

**FINANCIAL STATEMENTS**  
**For**  
**OOLAGEN COMMUNITY SERVICES**  
**For year ended**  
**MARCH 31, 2016**

**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, 2016 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, 2016 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.

*Welch LLP*

Chartered Professional Accountants  
Licensed Public Accountants

Toronto, Ontario  
July 20, 2016.

**OOLAGEN COMMUNITY SERVICES  
STATEMENT OF FINANCIAL POSITION  
MARCH 31, 2016**

	<u>2016</u>	<u>2015</u>
<b><u>ASSETS</u></b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 169,957	\$ 18,872
Accounts receivable	45,901	29,410
HST rebate receivable	35,544	38,311
Prepaid expenses	1,869	1,902
Due from Oolagen Charities (note 5)	<u>-</u>	<u>54,057</u>
	<u>\$ 253,271</u>	<u>\$ 142,552</u>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 158,418	\$ 127,087
Deferred contributions (note 6)	26,989	12,734
Due to Oolagen Charities (note 5)	<u>65,133</u>	<u>-</u>
	<u>250,540</u>	<u>139,821</u>
<b>NET ASSETS</b>	<u>2,731</u>	<u>2,731</u>
	<u>\$ 253,271</u>	<u>\$ 142,552</u>

Approved by the Board:

 ..... Director  
 ..... Director

(See accompanying notes)

**OOLAGEN COMMUNITY SERVICES**  
**STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS**  
**YEAR ENDED MARCH 31, 2016**

	Richard Kalesky House (Schedule 2)	Outpatient (Schedule 2)	Wraparound Programs (Schedule 1)	Intensive Services (Schedule 2)	Restorative Justice (Schedule 2)	Admin (Schedule 2)	Pay Equity (Schedule 2)	Raising the Roof	CYSIS (Schedule 2)	MCYS Repairs (Schedule 2)	Total 2016	Total 2015
<b>REVENUE</b>												
Grants (note 5)	\$ 731,944	\$ 873,059	\$ 206,434	\$ 180,096	\$ 375,900	\$ -	\$ 48,573	\$ 10,744	\$ 5,500	\$ 30,000	\$ 2,462,250	\$ 2,651,066
Sales tax recoveries and other	10,234	31,051	249	124	33	8,602	-	-	-	2,316	52,609	72,587
Oolagen Charities grants (note 5)	-	-	118	-	6,753	41,376	15	-	-	-	48,262	284,180
	<u>742,178</u>	<u>904,110</u>	<u>206,801</u>	<u>180,220</u>	<u>382,686</u>	<u>49,978</u>	<u>48,588</u>	<u>10,744</u>	<u>5,500</u>	<u>32,316</u>	<u>2,563,121</u>	<u>3,007,833</u>
<b>EXPENSES</b>												
Salaries and benefits	594,528	551,256	193,153	157,691	108,086	112,618	48,588	10,744	-	-	1,776,664	2,179,329
Programs	9,708	46,998	4,352	3,378	256,501	-	-	-	-	-	320,937	282,954
Office and administration	79,646	101,094	2,765	18,827	16,475	(116,996)	-	-	-	-	101,811	118,556
Building occupancy (note 5)	17,211	197,064	3,000	-	-	13,884	-	-	-	32,316	263,475	311,954
Promotion and publicity	-	491	272	-	272	9,001	-	-	-	-	10,036	15,123
Amortization	-	-	-	-	-	-	-	-	-	-	-	-
Travel	4,266	-	2,465	-	1,175	442	-	-	-	-	8,348	8,323
Food services	16,866	-	-	-	-	-	-	-	-	-	16,866	18,659
Staff training	802	7,207	794	324	177	-	-	-	5,500	-	14,804	20,551
Client professional services	12,384	-	-	-	-	-	-	-	-	-	12,384	10,964
Non-client professional services	-	-	-	-	-	31,029	-	-	-	-	31,029	30,443
Client personal needs	6,767	-	-	-	-	-	-	-	-	-	6,767	10,977
	<u>742,178</u>	<u>904,110</u>	<u>206,801</u>	<u>180,220</u>	<u>382,686</u>	<u>49,978</u>	<u>48,588</u>	<u>10,744</u>	<u>5,500</u>	<u>32,316</u>	<u>2,563,121</u>	<u>3,007,833</u>
<b>EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>
<b>NET ASSETS, BEGINNING OF YEAR</b>											<u>2,731</u>	<u>2,731</u>
<b>NET ASSETS, END OF YEAR</b>											<u>\$ 2,731</u>	<u>\$ 2,731</u>

