



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

**FINANCIAL STATEMENTS
DECEMBER 31, 2016**



CENTRE FOR DEVELOPING RELATIONSHIPS FOR EXCEPTIONAL ADULTS IN MARKHAM INC.

DECEMBER 31, 2016

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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, 2016, 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, 2016 and 2015, current assets and net assets as at December 31, 2016 and 2015.



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, 2016, 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.

Kreston gTA

**Markham, Ontario
June 20, 2017**

**Kreston GTA LLP
Licensed Public Accountants**

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

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2016

	Note	2016	2015
ASSETS			
Current Assets			
Cash and cash equivalents		\$ 53,163	\$ 55,338
Accounts receivable	3	25,712	18,723
Prepaid expenses		1,258	1,258
		80,133	75,319
Long Term Assets			
Capital assets	4	44,877	55,672
		\$ 125,010	\$ 130,991
LIABILITIES			
Current Liabilities			
Accounts payable and accrued liabilities		\$ 35,017	\$ 22,483
Deferred revenue	5	37,500	12,084
		72,517	34,567
Long Term Liabilities			
Deferred contributions	6	12,870	18,129
NET ASSETS			
Unrestricted net assets		7,616	40,752
Invested in capital assets	7	32,007	37,543
		39,623	78,295
		\$ 125,010	\$ 130,991

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, 2016**

	Unrestricted Net Assets	Invested in Capital Assets	2016	2015
BALANCE, BEGINNING OF YEAR	\$ 40,752	\$ 37,543	\$78,295	\$ 118,995
Deficiency of revenues over expenses	(31,022)	(7,650)	(38,672)	(40,700)
Investment in capital assets	(2,114)	2,114	-	-
BALANCE, END OF YEAR	\$ 7,616	\$ 32,007	\$ 39,623	\$ 78,295

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, 2016

	Note	2016	2015
REVENUES			
Program fees		\$ 254,222	\$ 237,730
Government funding		141,541	198,168
Fundraising events		67,781	48,996
Contributions		63,053	39,267
Other income		5,558	8,230
Amortization of deferred contributions	6	5,259	7,448
		537,414	539,839
EXPENSES			
Salaries and wages		290,193	302,718
Rent and occupancy costs		82,073	81,573
Fundraising events		67,728	57,091
Office and general		30,281	28,309
Utilities		25,260	28,608
Professional fees		24,160	9,600
Insurance		12,825	12,272
Program costs		11,050	17,010
Vehicle		7,218	7,778
Telecommunications		7,062	8,364
Advertising and promotion		2,770	8,840
Interest and bank charges		2,368	2,560
Travel		189	116
Amortization		12,909	15,700
		576,086	580,539
DEFICIENCY OF REVENUES OVER EXPENSES		\$ (38,672)	\$ (40,700)

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, 2016

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Deficiency of revenues over expenses	\$ (38,672)	\$ (40,700)
Item not requiring an outlay of cash:		
Amortization	12,909	15,700
	(25,763)	(25,000)
CHANGES IN NON-CASH WORKING CAPITAL		
Accounts receivable	(6,989)	29,871
Accounts payable and accrued liabilities	12,534	9,826
Deferred revenue	25,416	(39,419)
Deferred contributions	(5,259)	(7,448)
	(61)	(32,170)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of capital assets	(2,114)	(435)
	(2,114)	(435)
NET DECREASE IN CASH	(2,175)	(32,605)
CASH, BEGINNING OF YEAR	55,338	87,943
CASH, END OF YEAR	\$ 53,163	\$ 55,338

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, 2016

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:

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.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

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

	2016	2015
Program fees receivable	\$ 8,525	\$ 1,755
HST rebate receivable	17,187	16,968
	\$ 25,712	\$ 18,723

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

4. CAPITAL ASSETS

	Cost	Accumulated Amortization	Net 2016	Net 2015
Equipment	\$ 2,500	\$ 1,060	\$ 1,440	\$ 1,800
Furniture and fixtures	25,886	18,443	7,443	9,303
Automobile	27,443	16,013	11,430	16,328
Computers	13,693	10,877	2,816	2,143
Leasehold improvements	43,498	21,750	21,748	26,098
	\$ 113,020	\$ 68,143	\$ 44,877	\$ 55,672

5. DEFERRED REVENUE

	2016	2015
Balance, beginning of year	\$ 12,084	\$ 51,503
Plus: amounts received related to subsequent year	75,000	75,000
Less: amounts recognized as revenue in the year	(49,584)	(114,419)
Balance, end of year	\$ 37,500	\$ 12,084

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:

	2016	2015
Contributed capital assets	\$ 18,129	\$ 25,577
Amounts amortized to revenue	(5,259)	(7,448)
Deferred contributions - Balance, end of year	\$ 12,870	\$ 18,129

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, 2016**

7. NET ASSETS INVESTED IN CAPITAL ASSETS

	2016	2015
Capital assets	\$ 44,877	\$ 55,672
Deferred capital contributions	(12,870)	(18,129)
Net assets - Balance, end of year	\$ 32,007	\$ 37,543

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 received and recorded as revenue and deferred revenue as of December 31, 2016 are detailed in Note 5. 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.

9. RELATED PARTY TRANSACTIONS

Contributions

During the year, contributions in the amount of \$300 (2015 - \$4,500) were received from a member of the Board of Directors of the Centre For Developing Relationships For Exceptional Adults In Markham Inc.

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, 2016:

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
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

10. 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.

11. COMMITMENTS

The estimated minimum annual rental payments for vehicle, photocopier and property leases in effect at December 31, 2016 are approximately as follows:

2017	\$	23,467
2018		5,184
2019		5,184
2020		2,592
	\$	36,427

12. COMPARATIVE FIGURES

Certain 2015 comparative figures have been reclassified to reflect the current year’s presentation.