
YORKTOWN FAMILY SERVICES

FINANCIAL STATEMENTS

MARCH 31, 2020

Phil Cowperthwaite CPA

CHARTERED PROFESSIONAL ACCOUNTANT

INDEPENDENT AUDITOR'S REPORT

Opinion

I have audited the financial statements of Yorktown Family Services, which comprise the statement of financial position as at March 31, 2020, and the statements of operations and changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Yorktown Family Services as at March 31, 2020 and the results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of Yorktown Family Services in accordance with the ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis of my opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing Yorktown Family Services' ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Yorktown Family Services or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing Yorktown Family Services' financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

INDEPENDENT AUDITOR'S REPORT (continued)

As part of an audit in accordance with Canadian generally accepted auditing standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Yorktown Family Services' internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Yorktown Family Services' ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw your attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause Yorktown Family Services to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Phil Couperthwaite CPA

Chartered Professional Accountant
Licensed Public Accountant

June 24, 2020
Toronto, Ontario

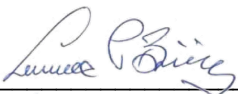
YORKTOWN FAMILY SERVICES

STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2020

	2020	2019
ASSETS		
Current assets		
Cash (note 4)	\$ 423,270	\$ 334,456
Short-term investments (note 5)	193,825	193,825
Accounts receivable	273,436	42,503
Prepaid expenses	<u>30,296</u>	<u>35,649</u>
	920,827	606,433
Capital assets (note 6)	<u>578,353</u>	<u>643,890</u>
	<u>\$ 1,499,180</u>	<u>\$ 1,250,323</u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued liabilities	\$ 431,046	\$ 246,586
Deferred contributions (note 7)	<u>106,615</u>	<u>92,879</u>
	537,661	339,465
Deferred capital contributions (note 8)	<u>125,718</u>	<u>143,768</u>
	<u>663,379</u>	<u>483,233</u>
Net assets		
Housing capital reserve (note 5)	91,356	91,356
Invested in capital assets (note 9)	452,635	500,122
Designated (note 10)	<u>291,810</u>	<u>175,612</u>
	<u>835,801</u>	<u>767,090</u>
	<u>\$ 1,499,180</u>	<u>\$ 1,250,323</u>

Approved on behalf of the Board:


_____, Director


_____, Director

see accompanying notes

YORKTOWN FAMILY SERVICES

STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS

FOR THE YEAR ENDED MARCH 31, 2020

	2020	2019
REVENUE		
Government grants (note 11)	\$ 4,481,842	\$ 4,179,204
United Way and other grants	855,071	897,903
Donations and fundraising	<u>678,853</u>	<u>450,887</u>
	<u>6,015,766</u>	<u>5,527,994</u>
EXPENSES		
Personnel	4,436,587	4,116,678
Program and operations	551,642	529,283
Occupancy (notes 6 and 12)	481,582	475,158
Administration, communications and development	<u>477,244</u>	<u>378,172</u>
	<u>5,947,055</u>	<u>5,499,291</u>
EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR	68,711	28,703
Net assets, beginning of year	<u>767,090</u>	<u>738,387</u>
NET ASSETS, END OF YEAR	<u>\$ 835,801</u>	<u>\$ 767,090</u>

see accompanying notes

YORKTOWN FAMILY SERVICES

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2020

	2020	2019
OPERATING ACTIVITIES		
Excess of revenue over expenses for the year	\$ 68,711	\$ 28,703
Add back (deduct) non-cash items-		
Amortization of capital assets	65,538	63,000
Amortization of capital contributions	(18,050)	(18,050)
Net change in non-cash working capital items (see below)	<u>(27,385)</u>	<u>102,397</u>
Net cash generated from operating activities	88,814	176,050
INVESTING ACTIVITIES		
Redemption of short-term investments	<u> </u>	<u>53,021</u>
NET INCREASE IN CASH FOR THE YEAR	88,814	229,071
Cash, beginning of year	<u>334,456</u>	<u>105,385</u>
CASH, END OF YEAR	<u><u>\$ 423,270</u></u>	<u><u>\$ 334,456</u></u>

Net change in non-cash working capital items:

Decrease (increase) in current assets-		
Accounts receivable	\$ (230,933)	\$ 32,000
Prepaid expenses	5,353	25,377
Increase (decrease) in current liabilities-		
Accounts payable and accrued liabilities	184,459	(2,959)
Deferred contributions	<u>13,736</u>	<u>47,979</u>
	<u><u>\$ (27,385)</u></u>	<u><u>\$ 102,397</u></u>

see accompanying notes

YORKTOWN FAMILY SERVICES

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2020

1. THE ORGANIZATION

Yorktown Family Services (the organization) is incorporated in the Province of Ontario without share capital. The organization is a registered 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.

The organization has three principal divisions:

- A mental health centre serving children and youth to 24 years of age who have significant emotional or behavioural problems and their families;
- A women's shelter which services include emergency accommodations, counselling and information for women in Toronto, Ontario, with or without children, in crisis situations. The organization also provides education to professional and community groups and participates in any social action or preventive effort deemed relevant to social, legal or institutional reform or change designed to intervene effectively in the issue of family violence, particularly relating to assaulted women; and
- The Jane Street Hub (the Hub) which brings together several organizations to offer community services and health care to residents of Weston, Mount Dennis, Trethewey and the surrounding area. The Hub also provides space for community groups to use, including a kitchen and meeting rooms.

