

The York Centre for Children, Youth & Families

Financial Statements

March 31, 2018

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of The York Centre for Children, Youth & Families

We have audited the accompanying financial statements of The York Centre for Children, Youth & Families, which comprises the statement of financial position as at March 31, 2018, the statements of operations, changes in net assets 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.

Auditors' 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 in our audit 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 The York Centre for Children, Youth & Families as at March 31, 2018, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Williams & Partners

Chartered Professional Accountants LLP
Licensed Public Accountants

Markham, Ontario
May 30, 2018

The York Centre for Children, Youth & Families

Statement of Financial Position

March 31, 2018

	2018	2017
	\$	\$
Assets		
Current		
Cash and cash equivalents (note 4)	848,528	868,048
Accounts receivable	54,737	39,475
Sales tax recoverable	35,211	34,438
Prepaid expenditures	46,658	32,222
	<u>985,134</u>	<u>974,183</u>
Capital assets (note 5)	4,029,691	4,173,453
	<u>5,014,825</u>	<u>5,147,636</u>
Liabilities		
Current		
Accounts payable and accrued liabilities	210,499	166,684
Government remittances payable	34,835	38,042
Current portion of mortgage payable (note 6)	65,745	63,627
Deferred grant revenue (note 7)	292,896	275,215
	<u>603,975</u>	<u>543,568</u>
Deferred capital contribution (note 8)	1,955,543	1,993,336
Mortgage payable (note 6)	1,423,823	1,489,006
	<u>3,983,341</u>	<u>4,025,910</u>
<i>Grant contingency repayable (note 11)</i>		
Net Assets (note 9)		
Capital Asset Fund	498,293	536,403
Other Funds	533,191	585,323
	<u>1,031,484</u>	<u>1,121,726</u>
	<u>5,014,825</u>	<u>5,147,636</u>

On behalf of the Board



Director



Director

The York Centre for Children, Youth & Families

Statement of Operations

year ended March 31, 2018

	<i>MCYS Fund</i>	<i>Other Funds</i>	<i>2018</i>	<i>2017</i>
	\$	\$	\$	\$
	(note 18)			
Revenue				
MCYS - program funding (note 18)	2,411,127	-	2,411,127	2,411,127
Grants (note 10)	-	488,398	488,398	489,901
Amortization of deferred capital contribution	-	123,180	123,180	120,808
MYCS - mortgage funding (note 12)	-	85,253	85,253	85,253
Sales tax recoveries	33,186	2,032	35,218	23,481
Donations	-	25,216	25,216	11,012
Fundraising	-	16,981	16,981	30,897
Interest	-	9,828	9,828	12,884
Other	-	175	175	90
	<u>2,444,313</u>	<u>751,063</u>	<u>3,195,376</u>	<u>3,185,453</u>
Expenses				
Salaries and benefits (note 15)	2,062,901	496,879	2,559,780	2,542,046
Amortization	-	229,149	229,149	226,087
Building occupancy	207,152	-	207,152	199,377
Program	19,066	43,384	62,450	45,730
Interest on mortgage	-	55,935	55,935	57,904
Purchased services	50,383	-	50,383	54,556
Travel	38,820	11,372	50,192	55,054
Office and general	47,512	(365)	47,147	53,979
Training	9,575	-	9,575	13,954
Membership	8,682	-	8,682	5,792
Family fund	-	2,629	2,629	3,935
Bank charges	1,355	344	1,699	2,106
Board	-	845	845	528
Fundraising	-	-	-	13,764
Promotion and publicity	-	-	-	1,712
	<u>2,445,446</u>	<u>840,172</u>	<u>3,285,618</u>	<u>3,276,524</u>
Net excess of expenses over revenues	<u>(1,133)</u>	<u>(89,109)</u>	<u>(90,242)</u>	<u>(91,071)</u>

The York Centre for Children, Youth & Families

Statement of Changes in Net Assets

year ended March 31, 2018

	<i>Capital Asset Fund \$</i>	<i>MCYS Fund \$</i>	<i>Program Funds \$</i>	<i>General Funds \$</i>	<i>Total \$</i>
Year ended March 31, 2017					
Balance, beginning of year	545,647	61	-	667,089	1,212,797
Excess (deficiency) of revenue over expenses	(73,487)	34	-	(17,618)	(91,071)
	472,160	95	-	649,471	1,121,726
Interfund transfers	64,243	-	-	(64,243)	-
Balance, end of year	536,403	95	-	585,228	1,121,726
Year ended March 31, 2018					
Balance, beginning of year	536,403	95	-	585,228	1,121,726
Excess of expenses over revenues	(71,858)	(1,133)	-	(17,251)	(90,242)
	464,545	(1,038)	-	567,977	1,031,484
Interfund transfers (note 13)	33,748	-	-	(33,748)	-
Balance, end of year	498,293	(1,038)	-	534,229	1,031,484

