
**YORKTOWN CHILD AND FAMILY
CENTRE**

FINANCIAL STATEMENTS

MARCH 31, 2016

INDEPENDENT AUDITOR'S REPORT

To the Members,
Yorktown Child and Family Centre

We have audited the accompanying financial statements of Yorktown Child and Family Centre which comprise the statement of financial position as at March 31, 2016, 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 audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Yorktown Child and Family Centre as at March 31, 2016, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Conperthwaite Mehta

Chartered Accountants
Licensed Public Accountants

June 29, 2016
Toronto, Ontario

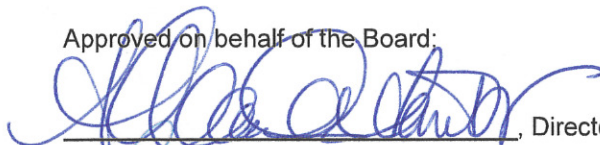
YORKTOWN CHILD AND FAMILY CENTRE

STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2016

	2016	2015
ASSETS		
Current assets		
Cash (note 4)	\$ 242,924	\$ 46,977
Short-term investments (note 5)	153,101	151,351
Accounts receivable	72,992	27,005
Due from Yorktown Shelter for Women (note 6)	93,067	143,202
Prepaid expenses	<u>26,512</u>	<u>34,294</u>
	588,596	402,829
Capital assets (note 7)	<u>220,305</u>	<u>268,305</u>
	<u>\$ 808,901</u>	<u>\$ 671,134</u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued liabilities	\$ 198,385	\$ 57,606
Deferred contributions (note 8)	<u>102,057</u>	<u>111,674</u>
	300,442	169,280
Deferred capital contributions (note 9)	<u>36,300</u>	<u>42,350</u>
	<u>336,742</u>	<u>211,630</u>
Net assets		
Designated (note 10)	472,159	459,504
Special	nil	nil
Operating	<u>nil</u>	<u>nil</u>
	<u>472,159</u>	<u>459,504</u>
	<u>\$ 808,901</u>	<u>\$ 671,134</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, 2016

	2016			2015	
	Operating	Designated	Special	Total	Total
REVENUE					
Government funding	\$1,945,663	\$	\$	\$1,945,663	\$1,493,557
Other grants	166,070		147,217	313,287	522,753
United Way of Toronto & York Region	320,242		103,299	423,541	373,002
Cost recoveries (note 6)	163,500			163,500	158,500
Capital contributions (note 9)	6,050			6,050	6,050
Fundraising	156,825	126,484	25,629	308,938	249,655
Specified foundation donations			71,722	71,722	87,217
Investment income		1,750		1,750	1,664
	<u>2,758,350</u>	<u>128,234</u>	<u>347,867</u>	<u>3,234,451</u>	<u>2,892,398</u>
EXPENSES					
Personnel	2,032,555		232,552	2,265,107	2,177,706
Occupancy costs (note 7)	275,881			275,881	267,894
Administration, communications and development	66,580	115,579	37,759	219,918	225,121
Program and operations	<u>383,334</u>		<u>77,556</u>	<u>460,890</u>	<u>221,461</u>
	<u>2,758,350</u>	<u>115,579</u>	<u>347,867</u>	<u>3,221,796</u>	<u>2,892,182</u>
EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR	nil	12,655	nil	12,655	216
Net assets, beginning of year	<u>nil</u>	<u>459,504</u>	<u>nil</u>	<u>459,504</u>	<u>459,288</u>
NET ASSETS, END OF YEAR	<u>\$ nil</u>	<u>\$ 472,159</u>	<u>\$ nil</u>	<u>\$ 472,159</u>	<u>\$ 459,504</u>

see accompanying notes

YORKTOWN CHILD AND FAMILY CENTRE

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2016

	2016	2015
OPERATING ACTIVITIES		
Excess of revenue over expenses for the year	\$ 12,655	\$ 216
Add back (deduct) non-cash items-		
Amortization of capital assets	48,000	45,500
Amortization of capital contributions	(6,050)	(6,050)
Net change in non-cash working capital items (see below)	<u>92,957</u>	<u>(7,145)</u>
Net cash generated from operations	<u>147,562</u>	<u>32,521</u>
INVESTING ACTIVITIES		
Redemption of short-term investments	(1,750)	(1,664)
Purchase of capital assets	<u> </u>	<u>(49,548)</u>
Net cash used for investing activities	<u>(1,750)</u>	<u>(51,212)</u>
FINANCING ACTIVITIES		
Cash received (paid to) Yorktown Shelter for Women	<u>50,135</u>	<u>(58,336)</u>
NET INCREASE (DECREASE) IN CASH FOR THE YEAR	195,947	(77,027)
Cash, beginning of year	<u>46,977</u>	<u>124,004</u>
CASH, END OF YEAR	<u>\$ 242,924</u>	<u>\$ 46,977</u>

