

**Pine Bay Foundation**

**Financial Statements**

**August 31, 2013**

# Pine Bay Foundation

August 31, 2013

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## Independent Auditor's 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, 2013, August 31, 2012 and November 1, 2011, and the statements of operations, changes in fund balances and cash flows for the year ended August 31, 2013 and ten-month period ended August 31, 2012, 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 accounting standards for not-for-profit organizations, 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 audits. We conducted our audits 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 in our audits 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, 2013, August 31, 2012 and November 1, 2011, and the results of its operations and its cash flows for the year ended August 31, 2013 and ten-month period ended August 31, 2012 in accordance with Canadian accounting standards for not-for-profit organizations, which is one of the financial reporting frameworks included in Canadian generally accepted accounting principles.

*Abrahamse Berkis Pinto LLP*  
Chartered Accountants, Licensed Public Accountants  
November 20, 2013

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# Pine Bay Foundation

(Incorporated without share capital under the laws of Ontario)

## Statement of Financial Position

	General fund	Capital asset fund	Endowment fund	August 31 2013	Total	
					August 31 2012	November 1, 2011
<b>Assets</b>						
<b>Current assets</b>						
Cash	\$ 47,454	\$ 16,124	\$ 4,961	\$ 68,539	\$ 9,486	\$ 44,197
Marketable securities	-	14	29,725	29,739	179,964	12,892
Contributions and fees receivable	40,584	-	-	40,584	37,772	10,605
Harmonized sales tax recoverable	104,733	-	-	104,733	97,549	57,726
Prepaid expenses	28,865	-	-	28,865	31,738	27,452
Inventory (Note 4)	2	-	-	2	2	2
	221,638	16,138	34,686	272,462	356,511	152,874
Capital assets (Note 5)	-	2,700,299	-	2,700,299	2,427,936	2,395,773
	\$ 221,638	\$ 2,716,437	\$ 34,686	\$ 2,972,761	\$ 2,784,447	\$ 2,548,647
<b>Liabilities</b>						
<b>Current liabilities</b>						
Accounts payable and accrued liabilities (Note 6)	\$ 60,736	\$ -	\$ -	\$ 60,736	\$ 54,039	\$ 20,119
<b>Fund balances</b>						
General	160,902	-	-	160,902	115,375	116,210
Capital assets	-	2,716,437	-	2,716,437	2,583,262	2,396,926
Endowment (Note 7)	-	-	34,686	34,686	31,771	15,392
	160,902	2,716,437	34,686	2,912,025	2,730,408	2,528,528
	\$ 221,638	\$ 2,716,437	\$ 34,686	\$ 2,972,761	\$ 2,784,447	\$ 2,548,647

See accompanying notes.

Approval

# Pine Bay Foundation

## Statement of Operations

	General fund		Capital asset fund		Endowment fund		Total	
	2013	2012	2013	2012	2013	2012	Year ended August 13, 2013	Ten-month period ended August 31, 2012
<b>Revenue</b>								
Donations (Note 8)	\$ 1,016,813	\$ 715,535	\$ 164,316	\$ 266,975	\$ 2,300	\$ 15,206	\$ 1,183,429	\$ 997,716
Camp and respite fees (Note 9)	229,743	164,671	-	-	-	-	229,743	164,671
Fundraising activities (Note 10)	72,924	43,958	-	-	-	-	72,924	43,958
Investment income	-	-	800	-	615	1,125	1,415	1,125
	1,319,480	924,164	165,116	266,975	2,915	16,331	1,487,511	1,207,470
<b>Expenditures</b>								
Operation of Camp Winston and general administration (Page 11)	1,208,250	928,374	-	-	-	260	1,208,250	928,634
Amortization	-	-	100,676	74,584	-	-	100,676	74,584
Loss (gain) on disposal of assets	-	-	(3,032)	2,372	-	-	(3,032)	2,372
	1,208,250	928,374	97,644	76,956	-	260	1,305,894	1,005,590
<b>Excess (deficiency) of revenue over expenditures</b>	<b>\$ 111,230</b>	<b>\$ (4,210)</b>	<b>\$ 67,472</b>	<b>\$ 190,019</b>	<b>\$ 2,915</b>	<b>\$ 16,071</b>	<b>\$ 181,617</b>	<b>\$ 201,880</b>

See accompanying notes.

