



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

**FINANCIAL STATEMENTS  
DECEMBER 31, 2017**



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

**DECEMBER 31, 2017**

**CONTENTS**

---

	Page
<b>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 - 12



## INDEPENDENT AUDITORS' REPORT

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Centre For Developing Relationships For Exceptional Adults In Markham Inc., which comprise the statement of financial position as at December 31, 2017, and 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. Except as explained in the following paragraph, 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 auditors' 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 qualified audit opinion.

### **Basis for Qualified Opinion**

In common with many non-profit organizations, Centre For Developing Relationships For Exceptional Adults In Markham Inc. derives revenues from contributions and fundraising events, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of Centre For Developing Relationships For Exceptional Adults In Markham Inc. Therefore, we were not able to determine whether any adjustments might be necessary to revenues, (deficiency) excess of revenues over expenses, and cash flows from operations for the year ended December 31, 2017 and 2016, current assets and net assets as at December 31, 2017 and 2016.



## INDEPENDENT AUDITORS' REPORT (Continued)

### Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the 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, 2017, 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.

### Emphasis of Matter

In addition to our qualified opinion, we draw attention to note 2 in the financial statements which indicates that the Centre For Developing Relationships For Exceptional Adults In Markham Inc. current liabilities exceeded its current assets by \$3,505, while recording a deficiency of revenues over expenses of \$16,023 during the year ended December 31, 2017. These conditions, along with other matters as set forth in note 2, indicate the existence of some uncertainty that may cast significant doubt about the Organization's ability to continue as a going concern.

*Kreston GTA*

**Markham, Ontario  
October 30, 2018**

**Kreston GTA LLP  
Licensed Public Accountants**

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

**STATEMENT OF FINANCIAL POSITION**

**AS AT DECEMBER 31, 2017**

	Note	2017	2016
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents		\$ 26,187	\$ 53,163
Accounts receivable	4	31,724	25,712
Prepaid expenses		1,450	1,258
		59,361	80,133
<b>Long Term Assets</b>			
Capital assets	5	36,258	44,877
		\$ 95,619	\$ 125,010
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Accounts payable and accrued liabilities		\$ 41,013	\$ 35,017
Deferred revenue	6	21,853	37,500
		62,866	72,517
<b>Long Term Liabilities</b>			
Deferred contributions	7	9,153	12,870
<b>NET ASSETS</b>			
Unrestricted net assets		(3,505)	7,616
Invested in capital assets	8	27,105	32,007
		23,600	39,623
		\$ 95,619	\$ 125,010

**Approved on Behalf of the Board**

\_\_\_\_\_  
Director

**CENTRE FOR DEVELOPING RELATIONSHIPS FOR  
EXCEPTIONAL ADULTS IN MARKHAM INC.  
STATEMENT OF CHANGES IN NET ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

	Unrestricted Net Assets	Invested in Capital Assets	2017	2016
<b>BALANCE, BEGINNING OF YEAR</b>	\$ 7,616	\$ 32,007	\$39,623	\$ 78,295
Excess (deficiency) of revenue over expenses	(8,671)	(7,352)	(16,023)	(38,672)
Investment in capital assets	(2,450)	2,450	-	-
<b>BALANCE, END OF YEAR</b>	\$ (3,505)	\$ 27,105	\$ 23,600	\$ 39,623

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, 2017**

	<b>Note</b>	<b>2017</b>	<b>2016</b>
<b>REVENUES</b>			
Program fees		\$ 312,208	\$ 254,222
Government funding		141,793	141,541
Fundraising events		17,164	67,781
Contributions		66,140	63,053
Other income		3,845	5,558
Amortization of deferred contributions	7	3,717	5,259
		<b>544,867</b>	<b>537,414</b>
<b>EXPENSES</b>			
Salaries and wages		317,942	290,193
Rent and occupancy costs		91,334	82,073
Fundraising events		19,093	67,728
Office and general		35,577	30,281
Utilities		23,757	25,260
Professional fees		16,000	24,160
Insurance		13,867	12,825
Program costs		12,381	11,050
Vehicle		7,922	7,218
Telecommunications		6,495	7,062
Advertising and promotion		2,867	2,770
Interest and bank charges		2,513	2,368
Travel		73	189
Amortization		11,069	12,909
		<b>560,890</b>	<b>576,086</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES</b>		<b>\$ (16,023)</b>	<b>\$ (38,672)</b>