Net change in non-cash working capital items:

Decrease (increase) in current assets-		
Accounts receivable	\$ (45,987)	\$ 16,168
Prepaid expenses	7,782	(9,831)
Increase (decrease) in current liabilities-		
Accounts payable and accrued liabilities	140,779	(85,793)
Deferred contributions	<u>(9,617)</u>	<u>72,311</u>
	<u>\$ 92,957</u>	<u>\$ (7,145)</u>

see accompanying notes

YORKTOWN CHILD AND FAMILY CENTRE

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2016

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:

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 principal sources of revenue and recognition of these revenues for financial statement purposes are as follows:

- i) The Centre follows the deferral method of revenue recognition for government grants. 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 contributions. Grants and contributions related to the purchase of capital assets are recorded as operating revenue in the same period the related assets are charged to operations.

YORKTOWN CHILD AND FAMILY CENTRE

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2016

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 contributions. 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. Financial instruments are initially recorded at fair value and subsequently measured at amortized cost net of any provisions for impairment.

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 Centre expects to meet its financial obligations for accounts payable and accrued liabilities through cash flows from operations.

4. BANK LINE OF CREDIT

The Centre has a revolving demand bank line of credit of \$100,000, bearing interest at bank prime plus 2.25%. 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, 2016.

5. SHORT-TERM INVESTMENTS

Short-term investments comprise a guaranteed investment certificate issued by a major Canadian chartered bank bearing interest at 0.70% and maturing November 2016.

YORKTOWN CHILD AND FAMILY CENTRE

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2016

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 2016 the Centre charged Yorktown Shelter for Women \$163,500 for administrative and occupancy costs incurred on the Shelter's behalf (\$158,500 charged in 2015).

Amounts receivable from Yorktown Shelter for Women at March 31, 2016 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	2016 Net	2015 Net
Leasehold improvements	<u>\$ 391,000</u>	<u>\$ (170,695)</u>	<u>\$ 220,305</u>	<u>\$ 268,305</u>

Occupancy costs of the operating fund include a charge for amortization of leasehold improvements of \$48,000 in 2016 (\$45,500 in 2015).

8. DEFERRED OPERATING REVENUE

Continuity of deferred contributions for the year is as follows:

	2016	2015
Deferred contributions, beginning of year	\$ 111,674	\$ 39,364
Add cash received from grants and program subsidies	2,637,431	2,482,768
Add increase (deduct decrease) in grants receivable	41,493	(15,096)
Less total grant and program subsidy revenue recognized	<u>(2,688,541)</u>	<u>(2,395,362)</u>
Deferred contributions, end of year	<u>\$ 102,057</u>	<u>\$ 111,674</u>

9. DEFERRED CAPITAL CONTRIBUTIONS

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

	2016	2015
Deferred capital contributions, beginning of year	\$ 42,350	\$ 48,400
Less capital contributions recognized	<u>(6,050)</u>	<u>(6,050)</u>
Deferred capital contributions, end of year	<u>\$ 36,300</u>	<u>\$ 42,350</u>

YORKTOWN CHILD AND FAMILY CENTRE

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2016

10. DESIGNATED NET ASSETS

The Board of Directors has designated net assets of \$472,159 at March 31, 2016 (\$459,504 as at March 31, 2015) to meet 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, 2016 include a net investment in capital assets (defined as capital assets less deferred capital contributions) of \$184,005 at March 31, 2016 (\$225,955 as at March 31, 2015).

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:

2017	\$	62,636
2018		62,636
2019		62,636
2020		66,708
2021		66,708

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.

13. FUTURE UNCERTAINTY

The Ontario Ministry of Children and Youth Services (The Ministry) has announced their intention to transform the way community based mental health services are delivered to children and youth in Ontario. Key to this transformation initiative is the move toward the implementation of Lead Agencies in 34 Service Delivery Areas across the province. These Lead Agencies will be responsible for working with local child and youth mental health providers and other community partners to determine how best to serve children, youth and families.

The Lead Agency selected for the Toronto area is East Metro Youth Services. Over the coming months East Metro Youth Services will begin its planning work to transition to the new model. However, full implementation of the new model will not take place for two to three years. In the interim, The Ministry has announced there will be no changes to the operations of current service providers. As full details of the program are not yet known it is uncertain what impact, if any, introduction of the transformation of children's mental health services in Ontario will have on the future programs and operations of the Centre over the medium and long term.