

OOLAGEN COMMUNITY SERVICES

Financial Statements

Year ended March 31, 2012

OOLAGEN COMMUNITY SERVICES

Table of Contents

Year ended March 31, 2012

	Page
INDEPENDENT AUDITOR'S REPORT	1
FINANCIAL STATEMENTS	
Statement of Financial Position	2
Statement of Operations and Changes in Net Assets	3
Statement of Cash Flows	4
Notes to the Financial Statements	5 - 9



INDEPENDENT AUDITOR'S REPORT

To the Directors of Oolagen Community Services

Report on the Financial Statements

We have audited the accompanying financial statements of Oolagen Community Services, which comprise the statement of financial position as at March 31, 2012, and the statements of operations and 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 organization'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 organization'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.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Oolagen Community Services 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.

MISSISSAUGA, Ontario
June 14, 2012

HS + Partners LLP
Chartered Accountants
Licensed Public Accountants

OOLAGEN COMMUNITY SERVICES

Statement of Financial Position

March 31

	2012	2011
ASSETS		
CURRENT		
Cash	\$ 32,469	\$ 173,758
Accounts receivable	88,006	113,419
HST rebate receivable	43,743	32,943
Prepaid expenses	1,707	1,746
Due from Oolagen Charities (Note 4)	17,326	95,794
	183,251	417,660
CAPITAL ASSETS (Notes 2 and 5)	71,544	140,990
	\$ 254,795	\$ 558,650
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 137,550	\$ 195,286
Deferred revenue (Note 6)	43,009	219,768
	180,559	415,054
DEFERRED CAPITAL GRANT (Note 7)	73,150	142,596
	253,709	557,650
NET ASSETS	1,086	1,000
	\$ 254,795	\$ 558,650

ON BEHALF OF THE BOARD

Director

Director

OOLAGEN COMMUNITY SERVICES

Statement of Operations and Changes in Net Assets

Year Ended March 31

	Annex	Richard Kalesky House	Outpatient	School Programs	Wraparound Programs (Page 3-1)	Intensive Services	Restorative Justice	St. Jamesstown	Documentary	Admin	Pay Equity	Facility Renewal	Mental Health Worker	Research	CYSIS	2012 Total	2011 Total	
REVENUE (Note 6)																		
Grants	\$ 638,384	\$ 801,666	\$ 622,154	\$ 82,527	\$ 232,759	\$ 180,098	\$ 375,900	\$ 25,910	\$ 24,000	\$ -	\$ 48,585	12,114	35,500	30,000	5,500	\$3,115,097	\$3,026,362	
Sales tax recoveries and other	10,299	8,160	73,689	414	705	191	194	73	430	55,503	-	-	-	-	-	\$ 149,658	107,137	
Oolagen Charities grants (Note 4)	-	3,676	17,401	2,000	-	532	857	-	0	46,092	-	-	954	-	-	\$ 71,512	41,500	
	648,683	813,502	713,244	84,941	233,464	180,821	376,951	25,983	24,430	101,595	48,585	12,114	36,454	30,000	5,500	\$3,336,267	3,174,999	
EXPENSES																		
Salaries and benefits	478,647	561,952	410,995	81,505	188,548	164,157	95,617	23,473	7,310	131,938	48,588	-	24,542	-	-	\$2,217,272	2,161,544	
Programs	4,905	2,141	1,489	1,155	12,429	810	261,063	1,663	4,398	-	-	-	-	-	-	\$ 290,053	307,714	
Office and administration	47,048	81,610	114,176	1,070	13,445	11,349	15,861	-	-	(97,858)	-	-	2,912	-	-	\$ 189,613	159,637	
Building occupancy	70,002	44,833	159,695	-	4,900	-	-	-	-	9,981	-	12,114	-	-	-	\$ 301,525	286,918	
Promotion and publicity	290	2,052	2,336	-	-	-	-	-	1,978	19,264	-	-	1,162	-	-	\$ 27,062	26,573	
Amortization (Note 7)	-	69,445	-	-	-	-	-	-	-	-	-	-	-	-	-	\$ 69,445	69,446	
Travel	25,713	12,690	7,724	1,211	7,091	4,080	3,772	-	16	1,782	-	-	428	-	-	\$ 64,507	70,813	
Food services	17,015	19,220	-	-	-	-	-	-	-	-	-	-	-	-	-	\$ 36,235	40,093	
Staff training	213	655	-	-	819	425	638	-	-	1,015	-	-	-	-	-	\$ 27,987	14,294	
Client professional services	-	11,312	12,811	-	-	-	-	-	-	-	-	-	5,911	-	5,500	\$ 11,312	11,423	
Non-Client Professional Services	-	-	4,018	-	-	-	-	-	10,945	35,471	-	-	1,500	30,000	-	\$ 81,934	22,684	
Client personal needs	11,624	7,592	-	-	-	-	-	-	-	-	-	-	-	-	-	\$ 19,216	-	
	655,458	813,502	713,244	84,941	227,232	180,821	376,951	25,136	24,646	101,593	48,588	12,114	36,455	30,000	5,500	\$3,336,181	3,171,139	
EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR	\$ (6,775)	\$ -	\$ -	\$ -	\$ 6,232	\$ -	\$ -	\$ 847	\$ (216)	\$ 2	\$ (3)	\$ -	\$ (1)	\$ -	\$ -	\$ 86	\$ 860	
NET ASSETS, BEGINNING OF YEAR																1,000	140	
NET ASSETS, END OF YEAR																\$ 1,086	\$ 1,000	