(See accompanying notes)

OOLAGEN COMMUNITY SERVICES

STATEMENT OF CASH FLOWS

YEAR ENDED MARCH 31, 2016

	<u>2016</u>	<u>2015</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Excess of revenues over expenses	-	-
Changes in non-cash working capital items:		
Accounts receivable	(16,491)	54,744
HST rebate receivable	2,767	5,901
Prepaid expenses	33	(90)
Accounts payable and accrued liabilities	31,331	(18,600)
Deferred contributions	<u>14,255</u>	<u>(28,697)</u>
	<u>31,895</u>	<u>13,258</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Decrease (increase) in amounts due from/to Oolagen Charities	<u>119,190</u>	<u>(73,635)</u>
<b>INCREASE (DECREASE) IN CASH</b>	151,085	(60,377)
<b>CASH AT BEGINNING OF YEAR</b>	<u>18,872</u>	<u>79,249</u>
<b>CASH AT END OF YEAR</b>	<u>\$ 169,957</u>	<u>\$ 18,872</u>

(See accompanying notes)

**OOLAGEN COMMUNITY SERVICES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED MARCH 31, 2016**

**1. NATURE OF OPERATIONS**

The purpose of Oolagen 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).

In March 2016 the Board of Oolagen Community Services and the Board of another community services organization signed a letter of intent to amalgamate the two organizations. The amalgamation is expected to become effective on October 1, 2016.

**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 consisting of leasehold improvements are stated at acquisition cost. Amortization is provided over the term of the lease of 5 years.

**OOLAGEN COMMUNITY SERVICES**  
**NOTES TO THE FINANCIAL STATEMENTS - Cont'd.**  
**YEAR ENDED MARCH 31, 2016**

**2. SIGNIFICANT ACCOUNTING POLICIES - Cont'd.**

*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 Oolagen Charities. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities and amounts due to Oolagen Charities.

*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 and HST receivable. 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 and amounts due to Oolagen Charities.

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.

*Currency risk*

The Organization is not exposed to currency exchange risk by virtue of the fact that it transacts only in Canadian dollars.

**OOLAGEN COMMUNITY SERVICES**  
**NOTES TO THE FINANCIAL STATEMENTS - Cont'd.**  
**YEAR ENDED MARCH 31, 2016**

3. **FINANCIAL INSTRUMENTS - Cont'd.**

*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.

4. **TANGIBLE CAPITAL ASSETS**

Tangible capital assets consist of the following:

	2016		2015	
	Cost	Accumulated amortization	Cost	Accumulated amortization
Leasehold improvements	\$ 358,728	\$ <u>358,728</u>	\$ 358,728	\$ <u>358,728</u>
Accumulated amortization	<u>358,728</u>		<u>358,728</u>	
	<u>\$ -</u>		<u>\$ -</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 is 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 \$65,133 (2015 - \$nil) as a cash advance and \$73,263 (2015 - \$294,180) in grants, which were recognized as follows:

	2016	2015
Grants	\$ -	\$ 10,000
Oolagen Charities grants	48,263	284,180
Deferred grants to be recognized in a future period	<u>25,000</u>	<u>-</u>
	<u>\$ 73,263</u>	<u>\$ 294,180</u>



**OOLAGEN COMMUNITY SERVICES**  
**NOTES TO THE FINANCIAL STATEMENTS - Cont'd.**  
**YEAR ENDED MARCH 31, 2016**

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

The Organization leases the residence at Huron Street at no cost (2015 - \$31,848).

