

Pine Bay Foundation

Financial Statements

August 31, 2014

Pine Bay Foundation

August 31, 2014

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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, 2014 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 accounting standards for private enterprises, 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, 2014 and the results of its operations and its cash flows for the year then ended, 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
December 2, 2014

1.

Pine Bay Foundation

(incorporated without share capital under the laws of Ontario)

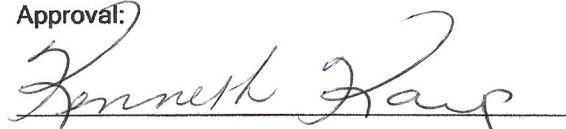
Statement of Financial Position

August 31, 2014

	General fund	Capital asset fund	Endowment fund	Total	
				2014	2013
Assets					
Current assets					
Cash	\$ 133,272	\$ 44,634	\$ 1,011	\$ 178,917	\$ 68,539
Marketable securities	-	-	59,877	59,877	29,739
Accounts and other receivables (Note 3)	194,802	-	-	194,802	145,317
Prepaid expenses	25,274	-	-	25,274	28,865
Inventory (Note 4)	2	-	-	2	2
	353,350	44,634	60,888	458,872	272,462
Capital assets (Note 5)	-	2,751,123	-	2,751,123	2,700,299
	\$ 353,350	\$ 2,795,757	\$ 60,888	\$ 3,209,995	\$ 2,972,761
Liabilities					
Current liabilities					
Accounts payable and accrued liabilities (Note 6)	\$ 132,385	\$ -	\$ -	\$ 132,385	\$ 60,736
Fund balances					
General	220,965	-	-	220,965	160,902
Capital assets	-	2,795,757	-	2,795,757	2,716,437
Endowment (Note 7)	-	-	60,888	60,888	34,686
	220,965	2,795,757	60,888	3,077,610	2,912,025
	\$ 353,350	\$ 2,795,757	\$ 60,888	\$ 3,209,995	\$ 2,972,761

See accompanying notes.

Approval:



Pine Bay Foundation

Statement of Operations For the year ended August 31, 2014

	General fund		Capital asset fund		Endowment fund		Total	
	2014	2013	2014	2013	2014	2013	2014	2013
Revenue								
Donations (Note 8)	\$ 1,107,799	\$ 1,016,813	\$ 179,500	\$ 164,316	\$ 17,715	\$ 2,300	\$ 1,305,014	\$ 1,183,429
Camp and respite fees (Note 9)	209,565	229,743	-	-	-	-	209,565	229,743
Fundraising activities (Note 10)	64,588	72,924	-	-	-	-	64,588	72,924
Investment income	-	-	-	800	7,487	615	7,487	1,415
	1,381,952	1,319,480	179,500	165,116	25,202	2,915	1,586,654	1,487,511
Expenditures								
Operation of Camp Winston and general administration (Page 10)	1,314,371	1,208,250	-	-	-	-	1,314,371	1,208,250
Amortization	-	-	106,698	100,676	-	-	106,698	100,676
Gain on disposal of assets	-	-	-	(3,032)	-	-	-	(3,032)
	1,314,371	1,208,250	106,698	97,644	-	-	1,421,069	1,305,894
Excess of revenue over expenditures	\$ 67,581	\$ 111,230	\$ 72,802	\$ 67,472	\$ 25,202	\$ 2,915	\$ 165,585	\$ 181,617

See accompanying notes.

Pine Bay Foundation

Statement of Changes in Fund Balances For the year ended August 31, 2014

	General fund		Capital asset fund		Endowment fund		Total	
	2014	2013	2014	2013	2014	2013	2014	2013
Fund balances, beginning of year	\$ 160,902	\$ 115,375	\$ 2,716,437	\$ 2,583,262	\$ 34,686	\$ 31,771	\$ 2,912,025	\$ 2,730,408
Excess of revenue over expenditures	67,581	111,230	72,802	67,472	25,202	2,915	165,585	181,617
Interfund transfers								
Fund cash transfers	15,445	(57,946)	(16,445)	57,946	1,000	-	-	-
Capital improvements to building facilities	(22,963)	(7,757)	22,963	7,757	-	-	-	-
Fund balances, end of year	\$ 220,965	\$ 160,902	\$ 2,795,757	\$ 2,716,437	\$ 60,888	\$ 34,686	\$ 3,077,610	\$ 2,912,025

See accompanying notes.