OOLAGEN COMMUNITY SERVICES
Statement of Operations - Wraparound Programs

Year Ended March 31

	City W/A	DACW	After School Program	Jordan	2012 TOTAL	2011 TOTAL
REVENUE						
Grants	\$ 107,959	\$ 79,320	\$ 19,469	\$ 26,010	\$ 232,759	\$ 221,820
Sales Recoveries and others	381	147	61	115	705	2,422
Oologan Charities grants	-	-	-	-	-	500
	<u>108,340</u>	<u>79,467</u>	<u>19,531</u>	<u>26,125</u>	<u>233,463</u>	<u>224,742</u>
EXPENSES						
Salaries and benefits	96,142	56,993	15,482	19,929	188,546	179,029
Programs	5,959	609	1,649	4,213	12,429	17,154
Office and administration	2,393	9,899	-	1,153	13,445	12,247
Building occupancy	-	2,500	2,400	-	4,900	8,350
Promotion and publicity	-	-	-	-	-	1,225
Travel	4,063	2,481	-	547	7,091	5,590
Staff training	95	425	-	299	819	1,213
	<u>108,652</u>	<u>72,908</u>	<u>19,531</u>	<u>26,141</u>	<u>227,232</u>	<u>224,808</u>
EXCESS OF (EXPENSES OVER REVENUE) REVENUE OVER EXPENSES FOR THE YEAR	<u>\$ (312)</u>	<u>\$ 6,560</u>	<u>\$ -</u>	<u>\$ (16)</u>	<u>\$ 6,232</u>	<u>\$ (66)</u>

OOLAGEN COMMUNITY SERVICES

Statement of Cash Flows

Year ended March 31

	2012	2011
OPERATING ACTIVITIES		
Excess of revenues over expenditures	\$ 86	\$ 860
Adjustment for		
Amortization	<u>69,445</u>	<u>69,445</u>
Total adjustments	69,531	70,305
Change in non-cash working capital items		
Accounts receivable	25,413	(30,050)
HST rebate receivable	(10,800)	(20,957)
Prepaid expenses	39	3,412
Accounts payable and accrued liabilities	(57,736)	116,453
Deferred revenue	(176,759)	94,411
Cash flow (used by) from operating activities	(150,312)	233,574
FINANCING ACTIVITIES		
Decrease (increase) in amounts due to Oolagen Charities	78,468	(123,150)
Utilization of deferred capital grant	(69,445)	(69,445)
Cash flow from (used by) financing activities	9,023	(192,595)
(DECREASE) INCREASE IN CASH	(141,289)	40,979
CASH - BEGINNING OF YEAR	173,758	132,779
CASH - END OF YEAR	\$ 32,469	\$ 173,758

