

# **THE YORK CENTRE FOR CHILDREN, YOUTH & FAMILIES**

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## 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, 2015, 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 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, 2015 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.

### *Emphasis of Matter*

Without modifying our opinion, we draw attention to Note 14 to the financial statements, which explains that certain comparative information for the year ended March 31, 2014, has been restated.

*Williams & Partners*

Chartered Professional Accountants LLP  
Licensed Public Accountants

Markham, Ontario  
May 26, 2015

**THE YORK CENTRE FOR CHILDREN, YOUTH & FAMILIES**  
**STATEMENT OF FINANCIAL POSITION**

	March 31, 2015	March 31, 2014 (Note 14)
<b>ASSETS</b>		
Current		
Cash and cash equivalents (Note 11)	\$ 1,041,409	990,447
Accounts receivable	35,909	50,010
Sales tax receivable	26,401	29,185
Prepaid expenses	14,080	18,385
	1,117,799	1,088,027
Capital assets (Note 4)	4,485,458	4,697,748
	<b>\$ 5,603,257</b>	<b>\$ 5,785,775</b>
<b>LIABILITIES</b>		
Current		
Accounts payable and accrued liabilities	\$ 174,670	\$ 130,040
Government remittances	30,222	29,901
Current portion of mortgage payable (Note 5)	59,169	1,722,017
Deferred grant revenue (Note 6)	271,086	362,581
	535,147	2,244,539
Deferred capital contribution	2,234,953	2,355,761
Long-term portion of mortgage payable	1,613,316	-
	4,383,416	4,600,300
Grant contingently repayable (Note 9)		
<b>NET ASSETS (Note 7)</b>		
Capital Asset Fund	578,020	619,970
Other funds	641,821	565,505
	1,219,841	1,185,475
	<b>\$ 5,603,257</b>	<b>\$ 5,785,775</b>

Approved by:

Director: \_\_\_\_\_

*Noreen Lee*

Director: \_\_\_\_\_

*M. W. [Signature]*

See accompanying notes to the financial statements

**THE YORK CENTRE FOR CHILDREN, YOUTH & FAMILIES  
STATEMENT OF OPERATIONS**

	MCYS Fund (Note 15)	Other funds	March 31, 2015	March 31, 2014 (Note 14)
<b>REVENUES</b>				
MCYS funding	\$ 2,401,381	\$ -	\$ 2,401,381	\$ 2,401,381
Grants (Note 8)	-	453,186	453,186	484,406
Amortization of deferred capital contribution	-	120,808	120,808	120,808
MCYS - mortgage funding (Note 10)	-	95,000	95,000	95,000
Donations	-	29,709	29,709	18,384
Sales tax recoveries	22,075	3,395	25,470	29,162
Fundraising	-	42,054	42,054	39,083
Interest	-	17,047	17,047	12,601
Other	-	-	-	135
	<u>2,423,456</u>	<u>761,199</u>	<u>3,184,655</u>	<u>3,200,960</u>
<b>EXPENSES</b>				
Salaries and benefits	2,035,594	345,021	2,380,615	2,425,407
Building occupancy	200,809	34,809	235,618	207,401
Amortization of capital assets	-	212,290	212,290	221,265
Purchased services	65,353	-	65,353	139,610
Interest on mortgage	-	79,354	79,354	87,117
Travel	43,541	7,313	50,854	48,808
Office and general	41,740	1,793	43,533	49,960
Program costs	16,604	29,518	46,122	41,118
Fundraising costs	-	14,773	14,773	3,281
Training	8,631	586	9,217	5,527
Membership	8,821	78	8,899	8,363
Family fund expenses	-	170	170	3,306
Bank charges	767	619	1,386	2,594
Parents for Children's Mental Health	-	-	-	14
Promotion and publicity	1,555	-	1,555	581
Board expenses	-	550	550	713
	<u>2,423,415</u>	<u>726,874</u>	<u>3,150,289</u>	<u>3,245,065</u>
<b>NET EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>\$ 41</u>	<u>\$ 34,325</u>	<u>\$ 34,366</u>	<u>\$ (44,105)</u>

