



**CENTRE FOR DEVELOPING  
RELATIONSHIPS FOR  
EXCEPTIONAL ADULTS IN  
MARKHAM INC.**

**FINANCIAL STATEMENTS  
DECEMBER 31, 2018**



**CENTRE FOR DEVELOPING RELATIONSHIPS FOR  
EXCEPTIONAL ADULTS IN MARKHAM INC.**

**DECEMBER 31, 2018**

**CONTENTS**

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	<u>Page</u>
<b>INDEPENDENT AUDITORS' REPORT</b>	1 - 2
<b>FINANCIAL STATEMENTS</b>	
Statement of Financial Position	3
Statement of Changes in Net Assets	4
Statement of Operations	5
Statement of Cash Flows	6
Notes to Financial Statements	7 - 11



## INDEPENDENT AUDITORS' REPORT

To the Members of  
**Centre For Developing Relationships For Exceptional Adults In Markham Inc.**

### **Qualified Opinion**

We have audited the financial statements of Centre For Developing Relationships For Exceptional Adults In Markham Inc. (the "Organization"), which comprise the statement of financial position as at December 31, 2018, and the statements of operations, changes in fund balances and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the accompanying financial statements present fairly, in all material respects, the financial position of Centre For Developing Relationships For Exceptional Adults In Markham Inc. as at December 31, 2018, 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.

### **Basis for Qualified Opinion**

In common with many non-profit organizations, the Organization derives revenue from contributions, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Organization. Therefore, we were not able to determine whether any adjustments might be necessary to revenues, excess (deficiency) of revenues over expenses, and cash flows from operations for the year ended December 31, 2018 and 2017, current assets as at December 31, 2018 and 2017, and the fund balances as at January 1 and December 31 for both the 2018 and 2017 years.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified 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 the Centre's 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 Centre or to cease operations or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Centre's financial reporting process.



### **Auditors' Responsibilities for the Audit of the Financial Statements**

Our 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 our opinion. Reasonable assurance is a high level of assurance, but it 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.

A further description of the auditor's responsibilities for the audit of the financial statements is located at our website at [www.krestongta.com/audit](http://www.krestongta.com/audit). This description forms part of our auditor's report.

**Markham, Ontario  
September 17, 2019**

*Kreston GTA*

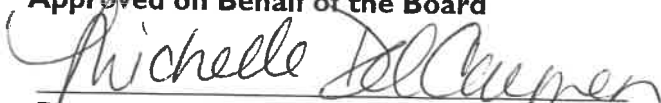
**Kreston GTA LLP  
Licensed Public Accountants**



**CENTRE FOR DEVELOPING RELATIONSHIPS FOR  
EXCEPTIONAL ADULTS IN MARKHAM INC.  
STATEMENT OF FINANCIAL POSITION  
AS AT DECEMBER 31, 2018**

	Note	2018	2017
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents		\$ 20,697	\$ 26,187
Accounts receivable	3	30,627	31,724
Prepaid expenses		1,450	1,450
		52,774	59,361
<b>Long Term Assets</b>			
Capital assets	4	36,127	36,258
		\$ 88,901	\$ 95,619
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Accounts payable and accrued liabilities		\$ 31,781	\$ 41,013
Deferred revenue	5	-	21,853
Short-term debt	9	12,000	-
		43,781	62,866
<b>Long Term Liabilities</b>			
Deferred contributions	6	12,800	9,153
<b>NET ASSETS</b>			
Unrestricted net assets		8,993	(3,505)
Invested in capital assets	7	23,327	27,105
		32,320	23,600
		\$ 88,901	\$ 95,619

Approved on Behalf of the Board

  
Director

The accompanying notes are an integral part of these financial statements.

**CENTRE FOR DEVELOPING RELATIONSHIPS FOR  
EXCEPTIONAL ADULTS IN MARKHAM INC.  
STATEMENT OF CHANGES IN NET ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

	Unrestricted Net Assets	Invested in Capital Assets	2018	2017
<b>BALANCE, BEGINNING OF YEAR</b>	\$ (3,505)	\$ 27,105	\$23,600	\$ 39,623
Excess (Deficiency) of revenues over expenses	15,721	(7,001)	8,720	(16,022)
Investment in capital assets	(10,197)	10,197	-	-
Interfund transfers	6,974	(6,974)		
<b>BALANCE, END OF YEAR</b>	<b>\$ 8,993</b>	<b>\$ 23,327</b>	<b>\$ 32,320</b>	<b>\$ 23,601</b>

The accompanying notes are an integral part of these financial statements.



