Oakville Parent-Child Centre

Financial Statements

For the year ended March 31, 2011

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SB Partners

To the Board of Directors of the
Oakville Parent-Child Centre

Independent Auditors' Report

Report on the Financial Statements

We have audited the financial statements of Oakville Parent-Child Centre, which comprise the statement of financial position as at March 31, 2011, 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 generally accepted accounting principles 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.

Auditor's 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 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 audit opinion.

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Centre derives revenues from fundraising and donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of this revenue was limited to the amounts recorded by the Centre and we were not able to determine whether any adjustments might be necessary to fundraising or donations revenue, excess of revenues over expenses, assets and net assets.

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 Oakville Parent-Child Centre as at March 31, 2011, and its financial performance and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

June 20, 2011

SB Partners LLP

Chartered Accountants
Licensed Public Accountants

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Oakville Parent-Child Centre
Statement of Financial Position
March 31, 2011

Assets

		2011		2010
Current assets				
Cash	$	**58,908**	$	96,106
Short-term investments (Note 3)		**185,249**		95,357
Accounts receivable		**26,982**		11,246
Prepaids and deposits		**28,652**		35,001
		299,791		237,710
Capital assets (Note 4)		**287,333**		364,463
	$	**587,124**	$	602,173

Liabilities and Net Assets

		2011		2010
Current liabilities				
Accounts payable and accrued liabilities	$	**93,326**	$	83,366
Deferred revenue - Grants		**28,692**		157
Deferred revenue - Program and registration		**113,893**		111,586
		235,911		195,109
Deferred capital contributions (Note 5)		**240,650**		298,770
		476,561		493,879
Net assets				
Invested in capital assets (Note 6)		**46,683**		65,693
Unrestricted		**63,880**		42,601
		110,563		108,294
	$	**587,124**	$	602,173

Approved on Behalf of the Board

Chair

Scott Gray

Treasurer

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

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Oakville Parent-Child Centre

Statement of Operations

Year Ended March 31, 2011

	2011	2010
Revenues		
Operating grants:		
Ministry of Children and Youth Services	**$ 664,869**	$ 658,120
Regional Municipality of Halton	**110,645**	140,026
United Way of Oakville	**55,908**	56,473
Other grants	**25,678**	19,819
	857,100	874,438
Program fees	**610,055**	617,945
Amortization of deferred capital contributions	**60,968**	61,686
Fundraising and donations	**47,634**	47,119
Other	**6,600**	4,967
	1,582,357	1,606,155
Expenses		
Salaries and wages	**1,026,079**	1,020,682
Occupancy costs	**290,366**	329,608
Amortization	**81,694**	86,342
Employee benefits	**72,873**	72,186
Office equipment and supplies	**40,499**	41,216
Program equipment and supplies	**23,452**	20,014
Advertising and promotion	**22,099**	14,878
Professional fees and services	**11,656**	9,289
Miscellaneous	**7,741**	5,162
Staff training	**2,440**	3,038
Travel	**1,189**	1,538
	1,580,088	1,603,953
Excess of revenues over expenses	**$ 2,269**	$ 2,202

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

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Oakville Parent-Child Centre

Statement of Changes in Net Assets

Year Ended March 31, 2011

	Invested in capital assets	Unrestricted	2011	2010
Net assets, beginning of year	$ 65,693	$ 42,601	$ 108,294	$ 106,092
Excess of revenues over expenses	(20,726)	22,995	2,269	2,202
Net change in investment in capital assets (Note 6)	1,716	(1,716)	-	-
Net assets, end of year	$ 46,683	$ 63,880	$ 110,563	$ 108,294

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

Oakville Parent-Child Centre

Statement of Cash Flows

Year Ended March 31, 2011

	2011	2010
Cash flows from operating activities		
Excess of revenues over expenses	$ **2,269**	$ 2,202
Changes not involving cash		
Amortization of capital assets	**81,694**	86,342
Amortization of deferred capital contributions	**(60,968)**	(61,686)
	22,995	26,858
Net change in accounts receivable	**(15,736)**	4,750
Net change in prepaid expenses	**6,349**	2,451
Net change in accounts payable and accrued liabilities	**9,960**	6,358
Net change in other operating working capital balances	**30,842**	(10,393)
Cash flows from operating activities	**54,410**	30,024
Cash flows from financing activities		
Deferred capital contributions	**2,848**	1,500
Cash flows from financing activities	**2,848**	1,500
Cash flows from investing activities		
Increase in short-term investments	**(89,892)**	(30,114)
Purchase of capital assets	**(4,564)**	(4,634)
Cash flows used in investing activities	**(94,456)**	(34,748)
Net decrease in cash	**(37,198)**	(3,224)
Cash, beginning of year	**96,106**	99,330
Cash, end of year	$ **58,908**	$ 96,106

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

1. Nature of operations

The Oakville Parent-Child Centre (the "Centre") is a not-for-profit charitable organization, incorporated without share capital on November 30, 1983 under the laws of the Province of Ontario. The Centre is a not-for-profit organization under the Canadian Income Tax Act and is exempt for income tax purposes provided certain requirements of the Canadian Income Tax Act are met. The Centre is a community service that responds to the needs of families by providing parent education and creative programs to enhance and support the parent-child relationship.

2. Significant accounting policies

Cash

Cash includes unrestricted cash on hand and balances with banks. Restricted cash and other bank borrowings to finance capital and operating expenditures are considered to be financing activities.

Short-term investments

Investments with maturities less than one year are classified as short-term investments. Short-term investments are classified as held-for-trading and stated at fair value.

