

Financial Statements

Birchmount Bluffs Neighbourhood Centre

Toronto, Ontario

March 31, 2011

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Independent Auditors' Report

To the Members of Birchmount Bluffs Neighbourhood Centre:

We have audited the accompanying financial statements of Birchmount Bluffs Neighbourhood Centre, which comprise the statement of financial position as at March 31, 2011, and the statements of reserve - equipment, reserve - Share Christmas, accumulated surplus, operations and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Board of Director's Responsibility for the Financial Statements

The Board of Directors is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as the Board of Directors 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 Corporation'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 Corporation's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, 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.

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Independent Auditors' Report - continued

Basis for Qualified Opinion

In common with many charitable organizations, the organization derives revenue from donations 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 and we are not able to determine whether any adjustments might be necessary to revenue, surplus, current assets and net assets.

Qualified Opinion

In our opinion, except for the 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 Birchmount Bluffs Neighbourhood Centre as at March 31, 2011, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Toronto, Ontario
September 8, 2011



Chartered Accountants, Licensed Public Accountants

Birchmount Bluffs Neighbourhood Centre

March 31, 2011

Statement of Financial Position

	2011	2010
		Note 10
Current Assets		
Cash and temporary investments, Note 4	\$ 72,083	\$ 119,248
Accounts receivable		
GST/HST	12,406	7,315
Grants	48,210	13,451
Miscellaneous	2,070	67
Prepaid expenses	9,843	6,481
Total Current	144,612	146,562
Reserve Funds , Note 4	44,806	53,175
	189,418	199,737

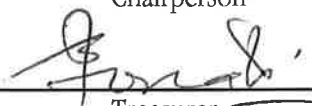
Approved by The Board

Stephanie Whittick



Chairperson

Levine Torcato



Treasurer

Birchmount Bluffs Neighbourhood Centre

March 31, 2011

Statement of Financial Position	2011	2010
		Note 10
Current Liabilities		
Accounts payable and accrued liabilities	\$ 54,554	\$ 64,471
Deferred revenue	81,336	76,996
Total Current	135,890	141,467
Net Assets		
<i>Internally Restricted</i>		
Equipment reserve, per statement, Note 5	14,727	14,727
Share Christmas reserve, per statement, Note 5	30,079	38,448
<i>Unrestricted</i>		
Accumulated surplus, per statement	8,722	5,095
	53,528	58,270
	189,418	199,737

The notes on pages 10 through 17 form an integral part of these financial statements.

Birchmount Bluffs Neighbourhood Centre

Year ended March 31, 2011

Statement of Reserve - Equipment	2011	2010
		Note 10
Balance beginning	\$ 14,727	\$ 14,727
Balance March 31	14,727	14,727

Statement of Reserve - Share Christmas		
Balance beginning	38,448	36,242
Add		
Transfer from (to) accumulated surplus	(8,369)	2,206
Balance March 31	30,079	38,448

Statement of Accumulated Surplus		
Balance beginning	5,095	85,004
Add (deduct)		
Deficit	(4,742)	(77,703)
Transfer from (to) Share Christmas reserve	8,369	(2,206)
Balance March 31	8,722	5,095

Birchmount Bluffs Neighbourhood Centre

Year ended March 31, 2011

Statement of Operations	2011	2010
		Note 10
Revenues		
Programs, Note 7	\$ 217,347	\$ 173,938
Donations and fundraising	31,132	25,200
Investment income	507	322
Grants		
City of Toronto, Note 8	222,252	163,214
United Way	206,059	217,385
Service Canada	266,350	262,224
YMCA summer student exchange	4,305	1,928
West Scarborough	24,040	24,040
Ontario Trillium	67,233	11,171
Volunteer Centre of Toronto	10,500	0
Scarborough Women's Centre	1,000	0
Membership fees	22,124	9,780
Share Christmas	60,792	50,734
Total Revenues	1,133,641	939,936
Expenses		
Salaries and benefits	822,782	706,943
Materials and Services	115,144	87,379
Membership dues	1,146	1,138
Advertising	2,790	4,972
Transportation and travel	10,255	14,995
Insurance	10,516	12,183
Occupancy cost	24,485	26,452
Interest and bank charges	7,979	7,800
Education and training	1,964	2,059
Professional and consulting fees	141,322	153,718
Total Expenses	1,138,383	1,017,639
Deficit	(4,742)	(77,703)

