
**YORKTOWN CHILD AND FAMILY
CENTRE**

FINANCIAL STATEMENTS

MARCH 31, 2010

AUDITORS' REPORT

To the Members,
Yorktown Child and Family Centre

We have audited the statement of financial position of Yorktown Child and Family Centre as at March 31, 2010 and the statements of operations and net assets and cash flows for the year then ended. These financial statements are the responsibility of the organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as explained in the following paragraph, we conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In common with many not-for-profit entities, the organization derives revenue from donations and fundraising, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, verification of this 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 and fundraising revenue, excess of revenue over expenses for the year, assets and net assets.

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of donation and fundraising revenue referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the organization as at March 31, 2010 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Cowperthwaite Mehta

Chartered Accountants
Licensed Public Accountants

June 11, 2010
Toronto, Ontario


YORKTOWN CHILD AND FAMILY CENTRE

STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2010

	2010	2009
ASSETS		
Current assets		
Cash (note 5)	\$ 589,430	\$ 222,843
Short-term investments		288,947
Accounts receivable	59,288	55,271
Due from Yorktown Shelter for Women (note 6)	75,453	29
Prepaid expenses	<u>16,730</u>	<u>10,977</u>
	740,901	578,067
Property and equipment (note 7)	<u>96,292</u>	<u>144,292</u>
	<u>\$ 837,193</u>	<u>\$ 722,359</u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued liabilities	\$ 210,773	\$ 226,301
Deferred operating revenue (note 8)	<u>231,030</u>	<u>163,590</u>
	441,803	389,891
Deferred capital contributions (note 9)	<u>38,696</u>	<u>59,396</u>
	<u>480,499</u>	<u>449,287</u>
Net assets		
Designated (note 10)	356,694	273,072
Special	nil	nil
Operating	<u>nil</u>	<u>nil</u>
	<u>356,694</u>	<u>273,072</u>
	<u>\$ 837,193</u>	<u>\$ 722,359</u>

Approved on behalf of the Board:

 _____, Director

 _____, Director

see accompanying notes

YORKTOWN CHILD AND FAMILY CENTRE

STATEMENT OF OPERATIONS AND NET ASSETS

FOR THE YEAR ENDED MARCH 31, 2010

	2010			2009	
	Operating	Designated	Special	Total	Total
REVENUE					
Government funding	\$1,084,721	\$	\$	\$1,084,721	\$1,145,661
Other grants	314,355		371,331	685,686	833,400
United Way of Toronto	302,142			302,142	301,774
Cost recoveries (note 6)	165,000			165,000	159,500
Capital grant amortization (note 9)	20,700			20,700	31,253
Fundraising	24,865	161,454		186,319	126,932
Specified foundation donations	34,000			34,000	45,200
Investment income		3,648		3,648	6,349
	<u>1,945,783</u>	<u>165,102</u>	<u>371,331</u>	<u>2,482,216</u>	<u>2,650,069</u>
EXPENSES					
Personnel	1,573,757		291,040	1,864,797	1,991,902
Program and operations (note 7)	149,441	2,490	80,291	232,222	333,412
Occupancy costs (note 7)	171,067			171,067	162,530
Administration and development	51,518	78,990		130,508	132,680
	<u>1,945,783</u>	<u>81,480</u>	<u>371,331</u>	<u>2,398,594</u>	<u>2,620,524</u>
EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR	nil	83,622	nil	83,622	29,545
Net assets, beginning of year	nil	273,072	nil	273,072	243,527
NET ASSETS, END OF YEAR	<u>\$ nil</u>	<u>\$ 356,694</u>	<u>\$ nil</u>	<u>\$ 356,694</u>	<u>\$ 273,072</u>

see accompanying notes

YORKTOWN CHILD AND FAMILY CENTRE

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2010

	2010	2009
OPERATING ACTIVITIES		
Excess of revenue over expenses for the year	\$ 83,622	\$ 29,545
Add back (deduct) non-cash items-		
Amortization of property and equipment	48,000	48,000
Amortization of capital grants	(20,700)	(31,254)
Net change in working capital items (see below)	<u>(33,282)</u>	<u>92,681</u>
Net cash generated from operations	77,640	138,972
INVESTING ACTIVITIES		
Redemption (purchase) of short-term investments	<u>288,947</u>	<u>(6,349)</u>
NET INCREASE IN CASH FOR THE YEAR	366,587	132,623
Cash, beginning of year	<u>222,843</u>	<u>90,220</u>
CASH, END OF YEAR	<u>\$ 589,430</u>	<u>\$ 222,843</u>
Net change in working capital items:		
Decrease (increase) in accounts receivable	\$ (4,017)	\$ 74,277
Net cash received from Yorktown Shelter for Women	(75,424)	1,277
Decrease (increase) in prepaid expenses	(5,753)	10,763
Increase (decrease) in accounts payable and accrued liabilities	(15,528)	7,037
Decrease in deferred revenue	<u>67,440</u>	<u>(673)</u>
	<u>\$ (33,282)</u>	<u>\$ 92,681</u>