OOLAGEN COMMUNITY SERVICES

Notes to the Financial Statements

March 31, 2012

1. PURPOSE OF THE ORGANIZATION AND INCOME TAX STATUS

The purpose of Oolagen Community Services (the "organization") is to provide out-patient and residential treatment to individuals and families. Oolagen's operations are financed principally by the Ministry of Community Family and Children's Services of Ontario (the Ministry), which reimburses the organization for operating expenses on the basis of budgets approved each year. Other agencies provide funding for specific projects. The organization was incorporated in the Province of Ontario as a not-for-profit organization without share capital. The organization is a not-for-profit organization and is exempt from tax under the Income Tax Act, Canada, Subsection 149(1)(f).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements are prepared in accordance with Canadian generally accepted accounting principles. The significant policies are detailed as follows:

(a) Fund Accounting

The organization follows the deferral method of revenue recognition. Under this method, grants received in the year for expenses to be incurred in the following fiscal year are recorded as deferred revenue.

(b) Revenue Recognition

Revenue for core services is recognized over the term of the grant. Assistance related to current expenditures is reflected in the accounts as a revenue item in the current year. Grants for other projects, being in the nature of direct reimbursements of expenditures, are recognized as revenue when the related expenditures have been made.

Government assistance related to the leasehold improvements is recorded as deferred capital grant and amortized over the useful lives of the leasehold improvements.

Interest and other recoveries are recognized when earned. Fundraising and other income are recorded when funds are received.

Donated materials and supplies which are normally purchased by the organization are not recorded in the accounts.

(c) Capital Assets and Amortization

Capital assets are recorded at cost. The organization provides for amortization using the following methods at rates designed to amortize the cost of the capital assets and amortization over their estimated useful lives. The annual amortization rates and methods are as follows:

Leasehold improvements	5 years Straight-line
------------------------	-----------------------

Capital assets having an individual cost of \$5,000 or greater are capitalized in the year of acquisition and additions less than \$5,000 are expensed accordingly.

OOLAGEN COMMUNITY SERVICES

Notes to the Financial Statements

March 31, 2012

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

(d) Financial Instruments

The organization's financial instruments consist of cash, accounts receivable, due from Oolagen Charities and accounts payable and accrued liabilities. Unless otherwise noted it is management's opinion that the organization is not exposed to significant interest, currency or credit risks.

(e) Financial Instrument Classification

All financial instruments are initially measured at fair value and subsequently according to the following measurement methods.

Financial instruments	Classification	Subsequent measurement
Cash	Held for trading	Fair value
Accounts receivable	Loans and receivables	Amortized cost using the effective interest method
Due from Oolagen Charities	Loans and receivables	Amortized cost using the effective interest method
Accounts payable	Other liabilities	Amortized cost using the effective interest method

(f) Allocation of Expenses

The organization is involved in various programs for individuals and families. The costs of each program include the costs of personnel, premises and other expenses that are directly related to providing the program. General expenses not directly related to the various programs are categorized separately as administration expenses. Grant received from Oolagen Charities (related party in which the organization exerts significant influence), is allocated to various programs based on the intended need and objectives of each program. The Centre is involved in various health promotion, social and recreational programs. The costs of these programs include the costs of personnel and other expenses that are directly related to providing the programs. The Centre also incurs a number of general support expenses that are common to the administration of the Centre and each of its programs.

(g) Measurement Uncertainty

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 disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. Actual results could differ from those estimates.

(h) Other

All other transactions of the organization are recorded on the accrual basis whereby they are reflected in the accounts in the period in which they have been earned and incurred respectively, whether or not such transactions have been settled by the receipt or payment of money.

OOLAGEN COMMUNITY SERVICES

Notes to the Financial Statements

March 31, 2012

3. FUTURE CHANGES TO SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

In December 2010, the Accounting Standards Board issued a comprehensive set of new Canadian accounting standards for not-for-profit organizations (ASNPO) effective for fiscal periods beginning on or after January 1, 2012. When the end of a not-for-profit organization's annual reporting period does not coincide with the end of the calendar year, the mandatory date for first-time adoption of ASNPO is effective for fiscal periods beginning on or after December 21, 2011. Early adoption is permitted. The organization is currently analyzing the effects of these changes on its financial statements.

