

Pine Bay Foundation

Financial Statements

For the Ten-Month Period Ended August 31, 2012

Pine Bay Foundation

For the Ten-Month Period Ended August 31, 2012

Contents

	Page
Independent auditors' report	1
Financial statements	
Statement of financial position	2
Statement of operations	3
Statement of changes in fund balances	4
Statement of cash flows	5
Notes to financial statements	6 - 9
Supplementary information	
Schedule of expenditures	10

Independent Auditors' Report

To the Directors of
Pine Bay Foundation

We have audited the accompanying financial statements of Pine Bay Foundation, which comprise the statement of financial position as at August 31, 2012 and the statements of operations, changes in fund balances and cash flows for the ten-month period 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.

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 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 audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Pine Bay Foundation as at August 31, 2012 and the results of its operations and its cash flows for the ten-month period then ended in accordance with Canadian generally accepted accounting principles.

Abrahamse Berkis Pinto LLP
Chartered Accountants, Licensed Public Accountants
January 29, 2013

1.

Pine Bay Foundation

(incorporated under the laws of Ontario)

Statement of Financial Position

	General fund	Capital asset fund	Endowment fund	Total	
				August 31, 2012	October 31, 2011
				(Note 1)	
Assets					
Current assets					
Cash	\$ 2,353	\$ 4,472	\$ 2,661	\$ 9,486	\$ 44,197
Marketable securities	-	150,854	29,110	179,964	12,892
Contributions and fees receivable	37,772	-	-	37,772	10,605
Harmonized sales tax recoverable	97,549	-	-	97,549	57,726
Prepaid expenses	31,738	-	-	31,738	22,502
Inventory (Note 4)	2	-	-	2	2
	169,414	155,326	31,771	356,511	147,924
Capital assets (Note 5)	-	2,427,936	-	2,427,936	2,395,773
	\$ 169,414	\$ 2,583,262	\$ 31,771	\$ 2,784,447	\$ 2,543,697
Liabilities					
Current liabilities					
Accounts payable and accrued liabilities	\$ 54,039	\$ -	\$ -	\$ 54,039	\$ 15,169
Fund balances					
General	115,375	-	-	115,375	116,210
Capital assets	-	2,583,262	-	2,583,262	2,396,926
Endowment (Note 6)	-	-	31,771	31,771	15,392
	115,375	2,583,262	31,771	2,730,408	2,528,528
	\$ 169,414	\$ 2,583,262	\$ 31,771	\$ 2,784,447	\$ 2,543,697

See accompanying notes.

Approval:

Pine Bay Foundation

Statement of Operations

	General fund		Capital asset fund		Endowment fund		Total	
	2012	2011	2012	2011	2012	2011	Ten-month period ended August 31, 2012	Year ended October 31, 2011
Revenue								
Donations (Note 7)	\$ 715,535	\$ 799,736	\$ 266,975	\$ 328,534	\$ 15,206	\$ 21,807	\$ 997,716	\$ 1,150,077
Camp and respite fees (Note 8)	164,671	175,190	-	-	-	-	164,671	175,190
Fundraising activities (Note 9)	43,958	53,206	-	-	-	-	43,958	53,206
Investment income	-	-	-	-	1,125	-	1,125	-
Grant income	924,164	1,028,132	266,975	328,534	16,331	21,807	1,207,470	1,378,473
	-	4,305	-	-	-	-	-	4,305
	924,164	1,032,437	266,975	328,534	16,331	21,807	1,207,470	1,382,778
Expenditures								
Operation of Camp Winston and general administration (Page 10)	928,374	901,848	-	-	260	265	928,634	902,113
Amortization	-	-	74,584	76,505	-	-	74,584	76,505
Loss on disposal of assets	-	-	2,372	-	-	-	2,372	-
	928,374	901,848	76,956	76,505	260	265	1,005,590	978,618
Excess (deficiency) of revenue over expenditures	\$ (4,210)	\$ 130,589	\$ 190,019	\$ 252,029	\$ 16,071	\$ 21,542	\$ 201,880	\$ 404,160

(Note 1)

See accompanying notes.