# Pine Bay Foundation

## Statement of Changes in Fund Balances

	General fund		Capital asset fund		Endowment fund		Total	
	2013	2012	2013	2012	2013	2012	Year ended August 31, 2013	Ten-month period ended August 31, 2012
Fund balances, beginning of year	\$ 115,375	\$ 116,210	\$ 2,583,262	\$ 2,396,926	\$ 31,771	\$ 15,392	\$ 2,730,408	\$ 2,528,528
Excess (deficiency) of revenue over expenditures	111,230	(4,210)	67,472	190,019	2,915	16,071	181,617	201,880
<b>Interfund transfers</b>								
Fund cash transfers	(57,946)	3,375	57,946	(3,683)	-	308	-	-
Purchase of capital assets (net)	(7,757)	-	7,757	-	-	-	-	-
<b>Fund balances, end of year</b>	<b>\$ 160,902</b>	<b>\$ 115,375</b>	<b>\$ 2,716,437</b>	<b>\$ 2,583,262</b>	<b>\$ 34,686</b>	<b>\$ 31,771</b>	<b>\$ 2,912,025</b>	<b>\$ 2,730,408</b>

See accompanying notes.

# Pine Bay Foundation

## Statement of Cash Flows

	Year ended August 31, 2013	Ten-month period ended August 31, 2012
<b>Cash flows from operating activities</b>		
Excess of revenues over expenditures	\$ 181,617	\$ 201,880
<b>Items not affecting cash</b>		
Amortization of capital assets	100,676	74,584
Loss (gain) on disposal of assets	(3,032)	2,372
	279,261	278,836
<b>Changes in current assets and current liabilities other than cash</b>		
Contributions and camp fees receivable	(2,812)	(27,167)
Harmonized sales tax recoverable	(7,184)	(39,823)
Prepaid expenses	2,873	(4,286)
Accounts payable and accrued liabilities	6,697	33,920
	278,835	241,480
<b>Cash flows from investing activities</b>		
Marketable securities	150,225	(167,072)
Expansion and improvements of building facilities	(293,654)	(56,588)
Acquisition of capital assets	(76,353)	(52,531)
	(219,782)	(276,191)
<b>Increase (decrease) in cash for the year</b>	59,053	(34,711)
Cash, beginning of the year	9,486	44,197
<b>Cash, end of the year</b>	\$ 68,539	\$ 9,486

See accompanying notes.

# Pine Bay Foundation

## Notes to Financial Statements August 31, 2013

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### 1. 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.

### 2. Significant accounting policies

These financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO") as described in Note 3. The following significant accounting policies have been applied in preparing the financial statements for the year ended August 31, 2013, the comparative financial statements presented for the ten month period ended August 31, 2012, and in the preparation of an opening statement of financial position at November 1, 2011.

#### 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 8). Accordingly, the assets and liabilities have been stated on a going concern basis.

#### 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. Amortization is provided on an annual basis at the following methods and rates:

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



# Pine Bay Foundation

## Notes to Financial Statements August 31, 2013

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### 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

#### Measurement

The entity initially measures its financial instruments at fair value. Subsequently, all financial instruments are measured at amortized cost.

Financial instruments measured at amortized costs, consist of cash, marketable securities, contributions, camp fees receivable, accounts payable and accrued liabilities.

#### Impairment

Financial assets measured at cost are tested for impairment when there are indicators of impairment. Any previously recognized impairment loss may be reversed to the extent of the improvement. The amount of any write-down or subsequent reversal is recognized in the statement of operations.

### Use of estimates

The preparation of these financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities as at August 31, 2013, August 31, 2012 and November 1, 2011 and the revenue and expenditures reported for the year ended August 31, 2013 and the ten-month period ended August 31, 2012. Actual results may differ from those estimates as more information becomes available in the future.

### 3. Impact of the change in the basis of accounting

These financial statements for the year ended August 31, 2013 are the first financial statements for which the organization has applied ASNPO, which are part of Canadian generally accepted accounting principles in Part III of the Chartered Professional Accountants of Canada (CPA Canada) Handbook. Accordingly, the provisions set out in First-Time Adoption, Section 1501 have been applied in preparing these financial statements.

The organization issued financial statements for the year ended October 31, 2011 using generally accepted accounting principles prescribed by Canadian Institute of Chartered Accountants Handbook - Accounting XFI. The adoption of ASNPO had no impact on the previously reported assets, liabilities and fund balances of the organization, and accordingly; no adjustments have been recorded in the comparative statements of financial position and statements of operations, changes in fund balances and cash flows.