**YORK CENTRE FOR CHILDREN, YOUTH & FAMILIES  
STATEMENT OF CHANGES IN NET ASSETS**

	Capital Asset Fund	MCYS Fund	Program Fund	General Fund	Total
<b>Year ended March 31, 2014</b>					
Balance, beginning of year, as previously stated	\$ 674,939	\$ -	\$ 139,302	\$ 554,641	\$ 1,368,882
Prior period adjustments: (Note 14) Deferred revenue at 2013	\$ -		\$ (139,302)	\$ -	\$ (139,302)
Balance, beginning of year, as restated	\$ 674,939	\$ -	\$ -	\$ 554,641	\$ 1,229,580
Excess (deficiency) of revenues over expenditures	(54,968)	\$ 31	(582)	\$ 11,414	(44,105)
	619,971	31	(582)	566,055	1,185,475
Interfund transfers	(1)	-	582	(581)	\$ -
Balance, end of year	<u>\$ 619,970</u>	<u>\$ 31</u>	<u>\$ -</u>	<u>\$ 565,474</u>	<u>\$ 1,185,475</u>
<b>Year-ended March 31, 2015</b>					
Balance, beginning of year	\$ 619,970	\$ 31	\$ -	\$ 565,474	\$ 1,185,475
Excess (deficiency) of revenues over expenditures	(91,482)	41	-	125,807	34,366
	528,488	72	-	691,281	1,219,841
Interfund transfers (Note 12)	49,532	-	-	(49,532)	\$ -
Balance, end of year	<u>\$ 578,020</u>	<u>\$ 72</u>	<u>\$ -</u>	<u>\$ 641,749</u>	<u>\$ 1,219,841</u>

**THE YORK CENTRE FOR CHILDREN, YOUTH & FAMILIES  
STATEMENT OF CASH FLOWS**

	March 31, 2015	March 31, 2014 (Note 14)
<b>Cash flow from operating activities</b>		
Net excess (deficiency) of revenue over expenditures	\$ 34,366	\$ (44,105)
Items not affecting cash:		
Amortization of capital assets	212,290	221,265
Amortization of deferred capital contribution	(120,808)	(120,808)
	<u>91,482</u>	<u>100,457</u>
Increase (decrease) in non-cash working capital:		
Accounts receivable	14,101	(44,450)
Sales tax receivable	2,784	(10,465)
Prepaid expenses	4,305	(976)
Accounts payable and accrued liabilities	44,630	(52,157)
Government remittances	321	584
Deferred grant revenue	(91,495)	68,115
	<u>100,494</u>	<u>17,003</u>
<b>Cash flows from investing activities</b>		
Purchase of capital assets	-	20,000
	<u>-</u>	<u>20,000</u>
<b>Cash flows from financing activities</b>		
Repayment of mortgage payable	(49,532)	(45,488)
	<u>(49,532)</u>	<u>(45,488)</u>
<b>Net increase (decrease) in cash</b>	<b>50,962</b>	<b>(8,485)</b>
<b>Cash and cash equivalents, beginning of the year</b>	<b>990,447</b>	<b>998,932</b>
<b>Cash and cash equivalents, end of the year</b>	<b>1,041,409</b>	<b>990,447</b>
<b>Cash and cash equivalents consists of:</b>		
Cash	\$ 501,409	\$ 270,447
Guaranteed Investment Certificates (Note 11)	540,000	720,000
	<u>\$ 1,041,409</u>	<u>\$ 990,447</u>

**THE YORK CENTRE FOR CHILDREN, YOUTH & FAMILIES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**March 31, 2015**

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**1. PURPOSE OF THE ORGANIZATION**

The York Centre for Children, Youth & Families ("The York Centre") was established to meet 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

These financial statements have, in management's opinion, been prepared within reasonable limits of materiality in accordance with Part III of the 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 expenses during the reporting period. Actual results could differ from these estimates. 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 Fund which accounts for charitable and grant related activities; and (iv) the General Fund which provides for general operations and administration.

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 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 over 25 years, being the amortization period of the capital assets that were acquired with these funds.

Basis of charging expenses to MCYS programs

The York Centre charges expenses to programs funded by MCYS (see Note 15) based on specific expenditures where they can be so identified (eg. the cost of staff members exclusively devoted to particular programs). Central administrative expenses are allocated based on management estimates.

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
Furniture and fixtures	Straight line over 5 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.

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.