The York Centre for Children, Youth & Families

Statement of Cash Flows

year ended March 31, 2018

	<u>2018</u>	<u>2017</u>
	\$	\$
Cash flows from operating activities		
Net excess of expenses over revenues	(90,242)	(91,071)
Items not affecting cash:		
Amortization of capital assets	229,149	226,087
Amortization of deferred capital contribution	(123,180)	(120,808)
	105,969	105,279
Changes in non-cash working capital items		
Accounts receivable	(15,262)	(2,012)
Sales tax receivable	(773)	(6,478)
Prepaid expense	(14,436)	3,167
Accounts payable and accrued liabilities	43,815	(7,285)
Government remittances payable	(3,206)	2,414
Deferred grant revenue	17,681	(26,693)
	133,788	68,392
Net cash provided by operating activities	43,546	(22,679)
Cash flows from investing activities		
Acquisition of capital assets	(85,387)	(95,875)
Deferred capital contribution	85,387	-
	-	(95,875)
Cash flows from financing activity		
Mortgage payable	(63,066)	(61,097)
Decrease in cash	(19,520)	(179,651)
Cash and cash equivalents, beginning	868,048	1,047,699
Cash and cash equivalents, ending	848,528	868,048
Cash and cash equivalents consist of the following:		
Cash	85,175	15,856
Interest-bearing deposit account (note 4)	763,353	852,192
	848,528	868,048

The York Centre for Children, Youth & Families

Notes to Financial Statements

March 31, 2018

1. PURPOSE OF THE ORGANIZATION

The York Centre for Children, Youth & Families ("The York Centre") was established to address the mental health needs of children, youth and families of York Region, and provides a range of preventative, therapeutic and educational interventions developed in partnership with families and community resources.

The York Centre is a not-for-profit organization incorporated under the laws of the Province of Ontario as a corporation without share capital. It is also a registered charity pursuant to the requirements of the Canada Revenue Agency and as such is exempt from income tax.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have, in management's opinion, been prepared within reasonable limits of materiality in accordance with Part III of CPA Accounting Handbook in accordance with Canadian accounting standards for not-for-profit organizations ("ASNFP") applied within the framework of the significant accounting policies, and are summarized below.

Use of estimates

The preparation of financial statements in conformity with ASNFP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from these estimates. These estimates are reviewed periodically, and as adjustments become necessary, they are reported as revenue or expenditures in the statement of operations in the year in which they become known. Significant estimates are comprised of accruals for liabilities.

Fund accounting

As a not-for-profit organization, The York Centre uses the fund accounting system. In this system, each fund is a self-balancing set of accounts which are segregated for specific purposes in accordance with the objectives and by-laws. The York Centre has the following funds: (i) the Capital Asset Fund which accounts for the Organization's capital assets; (ii) the MCYS Fund which accepts contributions from the Ontario Ministry of Children and Youth Services ("MCYS") that are used to deliver programs that are contracted by the Ministry; (iii) the Program Funds which accounts for charitable and grant related activities; and (iv) the General Funds which provides for general operations and administration.

The York Centre for Children, Youth & Families

Notes to Financial Statements

March 31, 2018

2. SIGNIFICANT ACCOUNTING POLICIES - continued

Revenue recognition

The York Centre follows the deferral method of accounting for revenue. Unrestricted donations and contributions are recorded as revenue when received or when receipt is reasonably assured. Donations and contributions restricted for a specific purpose that have not been spent at the end of the period are recorded as deferred revenue on the statement of financial position. Such donations are recognized as revenue when expended. Grant revenue reported in these financial statements represents funds received from a variety of sources and is recognized when earned. Pledged donations are recognized when ultimate collection is reasonably assured, over the term specified by the donor. Capital grants are treated as deferred capital contributions and amortized on a straight line basis between 15 to 25 years, being the amortization period of the capital assets that were acquired with these funds. Fundraising and interest income is recognized as earned.

Cash and cash equivalents

Cash and cash equivalents are comprised of deposits in banks and guaranteed investment certificates with maturities of twelve months or less.

