
**YORKTOWN CHILD AND FAMILY
CENTRE**

FINANCIAL STATEMENTS

MARCH 31, 2014

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, 2014, 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.

INDEPENDENT AUDITOR'S REPORT - continued

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, 2014, and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

A handwritten signature in black ink, appearing to read "Conquith Mehta".

Chartered Accountants
Licensed Public Accountants

June 19, 2014
Toronto, Ontario

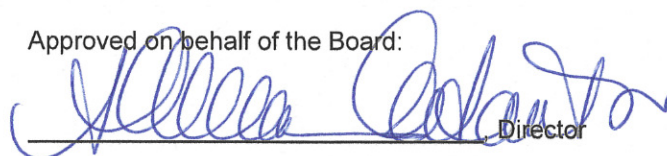
YORKTOWN CHILD AND FAMILY CENTRE

STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2014

	2014	2013
ASSETS		
Current assets		
Cash (note 4)	\$ 124,004	\$ 159,477
Short-term investments (note 5)	149,687	147,640
Accounts receivable	43,173	107,094
Due from Yorktown Shelter for Women (note 6)	84,867	52,686
Prepaid expenses	<u>24,463</u>	<u>32,569</u>
	426,194	499,466
Capital assets (note 7)	<u>264,257</u>	<u>312,257</u>
	<u>\$ 690,451</u>	<u>\$ 811,723</u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued liabilities	\$ 143,399	\$ 120,678
Deferred operating revenue (note 8)	<u>39,364</u>	<u>205,035</u>
	182,763	325,713
Deferred capital contributions (note 9)	<u>48,400</u>	<u>54,450</u>
	<u>231,163</u>	<u>380,163</u>
Net assets		
Designated (note 10)	459,288	431,560
Special	nil	nil
Operating	<u>nil</u>	<u>nil</u>
	<u>459,288</u>	<u>431,560</u>
	<u>\$ 690,451</u>	<u>\$ 811,723</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, 2014

	2014			2013	
	Operating	Designated	Special	Total	Total
REVENUE					
Government funding	\$1,492,910	\$	\$	\$1,492,910	\$1,343,247
Other grants	258,730		310,328	569,058	571,314
United Way of Toronto	320,242			320,242	314,820
Cost recoveries (note 6)	158,500			158,500	164,500
Capital contributions (note 9)	6,050			6,050	6,050
Fundraising	99,383	149,951	18,213	267,547	276,078
Specified foundation donations			116,423	116,423	107,873
Investment income		2,020		2,020	3,965
	<u>2,335,815</u>	<u>151,971</u>	<u>444,964</u>	<u>2,932,750</u>	<u>2,787,847</u>
EXPENSES					
Personnel	1,768,898		371,371	2,140,269	2,060,591
Program and operations (note 7)	248,919		40,959	289,878	246,145
Occupancy costs (note 7)	265,298			265,298	223,329
Administration, communications and development	52,700	124,243	32,634	209,577	228,458
	<u>2,335,815</u>	<u>124,243</u>	<u>444,964</u>	<u>2,905,022</u>	<u>2,758,523</u>
EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR	nil	27,728	nil	27,728	29,324
Net assets, beginning of year	nil	431,560	nil	431,560	402,236
NET ASSETS, END OF YEAR	<u>\$ nil</u>	<u>\$ 459,288</u>	<u>\$ nil</u>	<u>\$ 459,288</u>	<u>\$ 431,560</u>

see accompanying notes

YORKTOWN CHILD AND FAMILY CENTRE

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2014

	2014	2013
OPERATING ACTIVITIES		
Excess of revenue over expenses for the year	\$ 27,728	\$ 29,324
Add back (deduct) non-cash items-		
Amortization of capital assets	48,000	43,835
Amortization of capital contributions	(6,050)	(6,050)
Net change in working capital items (see below)	<u>(70,923)</u>	<u>(78,123)</u>
Net cash used for operations	<u>(1,245)</u>	<u>(11,014)</u>
INVESTING ACTIVITIES		
Redemption of short-term investments	(2,047)	250,117
Purchase of capital assets	<u> </u>	<u>(346,952)</u>
Net cash used for investing activities	<u>(2,047)</u>	<u>(96,835)</u>
FINANCING ACTIVITIES		
Cash received from (paid to) Yorktown Shelter for Women	(32,181)	59,232
Capital grants received	<u> </u>	<u>60,500</u>
Net cash generated by (used for) financing activities	<u>(32,181)</u>	<u>119,732</u>
NET INCREASE (DECREASE) IN CASH FOR THE YEAR	<u>(35,473)</u>	<u>11,883</u>
Cash, beginning of year	<u>159,477</u>	<u>147,594</u>
CASH, END OF YEAR	<u><u>\$ 124,004</u></u>	<u><u>\$ 159,477</u></u>

Net change in non-cash working capital items:

Decrease (increase) in current assets-		
Accounts receivable	\$ 63,921	\$ (49,386)
Prepaid expenses	8,106	15,511
Increase (decrease) in current liabilities-		
Accounts payable and accrued liabilities	22,721	(41,838)
Deferred operating revenue	<u>(165,671)</u>	<u>(2,410)</u>
	<u><u>\$ (70,923)</u></u>	<u><u>\$ (78,123)</u></u>

see accompanying notes

YORKTOWN CHILD AND FAMILY CENTRE

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2014

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.