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, 2017**

	2017	2016
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Deficiency of revenues over expenses	\$ (16,023)	\$ (38,672)
<b>Item not requiring an outlay of cash:</b>		
Amortization	11,069	12,909
	(4,954)	(25,763)
<b>CHANGES IN NON-CASH WORKING CAPITAL</b>		
Accounts receivable	(6,012)	(6,989)
Prepaid expenses	(192)	-
Accounts payable and accrued liabilities	5,996	12,534
Deferred revenue	(15,647)	25,416
Deferred contributions	(3,717)	(5,259)
	(24,526)	(61)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of capital assets	(2,450)	(2,114)
	(2,450)	(2,114)
<b>NET DECREASE IN CASH</b>	(26,976)	(2,175)
<b>CASH, BEGINNING OF YEAR</b>	53,163	55,338
<b>CASH, END OF YEAR</b>	\$ 26,187	\$ 53,163

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, 2017**

#### **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. GOING CONCERN**

The accompanying financial statements have been prepared on a going concern basis. The going concern basis of presentation assumes that the Organization will continue operations for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of operations.

The Organization's continuation as a going concern is dependent upon attaining a satisfactory revenue level, controlling costs and the ability to generate sufficient cash from operations. These matters are dependent on a number of items beyond the Organization's control and there is some uncertainty about the Organization's ability to successfully execute its plans.

Management is currently reviewing its options to increase liquidity and believes that with these actions it will be able to continue operating as a going concern. There can, however, be no assurance that actions and plans such as those described above will be sufficient for the Organization to continue operating as a going concern.

These financial statements do not reflect any adjustments in the carrying values of the assets and liabilities, the reported revenue and expenses and the statement of financial position classifications used that would be necessary if the going concern assumption were not appropriate should the Organization not be able to continue its normal operations.

#### **3. 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:

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

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

**Revenue Recognition**

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.

**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.

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

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

**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.

**4. ACCOUNTS RECEIVABLE**

	<b>2017</b>		<b>2016</b>	
Program fees receivable	\$	8,817	\$	8,525
HST rebate receivable		15,637		17,187
City of Markham		7,270		-
	\$	31,724	\$	25,712

**5. CAPITAL ASSETS**

	<b>Cost</b>		<b>Accumulated Amortization</b>		<b>Net 2017</b>		<b>Net 2016</b>	
Equipment	\$	2,500	\$	1,348	\$	1,152	\$	1,440
Furniture and fixtures		28,336		20,177		8,159		7,443
Automobile		27,443		19,442		8,001		11,430
Computers		13,693		12,145		1,548		2,816
Leasehold improvements		43,498		26,100		17,398		21,748
	\$	115,470	\$	79,212	\$	36,258	\$	44,877

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

**6. DEFERRED REVENUE**

	<b>2017</b>	<b>2016</b>
Balance, beginning of year	\$ 37,500	\$ 12,084
Plus: amounts received related to subsequent year	40,100	75,000
Less: amounts recognized as revenue in the year	(55,747)	(49,584)
<b>Balance, end of year</b>	<b>\$ 21,853</b>	<b>\$ 37,500</b>

**7. 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:

	<b>2017</b>	<b>2016</b>
Contributed capital assets	\$ 12,870	\$ 18,129
Amounts amortized to revenue	(3,717)	(5,259)
<b>Deferred contributions - Balance, end of year</b>	<b>\$ 9,153</b>	<b>\$ 12,870</b>

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

**8. NET ASSETS INVESTED IN CAPITAL ASSETS**

	<b>2017</b>	<b>2016</b>
Capital assets	\$ 36,258	\$ 44,877
Deferred capital contributions	(9,153)	(12,870)
<b>Net assets - Balance, end of year</b>	<b>\$ 27,105</b>	<b>\$ 32,007</b>



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

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017**

#### **9. 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 received and recorded as revenue and deferred revenue as of December 31, 2017 are detailed in Note 6. As per the terms of the agreement, any unused funds from the grant must be returned to the Ontario Trillium Foundation; however no amount has been recorded as a liability for repayment since the Organization has until March 31, 2017 to utilize the funds.

#### **10. RELATED PARTY TRANSACTIONS**

##### **Contributions**

During the year, contributions in the amount of \$300 (2016 - \$300) were received from a member of the Board of Directors of the Centre For Developing Relationships For Exceptional Adults In Markham Inc.

#### **11. 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, 2017:

##### **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.

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.

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

**11. FINANCIAL INSTRUMENTS (Continued)**

**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.

**12. COMMITMENTS**

The estimated minimum annual rental payments for photocopier and property leases in effect at December 31, 2017 are approximately as follows:

2018	\$	95,184
2019		95,184
2020		92,592
2021		90,000
2022		30,000
	\$	402,960

**13. COMPARATIVE FIGURES**

Certain 2016 comparative figures have been reclassified to reflect the current year’s presentation.