Pine Bay Foundation

Statement of Cash Flows For the year ended August 31, 2014

	2014	2013
Cash flows from operating activities		
Excess of revenues over expenditures	\$ 165,585	\$ 181,617
Items not affecting cash		
Amortization of capital assets	106,698	100,676
Gain on disposal of assets	-	(3,032)
	272,283	279,261
Changes in current assets and current liabilities other than cash		
Accounts and other receivables	(49,485)	(9,996)
Prepaid expenses	3,591	2,873
Accounts payable and accrued liabilities	71,649	6,697
	298,038	278,835
Cash flows from investing activities		
Marketable securities	(30,138)	150,225
Capital improvements to building facilities	(157,522)	(293,654)
Acquisition of capital assets, net	-	(76,353)
	(187,660)	(219,782)
Increase in cash for the year	110,378	59,053
Cash, beginning of the year	68,539	9,486
Cash, end of the year	\$ 178,917	\$ 68,539

See accompanying notes.

Pine Bay Foundation

Notes to Financial Statements August 31, 2014

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. The following significant accounting policies have been applied in preparing the financial statements for the year:

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. 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, 2014

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, 2014 and the revenue and expenditures reported for the year then ended. Actual results may differ from those estimates.

3. Accounts and other receivables

	2014	2013
Contributions and fees receivable	\$ 41,034	\$ 40,584
Harmonized sales tax receivable	103,768	104,733
Insurance claim receivable	50,000	-
	<u>\$ 194,802</u>	<u>\$ 145,317</u>

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, 2014

5. Capital assets

	Cost	Accumulated amortization	Net	
			2014	2013
Land	\$ 413,572	\$ -	\$ 413,572	\$ 413,572
Buildings (i)	2,537,068	368,279	2,168,789	2,072,727
Furniture, fixtures and equipment	363,794	236,362	127,432	158,499
Automobiles	49,008	27,508	21,500	30,714
Boats	66,467	46,637	19,830	24,787
	<u>\$ 3,429,909</u>	<u>\$ 678,786</u>	<u>\$ 2,751,123</u>	<u>\$ 2,700,299</u>

(i) Included are building improvement costs mainly to the staff lodge, dining hall and barn totalling \$157,522.

6. Accounts payable and accrued liabilities

	2014	2013
Trade and accrued liabilities	\$ 102,126	\$ 31,801
Government remittances	30,259	28,935
	<u>\$ 132,385</u>	<u>\$ 60,736</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 \$1,305,014 (2013 - \$1,183,429) include the sum of \$1,120,000 (2013 - \$1,015,000) 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 \$170,042 (2013 - \$210,513) and \$39,523 (2013 - \$19,230) respectively.

Pine Bay Foundation

Notes to Financial Statements August 31, 2014

10. Fundraising activities

Fundraising revenues include the following events and activities:

	2014	2013
Golf tournament, net	\$ 59,904	\$ 62,968
Other events and activities	4,684	9,956
	<u>\$ 64,588</u>	<u>\$ 72,924</u>

11. Lease commitments

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

12. Comparative figures

Certain of the 2013 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 August 31, 2014

	Charity operations		General administration			Total		Change
	Camp	Respite	Administrative	Fundraising	Endowment	2014	2013	
Automobile and travel	\$ 14,244	\$ 11,979	\$ -	\$ -	\$ -	\$ 26,223	\$ 23,525	\$ 2,698
Programs	70,448	3,987	-	-	-	74,435	57,067	17,368
Communications	16,425	-	-	-	-	16,425	12,612	3,813
Insurance	27,284	-	8,820	-	-	36,104	36,487	(383)
Kitchen operations	134,658	9,264	-	-	-	143,922	59,319	84,603
Office rent	29,476	-	-	3,275	-	32,751	24,160	8,591
Office, general and supplies	16,480	3,418	13,675	-	7,129	40,702	34,446	6,256
Professional fees	67,353	-	-	-	-	67,353	107,296	(39,943)
Realty taxes	18,481	-	-	-	-	18,481	23,153	(4,672)
Repairs and maintenance	150,776	18,750	-	-	-	169,526	172,333	(2,807)
Wages and benefits	298,503	100,800	125,894	101,205	-	626,402	605,173	21,229
Training and development	12,983	-	-	-	-	12,983	8,891	4,092
Utilities	8,113	29,390	-	-	-	37,503	28,519	8,984
Telephone and internet	6,051	2,729	2,781	-	-	11,561	15,269	(3,708)
	\$ 871,275	\$ 180,317	\$ 151,170	\$ 104,480	\$ 7,129	\$ 1,314,371	\$ 1,208,250	\$ 106,121