Capital assets

Purchased capital assets are stated at acquisition cost and are amortized over their estimated useful lives. Amortization is provided as follows:

Building	Straight line over 25 years
Building improvements	Straight line over 15 years
Playground	Straight line over 10 years
Furniture and fixtures	Straight line over 5 years
Computer software	Straight line over 3 years

Capital assets are assessed for impairment when events or changes in circumstances indicate that The York Centre may not be able to recover their carrying value. The York Centre calculates impairment by deducting the fair value, based on discounted cash flows expected from their use and disposition from their carrying value. Any excess is a charge against excess of revenues over expenditures.

Basis of charging expenses to MCYS programs

The York Centre charges expenditures to programs funded by MCYS (see note 18) based on specific expenditures where they can be so identified (e.g. the cost of staff members exclusively devoted to particular programs). Central administrative expenditures are allocated based on management estimates.

The York Centre for Children, Youth & Families

Notes to Financial Statements

March 31, 2018

2. SIGNIFICANT ACCOUNTING POLICIES - continued

Donated materials and services

The York Centre records as revenue and expenditures donated goods and services when the fair market value of such materials and services can be reasonably estimated. Services provided by volunteers that are not normally purchased are not recognized due to the difficulty in determining their fair market value.

Financial instruments

The York Centre initially measures its financial assets and financial liabilities at fair value. The York Centre subsequently measures its financial assets and financial liabilities at amortized cost. Financial assets measured at amortized cost include cash and cash equivalents and accounts receivable. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities and mortgage payable.

Employee benefits

The York Centre sponsors a defined contribution plan to provide pension benefits for employees. The plan is administered by an outside organization and expenses equal the contributions paid by The York Centre during the year.

3. FINANCIAL INSTRUMENTS RISK EXPOSURES

The York Centre is exposed to various risks through its financial instruments. The following analysis provides a measure of The York Centre's risk exposures and concentrations at the balance sheet date:

Liquidity risk

Based on a risk review and in light of insurance coverage in place, The York Centre has established a cash contingency reserve for use in the event of a shortfall in funding, or other short-term liquidity need. This reserve will approximate the equivalent of two months' revenue provided by MCYS in the prior year, and is currently set at \$400,000. Funds are also contributed from The York Centre's own fundraising efforts and from donations.

Interest rate risk

The York Centre manages its exposure to interest rate risk by restricting the types of investments it holds, currently primarily an interest-bearing deposit account. This is a fully-cashable, penalty-free basis investment bearing a guaranteed rate of interest.

The York Centre for Children, Youth & Families

Notes to Financial Statements

March 31, 2018

3. FINANCIAL INSTRUMENTS RISK EXPOSURES - continued

Credit risk

The York Centre has a deposit account with a major Canadian financial institution, thereby mitigating the risk of creditworthiness. The York Centre's main credit risks relate to accounts receivable, and there have been no issues collecting funds in the past. The accounts receivable are primarily due from government organizations that have a long-standing relationship with The York Centre. Accounts receivable risk is also mitigated by the pre-approval financial processes before any costs are incurred in the related programs and activities.

There have been no significant changes in risks from the prior year.

4. CASH AND CASH EQUIVALENTS

- (a) Cash and cash equivalents include an interest-bearing deposit account with a major Canadian financial institution with a balance of \$763,353 as at March 31, 2018 (2017 - \$852,192). This account is fully cashable without penalty, and bears interest at a rate of 1.1% per annum.
- (b) Included in cash and cash equivalents is \$17,686 (2017 - \$17,686) restricted for the Capital Asset Fund.

5. CAPITAL ASSETS

			2018 \$	2017 \$
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	314,970	-	314,970	314,970
Building	5,281,154	1,745,784	3,535,370	3,747,306
Building improvements	85,387	2,372	83,015	-
Playground	95,875	9,587	86,288	91,081
Furniture and fixtures	50,096	50,096	-	-
Computer software	30,143	20,095	10,048	20,096
	<u>5,857,625</u>	<u>1,827,934</u>	<u>4,029,691</u>	<u>4,173,453</u>

The York Centre for Children, Youth & Families

Notes to Financial Statements

March 31, 2018

6. MORTGAGE PAYABLE

The Royal Bank of Canada has provided a mortgage for the acquisition of The York Centre's premises. The mortgage is secured by the land and building (note 5), bears interest at 3.65% per annum, and is due December 17, 2019. The mortgage is subject to several covenants which The York Centre complied with at March 31, 2018. Future repayments are as follows:

