

Pine Bay Foundation

Financial Statements

August 31, 2015

Pine Bay Foundation

August 31, 2015

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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, 2015 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, 2015 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 10, 2015

1.

Pine Bay Foundation

(incorporated without share capital under the laws of Ontario)

Statement of Financial Position August 31, 2015

	General fund	Capital asset fund	Endowment fund	Total	
				2015	2014
Assets					
Current assets					
Cash	\$ 166,441	\$ 51,896	\$ -	\$ 218,337	\$ 178,917
Marketable securities	-	-	7,600	7,600	-
Accounts and other receivables (Note 3)	103,869	-	-	103,869	194,802
Prepaid expenses	27,760	-	-	27,760	25,274
Inventory (Note 4)	2	-	-	2	2
	298,072	51,896	7,600	357,568	398,995
Marketable securities, long-term	-	-	56,170	56,170	59,877
Capital assets (Note 5)	-	2,870,634	-	2,870,634	2,751,123
	\$ 298,072	\$ 2,922,530	\$ 63,770	\$ 3,284,372	\$ 3,209,995
Liabilities					
Current liabilities					
Accounts payable and accrued liabilities (Note 6)	\$ 143,291	\$ -	\$ -	\$ 143,291	\$ 132,385
Deferred revenue	7,127	-	-	7,127	-
	150,418	-	-	150,418	132,385
Fund balances					
General	147,654	-	-	147,654	220,965
Capital assets	-	2,922,530	-	2,922,530	2,795,757
Endowment (Note 7)	-	-	63,770	63,770	60,888
	147,654	2,922,530	63,770	3,133,954	3,077,610
	\$ 298,072	\$ 2,922,530	\$ 63,770	\$ 3,284,372	\$ 3,209,995

See accompanying notes.

Approval:

Pine Bay Foundation

Statement of Operations For the year ended August 31, 2015

	General fund		Capital asset fund		Endowment fund		Total	
	2015	2014	2015	2014	2015	2014	2015	2014
Revenue								
Donations (Note 8)	\$ 1,106,258	\$ 1,107,799	\$ 160,000	\$ 179,500	\$ 17,199	\$ 17,715	\$ 1,283,457	\$ 1,305,014
Camp and respite fees (Note 9)	204,633	209,565	-	-	-	-	204,633	209,565
Fundraising activities (Note 10)	96,538	61,331	-	-	-	-	96,538	61,331
Investment income	-	-	-	-	1,578	2,044	1,578	2,044
Unrealized gain (loss) on marketable securities	-	-	-	-	(6,528)	5,443	(6,528)	5,443
Realized loss on sale of investments	-	-	-	-	(755)	-	(755)	-
	1,407,429	1,378,695	160,000	179,500	11,494	25,202	1,578,923	1,583,397
Expenditures								
Operation of Camp Winston and general administration (Page 10)	1,419,985	1,311,114	-	-	-	-	1,419,985	1,311,114
Amortization	-	-	102,594	106,698	-	-	102,594	106,698
	1,419,985	1,311,114	102,594	106,698	-	-	1,522,579	1,417,812
Excess (deficiency) of revenue over expenditures	\$ (12,556)	\$ 67,581	\$ 57,406	\$ 72,802	\$ 11,494	\$ 25,202	\$ 56,344	\$ 165,585

See accompanying notes.

Pine Bay Foundation

Statement of Changes in Fund Balances For the year ended August 31, 2015

	General fund		Capital asset fund		Endowment fund		Total	
	2015	2014	2015	2014	2015	2014	2015	2014
Fund balances, beginning of year	\$ 220,965	\$ 160,902	\$ 2,795,757	\$ 2,716,437	\$ 60,888	\$ 34,686	\$ 3,077,610	\$ 2,912,025
Excess (deficiency) of revenue over expenditures	(12,556)	67,581	57,406	72,802	11,494	25,202	56,344	165,585
Interfund transfers								
Fund cash transfers	(37,057)	15,445	45,669	(16,445)	(8,612)	1,000	-	-
Capital improvements to building facilities	(23,698)	(22,963)	23,698	22,963	-	-	-	-
Fund balances, end of year	\$ 147,654	\$ 220,965	\$ 2,922,530	\$ 2,795,757	\$ 63,770	\$ 60,888	\$ 3,133,954	\$ 3,077,610

See accompanying notes.

