMUNITY SERVICES
 SCHEDULE OF OPERATIONS - MCYS PROGRAMS
 YEAR ENDED MARCH 31, 2015

| Detail Code | TFBE# | Richard Kalesky House | Quotaient | School Programs | Intensive Services | Pay Equity | Restorative Justice | Adm'd | Pay Equity | CYSIS | MCYS | ESports | Total | Total |
|-------------|--|-----------------------|------------|-----------------|--------------------|------------|---------------------|-----------|------------|----------|-----------|--------------|--------------|--------------|
| A555 | 41427 | A556 | 41427 | A556 | 105455 | A558 | 105455 | A558 | 105455 | A440 | A558 | 1001026 | A557 | 1001026 |
| REVENUE | Grants | \$ 732,221 | \$ 893,654 | \$ 82,527 | \$ 180,098 | \$ 10,461 | \$ 375,900 | \$ - | \$ 38,124 | \$ 5,500 | \$ 33,000 | \$ 2,151,485 | \$ 2,159,147 | \$ 2,159,147 |
| | Sales tax recoveries and other | 8,531 | 27,358 | 31 | 59 | - | 68 | 28,744 | - | - | - | 67,149 | 98,320 | 142,820 |
| | Oolagen Charities and other grants | - | 60,200 | - | - | - | 45,827 | 87,043 | - | - | 789 | 193,859 | 142,820 | 2,398,087 |
| | EXPENSES | 472,289 | 398,050 | 68,185 | 130,383 | 10,461 | 121,836 | 147,090 | 38,124 | - | - | 1,387,221 | 1,388,487 | 1,388,487 |
| | Salaries | 94,030 | 80,082 | 11,887 | 27,250 | - | 25,826 | 26,151 | - | - | - | 265,238 | 267,445 | 267,445 |
| | Benefits | 568,318 | 478,142 | 81,072 | 157,838 | 10,461 | 147,464 | 173,241 | 38,124 | - | - | 1,652,459 | 1,655,932 | 1,655,932 |
| | EXPENSES | 8,143 | 7,804 | 366 | 3,105 | - | 256,722 | 712 | - | - | - | 277,852 | 280,797 | 280,797 |
| | Office and Administration | 10,184 | 28,912 | 577 | 1,359 | - | 1,514 | 53,178 | - | - | - | 85,724 | 113,476 | 113,476 |
| | Building Occupancy | 45,243 | 190,839 | - | - | - | 12,092 | - | - | - | - | 204,321 | 247,436 | 247,436 |
| | Promotion and Publicity | - | 575 | - | - | - | 14,268 | - | - | - | - | 14,847 | 18,965 | 18,965 |
| | Amortization | - | - | - | - | - | - | - | - | - | - | - | 2,099 | 2,099 |
| | Travel | 4,144 | 208 | 543 | 27 | - | 790 | 584 | - | - | - | 6,277 | 8,998 | 8,998 |
| | Food Services | 13,691 | - | - | 30 | - | 105 | 8,891 | - | 5,500 | - | - | 13,691 | 16,623 |
| | Staff Training | 1,687 | 3,731 | - | - | - | - | - | - | - | - | - | 19,307 | 19,307 |
| | Client Professional Services | 10,965 | - | - | - | - | - | - | - | - | - | - | 10,483 | 10,483 |
| | Non-Client Professional Services | - | - | - | - | - | - | 30,043 | - | - | - | - | 30,043 | 18,471 |
| | Client Personal Needs | 6,376 | - | - | - | - | - | - | - | - | - | - | 8,376 | 7,490 |
| | ALLOATED CENTRAL ADMIN | 101,533 | 232,070 | 1,488 | 4,521 | - | 259,131 | 119,548 | - | 5,500 | - | 38,147 | 759,834 | 742,155 |
| | EXCESS OF REVENUE OVER EXPENDITURES (EXPENDITURES OVER REVENUE) FOR THE YEAR | 73,000 | 71,000 | - | 18,000 | - | 15,000 | (177,000) | - | 5,500 | - | 38,147 | 2,412,293 | 2,398,087 |