	<i>Total</i>	<i>Interest</i>	<i>Principal</i>
	\$	\$	\$
2019	119,000	53,255	65,745
2020	1,461,804	37,981	1,423,823
	<u>1,580,804</u>	<u>91,236</u>	<u>1,489,568</u>

7. DEFERRED GRANT REVENUE

	<i>2018</i>	<i>2017</i>
	\$	\$
Deferred grant revenue, beginning of year	275,215	301,908
Add amounts received during the year	506,079	463,208
Less amounts recognized as revenue during the year	<u>(488,398)</u>	<u>(489,901)</u>
Deferred grant revenue, end of year	<u>292,896</u>	<u>275,215</u>

8. DEFERRED CAPITAL CONTRIBUTION

	<i>2018</i>	<i>2017</i>
	\$	\$
Deferred capital contribution, beginning of year	1,993,336	2,114,144
Add amounts received during the year	85,387	-
Less amounts amortized	<u>(123,180)</u>	<u>(120,808)</u>
Deferred capital contribution, end of year	<u>1,955,543</u>	<u>1,993,336</u>

The York Centre for Children, Youth & Families

Notes to Financial Statements

March 31, 2018

9. FUND BALANCES

The Capital Asset Fund, a restricted fund, is comprised of the following:

	2018	2017
	\$	\$
Cash and cash equivalents	17,686	17,686
Capital assets	4,029,691	4,173,453
Current portion of mortgage payable	(65,745)	(63,627)
Long-term portion - mortgage payable	(1,423,823)	(1,489,006)
Deferred capital contribution	(1,955,543)	(1,993,336)
Deferred grant revenue	(103,973)	(108,767)
	<u>498,293</u>	<u>536,403</u>
Other Funds includes the following:		
MCYS Fund (restricted)	(1,038)	95
General Funds (unrestricted)	534,229	585,228
	<u>533,191</u>	<u>585,323</u>
	<u>1,031,484</u>	<u>1,121,726</u>

10. GRANTS

	2018	2017
	\$	\$
United Way	203,808	203,808
Compass - Kinark Child and Family Services	96,620	103,523
RBC Foundation	66,609	74,874
The Trillium Foundation Grant	45,918	32,929
Compass - school boards	28,471	43,991
Triple P - Kinark Child and Family Services	20,691	19,512
Youth support network	11,200	-
Playground	4,794	4,794
Ontario HRDC	4,389	4,242
Breakfast Club	3,734	-
Others	2,164	2,228
	<u>488,398</u>	<u>489,901</u>

The York Centre for Children, Youth & Families

Notes to Financial Statements

March 31, 2018

11. GRANT CONTINGENCY REPAYABLE

The York Centre entered into an agreement on March 20, 2008 with the Town of Richmond Hill ("the Town") related to a \$1,000,000 grant received on May 9, 2008 from the Town. The proceeds of the grant were used to fund a portion of the cost of The York Centre's building renovation. Under the agreement, The York Centre may not sell, lease or dispose of the property until five years after the date of the agreement. In addition, The York Centre was subject to certain ongoing requirements and restrictions related to the use of the property for a ten year period. The agreement included a registered lien against the property. If The York Centre had defaulted on any terms of the agreement, the \$1,000,000 grant would have been repayable. Management is not aware of any default related to the terms of the agreement.

12. MCYS MORTGAGE FUNDING AGREEMENT

On May 6, 2008, The York Centre entered into a mortgage funding agreement with MCYS. Under the agreement, MCYS agreed to provide certain funding towards the cost of the renovation of The York Centre's building and ongoing mortgage payments. An initial payment of \$1,500,000 was received by The York Centre that was used to offset a portion of the cost of the building renovation. In addition, an amount of \$95,000 is scheduled to be received from MCYS each year to apply to mortgage interest and principal payments, adjusted for interest rate changes arising from each five year mortgage renewal; if the MCYS share of interest and principal repayments is less than \$95,000 per year, The York Centre may retain the balance in MCYS base operational fund towards the costs of the building repairs and maintenance. In the current year, \$9,747 (2017 - \$9,746) was retained in MCYS fund towards the costs of the building occupancy. The York Centre is responsible for the remaining share of the mortgage payments.