see accompanying notes

YORKTOWN CHILD AND FAMILY CENTRE

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2010

1. THE ORGANIZATION

Yorktown Child and Family Centre (the Organization) is a not-for-profit organization incorporated in the Province of Ontario without share capital.

The organization is a mental health centre serving children and youth to 18 years of age who have significant emotional or behavioural problems.

2. SUMMARY OF FUNDS

Since the organization receives funding for special purposes, the financial statements have been presented in a manner which segregates the following categories of net assets:

Operating Fund

The operating fund of the organization is funded primarily by the Ontario Ministry of Children and Youth Services (the Ministry) through either direct funding to the organization or indirect funding through program partnerships. Any excess of revenue over expenses in a given year may be refundable to the Ministry in the following year. Any excess of expenses over revenue from Ministry programs must be funded by the organization from other sources such as United Way Toronto membership funds and fundraising.

Special Fund

This fund includes grants received by the organization for specified purposes other than the regular operations funded by the Ministry.

Designated Fund

The designated fund comprises revenue from donations, fundraising and investment income received by the organization and will be used for purposes specified by the Board of Directors (see note 10). Amounts representing the excess of expenses over revenue of the operating fund for the year are transferred from the designated fund to the operating fund to reduce operating net assets to \$nil at the end of each fiscal year.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Management is responsible for the preparation of these financial statements in accordance with Canadian generally accepted accounting principles applied on a basis consistent with prior years. Accounting principles used include the following significant policies:

Financial instruments

The Organization classifies its financial instruments into one of the following categories based on the purpose for which the asset was acquired. The Organization's accounting policy for each category is as follows:

Held-for-trading - This category comprises cash, money market funds and guaranteed investment certificates. These investments are carried in the statement of financial position at fair value with changes in fair value recognized in the statement of operations. Transaction costs related to financial instruments classified as held-for-trading are expensed as incurred.

Other financial assets and liabilities - Other financial assets and liabilities are carried at cost, which approximates their fair value due to their short-term nature.

YORKTOWN CHILD AND FAMILY CENTRE

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2010

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Organization utilizes various financial instruments. Unless otherwise noted, it is management's opinion that the Organization is not exposed to significant interest, currency or credit risks arising from these financial instruments and the carrying amounts approximate fair values.

Revenue Recognition

The Organization follows the deferral method of revenue recognition. Its principal sources of revenue and recognition of these revenues for financial statement purposes are as follows:

- i) Government grants related to current expenditures are reflected in the accounts as revenue in the current year. Grants received in the year for expenses to be incurred in the following fiscal year are recorded as deferred revenue. Grants related to the purchase of capital assets are recorded as revenue in the same period the related assets are charged to operations.
- ii) Cost recovery revenue is recognized in the period that related services are provided.
- iii) Fundraising and donation revenue is recorded when funds are received with the exception of ticket sales and sponsorships raised and related expenses incurred in conjunction with the Tribute Dinner which are recognized in the period that the dinner is held.

Donated materials and services which are normally purchased by the Organization are not recorded in the accounts.

- iv) Investment income is recognized as earned. Increases and decreases in market value of investments held-for-trading are recognized as investment income (losses) in the period in which they occur.

Property and Equipment

Property and equipment is recorded at cost. Amortization is provided annually at rates calculated to write-off the assets over their estimated useful lives as follows:

Furniture and equipment	- 20% diminishing balance
Computer equipment	- 20% diminishing balance
Leasehold improvements	- 10 year straight line

Leasehold improvements are amortized on a straight line basis over the term of the lease plus one renewal option period. The combined period is currently ten years.

Use of Estimates

The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses. Specifically, significant assumptions have been made in arriving at the calculation of amortization of property and equipment assets and deferred capital contributions. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in the period in which they become known.

YORKTOWN CHILD AND FAMILY CENTRE

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2010

4. MANAGEMENT OF CAPITAL

In managing capital, the Organization focuses on liquid resources available for operations. The Organization's objective is to have sufficient liquid resources to continue operating despite adverse events with financial consequences and to provide it with the flexibility to take advantage of opportunities that will advance its purposes. The need for sufficient liquid resources is considered in the preparation of an annual budget and in the monitoring of cash flows and actual operating results compared to the budget. As at March 31, 2010, the Organization has met its objective of having sufficient liquid resources to meet its current obligations.