Capital assets and amortization

Purchased capital assets are recorded at acquisition cost. Donated capital assets are recorded at fair value at the date of contribution. Amortization is provided as follows:

Computer equipment	3 year straight-line
Office furniture and equipment	5 year straight-line
Leasehold improvements	Term of lease

Financial instruments

The Centre has designated its cash and short-term investments as held for trading, which are measured at fair value. Accounts receivable are classified as loans and receivables which are measured at amortized cost. Accounts payable and accrued liabilities are classified as other financial liabilities which are measured at amortized cost.

2. Significant accounting policies (cont'd.)

Revenue recognition

The Centre's programs and operations are funded through various sources, including grants from The Regional Municipality of Halton, Ontario Trillium Foundation and the United Way of Oakville and from revenue generated from its own fundraising activities and program fees. The Centre is also an Ontario Early Years Centre funded by the Ministry of Children and Youth Services (the "Ministry"). The funding provided by the Ministry is for the delivery of Ontario Early Years programs only. This funding is provided pursuant to service contracts and agreements which provide restrictions on the use of the funds for qualified expenses and generally requires the Centre to repay contributions which are not spent by the end of the funding year.

The Centre follows the deferral method of accounting for contributions, including income from donations and fundraising. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Contributions restricted for the purchase of capital assets are deferred and amortized into revenue on a straight-line basis, at a rate corresponding with the amortization rate for the related capital asset. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Grants, program fees and registration fees received or receivable related to expenses to be incurred or programs to be run in future years are recorded as deferred revenue.

Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions 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 expense during the period. Actual results could differ from those estimates.

Recent accounting pronouncements

The Canadian Accounting Standards Board (AcSB) has recently issued Part III of the CICA Handbook – Accounting (Handbook) as accounting for not-for-profit organizations in the private sector. Part III includes previously existing standards in the ‘4400 series’ of standards in Part V of the Handbook, additional standards and amendments, and new accounting standards for private enterprises to the extent that they would apply to not-for-profit organizations. The AcSB also permits not-for-profit organizations to apply International Financial Reporting Standards which are in Part I of the Handbook. The standards will apply to the Centre's annual financial statements for the fiscal year ended March 31, 2013. The Centre is currently assessing the impact of these accounting standards on its financial statements.

3. Short-term investments

Short-term investments include guaranteed investment certificates with an average interest rate of 0.95% (2010 - 0.20%) with maturities less than 100 days.

4. Capital assets

	Cost	Accumulated Amortization	2011	2010
Computer equipment	$ **44,868**	$ **40,861**	$ **4,007**	$ 4,746
Office furniture and equipment	**33,876**	**33,342**	**534**	2,414
Leasehold improvements	**584,059**	**301,267**	**282,792**	357,303
	$ **662,803**	$ **375,470**	$ **287,333**	$ 364,463

5. Deferred capital contributions

Deferred capital contributions related to capital assets represent the unamortized amount and unspent amount of donations and grants received for the purchase of capital assets. The amortization of capital contributions is recorded as revenue in the statement of operations.

	2011	2010
Balance, beginning of year	$ **298,770**	$ 358,955
Additional contributions received		
Ministry of Children and Youth Services	**2,151**	1,500
Ontario Trillium Foundation	**-**	-
Other grants	**697**	-
Fundraising and donations	**-**	-
Amounts amortized to revenue		
Ministry of Children and Youth Services	**(26,344)**	(27,410)
Ontario Trillium Foundation	**(10,000)**	(10,000)
Other grants	**(718)**	(369)
Fundraising and donations	**(23,906)**	(23,906)
Balance, end of year	$ **240,650**	$ 298,770

6. Invested in capital assets

a) Investment in capital assets is calculated as follows:

	2011	2010
Capital assets	$ **287,333**	$ 364,463
Amounts financed by deferred capital contributions	**(240,650)**	(298,770)
	$ **46,683**	$ 65,693

6. Investment in capital assets (cont'd.)

b) Change in net assets invested in capital assets is calculated as follows:

	2011	2010
Excess (deficiency) of revenue over expenses		
Amortization of deferred capital contributions	**$ 60,968**	$ 61,686
Amortization of capital assets	**(81,694)**	(86,342)
	$ (20,726)	$ (24,656)
Net change in investment in capital assets		
Purchase of capital assets	**$ 4,564**	$ 4,634
Amounts funded by		
Deferred capital contributions	**(2,848)**	(1,500)
	$ 1,716	$ 3,134

7. Capital disclosures

The Centre considers its capital to be the net asset balance retained from operations. The primary objective of the Centre is to invest its capital in a manner that will allow it to continue as a going concern and to achieve its mandate as stated in Note 1. Capital is invested under the direction of the Board of Directors with the objective of providing a reasonable rate of return, minimizing risk and ensuring adequate liquid investments are on hand for current cash flow requirements. The Centre is not subject to any externally imposed requirements of its capital.

8. Operating lease commitments

Future minimum payments for operating leases that have initial or remaining terms of one year or more consist of the following amounts:

2012	$ 273,522
2013	230,117
2014	131,535
2015	132,281
2016	131,451
Thereafter	84,374
	$ 983,280

9. Financial instruments

The Centre's financial instruments consist of cash, short-term investments, accounts receivable, and accounts payable and accrued liabilities. The carrying value of these instruments approximate their fair value due to the short-term nature of instruments.

Unless otherwise noted, it is management's opinion that the Centre is not exposed to significant interest, currency or credit risks.