PEACH: PROMOTING EDUCATION AND COMMUNITY HEALTH

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

MARCH 31, 2011

PEACH: PROMOTING EDUCATION AND COMMUNITY HEALTH

MARCH 31, 2011

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INDEPENDENT AUDITOR'S REPORT

To the Members of
PEACH: Promoting Education and Community Health

I have audited the accompanying financial statements of PEACH: Promoting Education and Community Health which comprise the statement of financial position as at March 31, 2011 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

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I 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 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.

I believe that the audit evidence I have obtained in my audit is sufficient and appropriate to provide a basis for my qualified audit opinion.

Basis for Qualification

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

Opinion

In my opinion, except for the effect of adjustments, if any, which I might have determined to be necessary had I been able to satisfy myself concerning the completeness of the contributions and fundraising, referred to in the preceding paragraph these financial statements present fairly, in all material respects, the financial position of PEACH: Promoting Education and Community Health as at March 31, 2011 and the results of its operations and cash flows for the year ended in accordance with Canadian generally accepted accounting principles.

Jeffrey D. Milgram

CHARTERED ACCOUNTANT

LICENSED PUBLIC ACCOUNTANT

TORONTO, ONTARIO

AUGUST 15, 2011

PEACH: PROMOTING EDUCATION AND COMMUNITY HEALTH

STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2011

	2011 $	2010 $
ASSETS		
CURRENT		
Bank and cash equivalents	67,376	207,724
Funds held in trust (Note 4)	581	581
Receivable from trust fund (Note 4)	2,326	2,326
Short term investments (Note 3)	104,802	103,823
Accounts and sundry receivable	101,237	69,211
Prepaid expenses	2,657	2,143
	278,979	385,808
LIABILITIES		
CURRENT		
Bank indebtedness – trust fund	2,326	2,326
Amounts held in trust (Note 4)	581	581
Accounts payable and accrued liabilities	16,002	5,577
	18,909	8,484
DEFERRED CONTRIBUTIONS (Note 5)		
Deferred contributions pertaining to operations	93,069	206,600
	111,978	215,084
NET ASSETS		
Management reserve (Note 6)	66,937	66,937
Unrestricted net assets	100,064	103,787
	167,001	170,724
	278,979	385,808

APPROVED ON BEHALF OF THE BOARD:

_________________________ DIRECTOR _______________________ DATE

_________________________ DIRECTOR _____________________ DATE

The accompanying notes are an integral part of these financial statements.

PEACH: PROMOTING EDUCATION AND COMMUNITY HEALTH
STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED MARCH 31, 2011

	2011 $	2010 $
REVENUE		
Grants (Note 7)	297,345	324,601
Donations	21,081	32,082
Interest	979	1,071
Other revenue	46,160	39,013
	365,565	396,767
EXPENSES		
Insurance	2,570	4,697
Office and general	18,480	10,210
Professional fees – consulting	8,088	28,527
Professional fees – audit	4,000	3,639
Program expenses	32,704	31,825
Rent	19,541	18,790
Telephone and internet	3,287	2,976
Wages and benefits	280,618	270,882
	369,288	371,546
EXCESS (EXPENSES OVER REVENUES) REVENUES OVER EXPENSES FOR THE YEAR	(3,723)	25,221
NET ASSETS, BEGINNING OF YEAR	170,724	145,503
NET ASSETS, END OF YEAR	167,001	170,724

PEACH: PROMOTING EDUCATION AND COMMUNITY HEALTH

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2011

	2011 $	2010 $
CASH (USED) PROVIDED BY OPERATING ACTIVITIES		
Excess (Expenses over Revenues)		
Revenues over Expenses for the year	(3,723)	25,221
Item not requiring immediate use of cash:		
Amortization of deferred revenue	(206,600)	(112,571)
	(210,323)	(87,350)
CHANGES IN NON-CASH BALANCES FROM OPERATIONS		
Short term investments	(979)	(61,167)
Accounts receivable	(32,026)	38,998
Prepaid expenses	(514)	2,091
Accounts payable and accrued liabilities	10,425	(11,076)
	(23,094)	(31,154)
FINANCING ACTIVITIES		
Deferred revenue	93,069	206,600
Receivable from trust funds	-	(2,326)
CASH FLOWS PROVIDED BY FINANCING ACTIVITIES	93,069	204,274
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(140,348)	85,770
NET BANK AND CASH EQUIVALENTS, BEGINNING OF YEAR	205,398	119,628
NET BANK AND CASH EQUIVALENTS, END OF YEAR	65,050	205,398

Net Bank and cash equivalents at year end are comprised as follows:

Bank and cash equivalents	67,376	207,724
Bank indebtedness – trust funds	(2,326)	(2,326)
	65,050	205,398

The accompanying notes are an integral part of these financial statements.