**CENTRE FOR DEVELOPING RELATIONSHIPS FOR  
EXCEPTIONAL ADULTS IN MARKHAM INC.  
STATEMENT OF OPERATIONS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

	Note	2018	2017
<b>REVENUES</b>			
Program fees		\$ 354,784	\$ 312,208
Government funding		103,351	141,793
Contributions		53,612	66,140
Fundraising events		18,660	17,164
Other income		4,704	3,845
Amortization of deferred contributions	6	3,328	3,717
		538,439	544,867
<b>EXPENSES</b>			
Salaries and benefits		289,315	317,942
Rent and occupancy costs		94,073	91,334
Office and general		38,191	35,577
Utilities		22,184	23,757
Fundraising events		19,291	19,093
Professional fees		14,756	16,000
Insurance		13,678	13,867
Program costs		8,843	12,381
Vehicle and travel		7,460	7,994
Telecommunications		5,852	6,495
Interest and bank charges		3,980	2,513
Advertising and promotion		1,768	2,867
Amortization		10,328	11,069
		529,719	560,889
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES</b>			
		\$ 8,720	\$ (16,022)

The accompanying notes are an integral part of these financial statements.

**CENTRE FOR DEVELOPING RELATIONSHIPS FOR  
EXCEPTIONAL ADULTS IN MARKHAM INC.  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

	2018	2017
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Excess (Deficiency) of revenues over expenses	\$ 8,720	\$ (16,022)
<b>Item not requiring an outlay of cash:</b>		
Amortization	10,328	11,069
	19,048	(4,953)
<b>CHANGES IN NON-CASH WORKING CAPITAL</b>		
Accounts receivable	1,097	(6,012)
Prepaid expenses	-	(192)
Accounts payable and accrued liabilities	(9,233)	5,995
Deferred revenue	(21,853)	(15,647)
Deferred contributions	3,648	(3,717)
<b>NET CASH USED IN OPERATING ACTIVITIES</b>	(7,293)	(24,526)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from loan payable	12,000	-
<b>CASH FLOWS USED IN INVESTING ACTIVITIES</b>		
Acquisition of capital assets	(10,197)	(2,450)
<b>NET DECREASE IN CASH</b>	(5,490)	(26,976)
<b>CASH, BEGINNING OF YEAR</b>	26,187	53,163
<b>CASH, END OF YEAR</b>	\$ 20,697	\$ 26,187

The accompanying notes are an integral part of these financial statements.



**CENTRE FOR DEVELOPING RELATIONSHIPS FOR  
EXCEPTIONAL ADULTS IN MARKHAM INC.  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

**I. PURPOSE OF THE ORGANIZATION**

The Centre For Developing Relationships For Exceptional Adults In Markham Inc., operating as The Centre For DREAMS (the "Organization") is an Ontario corporation without share capital and for Canadian income tax purposes, qualifies as a not-for-profit organization which is exempt from income tax and is a registered charity under the Income Tax Act.

The purpose of the Organization is to enhance the knowledge of its clients with developmental disabilities in a variety of settings, within their community, to empower them to become independent, dignified and respected members therein. The Organization is dedicated to providing the opportunities and the means for their youth and adult members to focus their abilities and not their disabilities through educational, social and life skill programs.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the CPA Canada Handbook and include the following significant accounting policies:

The Organization follows the deferral method of accounting for contributions and fundraising. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when they are received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Government funding is recognized as revenue in the period in which the related expenses are incurred. Amounts received in relation to future expenses are recorded as deferred revenue.

Program fees and fundraising events are recognized as revenue when services are performed.

**Contributed Services**

In its day-to-day operations, the Organization uses the services of many volunteers. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

**Cash and Cash Equivalents**

Cash and cash equivalents are made up mostly of unrestricted cash and short-term investments with a maturity period of three months or less from the date of acquisition.

**CENTRE FOR DEVELOPING RELATIONSHIPS FOR  
EXCEPTIONAL ADULTS IN MARKHAM INC.  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

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

**Capital Assets and Amortization**

Capital assets are stated at cost less accumulated amortization. Contributed capital assets are recorded at fair value at the date of the contribution. Amortization, based on the estimated useful lives of the assets, is provided using the under noted annual rates and methods:

Equipment	20% declining balance
Furniture and fixtures	20% declining balance
Automobile	30% declining balance
Computers	45% declining balance
Leasehold improvements	10 year straight line

**Financial Instrument Measurement**

The Organization initially measures its financial assets and liabilities at fair value. It subsequently measures all its financial assets and financial liabilities at amortized cost. Financial assets measured at amortized cost include cash and accounts receivable. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

**Use of Estimates**

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the period. Actual results could differ from these estimates. Estimates and assumptions are periodically reviewed, and the effects of revisions are reflected in the financial statements in the period they are determined to be necessary. The areas requiring significant estimates are the collectability of accounts receivable, accrued liabilities, deferred revenue and the estimated useful life of capital assets.

