
**YORKTOWN CHILD AND FAMILY
CENTRE**

FINANCIAL STATEMENTS

MARCH 31, 2012 AND 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, 2012 and March 31, 2011 and the statements of operations and changes in net assets and cash flows for the years 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 audits. We conducted our audits 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 in our audits 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 possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Yorktown Child and Family Centre as at March 31, 2012 and March 31, 2011, and its financial performance and its cash flows for the years then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Couperthwaite Mehta

Chartered Accountants
Licensed Public Accountants

June 18, 2012
Toronto, Ontario


YORKTOWN CHILD AND FAMILY CENTRE

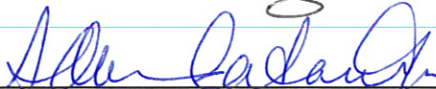
STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2012 AND MARCH 31, 2011

	2012	2011
ASSETS		
Current assets		
Cash (note 5)	\$ 147,594	\$ 190,650
Short-term investments (note 4)	397,757	399,020
Accounts receivable	57,707	55,197
Due from Yorktown Shelter for Women (note 6)	111,918	28,712
Prepaid expenses	<u>48,080</u>	<u>29,004</u>
	763,056	702,583
Property and equipment (note 7)	<u>9,141</u>	<u>48,292</u>
	<u>\$ 772,197</u>	<u>\$ 750,875</u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued liabilities	\$ 162,515	\$ 131,300
Deferred operating revenue (note 8)	<u>207,445</u>	<u>213,293</u>
	369,960	344,593
Deferred capital contributions (note 9)	<u> </u>	<u>17,996</u>
	<u>369,960</u>	<u>362,589</u>
Net assets		
Designated (note 10)	402,237	388,286
Special	nil	nil
Operating	<u>nil</u>	<u>nil</u>
	<u>402,237</u>	<u>388,286</u>
	<u>\$ 772,197</u>	<u>\$ 750,875</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 YEARS ENDED MARCH 31, 2012 AND MARCH 31, 2011

				2012	2011
	Operating	Designated	Special	Total	Total
REVENUE					
Government funding	\$1,291,986	\$	\$	\$1,291,986	\$1,160,319
Other grants	278,338		308,352	586,690	606,780
United Way of Toronto	314,454			314,454	305,481
Cost recoveries (note 6)	158,500			158,500	155,000
Capital grant amortization (note 9)	17,996			17,996	20,700
Fundraising	41,824	144,996	6,886	193,706	163,943
Specified foundation donations	5,966		112,516	118,482	109,664
Investment income (loss)		(1,264)		(1,264)	(980)
	<u>2,109,064</u>	<u>143,732</u>	<u>427,754</u>	<u>2,680,550</u>	<u>2,520,907</u>
EXPENSES					
Personnel	1,640,397		367,933	2,008,330	1,892,463
Program and operations (note 7)	192,896		59,821	252,717	239,942
Occupancy costs (note 7)	227,370			227,370	195,201
Administration and development	<u>48,401</u>	<u>129,781</u>		<u>178,182</u>	<u>161,709</u>
	<u>2,109,064</u>	<u>129,781</u>	<u>427,754</u>	<u>2,666,599</u>	<u>2,489,315</u>
EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR	nil	13,951	nil	13,951	31,592
Net assets, beginning of year	<u>nil</u>	<u>388,286</u>	<u>nil</u>	<u>388,286</u>	<u>356,694</u>
NET ASSETS, END OF YEAR	<u>\$ nil</u>	<u>\$ 402,237</u>	<u>\$ nil</u>	<u>\$ 402,237</u>	<u>\$ 388,286</u>

see accompanying notes

YORKTOWN CHILD AND FAMILY CENTRE

STATEMENT OF CASH FLOWS

FOR THE YEARS ENDED MARCH 31, 2012 AND MARCH 31, 2011

	2012	2011
OPERATING ACTIVITIES		
Excess of revenue over expenses for the year	\$ 13,951	\$ 31,592
Add back (deduct) non-cash items-		
Amortization of property and equipment	49,474	48,000
Amortization of capital grants	(17,996)	(20,700)
Net change in working capital items (see below)	<u>3,781</u>	<u>(105,392)</u>
Net cash generated from (used for) operations	<u>49,210</u>	<u>(46,500)</u>
INVESTING ACTIVITIES		
Redemption (purchase) of short-term investments	1,263	(399,020)
Purchase of property and equipment	<u>(10,323)</u>	<u> </u>
Net cash used for investing	<u>(9,060)</u>	<u>(399,020)</u>
FINANCING ACTIVITIES		
Cash received from (paid to) Yorktown Shelter for Women	<u>(83,206)</u>	<u>46,740</u>
NET DECREASE IN CASH FOR THE YEAR	(43,056)	(398,780)
Cash, beginning of year	<u>190,650</u>	<u>589,430</u>
CASH, END OF YEAR	<u>\$ 147,594</u>	<u>\$ 190,650</u>

Net change in non-cash working capital items:

Decrease (increase) in current assets-		
Accounts receivable	\$ (2,510)	\$ 4,092
Prepaid expenses	(19,076)	(12,274)
Increase (decrease) in current liabilities-		
Accounts payable and accrued liabilities	31,215	(79,473)
Deferred operating revenue	<u>(5,848)</u>	<u>(17,737)</u>
	<u>\$ 3,781</u>	<u>\$ (105,392)</u>

see accompanying notes

YORKTOWN CHILD AND FAMILY CENTRE

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2012 AND 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 accounting standards for not-for-profit organizations. Accounting principles used include the following significant policies:

Investments

The Organization carries equities, money market funds and fixed income securities at quoted market value. Realized and unrealized gains and losses are recognized as investment income when they arise. Related transaction costs are expensed as incurred.

