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**YORKTOWN CHILD AND FAMILY  
CENTRE**

**FINANCIAL STATEMENTS**

**MARCH 31, 2013**

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## 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, 2013, and the statements of operations and changes in net asset 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 qualified audit opinion.

#### *Basis for Qualified Opinion*

In common with many not-for-profit organizations, the Centre 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, 2013, and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

*Conquith Mehta*

Chartered Accountants  
Licensed Public Accountants

June 11, 2013  
Toronto, Ontario

# YORKTOWN CHILD AND FAMILY CENTRE

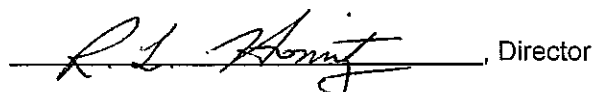
## STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2013

	2013	2012
<b>ASSETS</b>		
Current assets		
Cash (note 6)	\$ 159,477	\$ 147,594
Short-term investments (note 5)	147,640	397,757
Accounts receivable	107,094	57,707
Due from Yorktown Shelter for Women (note 7)	52,686	111,918
Prepaid expenses	<u>32,569</u>	<u>48,080</u>
	499,466	763,056
Capital assets (note 8)	<u>312,257</u>	<u>9,140</u>
	<u>\$ 811,723</u>	<u>\$ 772,196</u>
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities		
Accounts payable and accrued liabilities	\$ 120,678	\$ 162,515
Deferred operating revenue (note 9)	<u>205,035</u>	<u>207,445</u>
	325,713	369,960
Deferred capital contributions (note 10)	<u>54,450</u>	<u>          </u>
	<u>380,163</u>	<u>369,960</u>
Net assets		
Designated (note 11)	431,560	402,236
Special	nil	nil
Operating	<u>nil</u>	<u>nil</u>
	<u>431,560</u>	<u>402,236</u>
	<u>\$ 811,723</u>	<u>\$ 772,196</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, 2013

				2013	2012
	Operating	Designated	Special	Total	Total
<b>REVENUE</b>					
Government funding	\$1,343,247	\$	\$	\$1,343,247	\$1,291,986
Other grants	268,306		303,008	571,314	586,690
United Way of Toronto	314,820			314,820	314,454
Cost recoveries (note 7)	164,500			164,500	158,500
Capital grants recognized (note 10)	6,050			6,050	17,996
Fundraising	73,588	189,808	12,682	276,078	193,706
Specified foundation donations			107,873	107,873	118,482
Investment income (loss)		3,965		3,965	(1,264)
	<u>2,170,511</u>	<u>193,773</u>	<u>423,563</u>	<u>2,787,847</u>	<u>2,680,550</u>
<b>EXPENSES</b>					
Personnel	1,712,345		348,246	2,060,591	2,008,330
Program and operations (note 8)	170,828		75,317	246,145	274,718
Administration, communications and development	64,009	164,449		228,458	178,182
Occupancy costs (note 8)	<u>223,329</u>			<u>223,329</u>	<u>205,370</u>
	<u>2,170,511</u>	<u>164,449</u>	<u>423,563</u>	<u>2,758,523</u>	<u>2,666,600</u>
<b>EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR</b>	nil	29,324	nil	29,324	13,950
Net assets, beginning of year	<u>nil</u>	<u>402,236</u>	<u>nil</u>	<u>402,236</u>	<u>388,286</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ nil</u>	<u>\$ 431,560</u>	<u>\$ nil</u>	<u>\$ 431,560</u>	<u>\$ 402,236</u>

see accompanying notes

# YORKTOWN CHILD AND FAMILY CENTRE

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2013

	2013	2012
<b>OPERATING ACTIVITIES</b>		
Excess of revenue over expenses for the year	\$ 29,324	\$ 13,950
Add back (deduct) non-cash items-		
Amortization of capital assets	43,835	49,474
Amortization of capital grants	(6,050)	(17,996)
Net change in working capital items (see below)	<u>(78,123)</u>	<u>3,781</u>
Net cash generated by (used for) operations	<u>(11,014)</u>	<u>49,209</u>
<b>INVESTING ACTIVITIES</b>		
Redemption of short-term investments	250,117	1,264
Purchase of capital assets	<u>(346,952)</u>	<u>(10,323)</u>
Net cash used for investing activities	<u>(96,835)</u>	<u>(9,059)</u>
<b>FINANCING ACTIVITIES</b>		
Cash received from (paid to) Yorktown Shelter for Women	59,232	(83,206)
Capital grants received	<u>\$ 60,500</u>	<u>\$</u>
Net cash generated by (used for) financing activities	<u>119,732</u>	<u>(83,206)</u>
<b>NET INCREASE (DECREASE) IN CASH FOR THE YEAR</b>	<b>11,883</b>	<b>(43,056)</b>
Cash, beginning of year	<u>147,594</u>	<u>190,650</u>
<b>CASH, END OF YEAR</b>	<b><u>\$ 159,477</u></b>	<b><u>\$ 147,594</u></b>

Net change in non-cash working capital items:

Decrease (increase) in current assets-		
Accounts receivable	\$ (49,387)	\$ (2,512)
Prepaid expenses	15,511	(19,075)
Increase (decrease) in current liabilities-		
Accounts payable and accrued liabilities	(41,837)	31,215
Deferred operating revenue	<u>(2,410)</u>	<u>(5,847)</u>
	<u>\$ (78,123)</u>	<u>\$ 3,781</u>

see accompanying notes

# YORKTOWN CHILD AND FAMILY CENTRE

## NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2013

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### 1. THE ORGANIZATION

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

The Centre 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

The Centre 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 Centre is funded primarily by the Ontario Ministry of Children and Youth Services (the Ministry) through either direct funding to the Centre 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 Centre from other sources such as United Way Toronto membership funds and fundraising.

