

---

**YORKTOWN CHILD AND FAMILY  
CENTRE**

**FINANCIAL STATEMENTS**

**MARCH 31, 2011**

---

## INDEPENDENT AUDITOR'S REPORT

To the Members,  
Yorktown Child and Family Centre

### Report on the Financial Statements

We have audited the accompanying financial statements of Yorktown Child and Family Centre, which comprise the statement of financial position as at March 31, 2011 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 generally accepted accounting principles 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 qualified audit opinion.

#### *Basis for Qualified Opinion*

In common with many not-for-profit organizations, the organization derives revenue from donation and fundraising revenue, 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.

*Qualified Opinion*

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, the financial statements present fairly, in all material respects, the financial position of Yorktown Child and Family Centre as at March 31, 2011, and its financial performance and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

*Coryanthwhite Mehta*

Chartered Accountants  
Licensed Public Accountants

June 20, 2011  
Toronto, Ontario


# YORKTOWN CHILD AND FAMILY CENTRE


## STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2011

	2011	2010
<b>ASSETS</b>		
Current assets		
Cash (note 5)	\$ 190,650	\$ 589,430
Short-term investments	399,020	
Accounts receivable	55,197	59,288
Due from Yorktown Shelter for Women (note 6)	28,712	75,453
Prepaid expenses	<u>29,004</u>	<u>16,730</u>
	702,583	740,901
Property and equipment (note 7)	<u>48,292</u>	<u>96,292</u>
	<u>\$ 750,875</u>	<u>\$ 837,193</u>
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities		
Accounts payable and accrued liabilities	\$ 131,300	\$ 210,773
Deferred operating revenue (note 8)	<u>213,293</u>	<u>231,030</u>
	344,593	441,803
Deferred capital contributions (note 9)	<u>17,996</u>	<u>38,696</u>
	<u>362,589</u>	<u>480,499</u>
Net assets		
Designated (note 10)	388,286	356,694
Special	nil	nil
Operating	<u>nil</u>	<u>nil</u>
	<u>388,286</u>	<u>356,694</u>
	<u>\$ 750,875</u>	<u>\$ 837,193</u>

Approved on behalf of the Board:

\_\_\_\_\_, Director

\_\_\_\_\_, Director

see accompanying notes

# YORKTOWN CHILD AND FAMILY CENTRE

## STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS

FOR THE YEAR ENDED MARCH 31, 2011

	2011			2010	
	Operating	Designated	Special	Total	Total
<b>REVENUE</b>					
Government funding	\$1,160,319	\$	\$	\$1,160,319	\$1,084,721
Other grants	277,746		329,034	606,780	615,624
United Way of Toronto	300,481		5,000	305,481	302,142
Cost recoveries (note 6)	155,000			155,000	165,000
Capital grant amortization (note 9)	20,700			20,700	20,700
Fundraising	22,660	141,283		163,943	186,319
Specified foundation donations	16,150		93,514	109,664	104,062
Investment income (loss)		(980)		(980)	3,648
	<u>1,953,056</u>	<u>140,303</u>	<u>427,548</u>	<u>2,520,907</u>	<u>2,482,216</u>
<b>EXPENSES</b>					
Personnel	1,560,051		332,412	1,892,463	1,864,797
Program and operations (note 7)	145,104		94,838	239,942	234,496
Occupancy costs (note 7)	195,201			195,201	171,067
Administration and development	<u>52,700</u>	<u>108,711</u>	<u>298</u>	<u>161,709</u>	<u>128,234</u>
	<u>1,953,056</u>	<u>108,711</u>	<u>427,548</u>	<u>2,489,315</u>	<u>2,398,594</u>
<b>EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR</b>	nil	31,592	nil	31,592	83,622
Net assets, beginning of year	<u>nil</u>	<u>356,694</u>	<u>nil</u>	<u>356,694</u>	<u>273,072</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ nil</u>	<u>\$ 388,286</u>	<u>\$ nil</u>	<u>\$ 388,286</u>	<u>\$ 356,694</u>