PEACH: PROMOTING EDUCATION AND COMMUNITY HEALTH

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2011

1. Purpose and Organization

PEACH: Promoting Education and Community Health is a not-for-profit organization incorporated in the Province of Ontario without share capital. The organization operates in Metropolitan Toronto to provide education and information to the public, and to provide a range of support services to the residents of the community.

Effective October 21, 2009, the organization changed its name from PEACH: Promoting Economic Action and Community Health to PEACH: Promoting Education and Community Health.

2. Summary of Significant Accounting Policies

Basis of Accounting

These financial statements were prepared using the accrual basis of accounting. The accrual basis recognizes revenues as they are earned and measurable; expenses are recognized as they are incurred and measurable as a result of receipts of goods and services and the creation of legal obligation to pay.

Cash

Bank and equivalents include cash on hand, current bank deposits and investment deposits with a maturity of 90 days or less.

Marketable Securities

Investments with a maturity date of 90 days or less from the date of issue are included in the bank and cash equivalents balance at year end. Investments represent guaranteed investment certificates held at year end in accordance with the organization's policy as stated below.

It is the policy of management to immediately dispose of any equity investment donated to the Organization. Funds generated by investment dispositions and surplus funds are invested in conservative investment vehicles approved by the organization's investment committee or the Board of Directors.

Investment in marketable securities are stated at their fair realizable values.

Investment Income

Interest is recognized as earned. Capital gains and losses are recognized on the settlement date of the transaction, or, for unrealized gains and losses, periodically at year end by an adjustment to fair value which is included in the determination of net income.

PEACH: PROMOTING EDUCATION AND COMMUNITY HEALTH

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2011

2. Summary of Significant Accounting Policies – Cont'd

Capital Assets

The cost of property and equipment acquired is charged to operations.

Revenue Recognition

The organization 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 are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Government Assistance

Government assistance related to current expenditures is reflected in the accounts as a revenue item in the current year. Assistance related to the purchase of capital assets is brought into revenue in the year of the capital expenditure.

Contributed Services

The work of the organization is heavily dependent on the voluntary service of its members. Since these services are not normally purchased by the organization, and because of the difficulty of determining their fair value, the value of donated volunteer services is not recognized in these statements.

Donation of Material and Services

The donation of materials and services which are not normally purchased by the organization are not recorded in the accounts.

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 amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

During the year, management exercised its judgment in the estimation of the prepaid insurance costs, certain liability accruals and the allocation of expenditures amongst the various programs and administrative operations.

PEACH: PROMOTING EDUCATION AND COMMUNITY HEALTH
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2011

2. Summary of Significant Accounting Policies – Cont'd

Financial Assets and Financial Liabilities

Generally accepted accounting principles require the disclosure of fair values of financial instruments. Fair value is the amount at which the instrument could be exchanged in a current, arms length transaction. Generally accepted accounting principles also require the classification of financial instruments.

Held-to-Maturity Financial Assets – Held-to-Maturity financial assets and liabilities are non-derivative financial assets and liabilities with fixed or determinable payments and fixed maturity that an entity has the positive intention and ability to hold to maturity. They are measured at amortized cost using the effective interest rate method less any impairment loss. A gain or loss is recognized in the net income when the financial asset or financial liability is derecognized or impaired, and through the amortization process. Financial instruments held in short term investments are held to maturity to fund the operations of the organizational program expenditures.

The receivables are classified as "loans and receivables" and accounts payable and accrued liabilities are classified as "other liabilities". Unless otherwise noted, it is management's opinion, that the fair values of these financial instruments approximate their historic carrying values due to the short term nature of these items. Gains and losses are reflected in net income for the period in which they arise.

Unless otherwise noted it is management's opinion that the organization is not exposed to significant interest, currency or credit risks arising from the financial instruments held.

Capital Disclosures

Effective April 1, 2009, the organization adopted the new recommendations of the CICA Handbook, Section 1535, Capital Disclosures ("CICA 1535"). CICA 1535 requires that an entity disclose information that enables users of its financial statements to evaluate an entity's objectives, policies and process for managing capital, including disclosures of any externally imposed capital requirements and the consequences for non-compliance. These new disclosures are included in Note 10 to these financial statements.

PEACH: PROMOTING EDUCATION AND COMMUNITY HEALTH

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2011

2. Summary of Significant Accounting Policies – Cont'd

Income Taxes

The corporation is a charitable organization pursuant to Section 149.1 (1) of the Income Tax Act (Canada) and is, accordingly, exempt from tax.

