

MADAME VANIER CHILDREN'S SERVICES

Financial Statements

Year ended March 31, 2010

PARTNERS:

Michael J. Davies, BA, CA *
Thomas R. Getliffe, BA, CA *

Paul H. King, BComm, CA *
David J. Raines, BA, CA *
Werner Schmidt, BMath, CA *

Michael A. Scott, BMath, CA *
John E. Van Osch, BMath, CA *

** practicing through a professional corporation*

AUDITORS' REPORT

To the Directors of
Madame Vanier Children's Services

We have audited the statement of financial position of Madame Vanier Children's Services as at March 31, 2010 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as explained in the following paragraph, we conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In common with many charitable organizations, the organization derives revenue from donations and fundraising, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the organization. We were not able to determine whether any adjustments might be necessary to revenues, excess of revenue over expenses, assets and net assets.

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of revenue referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the organization as at March 31, 2010 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

London, Ontario
June 17, 2010



Chartered Accountants
Licensed Public Accountants

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MADAME VANIER CHILDREN'S SERVICES

Statement of Financial Position as at March 31, 2010

	Externally Restricted	Internally Restricted	Unrestricted (Operating)	2010	2009
ASSETS					
CURRENT					
Cash	\$ 59,883	\$ 182,374	\$ -	\$ 242,257	\$ 251,797
Accounts receivable	-	720	167,225	167,945	201,209
Prepaid expenses	-	-	7,290	7,290	5,333
Note receivable	-	-	-	-	119,923
Due from operating fund	-	161,000	-	161,000	86,000
Investments (Note 3)	5,000	-	-	5,000	25,000
	64,883	344,094	174,515	583,492	689,262
Capital assets (Note 4)	-	121,972	599,162	721,134	852,603
	\$ 64,883	\$ 466,066	\$ 773,677	\$ 1,304,626	\$ 1,541,865
LIABILITIES					
CURRENT					
Bank indebtedness (Note 5)	-	\$ -	\$ 194,796	\$ 194,796	\$ 197,000
Accounts payable and accrued liabilities	-	876	227,973	228,849	405,930
Due to internally restricted fund	-	-	161,000	161,000	86,000
Deferred contributions (Note 6)	59,883	-	-	59,883	145,275
	59,883	876	583,769	644,528	834,205
Deferred contributions related to capital assets (Note 6)	-	-	429,546	429,546	511,062
NET ASSETS:					
Externally restricted	5,000	-	-	5,000	5,000
Internally restricted	-	343,218	-	343,218	284,018
Unrestricted (operating)	-	-	(409,254)	(409,254)	(433,961)
Investment in capital assets	-	121,972	169,616	291,588	341,541
	5,000	465,190	(239,638)	230,552	196,598
	\$ 64,883	\$ 466,066	\$ 773,677	\$ 1,304,626	\$ 1,541,865

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS:

MADAME VANIER CHILDREN'S SERVICES

Statement of Changes in Net Assets
Year ended March 31, 2010

	Externally Restricted	Internally Restricted	Unrestricted (Operating)	2010	2009
Balance - beginning of year	\$ 5,000	\$ 430,384	\$ (238,786)	\$ 196,598	\$ 285,919
Excess (deficiency) of revenue over expenses	-	197,523	(163,569)	33,954	(89,321)
Interfund transfers (Note 11)	-	(162,717)	162,717	-	-
Balance, end of year	\$ 5,000	\$ 465,190	\$ (239,638)	\$ 230,552	\$ 196,598
ALLOCATED AS FOLLOWS:					
Externally restricted	\$ 5,000	\$ -	\$ -	\$ 5,000	\$ 5,000
Internally restricted	-	343,218	-	343,218	284,018
Unrestricted (operating)	-	-	(409,254)	(409,254)	(433,961)
Invested in capital assets	-	121,972	169,616	291,588	341,541
	\$ 5,000	\$ 465,190	\$ (239,638)	\$ 230,552	\$ 196,598

MADAME VANIER CHILDREN'S SERVICES

Statement of Operations
Year ended March 31, 2010

	Externally Restricted	Internally Restricted	Unrestricted (Operating)	2010	2009
REVENUES (SCHEDULE)	\$ 224,100	\$ 265,822	\$ 6,854,186	\$ 7,344,108	\$ 7,139,844
EXPENSES					
Salaries	-	-	4,895,960	4,895,960	4,764,572
Employee benefits	-	-	789,611	789,611	830,504
Building occupancy	-	-	365,999	365,999	300,126
Professional services					
Agency	-	-	200,306	200,306	242,912
Client	-	-	75,651	75,651	143,725
Office administration	-	-	159,879	159,879	186,982
Program expenses	224,100	43,905	34,641	302,646	222,559
Amortization	-	24,394	107,075	131,469	153,744
Utilities	-	-	77,666	77,666	81,771
Food services	-	-	74,315	74,315	73,749
Staff travel	-	-	69,816	69,816	65,098
Clients' personal needs	-	-	42,496	42,496	38,849
Staff training	-	-	37,298	37,298	37,745
Board expenses	-	-	19,530	19,530	31,838
Promotion and publicity	-	-	31,348	31,348	20,768
Membership dues	-	-	18,307	18,307	18,837
Automotive	-	-	17,857	17,857	15,387
	224,100	68,299	7,017,755	7,310,154	7,229,166
Excess (deficiency) of revenues over expenses	\$ -	\$ 197,523	\$ (163,569)	\$ 33,954	\$ (89,322)