4. DUE FROM OOLAGEN CHARITIES

Balance due from Oolagen Charities is non-interest bearing and due on demand. Accordingly, the fair value of this balance is not readily determinable.

The organization exercises significant influence over a related organization, Oolagen Charities, by virtue of its ability to appoint the majority of its Board of Directors. Oolagen Charities was established to raise funds to primarily support programs and services operated by Oolagen Community Services. Accordingly, resources of Oolagen Charities may be transferred to the organization and used for purposes to be agreed upon by the organization and Oolagen Charities. Oolagen Charities is incorporated in the Province of Ontario and is a registered charity under the Income Tax Act.

During the year, Oolagen Charities distributed \$94,321 (2011 \$156,408) in grants and other services to fund operations at Oolagen Community Services.

The organization leases the residence at Dalton Road from Oolagen Charities for \$26,700 annually and the residence at Huron Road for \$25,848 annually (total \$52,548).

5. CAPITAL ASSETS

	Cost	Accumulated amortization	2012 Net book value
Leasehold improvements	\$ 358,728	\$ 287,184	\$ 71,544

	Cost	Accumulated amortization	2011 Net book value
Leasehold improvements	\$ 358,728	\$ 217,738	\$ 140,990

Leasehold improvements consist of improvements to the leased facility located at 591 Huron Street. Amortization is charged against the program which utilizes the facility. For the years ended March 31, 2012, 2011 and 2010, the facility was used exclusively to operate the Richard Kalesky House program.

6. DEFERRED REVENUE

OOLAGEN COMMUNITY SERVICES

Notes to the Financial Statements

March 31, 2012

6. DEFERRED REVENUE, continued

	<u>2012</u>	<u>2011</u>
Balance, beginning of year	\$ 219,768	\$ 125,357
Add: Cash received from grants in year		
Government and other	2,904,393	3,036,328
Oolagen Charities	71,821	41,500
Sales tax recoveries and other	113,849	121,702
Grant revenue not involving cash	69,445	69,445
	<u>3,379,276</u>	<u>3,394,332</u>
Less: Grant revenue recognized for the year	<u>(3,336,267)</u>	<u>(3,174,564)</u>
Balance, end of year	<u>\$ 43,009</u>	<u>\$ 219,768</u>

7. DEFERRED CAPITAL GRANT

	<u>2012</u>	<u>2011</u>
Balance, beginning of year	\$ 142,596	\$ 212,042
Less: Grant revenue recognized for the year	<u>(69,446)</u>	<u>(69,446)</u>
Balance, end of year	<u>\$ 73,150</u>	<u>\$ 142,596</u>

In 2007, the organization received grant commitment from the Ministry of Community and Social Services of Ontario to finance leasehold improvements for the facility located at 591 Huron Street owned by Oolagen Charities. Grant revenue recognized for the year is equal to amortization of the leasehold improvements for the year. Grant revenue is recorded on the program for which the said amortization is expensed. The Ministry has a lien on the property with restrictions on its future modifications and disposition.

8. LEASE COMMITMENTS

The organization has long-term leases with respect to its premises and equipments. Future minimum lease payments as at March 31, 2012 are as follows:

2013	\$ 110,574
2014	112,960
	<u>\$ 223,534</u>

OOLAGEN COMMUNITY SERVICES

Notes to the Financial Statements

March 31, 2012

9. CAPITAL MANAGEMENT

The organization considers its capital to be its Net Assets. The organization's objectives when managing its capital is to safeguard its ability to continue as a going concern and provide not-for-profit programs to individuals. The management and Directors monitor the organization's financial position to ensure this objective is met and makes adjustments as necessary in light of changes in economic conditions, funding received, and the risk characteristics of the organization's underlying assets.

10. FINANCIAL INSTRUMENTS

The organization has elected not to apply certain sections of the CICA Handbook with respect to financial instruments, including Section 3862 – Financial Instruments-Disclosures and Section 3863 – Financial Instruments-Presentation.”