5. BANK LINE OF CREDIT

The organization has a revolving demand bank line of credit of \$100,000, bearing interest at bank prime plus 3.25%. The line of credit is secured with a General Security Agreement covering all assets of the organization, including inventory, furnishings and equipment and accounts receivable. None of the line was drawn down at March 31, 2010.

6. RELATED PARTY

The Organization is related to Yorktown Shelter for Women in that both organizations share the same Executive Director and other management staff. In addition, some board members serve on the Board of Directors of both organizations.

During 2010 the Organization charged Yorktown Shelter for Women \$165,000 for administrative and occupancy costs incurred on the Shelter's behalf (\$159,500 charged in 2009).

Amounts receivable from Yorktown Shelter for Women at March 31 arose in the normal course of operations, are non-interest bearing, payable on demand and are unsecured. During the year the related organizations also raised money through joint fundraising campaigns.

7. PROPERTY AND EQUIPMENT

Property and equipment at the year end was as follows:

	Cost	Accumulated Amortization	2010 Net	2009 Net
Furniture and equipment	\$ 18,059	\$ (16,242)	\$ 1,817	\$ 3,317
Computer equipment	<u>53,324</u>	<u>(48,763)</u>	<u>4,561</u>	<u>8,561</u>
	<u>\$ 71,383</u>	<u>\$ (65,005)</u>	6,378	11,878
Leasehold improvements, net			<u>89,914</u>	<u>132,414</u>
			<u>\$ 96,292</u>	<u>\$ 144,292</u>

Program and operations expense of the operating fund includes a charge for amortization of equipment and furniture of \$5,500 in 2010 (\$5,500 in 2009). Occupancy costs of the operating fund include a charge for amortization of leasehold improvements of \$42,500 in 2010 (\$42,500 in 2009).

YORKTOWN CHILD AND FAMILY CENTRE

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2010

8. DEFERRED OPERATING REVENUE

Continuity of deferred operating revenue for the year is as follows:

	2010	2009
Deferred operating revenue, beginning of year	\$ 163,590	\$ 164,263
Add cash received from grants and program subsidies in year	2,019,169	2,243,217
Add increase (deduct decrease) in grants receivable	4,378	(74,076)
Less total grant and program subsidy revenue recognized in year	<u>(1,956,107)</u>	<u>(2,169,814)</u>
Deferred operating revenue, end of year	<u>\$ 231,030</u>	<u>\$ 163,590</u>

9. DEFERRED CAPITAL CONTRIBUTIONS

Continuity of deferred capital contributions for the year is as follows:

	2010	2009
Deferred capital contributions, beginning of year	\$ 59,396	\$ 90,650
Less capital contributions recognized in year	<u>(20,700)</u>	<u>(31,254)</u>
Deferred capital contributions, end of year	<u>\$ 38,696</u>	<u>\$ 59,396</u>

10. DESIGNATED NET ASSETS

The Board of Directors has designated net assets of \$356,694 at March 31, 2010 (\$273,072 as at March 31, 2009) to meet minor operating costs not fully funded through operations, and to provide a contingency for possible cash shortfalls in the operating fund.

Designated net assets at March 31, 2010 include a net investment in property and equipment (defined as property and equipment less deferred capital contributions) of \$57,596 at March 31, 2010 (\$84,896 as at March 31, 2009).

Designated net assets at March 31, 2010 also include \$63,209 of donations specified by the Board of Directors for youth engagement activities.

YORKTOWN CHILD AND FAMILY CENTRE

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2010

11. LEASE COMMITMENTS

The organization rents program and office space under a lease agreement with the Toronto District School Board (TDSB) to June 30, 2011. The organization also rents program space under a sub-lease agreement with York Community Services (YCS) to May 31, 2023 at a monthly base rent of \$2,275.

Minimum lease payments over the next five years are:

	TDSB	YCS	Total
2011	\$ 139,832	\$ 27,300	\$ 167,132
2012		27,300	27,300
2013		27,300	27,300
2014		27,300	27,300
2015		27,300	27,300

12. INCOME TAX STATUS

The organization is a charitable organization under the Income Tax Act (Canada) and, as such, is exempt from income taxes and able to issue donation receipts for income tax purposes. In order to maintain its status as a registered charity, the organization must meet certain requirements within the Act. In the opinion of management these requirements have been met.