Pine Bay Foundation

Statement of Changes in Fund Balances

	General fund		Capital asset fund		Endowment fund		Total	
	2012	2011	2012	2011	2012	2011	Ten-month period ended August 31, 2012	Year ended October 31, 2011
Fund balances, beginning of year	\$ 116,210	\$ 30,327	\$ 2,396,926	\$ 2,094,041	\$ 15,392	\$ -	\$ 2,528,528	\$ 2,124,368
Excess (deficiency) of revenue over expenditures	(4,210)	130,589	190,019	252,029	16,071	21,542	201,880	404,160
Interfund transfers								
Fund cash transfers	3,375	(47,855)	(3,683)	47,855	308	-	-	-
Restricted donations transferred as specified	-	6,150	-	-	-	(6,150)	-	-
Purchase of capital assets	-	(3,001)	-	3,001	-	-	-	-
Fund balances, end of year	\$ 115,375	\$ 116,210	\$ 2,583,262	\$ 2,396,926	\$ 31,771	\$ 15,392	\$ 2,730,408	\$ 2,528,528

(Note 1)

See accompanying notes.

Pine Bay Foundation

Statement of Cash Flows

	Ten-month period ended August 31, 2012	Year ended October 31, 2011
	(Note 1)	
Cash flows from operating activities		
Excess of revenues over expenditures	\$ 201,880	\$ 404,160
Items not affecting cash		
Amortization of capital assets	74,584	76,505
Donations in kind, capital assets	-	(18,724)
Loss on disposal of assets	2,372	-
	278,836	461,941
Changes in current assets and current liabilities other than cash		
Contributions and camp fees receivable	(27,167)	(10,605)
Harmonized sales tax recoverable	(39,823)	(38,990)
Prepaid expenses	(9,236)	(752)
Accounts payable and accrued liabilities	38,870	(9,319)
	241,480	402,275
Cash flows from investing activities		
Marketable securities	(167,072)	(12,892)
Expansion and improvements of building facilities	(56,588)	(375,570)
Acquisition of capital assets, net	(52,531)	(3,001)
	(276,191)	(391,463)
Increase (decrease) in cash for the year	(34,711)	10,812
Cash, beginning of the year	44,197	33,385
Cash, end of the year	\$ 9,486	\$ 44,197

See accompanying notes.

Pine Bay Foundation

Notes to Financial Statements August 31, 2012

1. Change of year end

The Foundation changed its year end from October 31 to August 31 for administrative purposes. Accordingly, the statement of operations reflects the 10 month period ended August 31, 2012.

2. Purpose of the Organization

The purposes of the Foundation are as follows:

- (a) To provide specialty programs in a recreational setting, to develop and nurture the education, training, social skills, attitudes, self-esteem and well-being of special needs children.
- (b) To provide a development and training program for special needs teenagers.

Pine Bay Foundation is a charitable organization registered under the Income Tax Act, and as such, is exempt from income taxes and able to issue donation receipts for income tax purposes.

3. Significant accounting policies

Basis of presentation

These financial statements have been presented on the basis that the Foundation will have continued financial support from its major donor (Note 7). Accordingly, the assets and liabilities have been stated on a going concern basis.

The organization follows generally accepted accounting principles appropriate for not for profit organizations. The significant accounting policies are as follows:

Fund balances

The financial statements have been prepared in a manner which segregates the fund balances as follows:

General fund - represents the cumulative excess of revenue over expenses of the organization since its inception that is available for general use.

Capital assets fund - represents the cost of capital assets purchased with unrestricted funds less accumulated amortization thereon.

Endowment fund - represents donations that have been restricted by donors. Investment income earned from the restricted donations is reported in the Endowment fund.

Capital assets

Capital assets purchased are recorded at cost. Donated capital assets are recorded at fair value on the date contributed. Capital assets are amortized over their estimated useful lives as follows:

Buildings	40 years straight-line
Automobiles	30% declining balance
Boats, furniture, fixtures and equipment	20% declining balance

Pine Bay Foundation

Notes to Financial Statements

August 31, 2012

Revenue recognition

Revenue from unrestricted donations and grants is recognized when received or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured. Restricted contributions are deferred and recognized as revenue in the year in which the related expenses are recognized. Camp fees and special events revenues are recognized upon completion of the camp term and event.

Contributed materials and services

Materials contributed to be used in carrying out the service delivery activities of the organization are reported at fair market value at the date of contribution. Services contributed are not reflected in the financial statements unless the fair market value of the service can be reasonably estimated.

Financial instruments and risk management

The foundation's financial instruments consist of cash, marketable securities, contributions and camp fees receivable, prepaid expenses, 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 arising from these financial instruments. The carrying value of each of these financial instruments approximates their fair values unless otherwise noted.