1. 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 fiscal year may be refundable to the Ministry in the following fiscal 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 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.

2. 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:

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.

Revenue and expenses

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 and contributions 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, 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- ii) Fundraising and donations are recorded as revenue when funds are received. Donated materials and services which are normally purchased by the Centre are not recorded in the accounts.
- iii) Investment income including realized and unrealized gains and losses on securities is recognized as earned.

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 capital assets and related deferred capital grants. These estimates are reviewed periodically and, as adjustments become necessary, they are reported in the period in which they become known.

3. FINANCIAL INSTRUMENTS AND RELATED FINANCIAL RISKS

The Centre's financial instruments include cash, short-term investments, accounts receivable, accounts payable and accrued liabilities and line of credit payable. 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.

The following are those financial instruments considered particularly significant and their related financial risks:

- i) Accounts receivable are regularly monitored to minimize credit risk from uncollected revenue. The organization's losses from uncollected revenue have been minimal.
- ii) Fluctuations in market interest rates do not result in significant interest rate risks affecting future cash flows from fixed rate guaranteed investment certificates.
- iii) The fair value or future cash flows of a financial instrument such as managed funds will fluctuate because of changes in market prices, other than those arising from interest rate risk. This risk, which can be caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments trading in the market, is mitigated by having independent professional investment advisers manage the investment funds.
- iv) The Centre expects to meet its financial obligations for accounts payable and accrued liabilities through cash flows from operations.

It is management's opinion that the Centre's financial instruments are not exposed to significant financial risks.

4. 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, 2014.

YORKTOWN CHILD AND FAMILY CENTRE

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2014

5. SHORT-TERM INVESTMENTS

Short-term investments comprise the following:

	2014	2013
Guaranteed investment certificates	\$ 100,192	\$
Mutual fund equity investments	49,495	48,150
Fixed income securities		99,490
	<u>\$ 149,687</u>	<u>\$ 147,640</u>

6. 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 2014 the Centre charged Yorktown Shelter for Women \$158,500 for administrative and occupancy costs incurred on the Shelter's behalf (\$164,500 charged in 2013).

Amounts receivable from Yorktown Shelter for Women at March 31, 2014 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. CAPITAL ASSETS

Capital assets at the year end were as follows:

	Cost	Accumulated Amortization	2014 Net	2013 Net
Leasehold improvements	<u>\$ 346,952</u>	<u>\$ (82,695)</u>	<u>\$ 264,257</u>	<u>\$ 312,257</u>

Program and operations expense of the operating fund includes a charge for amortization of furniture and equipment of \$5,500 in 2014 (\$5,500 in 2013). Occupancy costs of the operating fund include a charge for amortization of leasehold improvements of \$42,500 in 2014 (\$38,335 in 2013).

8. DEFERRED OPERATING REVENUE

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

	2014	2013
Deferred operating revenue, beginning of year	\$ 205,035	\$ 207,445
Add cash received from grants and program subsidies	2,072,748	2,089,562
Add increase (deduct decrease) in grants receivable	(11,901)	(6,861)
Less total grant and program subsidy revenue recognized	<u>(2,226,518)</u>	<u>(2,085,111)</u>
Deferred operating revenue, end of year	<u>\$ 39,364</u>	<u>\$ 205,035</u>

YORKTOWN CHILD AND FAMILY CENTRE

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2014

9. DEFERRED CAPITAL CONTRIBUTIONS

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

	2014	2013
Deferred capital contributions, beginning of year	\$ 54,450	\$ nil
Add capital contributions received in year		60,500
Less capital contributions recognized in year	<u>(6,050)</u>	<u>(54,450)</u>
Deferred capital contributions, end of year	<u>\$ 48,400</u>	<u>\$ 54,450</u>

10. DESIGNATED NET ASSETS

The Board of Directors has designated net assets of \$459,288 at March 31, 2014 (\$431,560 as at March 31, 2013) 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, 2014 include a net investment in capital assets (defined as capital assets less deferred capital contributions) of \$215,857 at March 31, 2014 (\$257,807 as at March 31, 2013).

11. 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:

2015	\$ 58,628
2016	61,300
2017	62,636
2018	62,636
2019	65,351

12. 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.