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:

Building - 40 years straight-line basis

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

Revenue

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

- i) The organization follows the deferral method of revenue recognition for contributions, including grants and donations. Contributions related to current expenses are reflected in the accounts as revenue in the current year. Contributions received in the year for expenses to be incurred in the following fiscal year are recorded as deferred contributions. Contributions related to the purchase of capital assets are recorded as revenue in the same period the related assets are charged to operations.
- ii) Revenue related to cost recoveries is recognized in the year the costs are incurred or services are delivered.
- iii) Fundraising and donations are recorded as revenue when funds are received. Donated materials and services which are normally purchased by the organization are not recorded in the accounts.

YORKTOWN FAMILY SERVICES

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2020

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

iv) Investment income is recognized as revenue over the term of the guaranteed investment certificates.

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

The organization's financial instruments include cash, short-term investments, accounts receivable, accounts payable and accrued liabilities and bank line of credit. Financial instruments are initially recorded at fair value and subsequently measured at amortized cost net of any provisions for impairment.

4. BANK LINE OF CREDIT

The organization has a revolving demand bank line of credit of \$200,000, bearing interest at bank prime plus 1.25% (3.70% at March 31, 2020). The line of credit is secured with a first position General Security Agreement from the organization, including inventory, furniture and equipment and accounts receivable. None of the line was drawn down at March 31, 2020 or March 31, 2019.

5. SHORT-TERM INVESTMENTS

Short-term investments comprise guaranteed investment certificates issued by a major Canadian chartered bank bearing interest at 1.85% and maturing in December 2020.

The housing capital reserve comprises funds contributed by Canada Mortgage and Housing Corporation (CMHC) net of CMHC authorized expenditures. The fund can only be used for purposes specified by CMHC. Short-term investments include funds of \$91,356 as at March 31, 2020 held specifically for the housing capital reserve as mandated by the Ministry (\$91,356 held for the housing capital reserve in short-term investments as at March 31, 2019).

6. CAPITAL ASSETS

Capital assets at the year end were as follows:

	Cost	Accumulated Amortization	2020 Net	2019 Net
Building	\$ 434,950	\$ (309,365)	\$ 125,585	\$ 137,585
Leasehold improvements	<u>391,000</u>	<u>(368,232)</u>	<u>22,768</u>	<u>76,305</u>
	917,679	(769,326)	148,353	213,890
Land	<u>430,000</u>	<u> </u>	<u>430,000</u>	<u>430,000</u>
	<u>\$ 1,347,679</u>	<u>\$ (769,326)</u>	<u>\$ 578,353</u>	<u>\$ 643,890</u>

Occupancy include a charge for amortization of capital assets of \$65,538 in 2020 (\$63,000 in 2019).

YORKTOWN FAMILY SERVICES

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2020

7. DEFERRED CONTRIBUTIONS

Continuity of deferred contributions for the year is as follows:

	2020	2019
Deferred contributions, beginning of year	\$ 92,879	\$ 44,900
Add cash received from grants	5,350,649	5,125,086
Less grant revenue recognized	<u>(5,336,913)</u>	<u>(5,077,107)</u>
Deferred contributions, end of year	<u>\$ 106,615</u>	<u>\$ 92,879</u>

8. DEFERRED CAPITAL CONTRIBUTIONS

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

	2020	2019
Deferred capital contributions, beginning of year	\$ 143,768	\$ 161,818
Less capital contributions recognized	<u>(18,050)</u>	<u>(18,050)</u>
Deferred capital contributions, end of year	<u>\$ 125,718</u>	<u>\$ 143,768</u>

9. INVESTED IN CAPITAL ASSETS

Amounts invested in capital assets are calculated as follows:

	2020	2019
Capital assets (note 6)	\$ 578,353	\$ 643,890
Deferred capital contributions (note 8)	<u>(125,718)</u>	<u>(143,768)</u>
	<u>\$ 452,635</u>	<u>\$ 500,122</u>

10. DESIGNATED NET ASSETS

The Board of Directors has designated net assets of \$291,810 at March 31, 2020 (\$175,612 as at March 31, 2019) to meet operating costs not fully funded through operations, and to provide a contingency for possible cash shortfalls.

11. GOVERNMENT GRANTS

Government grants revenue is composed of the following:

	2020	2019
Operating grants -		
Government of Canada - Public Safety	\$ 127,852	\$ -
Ontario Ministry of Children, Community and Social Services	2,916,513	4,075,599
Ontario Ministry of Health and Long-Term Care	1,230,079	-
City of Toronto	189,348	85,555
Capital grants -		
Ontario Ministry of Children, Community and Social Services	<u>18,050</u>	<u>18,050</u>
	<u>\$ 4,481,842</u>	<u>\$ 4,179,204</u>

YORKTOWN FAMILY SERVICES

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2020

12. LEASE COMMITMENTS

The organization rents program and office space under a 10 year lease agreement which expires on July 31, 2022. Minimum annual lease payments over the term of the lease are (years ending March 31):

2021	\$	62,636
2022		66,708
2023		22,236

13. SUBSEQUENT EVENT

On March 11, 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) a pandemic. The organization has not experienced a significant decrease in service levels from physical distancing subsequent to declaration of the pandemic and is not anticipating a significant drop in service levels in the foreseeable future. Major funders have indicated that current levels of funding will not be decreased as a result of the pandemic. Consequently, no adjustments related to the pandemic have been made in these financial statements.