see accompanying notes

# YORKTOWN CHILD AND FAMILY CENTRE

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2011

	2011	2010
<b>OPERATING ACTIVITIES</b>		
Excess of revenue over expenses for the year	\$ 31,592	\$ 83,622
Add back (deduct) non-cash items-		
Amortization of property and equipment	48,000	48,000
Amortization of capital grants	(20,700)	(20,700)
Net change in working capital items (see below)	<u>(58,652)</u>	<u>(33,282)</u>
Net cash generated from operations	240	77,640
<b>INVESTING ACTIVITIES</b>		
Redemption (purchase) of short-term investments	<u>(399,020)</u>	<u>288,947</u>
<b>NET INCREASE (DECREASE) IN CASH FOR THE YEAR</b>	(398,780)	366,587
Cash, beginning of year	<u>589,430</u>	<u>222,843</u>
<b>CASH, END OF YEAR</b>	<u>\$ 190,650</u>	<u>\$ 589,430</u>
 <b>Net change in working capital items:</b>		
Decrease (increase) in accounts receivable	\$ 4,091	\$ (4,017)
Net cash received from (paid to) Yorktown Shelter for Women	46,741	(75,424)
Decrease (increase) in prepaid expenses	(12,274)	(5,753)
Decrease in accounts payable and accrued liabilities	(79,473)	(15,528)
Increase (decrease) in deferred revenue	<u>(17,737)</u>	<u>67,440</u>
	<u>\$ (58,652)</u>	<u>\$ (33,282)</u>

see accompanying notes

# YORKTOWN CHILD AND FAMILY CENTRE

## NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2011

---

### 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 and special funds for the year are transferred from the designated fund to the operating fund to reduce operating and special fund 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, 2011

---

### 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, 2011

---

### 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, 2011, 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, furniture and equipment and accounts receivable. None of the line was drawn down at March 31, 2011.

### 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 2011 the Organization charged Yorktown Shelter for Women \$155,000 for administrative and occupancy costs incurred on the Shelter's behalf (\$165,000 charged in 2010).

Amounts receivable from Yorktown Shelter for Women at March 31, 2011 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	2011 Net	2010 Net
Furniture and equipment	\$ 18,059	\$ (17,742)	\$ 317	\$ 1,817
Computer equipment	<u>53,324</u>	<u>(52,763)</u>	<u>561</u>	<u>4,561</u>
	<u>\$ 71,383</u>	<u>\$ (70,505)</u>	878	6,378
Leasehold improvements, net			<u>47,414</u>	<u>89,914</u>
			<u>\$ 48,292</u>	<u>\$ 96,292</u>

Program and operations expense of the operating fund includes a charge for amortization of equipment and furniture of \$5,500 in 2011 (\$5,500 in 2010). Occupancy costs of the operating fund include a charge for amortization of leasehold improvements of \$42,500 in 2011 (\$42,500 in 2010).

# YORKTOWN CHILD AND FAMILY CENTRE

## NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2011

### 8. DEFERRED OPERATING REVENUE

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

	2011	2010
Deferred operating revenue, beginning of year	\$ 231,030	\$ 163,590
Add cash received from grants and program subsidies in year	1,948,519	1,949,107
Add increase (deduct decrease) in grants receivable	(23,457)	4,378
Less total grant and program subsidy revenue recognized in year	<u>(1,942,799)</u>	<u>(1,886,045)</u>
Deferred operating revenue, end of year	<u>\$ 213,293</u>	<u>\$ 231,030</u>

### 9. DEFERRED CAPITAL CONTRIBUTIONS

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

	2011	2010
Deferred capital contributions, beginning of year	\$ 38,696	\$ 59,396
Less capital contributions recognized in year	<u>(20,700)</u>	<u>(20,700)</u>
Deferred capital contributions, end of year	<u>\$ 17,996</u>	<u>\$ 38,696</u>

### 10. DESIGNATED NET ASSETS

The Board of Directors has designated net assets of \$388,286 at March 31, 2011 (\$356,694 as at March 31, 2010) 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, 2011 include a net investment in property and equipment (defined as property and equipment less deferred capital contributions) of \$30,296 at March 31, 2011 (\$57,596 as at 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, 2012. The organization also rents program space under a sub-lease agreement with Unison Health & Community Services (UHCS) to February 28, 2013 at a monthly base rent of \$2,275.

Minimum lease payments over the lives of the leases years are:

	TDSB	YCS	Total
2012	\$ 114,738	\$ 27,300	\$ 142,038
2013	28,685	25,025	53,710

# YORKTOWN CHILD AND FAMILY CENTRE

## NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2011

---

### 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.