

Pine Bay Foundation

Financial Statements

October 31, 2011

Pine Bay Foundation

October 31, 2011

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 October 31, 2011 and the statements of operations, changes in fund balances 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.

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 October 31, 2011 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Abrahamse Berkis Pinto LLP
Chartered Accountants, Licensed Public Accountants
April 23, 2012

1.

Pine Bay Foundation

(incorporated under the laws of Ontario)

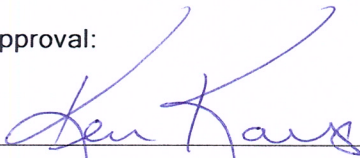
Statement of Financial Position

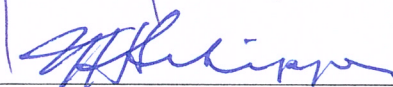
October 31, 2011

	General fund	Capital asset fund	Endowment fund	Total	
				2011	2010
Assets					
Current assets					
Cash	\$ 43,044	\$ 1,153	\$ -	\$ 44,197	\$ 33,385
Marketable securities	-	-	12,892	12,892	-
Contributions and fees receivable	8,105	-	2,500	10,605	-
Harmonized sales tax recoverable	57,726	-	-	57,726	18,736
Prepaid expenses	22,502	-	-	22,502	21,750
Inventory (Note 3)	2	-	-	2	2
	131,379	1,153	15,392	147,924	73,873
Capital assets (Note 4)	-	2,395,773	-	2,395,773	2,074,983
	\$ 131,379	\$ 2,396,926	\$ 15,392	\$ 2,543,697	\$ 2,148,856
Liabilities					
Current liabilities					
Accounts payable and accrued liabilities	\$ 15,169	\$ -	\$ -	\$ 15,169	\$ 24,488
Fund balances					
General	116,210	-	-	116,210	30,327
Capital assets	-	2,396,926	-	2,396,926	2,094,041
Endowment (Note 5)	-	-	15,392	15,392	-
	116,210	2,396,926	15,392	2,528,528	2,124,368
	\$ 131,379	\$ 2,396,926	\$ 15,392	\$ 2,543,697	\$ 2,148,856

See accompanying notes.

Approval:





Pine Bay Foundation

Statement of Operations

For the year ended October 31, 2011

	General fund		Capital asset fund		Endowment fund		Total
	2011	2010	2011	2010	2011	2010	
Revenue							
Donations (Note 6)	\$ 799,736	\$ 1,204,536	\$ 328,534	\$ 87,965	\$ 21,807	\$ -	\$ 1,150,077
Camp and respite fees (Note 7)	175,190	216,763	-	-	-	-	175,190
Fundraising activities (Note 8)	53,206	30,938	-	-	-	-	53,206
	1,028,132	1,452,237	328,534	87,965	21,807	-	1,378,473
Grant income	4,305	4,621	-	-	-	-	4,305
	1,032,437	1,456,858	328,534	87,965	21,807	-	1,382,778
Expenditures							
Operation of Camp Winston and general administration (Page 10)	901,848	786,155	-	-	265	-	902,113
Amortization	-	-	76,505	56,597	-	-	76,505
	901,848	786,155	76,505	56,597	265	-	978,618
Excess of revenue over expenditures	\$ 130,589	\$ 670,703	\$ 252,029	\$ 31,368	\$ 21,542	\$ -	\$ 404,160
							\$ 702,071

See accompanying notes.

Pine Bay Foundation

Statement of Changes in Fund Balances For the year ended October 31, 2011

	General fund		Capital asset fund		Endowment fund		Total	
	2011	2010	2011	2010	2011	2010	2011	2010
Fund balances, beginning of year	\$ 30,327	\$ (27,654)	\$ 2,094,041	\$ 1,449,951	\$ -	\$ -	\$ 2,124,368	\$ 1,422,297
Excess of revenue over expenditures	130,589	670,703	252,029	31,368	21,542	-	404,160	702,071
Interfund transfers								
Fund cash transfers	(47,855)	(584,324)	47,855	584,324	-	-	-	-
Restricted donations transferred as specified	6,150	-	-	-	(6,150)	-	-	-
Purchase of capital assets	-	(21,463)	-	21,463	-	-	-	-
Boat	(3,001)	(6,935)	3,001	6,935	-	-	-	-
Equipment								
Fund balances, end of year	\$ 116,210	\$ 30,327	\$ 2,396,926	\$ 2,094,041	\$ 15,392	\$ -	\$ 2,528,528	\$ 2,124,368

See accompanying notes.