MADAME VANIER CHILDREN'S SERVICES

Schedule to Statement of Operations
Year ended March 31, 2010

	Externally Restricted	Internally Restricted	Unrestricted (Operating)	2010	2009
REVENUE					
Ontario Ministry of Children and Youth Services	\$ -	\$ -	\$ 5,192,861	\$ 5,192,861	\$ 5,413,863
Children's Aid Societies	-	-	886,339	886,339	951,648
Other Programs, GST rebate and interest	-	4,041	296,418	300,459	327,533
Community Services Co-ordination Network	-	-	396,007	396,007	166,209
Amortization of deferred contributions related to capital assets	-	-	81,516	81,516	134,854
Donations and fundraising	16,646	260,269	-	276,915	91,790
Grants and other	207,454	1,512	1,045	210,011	53,947
	\$ 224,100	\$ 265,822	\$ 6,854,186	\$ 7,344,108	\$ 7,139,844

MADAME VANIER CHILDREN'S SERVICES

Statement of Cash Flows
Year ended March 31, 2010

	2010	2009
Cash provided by (used in):		
OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenses	\$ 33,954	\$ (89,322)
Add (deduct) non-cash items:		
Amortization	131,469	153,744
Amortization of deferred contributions related to capital assets	(81,516)	(134,854)
Change in non-cash working capital items related to operations (Note 9)	(231,166)	(32,243)
	<u>(147,259)</u>	<u>(102,675)</u>
INVESTING ACTIVITIES		
Proceeds from disposals of investments	20,000	25,000
Payment received on note receivable	119,923	-
	<u>139,923</u>	<u>25,000</u>
DECREASE IN CASH DURING THE YEAR	(7,336)	(77,675)
Cash, beginning of year	54,797	132,472
CASH, END OF YEAR	\$ 47,461	\$ 54,797
REPRESENTED BY:		
Cash	\$ 242,257	\$ 251,797
Bank indebtedness	(194,796)	(197,000)
	<u>\$ 47,461</u>	<u>\$ 54,797</u>

MADAME VANIER CHILDREN'S SERVICES

Notes to Financial Statements

March 31, 2010

1. DESCRIPTION OF THE ORGANIZATION

Madame Vanier Children's Services is a non-profit children's mental health centre incorporated under the Ontario Business Corporations Act. Madame Vanier is a registered charity as designated by the Income Tax Act (Canada) as such is exempt from taxes on income.

The mission statement is:

To help children to reach their full potential by working with the child and family's unique strengths, needs and culture to prevent or reduce serious mental health problems.

2. SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements are prepared in accordance with accounting principles generally accepted in Canada. The significant accounting policies are summarized below:

Revenue Recognition

Madame Vanier Children's Services follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions covering specific operational periods are recognized as revenue on a prorated basis over the operational period. All other unrestricted contributions are recognized as revenue of the appropriate fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Contributions restricted for the purpose 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 assets.

Revenue and expenses related to program delivery and administration activities are reported as operating.

Fundraising revenue and related program expenses are reported as internally restricted. Internally restricted contributions are recognized as revenue when received.

Externally restricted contributions are recognized as revenue in the year in which the conditions of restriction have been fulfilled. Revenue and expenses are reported as externally restricted. An endowment contribution of \$5,000 is included in these contributions.

Capital Assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair market value at the date of contribution. Capital asset purchases having a useful life of greater than one year or which substantially extend the useful life of an existing capital asset are capitalized. Capital assets are amortized on a straight-line basis using the following annual rates:

Building	3.33%
Furniture & Equipment	10 %
Computer	25 %
Vehicles	25 %
Playground	10 %

Investments

Financial assets and liabilities are initially recognized at fair value and their subsequent measurement is dependent on their classification. Fair value items that are short-term in nature such as the investments are classified as "held for trading". All other financial assets and liabilities are carried at amortized cost.

MADAME VANIER CHILDREN'S SERVICES

Notes to Financial Statements
March 31, 2010

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributed Services

Volunteers contribute many hours per year to assist Madame Vanier Children's Services in carrying out its activities. Because of the difficulty in determining fair value, contributed services are not recognized in the financial statements.

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 amount of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimated.

Changes in accounting policies

Effective April 1, 2009 the organization was required to adopt the new recommendations of the Canadian Institute of Chartered Accountants (CICA) under the following new sections:

Section 1400 - General Standards of Financial Statement Presentation

This new section now includes requirements to assess an entity's ability to continue as a going concern and disclose any material uncertainties.

Amendments to several of the existing sections in the 4400 series - Financial Statements by Not-For-Profit Organizations, which apply to fiscal years beginning on or after January 1, 2009. The amendments include: additional guidance in the applicability of Section 1100, Generally Accepted Accounting Principles; requirement to disclose revenue and expenses in accordance with EIC 123, Reporting Revenues Gross as a Principal Versus Net as an Agent; requirement to include a statement of cash flows in accordance with Section 1540, Cash Flow Statements; new disclosure requirements regarding the allocation of fundraising and general support costs.

These new standards have been adopted in accordance with the transitional provisions of the CICA Handbook. Adoption of these standards had no material impact on the opening net assets or on the organization's financial statements for the year ended March 31, 2010.

3. INVESTMENTS

	2010	2009
Guaranteed investment certificate, at market, held for internally restricted purposes. The interest rate on this certificate is 3.40% and it matured in 2010.	\$ -	\$ 20,000
Guaranteed investment certificate, at market, held for endowment purposes and it matured in 2010 and the proceeds were reinvested in high interest savings bank account	5,000	5,000
	<u>\$ 5,000</u>	<u>\$ 25,000</u>

MADAME VANIER CHILDREN'S SERVICES

Notes to Financial Statements
March 31, 2010

4. CAPITAL ASSETS

Operating:

	Cost	Accumulated Amortization	Net	
			2010	2009
Land	\$ 162,999	\$ -	\$ 162,999	\$ 162,999
Building	2,529,705	2,125,349	404,356	488,595
Furniture & Equipment	227,964	196,157	31,807	54,643
Computer	441,218	441,218	-	-
Vehicles	48,995	48,995	-	-
	<u>\$ 3,410,881</u>	<u>\$ 2,811,719</u>	<u>\$ 599,162</u>	<u>\$ 706,237</u>

Internally Restricted:

	Cost	Accumulated Amortization	Net	
			2010	2009
Playground	\$ 243,942	\$ 121,970	\$ 121,972	\$ 146,366

5. BANK INDEBTEDNESS

The bank indebtedness is secured by a general security agreement. Madame Vanier Children's Services has an authorized credit line of \$200,000. Interest is charged at prime plus 2.5% per annum.

6. DEFERRED CONTRIBUTIONS

Deferred contributions represent unspent funding restricted for program expenditures in a future period. Changes in the deferred contributions balance are as follows:

	2010	2009
Focused Family	\$ 32,578	\$ 103,468
Tapp Fund	2,536	3,211
Residence refurbishment donation	-	22,165
Parent Mentoring	6,265	16,431
Early Intervention	9,145	-
School Community Intervention Partnership	650	-
Prevention & Maintenance of Aggressive Behaviour	6,205	-
Estate bequests	2,504	-
	<u>\$ 59,883</u>	<u>\$ 145,275</u>

MADAME VANIER CHILDREN'S SERVICES

Notes to Financial Statements

March 31, 2010

DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS

Deferred contributions related to capital assets represent restricted contributions which were used to upgrade building, equipment and computers. The funding is amortized to revenue in accordance with the capital asset amortization policy. The changes in the deferred contributions are as follows:

	2010	2009
Balance, beginning of year	\$ 511,062	\$ 645,916
Less amounts amortized to revenue	81,516	134,854
Balance, end of year	<u>\$ 429,546</u>	<u>\$ 511,062</u>

7. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The estimated fair values of the organization's financial current assets and liabilities, including cash, accounts receivable, note receivable, advances to/from operating fund, bank indebtedness, and accounts payable approximate their carrying value due to their short-term maturity dates.

The organization is exposed to interest rate risk on its bank indebtedness. This risk is dependant upon the change in future interest rates.

Unless otherwise noted, the organization's financial instruments do not expose the organization to significant currency or credit risk.

8. CAPITAL MANAGEMENT

Madame Vanier Children's Services defines capital as net assets. Madame Vanier Children's Services objectives, when managing capital are to develop and maintain a financial model which supports the strategic directions of Madame Vanier Children's Services, and safeguards Madame Vanier Children's Services ability to continue to provide grants to qualified donees.

In order to manage the capital, Madame Vanier Children's Services and its board of directors regularly monitors and assesses its financial performance to ensure its capital is appropriately maintained.

Madame Vanier Children's Services is not subject to any externally imposed capital requirements other than those recorded in the externally restricted fund.

MADAME VANIER CHILDREN'S SERVICES

Notes to Financial Statements
March 31, 2010

9. STATEMENT OF CASH FLOWS

The change in non-cash working capital balances related to operations referred to in the statement is determined as follows:

	2010	2009
(INCREASE) DECREASE IN CURRENT ASSETS:		
Accounts receivable	\$ 33,264	\$ (31,823)
Prepaid expenses	(1,957)	(1,418)
INCREASE (DECREASE) IN CURRENT LIABILITIES:		
Accounts payable and accrued liabilities	(177,081)	(28,508)
Deferred contributions	(85,392)	29,506
Net change	<u>\$ (231,166)</u>	<u>\$ (32,243)</u>
Supplementary Information		
Cash paid for interest	\$ 3,470	\$ 709

10. RECLASSIFICATIONS

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

11. INTERFUND TRANSFERS

During the year, the board approved the transfer from the internally restricted fund to the operating fund in the amount of \$162,717 to assist with the cash flow requirements of the operating fund.