**3. ACCOUNTS RECEIVABLE**

	2018	2017
Program fees receivable	\$ 16,159	\$ 8,817
HST rebate receivable	9,845	15,637
City of Markham	4,623	7,270
	\$ 30,627	\$ 31,724

**CENTRE FOR DEVELOPING RELATIONSHIPS FOR  
EXCEPTIONAL ADULTS IN MARKHAM INC.  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

**4. CAPITAL ASSETS**

	Cost	Accumulated Amortization	Net 2018	Net 2017
Equipment	\$ 2,500	\$ 1,578	\$ 922	\$ 1,152
Furniture and fixtures	28,336	21,809	6,527	8,159
Automobile	27,443	21,842	5,601	8,001
Computers	13,693	12,842	851	1,548
Leasehold improvements	53,695	31,469	22,226	17,398
	<b>\$ 125,667</b>	<b>\$ 89,540</b>	<b>\$ 36,127</b>	<b>\$ 36,258</b>

**5. DEFERRED REVENUE**

	2018	2017
Balance, beginning of year	\$ 21,853	\$ 37,500
Plus: amounts received related to subsequent year	-	40,100
Less: amounts recognized as revenue in the year	(21,853)	(55,747)
Balance, end of year	\$ -	\$ 21,853

**6. DEFERRED CONTRIBUTIONS**

Deferred contributions reported include unamortized portions of contributed capital assets.

The changes for the year in the deferred contributions balance are as follows:

	2018	2017
Deferred contributions - Balance, beginning of year	\$ 9,153	\$ 12,870
Capital assets contributed during the year	6,975	-
Amounts amortized to revenue	(3,328)	(3,717)
Deferred contributions - Balance, end of year	\$ 12,800	\$ 9,153

Amortization of the deferred contributions to revenue is provided on the same basis as the amortization of the cost of the capital assets.

**CENTRE FOR DEVELOPING RELATIONSHIPS FOR  
EXCEPTIONAL ADULTS IN MARKHAM INC.  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

**7. NET ASSETS INVESTED IN CAPITAL ASSETS**

	2018	2017
Capital assets	\$ 36,127	\$ 36,258
Deferred capital contributions	(12,800)	(9,153)
Net assets - Balance, end of year	\$ 23,327	\$ 27,105

**8. GOVERNMENT ASSISTANCE**

During a prior year, the Organization was awarded an Ontario Trillium Grant for which they will receive funding each year until 2016. The amounts recorded as revenue as of December 31, 2018 are detailed in Note 5.

**9. RELATED PARTY TRANSACTIONS**

During the year, the Organization obtained a loan from a board member in the amount of \$12,000. The loan bears interest at 3.95%, is unsecured and is repayable on June 30, 2019.

**Contributions**

During the year, contributions in the amount of \$748 (2017 - \$300) were received from a member of the Board of Directors of the Centre For Developing Relationships For Exceptional Adults In Markham Inc.

These transactions were made in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

**10. FINANCIAL INSTRUMENTS**

The Organization is exposed to various risks through its financial instruments. The following analysis provides a measure of the risks as at December 31, 2018:

**Credit Risk**

Credit risk is the risk associated with the inability of a third party to fulfill its payment obligations. The Organization is exposed to credit risk on its cash and cash equivalents and its accounts receivable. In order to manage the credit risk associated with cash and cash equivalents, the Organization only transacts with highly rated financial institutions in Canada.

**CENTRE FOR DEVELOPING RELATIONSHIPS FOR  
EXCEPTIONAL ADULTS IN MARKHAM INC.  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

**10. FINANCIAL INSTRUMENTS (Continued)**

**Credit Risk (Continued)**

Credit risk on accounts receivable results from program fees due from clients and fundraising events due from donors. The Organization assesses, on a continuous basis, accounts receivable on the basis of amounts it is virtually certain to receive.

**Liquidity risk**

Liquidity risk is the risk of being unable to meet cash requirements or fund obligations as they come due. The Organization manages its liquidity risk by monitoring its operating requirements to ensure financial resources are available.

**Other risks**

It is management's opinion that the organization is not exposed to other significant interest rate or price risks arising from the financial instruments.

The extent of the Organization's exposure to all risks did not change during the year.

**11. COMMITMENTS**

The estimated minimum annual rental payments for the property, photocopier and vehicle leases in effect at December 31, 2018 are approximately as follows:

2019	\$	101,292
2020		98,700
2021		96,108
2022		36,108
2023		6,108
	\$	338,316