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

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, 2016 and 2015 and for the years then ended is as follows:

	<u>Financial Position</u>	
	<u>2016</u>	<u>2015</u>
Total assets	\$ 1,795,580	\$ 2,079,410
Total liabilities	\$ 3,387	\$ 324,924
Total net assets	<u>1,792,193</u>	<u>1,754,486</u>
	<u>\$ 1,795,580</u>	<u>\$ 2,079,410</u>

	<u>Results of Operations</u>	
	<u>2016</u>	<u>2015</u>
Total revenue	\$ 322,503	\$ 1,632,153
Total expenses	<u>284,797</u>	<u>554,544</u>
Excess revenue over expenses	<u>\$ 37,706</u>	<u>\$ 1,077,609</u>

	<u>Cash Flows</u>	
	<u>2016</u>	<u>2015</u>
Cash from (used in) operating activities	\$ 63,620	\$ (140,867)
Cash from (used in) financing activities	(386,671)	62,527
Cash from (used in) investing activities	<u>256,627</u>	<u>192,706</u>
Increase (decrease) in cash	<u>\$ (66,424)</u>	<u>\$ 114,366</u>

6. **DEFERRED CONTRIBUTIONS**

	<u>2016</u>	<u>2015</u>
Balance, beginning of year	\$ 12,734	\$ 41,431
Add: Funds received	2,476,505	2,906,549
Less: Amounts recognized as revenue	<u>(2,462,250)</u>	<u>(2,935,246)</u>
Balance, end of year	<u>\$ 26,989</u>	<u>\$ 12,734</u>

**OOLAGEN COMMUNITY SERVICES**  
**NOTES TO THE FINANCIAL STATEMENTS - Cont'd.**  
**YEAR ENDED MARCH 31, 2016**

**7. ECONOMIC DEPENDENCE**

The company receives over 85% of its funding from a single source. As such Oolagen Community Services is economically dependent on the one funder to continue operations.

**8. COMMITMENTS**

The Organization has a lease commitment with respect to its premises, which expires March 31, 2019. The minimum lease payments for the next three fiscal years are as follows:

2017	\$	89,179
2018		96,736
2019		102,782

**9. 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, 2016 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 20, 2016.

**OOLAGEN COMMUNITY SERVICES**  
**SCHEDULE OF OPERATIONS - WRAPAROUND PROGRAMS**  
**YEAR ENDED MARCH 31, 2016**

	City W/A	DACW	City Jordan	CCAS W/A	Total 2016	Total 2015
<b>REVENUE</b>						
Grants	\$ 59,660	\$ 79,320	\$ 35,354	\$ 32,100	\$ 206,434	\$ 190,162
Sales recoveries and other	66	106	77	-	249	425
Oolagen Charities grants	118	-	-	-	118	24,774
	<u>59,844</u>	<u>79,426</u>	<u>35,431</u>	<u>32,100</u>	<u>206,801</u>	<u>215,361</u>
<b>EXPENSES</b>						
Salaries and benefits	56,492	72,717	32,164	31,780	193,153	194,327
Programs	2,422	392	1,344	194	4,352	2,788
Office and administration	679	851	1,235	-	2,765	4,011
Building occupancy	-	3,000	-	-	3,000	2,750
Promotion and publicity	-	272	-	-	272	-
Travel	-	1,951	388	126	2,465	1,677
Staff training	251	243	300	-	794	807
	<u>59,844</u>	<u>79,426</u>	<u>35,431</u>	<u>32,100</u>	<u>206,801</u>	<u>206,360</u>
<b>ALLOCATED CENTRAL ADMIN</b>	-	-	-	-	-	-
	<u>59,844</u>	<u>79,426</u>	<u>35,431</u>	<u>32,100</u>	<u>206,801</u>	<u>206,360</u>
<b>REVENUE OVER EXPENSES FOR THE YEAR</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,001</u>