**THE YORK CENTRE FOR CHILDREN, YOUTH & FAMILIES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**March 31, 2015**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Financial instruments

The York Centre initially measures its financial assets and financial liabilities at fair value. The Organization 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.

Cash and cash equivalents

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

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 expenditures equal the contributions paid by The York Centre during the year.

**3. FINANCIAL INSTRUMENTS AND RISK EXPOSURES**

There have been no significant changes in risk from the previous year.

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 Organization'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 guaranteed investment certificate ("GICs"), and varying the terms to maturity and issuer of the investments. The varying terms to maturity reduced the sensitivity of the portfolio to the impact of interest rate fluctuation.

Credit risk

The York Centre purchases guaranteed investment certificate ("GICs") from a major Canadian chartered bank, thereby mitigating the risk of creditworthiness.

**4. CAPITAL ASSETS**

	Cost	Accumulated Amortization	Net Book Value	
			March 31, 2015	March 31, 2014
Land	\$ 314,970	\$ -	\$ 314,970	\$ 314,970
Building	5,281,154	1,110,666	\$ 4,170,488	4,382,424
Furniture and fixtures	50,095	50,095	\$ -	354
	<b>\$ 5,646,219</b>	<b>\$ 1,160,761</b>	<b>\$ 4,485,458</b>	<b>\$ 4,697,748</b>

**5. 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 4), 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, 2015. Future repayments are as follows:

	Total	Interest	Principal
2016	\$ 119,000	\$ 59,831	\$ 59,169
2017	119,000	57,917	61,083
2018	119,000	55,650	63,350
2019	119,000	53,298	65,702
2020	1,461,004	38,623	1,423,181
			<b>\$ 1,672,485</b>



**THE YORK CENTRE FOR CHILDREN, YOUTH & FAMILIES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**March 31, 2015**

**6. DEFERRED GRANT REVENUE**

The continuity of deferred grant revenue after prior period adjustment (see note 14), is as follows:

	March 31, 2015	March 31, 2014
Deferred grant revenue, beginning of year	\$ 362,581	\$ 294,466
Add amounts received during the year	157,526	338,326
Less amounts recognized as revenue during the year	(249,021)	(270,211)
<b>Deferred grant revenue, end of year</b>	<b>271,086</b>	<b>362,581</b>

**7. FUND BALANCES**

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

	March 31, 2015	March 31, 2014
Cash and cash equivalents	\$ 113,560	\$ 113,560
Capital assets	4,485,458	4,697,748
Accounts payable	-	-
Current portion of mortgage payable	(59,169)	(1,722,017)
Long-term portion - mortgage payable	(1,613,316)	-
Deferred capital contribution	(2,234,953)	(2,355,761)
Deferred revenue	(113,560)	(113,560)
	<b>578,020</b>	<b>619,970</b>
Other funds include the following:		
MCYS Fund (restricted)	72	31
Program Fund (restricted)	-	-
General Fund (unrestricted)	641,749	565,474
	<b>641,821</b>	<b>565,505</b>
	<b>\$ 1,219,841</b>	<b>\$ 1,185,475</b>

**8. GRANTS**

Grant revenue from the following sources has been recognized as follows:

	March 31, 2015	March 31, 2014
United Way	\$ 207,449	\$ 200,167
Compass income - school boards	59,264	206,698
Compass income - Kinark Child and Family Services	96,421	-
Centre for Excellence	18,903	49,479
RBC Foundation	18,579	16,302
Breakfast Club	1,600	1,388
Ontario HRDC	2,938	2,892
Triple P - Kinark Child and Family Services	13,190	7,367
Town of Richmond Hill	25,000	-
Unilever	7,742	200
Others	2,100	(87)
	<b>\$ 453,186</b>	<b>\$ 484,406</b>

**9. GRANT CONTINGENTLY 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 is subject to certain ongoing requirements and restrictions related to the use of the property for a ten year period. The agreement is registered as a lien against the property. If The York Centre is in default of the terms of the agreement, the \$1,000,000 grant is repayable. Management is not aware of any default related to the terms of the agreement.

**THE YORK CENTRE FOR CHILDREN, YOUTH & FAMILIES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**March 31, 2015**

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**10. 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 (being 72.7% of total mortgage payments) 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. The York Centre is responsible for the remaining 27.3% 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%.