The agreement provides that MCYS can at any time direct The York Centre to transfer the property to a designated party or to sell the property, in which case The York Centre will be compensated for its proportionate interest in the market value of the property (44.4%). If the service contract with The York Centre is terminated; or the premises become unsuitable for the program; or The York Centre wishes to sell the premises, MCYS has the option to: a) determine the use of the premises for whatever purpose it determines; or b) transfer the premises to a designated party; or c) cause the premises to be sold and have the right to prior approval of the purchaser's offer. If any of these conditions occur, The York Centre will be compensated based on its proportionate interest in the premises (44.4%) with the MCYS interest being 55.6%.

13. INTERFUND TRANSFERS

During the year, approval was granted for the General Fund to transfer funds to the Capital Asset Fund for the purpose of mortgage payments.

14. ECONOMIC DEPENDENCE

The York Centre generates the majority of its revenue from MCYS.

15. EMPLOYEE BENEFITS

Included in salaries and benefits expense are contributions of \$73,025 (2017 - \$78,810) to the defined contribution pension plan.

The York Centre for Children, Youth & Families

Notes to Financial Statements

March 31, 2018

16. COMMITMENTS

The York Centre entered into various operating leases for equipment and services through to January, 2021. Future minimum payments on these leases are as follows:

	<u>\$</u>
2019	106,352
2020	13,860
2021	<u>6,000</u>
	<u>126,212</u>

17. COMPARATIVE FIGURES

Certain of the comparative figures have been reclassified to conform with the presentation of the current year.

The York Centre for Children, Youth & Families
 Notes to Financial Statements
 March 31, 2018

18. MCYS PROGRAM FUNDING

	Central Administration	Access Intake Service Planning	Targeted Prevention	Brief Services	Family/Caregiver Skills Bldg.&Supp	Service Coordinations	Counseling/Therapy	Intensive Treatment	Specialized Consult/Assess	Small Water Works	Total	Capital	Total	Year Ended March 31, 2017
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenue														
MCYS Program Funding		42,045	13,356	40,540	24,215	256,434	749,244	1,296,234	66,306	8,006	2,496,380	85,253	2,411,127	2,411,127
Expenses														
Salaries	131,069	27,755	7,205	26,446	16,657	179,004	519,547	820,433	34,370	-	1,762,436	-	1,762,436	1,789,806
Employee benefits	19,162	4,058	1,052	3,867	2,435	26,171	75,958	154,850	5,018	-	292,571	-	292,571	292,181
Building occupancy	26,866	3,800	1,900	-	1,900	18,999	56,997	170,078	37,608	8,006	326,154	85,253	240,901	231,833
Clinical purchased services	-	-	-	1,108	185	-	12,690	17,588	18,982	-	50,553	-	50,553	9,142
Office administration	20,892	472	498	3,824	391	4,757	4,706	9,534	1,62	-	45,236	-	45,236	52,304
Travel	1,000	780	390	780	390	3,900	11,700	19,490	390	-	38,820	-	38,820	39,896
Other purchased services	37,723	-	-	-	-	-	-	-	-	-	37,723	-	37,723	41,819
Program costs	500	665	55	-	5,000	1,027	2,026	10,203	90	-	19,066	-	19,066	21,658
Professional development	500	150	75	150	75	750	2,250	3,975	1,650	-	9,575	-	9,575	13,404
Memberships	8,682	-	-	-	-	-	-	-	-	-	8,682	-	8,682	5,792
Promotion and publicity	-	-	-	-	-	-	154	1,662	1,816	-	3,632	-	3,632	1,712
	245,894	37,680	11,175	36,175	27,033	234,608	686,028	1,207,813	100,036	8,006	2,594,448	85,253	2,509,195	2,499,547
Recoveries														
Sales tax recoveries	(5,902)	(387)	(194)	(387)	(194)	(1,936)	(5,808)	(18,184)	(194)	-	(33,186)	-	(33,186)	(21,205)
Other recoveries	-	-	-	-	(5,000)	-	(2,261)	(20,576)	(35,912)	-	(63,749)	-	(63,749)	(67,249)
	(5,902)	(387)	(194)	(387)	(5,194)	(1,936)	(8,069)	(38,760)	(36,106)	-	(96,935)	-	(96,935)	(88,454)
Allocated central administration (note 2)	(239,992)	4,752	2,375	4,752	2,376	23,762	71,285	128,314	2,376	-	-	-	-	-
Excess (deficiency) of revenue over expenses	-	-	-	-	-	-	-	(1,133)	-	-	(1,133)	-	(1,133)	34