



Ford Keast LLP
Chartered Accountants

624 Maitland Street
London, Ontario N6B 2Z9

Tel: (519) 679-9330
Fax: (519) 679-3204
www.fordkeast.com

MADAME VANIER CHILDREN'S SERVICES

Financial Statements

Year ended March 31, 2012

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

PARTNERS:

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*



INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Madame Vanier Children's Services

We have audited the accompanying financial statements of Madame Vanier Children's Services which comprise the statement of financial position as at March 31, 2012, and the statements of operations, changes in net assets 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.

Auditor's 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 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 controls 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 qualified audit opinion.

Basis for Qualified Opinion

In common with many charitable organizations, Madame Vanier Children's Services 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 Madame Vanier Children's Services and we were not able to determine whether any adjustments might be necessary to donations revenue, excess of revenue over expenditures, fund balances and cash flows.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, these financial statements present fairly, in all material respects, the financial position of Madame Vanier Children's Services as at March 31, 2012 and its financial performance and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

London, Ontario
June 27, 2012

Ford Keast LLP
Chartered Accountants
Licensed Public Accountants

MADAME VANIER CHILDREN'S SERVICES

Statement of Financial Position as at March 31, 2012

	Externally Restricted	Internally Restricted	Unrestricted Operating	2012	2011
ASSETS					
CURRENT					
Cash	\$ 88,544	\$ 2,529	\$ -	\$ 91,073	\$ 79,179
Accounts receivable	-	-	242,285	242,285	226,100
Government remittances receivable	-	5,473	43,620	49,093	41,648
Prepaid expenses	-	-	8,048	8,048	9,814
Due from operating	-	233,000	-	233,000	231,000
	88,544	241,002	293,953	623,499	587,741
Capital assets (Note 3)	-	73,184	385,093	458,277	589,705
	\$ 88,544	\$ 314,186	\$ 679,046	\$ 1,081,776	\$ 1,177,446
LIABILITIES					
CURRENT					
Bank indebtedness (Note 4)	\$ -	\$ -	\$ 222,452	\$ 222,452	\$ 206,018
Accounts payable and accrued liabilities	-	36,205	536,983	573,188	241,166
Due to internally restricted Deferred contributions (Note 5)	-	-	233,000	233,000	231,000
	83,544	-	-	83,544	49,371
	83,544	36,205	992,435	1,112,184	727,555
Deferred contributions related to capital assets (Note 5)	-	-	242,095	242,095	335,821
NET ASSETS (DEFICIT):					
Externally restricted	5,000	-	-	5,000	5,000
Internally restricted	-	277,981	-	277,981	342,835
Unrestricted operating	-	-	(555,484)	(555,484)	(233,765)
	5,000	277,981	(555,484)	(272,503)	114,070
	\$ 88,544	\$ 314,186	\$ 679,046	\$ 1,081,776	\$ 1,177,446

MADAME VANIER CHILDREN'S SERVICES

Statement of Changes in Net Assets (Deficit)

Year ended March 31, 2012

	Externally Restricted	Internally Restricted	Unrestricted Operating	2012	2011
Balance - beginning of year	\$ 5,000	\$ 342,835	\$ (233,765)	\$ 114,068	\$ 230,550
Deficiency of revenue over expenses	-	(64,854)	(321,719)	(386,573)	(116,482)
Balance, end of year	\$ 5,000	\$ 277,981	\$ (555,484)	\$ (272,505)	\$ 114,068

MADAME VANIER CHILDREN'S SERVICES

Statement of Operations
Year ended March 31, 2012

	Externally Restricted	Internally Restricted	Unrestricted Operating	2012	2011
REVENUE					
Ontario Ministry of Children and Youth Services	\$ -	\$ -	\$ 5,527,945	\$ 5,527,945	\$ 5,203,159
Children's Aid Societies	-	-	1,456,444	1,456,444	1,269,470
Community Services					
Co-ordination Network	-	-	474,897	474,897	752,414
Other Programs, HST rebate and interest	-	1,697	172,525	174,222	101,883
Grants and other	120,836	1,216	1,008	123,060	115,611
Amortization of deferred contributions related to capital assets	-	-	93,726	93,726	93,725
Donations and fundraising	62,567	31,072	-	93,639	121,201
	<u>183,403</u>	<u>33,985</u>	<u>7,726,545</u>	<u>7,943,933</u>	<u>7,657,463</u>
EXPENSES					
Salaries	-	-	5,594,055	5,594,055	5,216,102
Employee benefits	-	-	946,101	946,101	852,631
Professional services					
Agency	-	-	273,475	273,475	242,469
Client	-	-	71,099	71,099	81,425
Other	-	-	63,564	63,564	13,086
Program expenses	183,403	74,445	66,414	324,262	363,461
Building occupancy	-	-	256,548	256,548	286,947
Office administration	-	-	196,791	196,791	168,696
Amortization	-	24,394	107,035	131,429	131,429
Staff training	-	-	99,396	99,396	50,372
Food services	-	-	88,992	88,992	86,661
Utilities	-	-	83,888	83,888	88,788
Staff travel	-	-	70,604	70,604	66,784
Clients' personal needs	-	-	54,665	54,665	53,691
Automotive	-	-	22,946	22,946	23,705
Promotion and publicity	-	-	21,636	21,636	20,749
Membership dues	-	-	19,933	19,933	18,491
Board expenses	-	-	11,122	11,122	8,458
	<u>183,403</u>	<u>98,839</u>	<u>8,048,264</u>	<u>8,330,506</u>	<u>7,773,945</u>
Excess (deficiency) of revenues over expenses	\$ -	\$ (64,854)	\$ (321,719)	\$ (386,573)	\$ (116,482)