**11. CASH AND CASH EQUIVALENTS**

(a) Included in cash and cash equivalents are Guaranteed Investment Certificates ("GICs") totaling \$540,000 (\$720,000 - 2014). These GICs will mature in the fiscal year ended March 31, 2016, and bear interest rates between 0.05% and 1.37% per annum.

(b) Included in cash and cash equivalents is \$113,560 (2014 - \$113,560) of cash restricted for the Capital Asset Fund.

**12. INTERFUND TRANSFER**

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

**13. ECONOMIC DEPENDENCE**

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

**14. PRIOR PERIOD ADJUSTMENTS**

The comparative figures have been adjusted to reflect an increase in deferred revenue as at March 31, 2013 and March 31, 2014 in the amounts of \$139,302 and \$80,024, respectively to adjust for externally restricted funds. As a result, the net assets of the Program Fund as at March 31, 2014 have decreased by \$219,326, and deferred revenue has increased by \$219,326. Revenue for the year ended March 31, 2014 has decreased by \$80,024.

**THE YORK CENTRE FOR CHILDREN, YOUTH & FAMILIES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MARCH 31, 2015**

**15. MCYS FUNDING**

	Statement of Operations - MCYS Funding											Year Ended March 31, 2015		Year Ended	
	Central Administration	Access Intake Service Planning	Targeted Prevention	CYMH Brief Services	Family/Carogiver Skills Bldg&Supp	Service Coordination	CYMH Counseling/Th	Intensive Treatment	Specialized Consult/Assess	Small Water Works	Total	Capital	Total	Total	
Revenues - MCYS Funding	\$ -	\$ 151,434	\$ 11,322	\$ 228,943	\$ 38,197	\$ 212,221	\$ 418,656	\$ 1,369,549	\$ 58,053	\$ 8,006	\$ 2,496,381	\$ 95,000	\$ 2,401,381	\$ 2,401,381	
Salaries	130,552	98,069	8,478	162,474	33,441	143,809	280,153	841,156	35,625	-	\$ 1,733,757	-	1,733,757	1,669,060	
Employee benefits	13,801	13,092	2,166	32,273	6,540	28,037	50,227	148,700	7,001	-	\$ 301,837	-	301,837	316,988	
Travel	3,984	2,421	181	3,660	611	3,393	6,693	21,670	928	-	\$ 43,541	-	43,541	37,219	
Professional development	786	477	36	722	120	669	1,320	4,318	183	-	\$ 8,631	-	8,631	4,923	
Memberships	803	488	36	738	123	684	1,349	4,413	187	-	\$ 8,821	-	8,821	8,363	
Building occupancy	61,287	13,714	-	16,647	777	13,435	20,134	155,669	6,140	8,006	\$ 295,809	95,000	200,809	207,401	
Critical purchased services	-	438	33	663	111	614	1,934	3,965	168	-	\$ 7,926	-	7,926	72,336	
Other purchased services	5,228	3,177	158	4,803	801	4,452	8,781	28,809	1,218	-	\$ 57,427	-	57,427	45,090	
Program costs	-	918	69	1,389	232	1,287	4,050	8,307	352	-	\$ 16,604	-	16,604	12,422	
Promotion and publicity	142	86	6	130	22	121	237	778	33	-	\$ 1,555	-	1,555	581	
Office administration	24,709	2,351	176	3,555	593	3,292	6,501	429	901	-	\$ 42,507	-	42,507	51,232	
Other expenses - Summer Camp	-	-	-	-	-	-	-	-	-	-	\$ -	-	-	-	
	241,292	135,231	11,339	227,054	43,371	199,793	381,379	1,218,214	52,736	8,006	2,518,415	-	2,423,415	2,425,615	
Recoveries															
Sales tax recoveries	(1,215)	-	(17)	(114)	(5,174)	(1,499)	(4,506)	(734)	(8,816)	-	(22,075)	-	(22,075)	(24,265)	
Other recoveries	(1,215)	-	(17)	(114)	(5,174)	(1,499)	(4,506)	(734)	(8,816)	-	(22,075)	-	(22,075)	(24,265)	
Allocated central administration (Note 2)	(240,077)	16,203	-	2,003	-	13,927	41,783	152,028	14,133	-	-	-	-	-	
Excess (deficiency) of revenues over expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 41	\$ -	\$ -	\$ 41	\$ -	\$ 41	\$ 31	