Pine Bay Foundation

Statement of Cash Flows For the year ended August 31, 2015

	2015	2014
Cash flows from operating activities		
Excess of revenues over expenditures	\$ 56,344	\$ 165,585
Items not affecting cash		
Amortization of capital assets	102,594	106,698
Unrealized gain (loss) on marketable securities	6,528	(5,443)
	165,466	266,840
Changes in current assets and current liabilities other than cash		
Accounts and other receivables	90,933	(49,485)
Prepaid expenses	(2,486)	3,591
Accounts payable and accrued liabilities	10,906	71,649
Deferred revenue	7,127	-
	271,946	292,595
Cash flows from investing activities		
Marketable securities	(10,421)	(24,695)
Capital improvements to building facilities	(199,043)	(157,522)
Acquisition of capital assets	(23,062)	-
	(232,526)	(182,217)
Increase in cash for the year	39,420	110,378
Cash, beginning of the year	178,917	68,539
Cash, end of the year	\$ 218,337	\$ 178,917

See accompanying notes.

Pine Bay Foundation

Notes to Financial Statements

August 31, 2015

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, 2015

Revenue recognition

The foundation accounts for donation revenue under the deferral method. Under this method 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, accounts payable and accrued liabilities and deferred revenue. 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, 2015 and the revenue and expenditures reported for the year then ended. Actual results may differ from those estimates.

3. Accounts and other receivables

	2015	2014
Contributions and fees receivable	\$ 14,600	\$ 41,034
Harmonized sales tax receivable	89,269	103,768
Insurance claim receivable	-	50,000
	<u>\$ 103,869</u>	<u>\$ 194,802</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, 2015

5. Capital assets

	Cost	Accumulated amortization	Net	
			2015	2014
Land	\$ 413,572	\$ -	\$ 413,572	\$ 413,572
Buildings (i)	2,746,348	434,321	2,312,027	2,168,789
Furniture, fixtures and equipment	376,619	262,498	114,121	127,432
Automobiles	49,008	33,958	15,050	21,500
Boats	66,467	50,603	15,864	19,830
	<u>\$ 3,652,014</u>	<u>\$ 781,380</u>	<u>\$ 2,870,634</u>	<u>\$ 2,751,123</u>

(i) Included in building is the reconstruction costs of the barn net of insurance proceeds of \$327,207 and playground improvements of \$49,770.

6. Accounts payable and accrued liabilities

	2015	2014
Trade and accrued liabilities	\$ 113,968	\$ 102,126
Government remittances	29,323	30,259
	<u>\$ 143,291</u>	<u>\$ 132,385</u>

7. Endowment Fund

The Foundation established the Hartley Steinberg Endowment Fund pursuant to an agreement with various donors. During fiscal 2015, the donors decided to have the accumulated funds paid out in the form of camp scholarships over the next nine years. The funds to be awarded as scholarships in the upcoming year are shown as current assets in the statement of financial position.

8. Related party transaction

Total donations received of \$1,283,457 (2014 - \$1,305,014) include the sum of \$960,000 (2014 - \$1,120,000) 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 \$162,891 (2014 - \$170,042) and \$41,742 (2014 - \$39,523) respectively.

Pine Bay Foundation

Notes to Financial Statements August 31, 2015

10. Fundraising activities

Fundraising revenues include the following events and activities:

	2015	2014
Golf tournament, net	\$ 43,803	\$ 59,904
Other events and activities	52,735	1,427
	<u>\$ 96,538</u>	<u>\$ 61,331</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 2014 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, 2015

	Charity operations		General administration		Total		Change
	Camp	Respite	Administrative	Fundraising	2015	2014	
Automobile and travel	\$ 13,875	\$ 16,623	\$ -	\$ -	\$ 30,498	\$ 26,223	\$ 4,275
Programs	63,196	3,124	-	-	66,320	74,435	(8,115)
Communications	10,627	-	-	-	10,627	13,168	(2,541)
Insurance	23,374	-	9,452	-	32,826	36,104	(3,278)
Kitchen operations	163,134	16,241	-	-	179,375	143,922	35,453
Office rent	29,380	-	-	3,265	32,645	32,751	(106)
Office, general and supplies	24,617	3,212	13,873	-	41,702	40,702	1,000
Professional fees	70,547	-	-	-	70,547	67,353	3,194
Realty taxes	20,022	-	-	-	20,022	18,481	1,541
Repairs and maintenance	125,802	35,153	-	-	160,955	169,526	(8,571)
Wages and benefits	352,223	122,632	107,614	121,854	704,323	626,402	77,921
Training and development	10,896	-	-	-	10,896	12,983	(2,087)
Utilities	11,741	36,218	-	-	47,959	37,503	10,456
Telephone and internet	4,212	3,087	3,991	-	11,290	11,561	(271)
	\$ 923,646	\$ 236,290	\$ 134,930	\$ 125,119	\$ 1,419,985	\$ 1,311,114	\$ 108,871