**OOLAGEN COMMUNITY SERVICES  
SCHEDULE OF OPERATIONS - MCYS PROGRAMS  
YEAR ENDED MARCH 31, 2016**

Detail Code TFBE#	A555 41427	A556 41427	A559 41427	A588 105455	A556 999933	A556 105455	A440 41427	A556 1001026	A557 1001026	Total 2016	Total 2015
	Richard Kalesky House	Outpatient	Intensive Services	Pay Equity	Restorative Justice	Admin	Pay Equity	CYSIS	MCYS Repairs		
<b>REVENUE</b>											
Grants	\$ 731,944	\$ 873,059	\$ 180,096	\$ 10,449	\$ 375,900	\$ -	\$ 38,124	\$ 5,500	\$ 30,000	\$ 2,245,072	\$ 2,151,485
Sales tax recoveries and other	10,234	31,051	124	-	33	8,602	-	-	2,316	52,360	67,149
Oolagen Charities and other grants	-	-	-	15	6,753	41,376	-	-	-	48,144	193,659
	<u>742,178</u>	<u>904,110</u>	<u>180,220</u>	<u>10,464</u>	<u>382,686</u>	<u>49,978</u>	<u>38,124</u>	<u>5,500</u>	<u>32,316</u>	<u>2,345,576</u>	<u>2,412,293</u>
<b>EXPENSES</b>											
Salaries	496,717	461,091	134,365	10,464	89,011	101,246	38,124	-	-	1,331,018	1,387,221
Benefits	97,811	90,165	23,326	-	19,075	11,372	-	-	-	241,749	265,238
	<u>594,528</u>	<u>551,256</u>	<u>157,691</u>	<u>10,464</u>	<u>108,086</u>	<u>112,618</u>	<u>38,124</u>	<u>-</u>	<u>-</u>	<u>1,572,767</u>	<u>1,652,459</u>
<b>EXPENSES</b>											
Programs	9,708	46,998	3,378	-	256,501	-	-	-	-	316,585	277,852
Office and administration	10,646	33,094	1,827	-	1,475	52,004	-	-	-	99,046	95,724
Building occupancy	17,211	197,064	-	-	-	13,884	-	-	32,316	260,475	284,321
Promotion and publicity	-	491	-	-	272	9,001	-	-	-	9,764	14,841
Travel	4,266	-	-	-	1,175	442	-	-	-	5,883	6,277
Food services	16,866	-	-	-	-	-	-	-	-	16,866	13,691
Staff training	802	7,207	324	-	177	-	-	5,500	-	14,010	19,744
Client professional services	12,384	-	-	-	-	-	-	-	-	12,384	10,965
Non-Client professional services	-	-	-	-	-	31,029	-	-	-	31,029	30,043
Client personal needs	6,767	-	-	-	-	-	-	-	-	6,767	6,376
	<u>78,650</u>	<u>284,854</u>	<u>5,529</u>	<u>-</u>	<u>259,600</u>	<u>106,360</u>	<u>-</u>	<u>5,500</u>	<u>32,316</u>	<u>772,809</u>	<u>759,834</u>
<b>ALLOCATED CENTRAL ADMIN</b>	<u>69,000</u>	<u>68,000</u>	<u>17,000</u>	<u>-</u>	<u>15,000</u>	<u>(169,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>742,178</u>	<u>904,110</u>	<u>180,220</u>	<u>10,464</u>	<u>382,686</u>	<u>49,978</u>	<u>38,124</u>	<u>5,500</u>	<u>32,316</u>	<u>2,345,576</u>	<u>2,412,293</u>
<b>EXCESS OF REVENUE OVER EXPENDITURES FOR THE YEAR</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -