

Financial Statements

Birchmount Bluffs Neighbourhood Centre

Toronto, Ontario

March 31, 2012

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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, 2012, and the statements of reserve - equipment, reserve - Share Christmas, accumulated surplus (deficit), operations and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Board of Directors' 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, 2012, 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
August 28, 2012



Chartered Accountants, Licensed Public Accountants

Birchmount Bluffs Neighbourhood Centre

March 31, 2012

Statement of Financial Position

	2012	2011
Current Assets		
Cash and temporary investments, Note 4	\$ 87,035	\$ 72,083
Accounts receivable		
GST/HST	16,337	12,406
Grants	40,047	48,210
Miscellaneous	660	2,070
Prepaid expenses	6,968	9,843
Total Current	151,047	144,612
Capital Asset , Note 5	7,795	0
Reserve Funds , Note 4	47,648	44,806
	<hr/>	<hr/>
	206,490	189,418

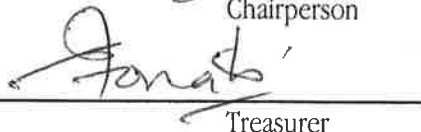
Approved by The Board

Maurice De Santos



Chairperson

Levine Torcato



Treasurer

Birchmount Bluffs Neighbourhood Centre

March 31, 2012

Statement of Financial Position	2012	2011
Current Liabilities		
Accounts payable and accrued liabilities	\$ 59,412	\$ 54,554
Deferred revenue	123,985	81,336
Total Current	<u>183,397</u>	<u>135,890</u>
Net Assets		
<i>Internally Restricted</i>		
Equipment reserve, per statement, Note 6	14,727	14,727
Share Christmas reserve, per statement, Note 6	32,921	30,079
<i>Unrestricted</i>		
Accumulated surplus (deficit), per statement	<u>(24,555)</u>	<u>8,722</u>
	<u>23,093</u>	<u>53,528</u>
	<u>206,490</u>	<u>189,418</u>

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

Birchmount Bluffs Neighbourhood Centre

Year ended March 31, 2012

Statement of Reserve - Equipment

	2012	2011
Balance beginning	\$ 14,727	\$ 14,727
Balance March 31	14,727	14,727

Statement of Reserve - Share Christmas

Balance beginning	30,079	38,448
Add		
Transfer from (to) accumulated surplus	2,842	(8,369)
Balance March 31	32,921	30,079

Statement of Accumulated Surplus (Deficit)

Balance beginning	8,722	5,095
Add (deduct)		
Deficit	(30,435)	(4,742)
Transfer from (to) Share Christmas reserve	(2,842)	8,369
Balance March 31	(24,555)	8,722

Birchmount Bluffs Neighbourhood Centre

Year ended March 31, 2012

Statement of Operations	2012	2011
Revenues		
Programs, Note 8	\$ 214,580	\$ 217,347
Donations and fundraising	24,689	31,132
Investment income	333	507
Grants		
City of Toronto, Note 9	262,966	222,252
United Way	210,159	206,059
Service Canada	225,187	266,350
YMCA summer student exchange	8,610	4,305
West Scarborough	24,040	24,040
Ontario Trillium	64,558	67,233
Volunteer Centre of Toronto	0	10,500
Scarborough Women's Centre	0	1,000
Membership fees	17,038	22,124
Share Christmas	75,315	60,792
Total Revenues	1,127,475	1,133,641
Expenses		
Salaries and benefits	854,774	822,782
Professional and consulting fees	127,559	141,322
Materials and Services	115,965	115,144
Occupancy cost	24,778	24,485
Insurance	10,322	10,516
Interest and bank charges	7,641	7,979
Transportation and travel	7,132	10,255
Education and training	3,465	1,964
Amortization of computer database	2,599	0
Advertising	1,917	2,790
Membership dues	1,758	1,146
Total Expenses	1,157,910	1,138,383
Deficit	(30,435)	(4,742)

Birchmount Bluffs Neighbourhood Centre

Year ended March 31, 2012

Statement of Cash Flows	2012	2011
Operating Activities		
Deficit	\$ (30,435)	\$ (4,742)
Item not affecting cash		
Amortization of capital asset	2,599	0
	(27,836)	(4,742)
Changes in Non-Cash Working Capital		
Decrease (increase) in accounts receivable	5,642	(41,853)
Decrease (increase) in prepaid expenses	2,875	(3,362)
Increase (decrease) in accounts payable and accrued liabilities	4,858	(9,917)
Increase in deferred revenue	42,649	4,340
	28,188	(55,534)
Cash Provided By (Used In) Operating Activities		
Investing and Financing Activities		
Purchase of capital asset	(10,394)	0
	(10,394)	0
Cash (Used In) Provided By Investing and Financing Activities		
Net cash increase (decrease) during the year	17,794	(55,534)
Cash position beginning of year	116,889	172,423
Cash Position End Of Year	134,683	116,889

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.

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, 2012. The Corporation applies the requirements of Section 3861, Financial Instruments - Disclosure and Presentation.

Note 1 Significant Accounting Policies - continued

Allocation of expenses

Expenses are allocated to programs based on proration of funding received. Refer to Note 7 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 with years beginning on or after 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, 2012.

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 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 0.7% (2011, 0.8%).

(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, 2012

Note 4 Cash, Investments and Reserve Funds

	2012	2011
Cash		
Petty cash	\$ 2,671	\$ 605
Operating current account	71,909	56,284
Temporary Investments		
Guaranteed investment certificates	60,103	60,000
	134,683	116,889
Composed of:		
Amount required to fund reserves	47,648	44,806
Unrestricted cash and temporary investments	87,035	72,083
	134,683	116,889

Note 5 Capital Asset

	2012	2011
At cost		
Computer database	\$ 10,394	\$ 0
Accumulated amortization	(2,599)	0
	7,795	0

Note 6 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, 2012

Note 7 Allocation of Expenses

Total expenses during the year totaled \$1,157,910 (2011 - \$1,138,383)

The total expenses has been allocated as follows:

	2012	2011
Program expenses		
Early years	\$ 26,505	\$ 26,783
Fitness and wellness	119,033	109,922
Major recreation	34,802	29,469
Nursery school	51,107	59,707
Older adults	23,826	19,489
Summer camp	24,143	17,564
Youth	0	11,113
	279,416	274,047
Grant expenses		
Ontario Trillium grant	67,084	69,422
United Way	159,863	146,631
Community support grant	46,481	46,699
Miscellaneous grants	0	2,353
Service Canada	243,572	262,156
Family Resource Center, Note 10	87,436	86,135
Access, Equity and Human Rights		
Fresh Eyes	7,162	3,041
Bridges 2 Community	8,696	0
Project PSA	1,799	687
Project Real Talk	1,506	0
Investment in Neighbourhood	90,428	57,755
	714,027	674,879
Administrative expenses		
Administrative overhead	85,734	111,113
Direct fundraising cost	6,260	9,183
Share Christmas	72,473	69,161
	164,467	189,457
	1,157,910	1,138,383

Birchmount Bluffs Neighbourhood Centre

March 31, 2012

Note 8 Program Revenue

Program revenue is comprised of the following:

	2012	2011
Fitness and wellness	\$ 143,880	\$ 133,664
Nursery school	40,754	45,660
Infant and child	18,323	15,554
Good food share	4,946	6,034
Older adults	4,146	4,868
Integrated/adapted	1,675	2,360
Administration	856	9,207
	<u>214,580</u>	<u>217,347</u>

Note 9 City of Toronto Grants

City of Toronto grants is comprised of the following:

	2012	2011
Community Service Partnership	\$ 46,435	\$ 46,435
Major Recreation	29,207	29,207
Family Resource Centre, Note 10	86,910	85,413
Access, Equity and Human Rights		
Fresh Eyes	6,959	3,041
Bridges 2 Community	8,696	0
Project PSA	1,799	687
Project Real Talk	1,506	0
Investment in Neighbourhood	81,454	55,116
Other	0	2,353
	<u>262,966</u>	<u>222,252</u>

Birchmount Bluffs Neighbourhood Centre

March 31, 2012

Note 10 Family Resource Centre Operations

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

	2012	2011
Revenue		
Base grant	\$ 72,188	\$ 72,628
Wage subsidy	8,624	8,624
Fees collected for services	6,098	4,161
	<u>86,910</u>	<u>85,413</u>
Expenses, Note 7		
Salaries	70,705	72,735
Insurance	877	855
Advertising	99	94
Training and development	288	62
Office	1,577	976
Professional fees	131	131
Program related	1,291	440
Miscellaneous	498	327
Salaries - administration	11,415	10,515
Temporary staffing	555	0
	<u>87,436</u>	<u>86,135</u>
	<u>(526)</u>	<u>(722)</u>

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.

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

Birchmount Bluffs Neighbourhood Centre

March 31, 2012

Note 11 Capital Management - continued

Capital is described as follows:

	2012	2011
Equipment reserve	\$ 14,727	\$ 14,727
Share Christmas reserve	32,921	30,079
Accumulated surplus	(24,555)	8,722
Net assets	23,093	53,528

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 Commitment

The Corporation has signed a commercial lease agreement in a prior year for the leasing of its office space, with Mitra Dadras. The monthly amount due includes a flat rate for utilities and taxes. Future minimum monthly payment requirements are as follows, with a 2% increase at the beginning of each lease year:

October 1, 2011 - September 30, 2016 \$ 2,147