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.

YORKTOWN CHILD AND FAMILY CENTRE

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2012 AND MARCH 31, 2011

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- 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 including realized and unrealized gains and losses on securities is recognized as earned.

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 are amortized on a straight line basis over the term of the lease plus one renewal option period, currently ten years.

4. SHORT-TERM INVESTMENTS AND RISK MANAGEMENT

Short-term investments comprise the following:

	2012	2011
Guarantee investment certificates, interest rate of 1.4%	251,708	251,017
Fixed income securities	98,559	100,751
Equity investments	<u>47,490</u>	<u>47,252</u>
	<u>\$ 397,757</u>	<u>\$ 399,020</u>

It is management's opinion that the Organization is not exposed to significant interest or credit risks.

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, 2012.

YORKTOWN CHILD AND FAMILY CENTRE

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2012 AND 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 2012 the Organization charged Yorktown Shelter for Women \$158,500 for administrative and occupancy costs incurred on the Shelter's behalf (\$155,000 charged in 2011).

Amounts receivable from Yorktown Shelter for Women at March 31, 2012 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	2012 Net	2011 Net
Furniture and equipment	\$ 28,383	\$ (19,242)	\$ 9,141	\$ 317
Computer equipment	<u>53,324</u>	<u>(53,324)</u>	<u>nil</u>	<u>561</u>
	<u>\$ 81,707</u>	<u>\$ (72,566)</u>	9,141	878
Leasehold improvements, net			<u>nil</u>	<u>47,414</u>
			<u>\$ 9,141</u>	<u>\$ 48,292</u>

Program and operations expense of the operating fund includes a charge for amortization of furniture and equipment of \$19,500 in 2012 (\$5,500 in 2011). Occupancy costs of the operating fund include a charge for amortization of leasehold improvements of \$29,974 in 2012 (\$42,500 in 2011).

8. DEFERRED OPERATING REVENUE

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

	2012	2011
Deferred operating revenue, beginning of year	\$ 213,293	\$ 231,030
Add cash received from grants and program subsidies in year	2,040,390	1,948,519
Add increase (deduct decrease) in grants receivable	8,934	(23,457)
Less total grant and program subsidy revenue recognized in year	<u>(2,055,172)</u>	<u>(1,942,799)</u>
Deferred operating revenue, end of year	<u>\$ 207,445</u>	<u>\$ 213,293</u>

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NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2012 AND MARCH 31, 2011

9. DEFERRED CAPITAL CONTRIBUTIONS

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

	2012	2011
Deferred capital contributions, beginning of year	\$ 17,996	\$ 38,696
Less capital contributions recognized in year	<u>(17,996)</u>	<u>(20,700)</u>
Deferred capital contributions, end of year	<u>\$ nil</u>	<u>\$ 17,996</u>

10. DESIGNATED NET ASSETS

The Board of Directors has designated net assets of \$402,237 at March 31, 2012 (\$388,286 as at March 31, 2011) to meet minor operating costs not fully funded through operations, and to provide a contingency for possible cash shortfalls in the operating fund.

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 remaining lives of the leases years are:

	TDSB	UHCS	Total
2013	<u>\$ 28,685</u>	<u>\$ 25,025</u>	<u>\$ 53,710</u>

The Organization will move its main program and office space to a new location in September 2012. The Organization has entered into a lease agreement for the new space for the period August 1, 2012 to July 31, 2022 at an annual base rent of \$192,000. Leasehold improvements are expected to cost the Organization between \$250,000 and \$300,000.

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.

YORKTOWN CHILD AND FAMILY CENTRE

NOTES TO THE FINANCIAL STATEMENTS

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13. ADOPTION OF ACCOUNTING STANDARDS FOR NOT-FOR-PROFIT ORGANIZATIONS

Effective April 2, 2011, the Organization elected to adopt the Canadian accounting standards for not-for-profit organizations. These are the first financial statements prepared in accordance with this new framework which have been applied retrospectively.

Management reviewed the exemptions provided on transition to the Canadian accounting standards for not-for-profit organizations and has elected to designate all investments to be subsequently measured at fair value, which is consistent with the accounting policy in place at the time of the transition. The adoption of Canadian accounting standards for not-for-profit organizations had no impact on the previously reported assets, liabilities and net assets of the Organization, and accordingly, there has been no restatement of previously reported amounts as at the date of the transition, being April 2, 2010. The presentation and disclosures in the financial statements reflect the requirements under the new accounting framework.