Use of estimates

The preparation of these financial statements in conformity with Canadian generally accepted accounting principles has required management to make estimates and assumptions that affect the reported amounts of assets and liabilities as at August 31, 2012 and the revenue and expenditures reported for the ten-month period then ended. Actual results may differ from those estimates.

Future accounting standards

The Accounting Standards Board has issued new accounting standards for not-for-profit organizations effective for fiscal years beginning on or after January 1, 2012, with earlier adoption permitted. The organization does not expect any material changes in its accounting policies, financial position or results of operations as a result of adopting the new standards.

4. Inventory

The Foundation has produced certain books and video tapes in order to enhance public understanding with regards to the requirements of special needs children. The books and video tapes are distributed and sold to interested parties. Inventory of these items is reflected on the financial statements at a nominal value of \$2.

Pine Bay Foundation

Notes to Financial Statements August 31, 2012

5. Capital assets

	Cost	Accumulated amortization	Net	
			August 31, 2012	October 31, 2011
Land	\$ 413,572	\$ -	\$ 413,572	\$ 413,572
Buildings (i)	2,085,893	251,003	1,834,890	1,821,169
Furniture, fixtures and equipment	303,515	173,997	129,518	129,944
Automobiles	28,567	9,511	19,056	6,108
Boats	69,735	38,835	30,900	24,980
	\$ 2,901,282	\$ 473,346	\$ 2,427,936	\$ 2,395,773

(i) Included are building improvement costs mainly to the Stan Lodge and other areas of the premises totaling \$56,588 (2011 - \$164,585).

6. Endowment Fund

The Foundation established the Hartley Steinberg Endowment Fund pursuant to an agreement with various donors. The funds contributed are to be held in perpetuity and the Foundation can award perpetual aid to campers exclusively from the annual income earned or as specified by the donor.

7. Related party transaction

Total donations received of \$997,716 (2011 - \$1,150,077) include the sum of \$670,000 (2011 - \$907,500) which was gifted to the Foundation by a major donor to fund both operating and capital expenditures.

8. Camp and respite fees

Included are camp and respite program fee revenues of \$150,236 (2011 - \$144,927) and \$14,435 (2011 - \$30,263) respectively.

9. Fundraising activities

Fundraising revenues include the following events and activities:

	August 31, 2012	October 31, 2011
Golf tournament, net	\$ 38,530	\$ 41,755
Magical Transformations, net	-	5,333
Miscellaneous events and activities	5,428	6,118
	\$ 43,958	\$ 53,206

Pine Bay Foundation

Notes to Financial Statements August 31, 2012

10. Lease commitments

The organization entered into a five-year lease agreement commencing September 1, 2011 for its administrative office located at 55 Eglinton Avenue East. The annual basic rent is approximately \$21,228 plus common area expenses.

11. Comparative figures

Certain of the 2011 comparative figures have been reclassified to conform with the financial statement presentation adopted for the current year.

Pine Bay Foundation
Schedule of Expenditures

	Charity operations		General administration		Total		
	Camp	Respite	Administrative	Fundraising	Ten-month period ended August 31, 2012	Year ended October 31, 2011	Change
				Endowment			
Automobile and travel	\$ 17,840	\$ 8,513	\$ -	\$ -	\$ 26,353	\$ 17,787	\$ 8,566
Programs	50,600	1,072	-	-	51,672	44,437	7,235
Communications	10,485	-	-	-	10,485	11,246	(761)
Insurance	20,177	-	9,165	-	29,342	33,066	(3,724)
Kitchen operations	43,160	12,584	-	-	55,744	66,553	(10,809)
Office rent	18,150	-	-	955	19,105	22,898	(3,793)
Office, general and supplies	11,691	1,141	14,946	-	28,038	23,197	4,841
Professional fees	21,908	-	-	-	21,908	14,162	7,746
Realty taxes	13,993	-	-	-	13,993	13,490	503
Repairs and maintenance	133,285	9,558	-	-	142,843	85,148	57,695
Wages, benefits and fees	302,228	72,406	87,940	41,836	504,410	538,055	(33,645)
Utilities	4,709	10,337	-	-	15,046	23,949	(8,903)
Telephone and internet	4,751	3,346	1,598	-	9,695	8,125	1,570
	\$ 652,977	\$ 118,957	\$ 113,649	\$ 42,791	\$ 928,634	\$ 902,113	\$ 26,521

(Note 1)