# Pine Bay Foundation

## Notes to Financial Statements August 31, 2013

Certain of the organization's disclosures included in these financial statements reflect the new disclosure requirements of ASNPO.

### 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.

### 5. Capital assets

	Cost	Accumulated amortization	August 31, 2013
Land	\$ 413,572	\$ -	\$ 413,572
Buildings (i)	2,379,548	306,821	2,072,727
Furniture, fixtures and equipment	363,794	205,295	158,499
Automobiles	49,008	18,294	30,714
Boats	66,467	41,680	24,787
	<b>\$ 3,272,389</b>	<b>\$ 572,090</b>	<b>\$ 2,700,299</b>

	Cost	Accumulated amortization	August 31, 2012
Land	\$ 413,572	\$ -	\$ 413,572
Buildings	2,085,893	251,003	1,834,890
Furniture, fixtures and equipment	303,515	173,997	129,518
Automobiles	28,567	9,511	19,056
Boats	69,735	38,835	30,900
	<b>\$ 2,901,282</b>	<b>\$ 473,346</b>	<b>\$ 2,427,936</b>

	Cost	Accumulated amortization	November 1, 2011
Land	\$ 413,572	\$ -	\$ 413,572
Buildings	2,029,306	208,137	1,821,169
Furniture, fixtures and equipment	280,929	150,985	129,944
Automobiles	39,086	32,978	6,108
Boats	58,735	33,755	24,980
	<b>\$ 2,821,628</b>	<b>\$ 425,855</b>	<b>\$ 2,395,773</b>

(i) Included are building improvement costs to the dining hall and playground totalling \$207,732.

# Pine Bay Foundation

## Notes to Financial Statements August 31, 2013

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### 6. Accounts payable and accrued liabilities

	August 31, 2013	August 31, 2012	November 1, 2011
Trade and accrued liabilities	\$ 31,801	\$ 41,228	\$ 20,119
Government remittances	28,935	12,811	-
	<u>\$ 60,736</u>	<u>\$ 54,039</u>	<u>\$ 20,119</u>

### 7. 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.

### 8. Related party transaction

Total donations received of \$1,183,429 (2012 - \$997,716) include the sum of \$1,015,000 (2012 - \$670,000) which was gifted to the Foundation by a major donor to fund both operating and capital expenditures.

### 9. Camp and respite fees

Included are camp and respite program fee revenues of \$210,513 (2012 - \$150,236) and \$19,230 (2012 - \$14,435) respectively.

### 10. Fundraising activities

Fundraising revenues include the following events and activities:

	2013	2012
Golf tournament (net)	\$ 62,968	\$ 38,530
Other events and activities	9,956	5,428
	<u>\$ 72,924</u>	<u>\$ 43,958</u>

# Pine Bay Foundation

## Notes to Financial Statements August 31, 2013

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### 11. Lease commitments

Subsequent to the year end, the foundation entered into a three-year lease agreement commencing October 1, 2013 for its administrative office located at 55 Eglinton Avenue East. The annual rent, including common area and parking is approximately \$32,700.

### 12. Comparative figures

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

**Pine Bay Foundation**  
**Schedule of Expenditures**

	Total				Year ended August 31, 2013	Ten-month period ended August 31, 2012
	Charity operations		General administrative			
	Camp	Respite	Administrative	Fundraising		
Automobile and travel	\$ 10,586	\$ 12,939	\$ -	\$ -	\$ 23,525	\$ 26,353
Programs	54,493	2,574	-	-	57,067	50,316
Communications	11,351	-	-	1,261	12,612	10,485
Insurance	27,541	-	8,946	-	36,487	29,342
Kitchen operations	49,459	9,860	-	-	59,319	55,744
Office rent	21,744	-	-	2,416	24,160	19,105
Office, general and supplies	11,617	3,728	19,101	-	34,446	27,852
Professional fees	53,709	-	-	-	53,709	21,908
Realty taxes	23,153	-	-	-	23,153	13,993
Repairs and maintenance	149,833	22,500	-	-	172,333	142,843
Wages, benefits and fees	345,516	84,272	119,148	109,824	658,760	497,023
Training and development	8,891	-	-	-	8,891	8,929
Utilities	7,435	21,084	-	-	28,519	15,046
Telephone and internet	8,890	3,903	2,476	-	15,269	9,695
	\$ 784,218	\$ 160,860	\$ 149,671	\$ 113,501	\$ 1,208,250	\$ 928,634