#### **Special fund**

The special fund includes grants received by the Centre 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 Centre and will be used for purposes specified by the Board of Directors (see note 11). 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 applied on a basis consistent with preceding years. Accounting principles used include the following significant policies:

#### **Financial instruments**

Financial instruments include cash, short-term investments, accounts receivable, accounts payable and accrued liabilities. Cash is measured at fair value. Guaranteed investment certificates are measured at fair value calculated at original purchase price plus accrued interest. Mutual fund equity investments and fixed income securities quoted in an active market are measured at fair value. Changes in fair value are recognized as investment income in the period they occur. All other financial instruments are recorded at cost.

#### **Revenue recognition**

The Centre 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.
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# YORKTOWN CHILD AND FAMILY CENTRE

## NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2013

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### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- 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 Centre are not recorded in the accounts.

- iv) Investment income including realized and unrealized gains and losses on securities is recognized as earned.

#### Capital assets

Capital assets are 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.

#### 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 leasehold improvements and related deferred capital contributions. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in the period in which they become known.

### 4. FINANCIAL RISKS

Financial instruments expose the Centre to risks which may affect cash flow. Specifically:

*Interest rate risk* is the risk that fluctuations in interest rates will reduce the Centre's cash flow from investments. The Centre's cash and short-term investments include fixed rate instruments with maturities that are generally reinvested as they mature. The Centre has exposure to interest rate movements that occur beyond the term of maturity of the fixed rate investments.

*Liquidity risk* is the risk that the Centre will not be able to meet its obligations associated with financial liabilities. Cash flow from operations provides a substantial portion of the Centre's cash requirements. Additional cash requirements are met with the use of existing cash balances and externally using the available line of credit, which provides flexibility in the short term to meet operational needs.

It is management's opinion that the Centre is not exposed to significant interest rate or liquidity risks.

### 5. SHORT-TERM INVESTMENTS

Short-term investments comprise the following:

	2013	2012
Fixed income security	\$ 99,490	\$ 98,559
Mutual fund equity investment	48,150	47,490
Guaranteed investment certificates	<u>          </u>	<u>251,708</u>
	<u>\$ 147,640</u>	<u>\$ 397,757</u>

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# YORKTOWN CHILD AND FAMILY CENTRE

## NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2013

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### 6. BANK LINE OF CREDIT

The Centre 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 Centre, including inventory, furniture and equipment and accounts receivable. None of the line was drawn down at March 31, 2013.

### 7. RELATED PARTY

The Centre 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 2013 the Centre charged Yorktown Shelter for Women \$164,500 for administrative and occupancy costs incurred on the Shelter's behalf (\$158,500 charged in 2012).

Amounts receivable from Yorktown Shelter for Women at March 31, 2013 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.

### 8. CAPITAL ASSETS

Capital assets at the year end were as follows:

	Cost	Accumulated Amortization	2013 Net	2012 Net
Furniture and equipment	\$ 28,383	\$ (28,383)	\$ nil	\$ 9,140
Computer equipment	<u>53,324</u>	<u>(53,324)</u>	<u>nil</u>	<u>nil</u>
	<u>\$ 81,707</u>	<u>\$ (81,707)</u>	nil	9,140
Leasehold improvements, net			<u>312,257</u>	<u>nil</u>
			<u>\$ 312,257</u>	<u>\$ 9,140</u>

Program and operations expense of the operating fund includes a charge for amortization of furniture and equipment of \$5,500 in 2013 (\$19,500 in 2012). Occupancy costs of the operating fund include a charge for amortization of leasehold improvements of \$38,335 in 2013 (\$29,974 in 2012).

### 9. DEFERRED OPERATING REVENUE

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

	2013	2012
Deferred operating revenue, beginning of year	\$ 207,445	\$ 213,293
Add cash received from grants and program subsidies	2,089,562	2,040,390
Add increase (deduct decrease) in grants receivable	(6,861)	8,934
Less total grant and program subsidy revenue recognized	<u>(2,085,111)</u>	<u>(2,055,172)</u>
Deferred operating revenue, end of year	<u>\$ 205,035</u>	<u>\$ 207,445</u>

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## NOTES TO THE FINANCIAL STATEMENTS

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### 10. DEFERRED CAPITAL CONTRIBUTIONS

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

	2013	2012
Deferred capital contributions, beginning of year	\$ nil	\$ 17,996
Add capital contributions received in year	60,500	nil
Less capital contributions recognized in year	<u>(6,050)</u>	<u>(17,996)</u>
Deferred capital contributions, end of year	<u>\$ 54,450</u>	<u>\$ nil</u>

### 11. DESIGNATED NET ASSETS

The Board of Directors has designated net assets of \$431,560 at March 31, 2013 (\$402,236 as at March 31, 2012) 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, 2013 include a net investment in capital assets (defined as capital assets less deferred capital contributions) of \$257,807 at March 31, 2013 (\$9,140 as at March 31, 2012).

### 12. LEASE COMMITMENTS

The Centre rents program and office space under a 10 year lease agreement to July 31, 2022.

Minimum lease payments over the next five years of the lease are:

2014	\$ 58,628
2015	58,628
2016	61,300
2017	62,636
2018	65,225

### 13. INCOME TAX STATUS

The Centre 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 Centre must meet certain requirements within the Act. In the opinion of management these requirements have been met.