Pine Bay Foundation

Statement of Cash Flows For the year ended October 31

	2011	2010
Cash flows from operating activities		
Excess of revenues over expenditures	\$ 404,160	\$ 702,071
Items not affecting cash		
Amortization of capital assets	76,505	56,597
Donations in kind, capital assets	(18,724)	(61,911)
	461,941	696,757
Changes in current assets and current liabilities other than cash		
Contributions and camp fees receivable	(10,605)	-
Harmonized sales tax recoverable	(38,990)	(8,055)
Prepaid expenses	(752)	(635)
Accounts payable and accrued liabilities	(9,319)	(41,016)
	402,275	647,051
Cash flows from investing activities		
Marketable securities	(12,892)	-
Expansion and improvements of building facilities	(375,570)	(591,320)
Acquisition of capital assets	(3,001)	(28,398)
	(391,463)	(619,718)
Increase in cash for the year	10,812	27,333
Cash, beginning of the year	33,385	6,052
Cash, end of the year	\$ 44,197	\$ 33,385

See accompanying notes.

Pine Bay Foundation

Notes to Financial Statements October 31, 2011

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

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 6). 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

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.

Pine Bay Foundation

Notes to Financial Statements

October 31, 2011

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 October 31, 2011 and the revenue and expenditures reported for the year 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.

3. 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.

4. Capital assets

	Cost	Accumulated amortization	Net	
			2011	2010
Land	\$ 413,572	\$ -	\$ 413,572	\$ 413,572
Buildings (i)	2,029,306	208,137	1,821,169	1,556,225
Furniture, fixtures and equipment	280,929	150,985	129,944	72,998
Automobiles	39,086	32,978	6,108	8,726
Boats	58,735	33,755	24,980	23,462
	<u>\$ 2,821,628</u>	<u>\$ 425,855</u>	<u>\$ 2,395,773</u>	<u>\$ 2,074,983</u>

- (i) Costs related to the completion of the new infirmary, office and dormitory quarters at Camp Winston were incurred totaling \$222,809 (2010 - \$489,756). Included are also significant building improvement costs to the dining hall, waterworks and other areas of the premises totaling \$164,585 (2010 - \$148,475).

Pine Bay Foundation

Notes to Financial Statements October 31, 2011

5. 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. Subsequent to the year end, the Foundation invested \$15,000 of restricted donations in a guaranteed investment certificate earning interest at a rate of 2.20% per annum.

6. Related party transaction

Total donations received of \$1,150,077 (2010 - \$1,282,501) include the sum of \$907,500 (2010 - \$1,037,530) which was gifted to the Foundation by a major donor to fund both operating and capital expenditures.

7. Camp and respite fees

Included are camp and respite program fee revenues of \$144,927 and \$30,263 respectively.

8. Fundraising activities

Fundraising revenues include the following events and activities:

	2011	2010
Golf Tournament (net)	\$ 41,755	\$ 29,038
Magical Transformations (net)	5,333	-
Miscellaneous events and activities	6,118	1,900
	<u>\$ 53,206</u>	<u>\$ 30,938</u>

9. 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.

Pine Bay Foundation

Notes to Financial Statements

October 31, 2011

10. Change of year end

The Foundation obtained consent from the Canada Revenue Agency to change its fiscal year end from October 31 to August 31, effective August 31, 2012.

11. Comparative figures

Certain of the 2010 comparative figures have been reclassified to conform with the financial statement presentation adopted for the current year.

Pine Bay Foundation

Schedule of Expenditures

For the year ended October 31, 2011

	Charity										% Change
	Operations			General Administration				Total		% Change	
	Camp	Respite	Administrative	Fundraising	Endowment	2011	2010	\$ Change			
Automobile and travel	\$ 6,375	\$ 11,412	\$ -	\$ -	\$ -	\$ 17,787	\$ 25,528	\$ (7,741)	(30.3)%		
Programs	40,024	4,413	-	-	-	44,437	51,794	(7,357)	(14.2)		
Communications	9,559	-	1,687	-	-	11,246	10,719	527	4.9		
Insurance	23,899	-	9,167	-	-	33,066	31,553	1,513	4.8		
Kitchen operations	50,205	16,348	-	-	-	66,553	47,107	19,446	41.3		
Office rent	21,753	-	-	1,145	-	22,898	23,014	(116)	(0.5)		
Office, general and supplies	10,685	1,642	10,605	-	265	23,197	24,194	(997)	(4.1)		
Professional fees	14,162	-	-	-	-	14,162	15,497	(1,335)	(8.6)		
Realty taxes	13,490	-	-	-	-	13,490	14,075	(585)	(4.2)		
Repairs and maintenance	41,332	25,031	-	-	-	66,363	51,232	15,131	29.5		
Wages, benefits and fees	331,640	101,627	72,348	51,225	-	556,840	464,690	92,150	19.8		
Utilities	9,356	14,593	-	-	-	23,949	18,423	5,526	30.0		
Telephone and internet	2,480	3,619	2,026	-	-	8,125	8,329	(204)	(2.4)		
	\$ 574,960	\$ 178,685	\$ 95,833	\$ 52,370	\$ 265	\$ 902,113	\$ 786,155	\$ 115,958	14.8 %		