MADAME VANIER CHILDREN'S SERVICES

Statement of Cash Flows
Year ended March 31, 2012

	2012	2011
Cash provided by (used in):		
OPERATING ACTIVITIES		
Deficiency of revenue over expenses	\$ (386,573)	\$ (116,482)
Add (deduct) non-cash items:		
Amortization	131,429	131,429
Amortization of deferred contributions related to capital assets	(93,726)	(93,725)
Change in non-cash working capital items related to operations (Note 8)	344,330	(100,522)
	<u>(4,540)</u>	<u>(179,300)</u>
DECREASE IN CASH DURING THE YEAR	(4,540)	(179,300)
Cash (bank indebtedness), beginning of year	<u>(126,839)</u>	<u>52,461</u>
CASH (BANK INDEBTEDNESS), END OF YEAR	\$ (131,379)	\$ (126,839)
REPRESENTED BY:		
Cash	\$ 91,073	\$ 79,179
Bank indebtedness	<u>(222,452)</u>	<u>(206,018)</u>
	\$ (131,379)	\$ (126,839)

MADAME VANIER CHILDREN'S SERVICES

Notes to Financial Statements

March 31, 2012

1. DESCRIPTION OF THE ORGANIZATION

Madame Vanier Children's Services, ("Madame Vanier"), 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 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

Capital assets are recorded at acquisition cost. Contributed capital assets are recorded at 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 %

MADAME VANIER CHILDREN'S SERVICES

Notes to Financial Statements

March 31, 2012

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial Instruments

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 using the effective interest method.

Contributed Services

Volunteers contribute many hours per year to assist Madame Vanier 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.

3. CAPITAL ASSETS

Operating:

	Cost	Accumulated Amortization	Net	
			2012	2011
Land	\$ 162,999	\$ -	\$ 162,999	\$ 162,999
Building	2,529,705	2,307,611	222,094	320,117
Furniture & Equipment	227,964	227,964	-	9,011
Computer	441,218	441,218	-	-
Vehicles	48,995	48,995	-	-
	<u>\$ 3,410,881</u>	<u>\$ 3,025,788</u>	<u>\$ 385,093</u>	<u>\$ 492,127</u>

Internally Restricted:

	Cost	Accumulated Amortization	Net	
			2012	2011
Playground	<u>\$ 243,942</u>	<u>\$ 170,758</u>	<u>\$ 73,184</u>	<u>\$ 97,578</u>

4. BANK INDEBTEDNESS

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

MADAME VANIER CHILDREN'S SERVICES

Notes to Financial Statements

March 31, 2012

5. DEFERRED CONTRIBUTIONS

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

	Opening 2011	Received	Expenditures	Ending 2012
Parent Mentoring (HOPE)	\$ 14,872	\$ 40,943	\$ 20,027	\$ 35,798
French Language	-	32,000	1,462	30,538
Early Intervention	9,145	-	-	9,145
Prevention & Maintenance of Aggressive Behaviour	6,205	-	1,067	5,138
Professional development	2,504	-	304	2,200
School Community Intervention Partnership	900	-	175	725
Focused Family Therapy	13,209	77,335	90,544	-
Tapp Fund	2,536	-	2,536	-
	<u>\$ 49,371</u>	<u>\$ 150,278</u>	<u>\$ 116,115</u>	<u>\$ 83,544</u>

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:

	2012	2011
Balance, beginning of year	\$ 335,821	\$ 429,546
Less amounts amortized to revenue	93,726	93,725
Balance, end of year	<u>\$ 242,095</u>	<u>\$ 335,821</u>

MADAME VANIER CHILDREN'S SERVICES

Notes to Financial Statements

March 31, 2012

6. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Madame Vanier is exposed to various risks through its financial instruments. The following analysis provides information about Madame Vanier's risk exposure and the concentration.

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Madame Vanier does not have any significant credit risk concentration.

Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. Madame Vanier manages its liquidity risk by forecasting its cash needs on a regular basis and seeking additional information based on those forecasts. Madame Vanier is exposed to significant liquidity risk without the support of its funding agencies.

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk mainly comprises of two types of risk: currency risk and interest rate risk.

Currency Risk

Currency risk is the risk to Madame Vanier's operations that arises from fluctuations of foreign exchange rate and the degree of volatility of these rates. Madame Vanier does not have any significant currency risk.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the market interest rates. Madame Vanier is exposed to interest rate risk as the value of its bank indebtedness is affected by future market changes in rates.

The above risks have not changed from the prior year.

7. CAPITAL MANAGEMENT

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

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

Madame Vanier 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, 2012

8. STATEMENT OF CASH FLOWS

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

	<u>2012</u>	<u>2011</u>
(INCREASE) DECREASE IN CURRENT ASSETS:		
Accounts receivable	\$ (16,185)	\$ (58,875)
Prepaid expenses	1,766	(2,524)
INCREASE (DECREASE) IN CURRENT LIABILITIES:		
Accounts payable and accrued liabilities	332,021	12,337
Government remittances receivable	(7,445)	(40,948)
Deferred contributions	34,173	(10,512)
Net change	<u>\$ 344,330</u>	<u>\$ (100,522)</u>

9. AMALGAMATION

In the prior year, Madame Vanier agreed in principle to amalgamate with Western Area Youth Services Inc., Craigwood Youth Services, and Oxford Elgin Child & Youth Centre. Amalgamation talks ceased November, 2011.

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.