Birchmount Bluffs Neighbourhood Centre

Year ended March 31, 2011

Statement of Cash Flows	2011	2010
Operating Activities		
Deficit	\$ (4,742)	\$ (77,703)
Changes in Non-Cash Working Capital		
Decrease (increase) in accounts receivable	(41,853)	44,087
Decrease (increase) in prepaid expenses	(3,362)	(2,432)
Increase (decrease) in accounts payable and accrued liabilities	(9,917)	15,439
Increase (decrease) in deferred revenue	4,340	47,493
	<u>(50,792)</u>	<u>104,587</u>
Cash Provided By (Used In) Operating Activities	<u>(55,534)</u>	<u>26,884</u>
Net cash increase (decrease) during the year	(55,534)	26,884
Cash position beginning of year	172,423	145,539
Cash Position End Of Year	<u>116,889</u>	<u>172,423</u>

Notes to Financial Statements

Status and Nature of Activities

The Corporation is incorporated without share capital under the laws of Ontario. The purpose of the Corporation is to maintain, operate and conduct a community centre for advancement of community education, social services and activities to enhance physical and mental well-being.

The Corporation is a charitable organization within the meaning of the Income Tax Act.

Note 1

Significant Accounting Policies

Basis of Accounting

The Corporation's financial statements have been prepared in accordance with Canadian generally accepted accounting principles. Outlined below are those policies considered particularly significant for the Corporation.

Revenue Recognition

Government grants are recognized using the deferral method of accounting for contributions.

Program revenues are recognized when the service is provided.

Membership fees revenue is recognized in the period in which the membership covers.

Revenue related to donations, fundraising and Share Christmas are recognized when they are received.

Investment income includes interest from cash and fixed income investments, reinvested distributions from mutual funds and realized gains and losses on the disposal of investments and unrealized gains and losses resulting from the changing value of investments. Revenue is recognized on an accrual basis. Interest from fixed income investments is recognized over the term of these investments using the effective interest method.

Financial Instruments

Investments are designated and classified as held-for-trading financial assets. They are measured at fair value determined on the basis of market value.

Note 1 Significant Accounting Policies - continued

The Corporation has elected to use the exemption provided by The Canadian Institute of Chartered Accountants (CICA) permitting not-for-profit organizations to not apply the following sections of the CICA Handbook: Section 3862, Financial Instruments - Disclosures, and Section 3863, Financial Instruments - Presentation, which would otherwise have been applied to the financial statements of the Corporation for the year ended March 31, 2011. The Corporation applies the requirements of Section 3861, Financial Instruments - Disclosure and Presentation.

Allocation of expenses

Expenses are allocated to programs based on proration of funding received. Refer to Note 6 for the details of the allocations.

Use of Estimates

The preparation of financial statements requires the Board of Directors to make assumptions about future events that affect the reported amounts of assets and liabilities and 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.

Note 2 Recent Accounting Pronouncement

New accounting standards for non-profit organizations are effective beginning January 1, 2012. The Corporation plans to implement these new standards. The Corporation is working to determine what impact, if any, the initial adoption of these standards will have on its financial statements. Significant changes are not anticipated.

Note 3 Financial Instruments

Risk Management Policy

The Corporation is exposed to various risks through its financial instruments. The following analysis provides a measure of the risks at March 31, 2011.

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a loss.

It is the opinion of management that the Corporation is not exposed to significant credit risk..

Note 3 Financial Instruments - continued

Market Risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices. These fluctuations may be significant. The methods and assumptions management uses when assessing market risks have not changed substantially from the prior period and are summarized below:

(i) Interest Rate Risk

The Corporation manages its investments based on its cash flow needs and with a view to optimizing its investment income. The Corporation has invested its excess cash in low risk interest bearing vehicles such as guaranteed investment certificates as the means for managing its interest rate risk.

The average interest rate on cash and investments during the year was 0.8% (2010, 0.1%).

(ii) Foreign Currency Risk

The Corporation's functional currency is the Canadian dollar. The Corporation does not engage in any activities in foreign currency and as a result it is the opinion of management that the Corporation is not exposed to significant foreign currency risk.

(iii) Commodity Price Risk

The Corporation is subject to normal price risk associated with consumer products.

Fair Value

The fair values of cash, accounts receivable and accounts payable are approximately equal to their carrying value due to their short term nature.

Birchmount Bluffs Neighbourhood Centre

March 31, 2011

Note 4 Cash, Investments and Reserve Funds

	2011	2010
Cash		
Petty cash	\$ 605	\$ 1,050
Operating current account	56,284	21,373
Temporary Investments		
Guaranteed investment certificates	60,000	150,000
	<u>116,889</u>	<u>172,423</u>
Composed of:		
Amount required to fund reserves	44,806	53,175
Unrestricted cash and temporary investments	72,083	119,248
	<u>116,889</u>	<u>172,423</u>

Note 5 Restrictions on Net Assets

The Share Christmas reserve is internally restricted by the board of directors. These funds can only be used for Share Christmas activities.

The equipment reserve was established by the board of directors for funding future major equipment purchases, including computer replacements. These funds can only be used for capital purchases approved by the board of directors.

Birchmount Bluffs Neighbourhood Centre

March 31, 2011

Note 6 **Allocation of Expenses**

Total expenses during the year totaled \$1,138,383 (2010 - \$1,017,639)

The total expenses has been allocated as follows:

	2011	2010
Program expenses		
Early years	\$ 26,783	\$ 26,129
Fitness and wellness	109,922	88,474
General interest programs	0	2,981
Major recreation	29,469	28,758
Nursery school	59,707	61,657
Older adults	19,489	16,719
Summer camp	17,564	19,422
Youth	11,113	0
	274,047	244,140
 Grant expenses		
Ontario Trillium grant	69,422	11,261
United Way	146,631	190,125
Community support grant	46,699	43,405
Miscellaneous grants	2,353	2,829
Service Canada	262,156	269,671
Family Resource Center, Note 9	86,135	83,710
Access, Equity and Human Rights	3,041	0
Project PSA	687	0
Investment in Neighbourhood	57,755	0
	674,879	601,001
 Administrative expenses		
Administrative overhead	111,113	107,976
Direct fundraising cost	9,183	15,994
Share Christmas	69,161	48,528
	189,457	172,498
	1,138,383	1,017,639

Birchmount Bluffs Neighbourhood Centre

March 31, 2011

Note 7 Program Revenue

Program revenue is comprised of the following:

	2011	2010
	Actual	Note 10 Actual
Nursery school	\$ 45,660	\$ 42,071
Fitness and wellness	133,664	91,480
Infant and child	15,554	13,549
Older adults	4,868	9,863
Integrated/adapted	2,360	1,691
Good food share	6,034	4,053
Administration	9,207	11,230
	217,347	173,937

Note 8 City of Toronto Grants

City of Toronto grants is comprised of the following:

	2011	2010
	Actual	Note 10 Actual
Community Service Partnership	\$ 46,435	\$ 45,518
Major Recreation	29,207	27,800
Family Resource Centre, Note 9	85,413	83,497
Access, Equity and Human Rights	3,041	0
Project PSA	687	0
Investment in Neighbourhood	55,116	0
Other	2,353	6,399
	222,252	163,214

Birchmount Bluffs Neighbourhood Centre

March 31, 2011

Note 9 Family Resource Centre Operations

The following is a summary of operations of the Family Resource Centre, which is funded by the City of Toronto:

	2011	2010
	Actual	Note 10 Actual
Revenue		
Base grant	\$ 72,628	\$ 72,273
Wage subsidy	8,624	8,624
Fees collected for services	4,161	2,600
	85,413	83,497
Expenses, Note 6		
Salaries	72,735	63,750
Insurance	855	971
Advertising	94	299
Training and development	62	86
Office	976	808
Professional fees	131	3,437
Program related	440	857
Miscellaneous	327	572
Salaries - administration	10,515	12,930
	86,135	83,710
	(722)	(213)

Note 10 Comparative Figures

The prior year figures have been reclassified, where necessary, to conform to the current year's presentation. Excess of revenue over expense for the previous year is not affected by this reclassification.

Note 11 Capital Management

The Corporation's objectives when managing capital are:

- (a) to safeguard its ability to continue as a going concern; and
- (b) to ensure that enough funds available to perform all necessary program activities.

The above objectives are considered in the preparation of its annual budget and in monitoring of cash flows and actual operating results compared to the budget. Funds are secured through obtaining grants from various organizations and by soliciting donations.

Birchmount Bluffs Neighbourhood Centre

March 31, 2011

Note 11 Capital Management - continued

The Corporation defines its capital to include a share Christmas reserve fund, equipment reserve fund, and accumulated surplus.

Capital is described as follows:

	2011	2010
Equipment reserve	\$ 14,727	\$ 14,727
Share Christmas reserve	30,079	38,448
Accumulated surplus	8,722	5,095
Net assets	53,528	58,270

The unrestricted funds must be expended in accordance with Canada Revenue Agency guidelines for charities.

The Corporation is also subject to any externally imposed capital requirements that have been requested by the various funding organizations and donors.

As of the audit report date the Corporation was in compliance with all of its externally imposed restrictions.

Note 12 Commitments

The Corporation has signed a commercial lease agreement in a prior year for the leasing of its office space, with Mitra Dadras. The annual amount due includes a flat rate for utilities and taxes. Future minimum annual payment requirements are as follows:

April 1, 2011 to September 30, 2011	\$	12,474
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