3. Investments

Investments are recorded at estimated fair value and consist of:

	2011 $	2010 $
Guaranteed Investment Certificates	104,802	103,823

Guaranteed Investment Certificates held by the Organization mature within 30 days of the current year end. Until such time as the funds are required, management rolls over these investments for short terms to ensure the necessary liquidity to fund the Organization's programs. Interest earned on the investments currently held ranges from .2% to .75% per annum.

4. Trust Accounts

The following funds were held in trust for non-related party programs:

	2011 $	2010 $
Friends in Trouble in Trust	1	1
Project Gateway in Trust	208	208
Community Animation in Trust	372	372
	581	581

The following funds are receivable from the trust fund noted for expenditures paid in advance of reimbursement and are accordingly receivable as at year end:

	2011 $	2010 $
Jane Finch Ministry	2,326	2,326

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NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2011

5. Deferred Contributions

Deferred operating contributions are comprised of:

	2011 $	2010 $
Ministry of Community Safety and Correctional Services (Breaking Bread)	16,607	-
Ontario Trillium Foundation	-	25,766
United Way of Greater Toronto (Youth Challenge Fund)	48,458	90,585
Royal Bank of Canada	-	29,023
Studio Program	-	14,861
City of Toronto (CSP)	-	20,062
York University (Research Grant)	13,400	13,400
Toronto District School Board (Youth Advocate)	12,903	12,903
Toronto District School Board (SAS)	1,701	-
	93,069	206,600

6. Management Reserve

Management has designated unrestricted donation revenue and administrative fee revenue towards funding future program operations in the amount of $66,937.

7. Grants

	2011 $	2010 $
Federal		
Human Resources and Skills Development Canada	8,535	10,380
Provincial		
The Ontario Trillium Foundation (Operations)	48,266	73,737
Children and Youth Services (YOW)	53,579	61,325
Youth Challenge Fund (Operations)	79,626	120,104
Ministry of Community Safety and Correctional Services	3,193	5,139
Ministry of Community and Social Services (COMSOC) – Studio Program	14,861	-
Municipal		
Toronto District School Board (SAS/YCF)	12,300	-
City of Toronto – Wraparound	47,962	-
City of Toronto (CSP)	-	42,939
Private		
Royal Bank of Canada	29,023	10,977
	297,345	324,601

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NOTES TO THE FINANCIAL STATEMENTS
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8. Commitments and Contingencies

The organization has entered into a rental lease agreement effective May 29, 2007 pertaining to its office location for a 5 year period. The lease provides for an all inclusive base rent of $1,545 per month ($18,540 annually) in its first year with a 3% escalation in each of the next 4 years. In addition, the lease provides for a single 5 year renewal option.

9. Financial Instruments

Financial instruments held by the organization as at the year end include, cash, receivables, short term investments, deferred contributions and accounts payable.

Short term investments in the form of guaranteed investment certificates, approximate their fair value due to their short term maturity.

The fair value of cash, accounts receivable, deferred revenue, and accounts payable approximates their historic carrying value due to the short term maturities of these instruments.

It is management's opinion that these financial instruments are not exposed to significant interest, currency or credit risks.

10. Capital Disclosures

The Board of Directors monitors the investment holdings of the organization with the intent to minimize risk while providing an appropriate rate of return for the level of risk undertaken. Investments are held in a liquid state to generate the necessary operating funds required on an annual basis to fund the organization's ongoing programs.

11. Allocated Expenses

The organization allocates all expenditures and salaries to the various programs carried out during the fiscal year based on set percentages. These percentages have been established by management based on their estimate of the resources used and staff time consumed by any particular program during the year. Program percentage allocations are reviewed annually and adjusted in accordance with any change to the program's use of the organization's resources.

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12. Risk

Credit Risk

Credit risk is the risk that a counterpart to a financial instrument will fail to discharge an obligation of commitment that it has entered into with the Organization.

The organization currently invests in debt instruments in the form of Guaranteed Investment Certificates and holds receivables in the form of government and agency grants and is therefore exposed to credit risk.

With regard to these investments, any determination of the fair value of these debt instruments would include consideration as to the debt worthiness of the issuer of the instrument, and accordingly, represents the maximum credit risk exposure of the Organization. As all investments are currently with established financial institutions, management does not feel that there is a high risk exposure of default on any of the investments held.

With regard to grants receivable, all amounts are receivable from government sources or agencies that are supported by government funding. Accordingly, management does not believe that there is a high degree of credit risk associated with these receivables as at the year end date.

Interest Rate Risk

Interest rate risk arises from the possibility that changes in interest rates will affect the future cash flows or the fair value of financial instruments.

Interest rate risk arises when the Organization invests in interest-bearing financial instruments. The organization is exposed to the risk that the value of such financial instruments will fluctuate due to the prevailing levels of market interest rates.

As at March 31, 2011, the Organization held interest bearing investments in the form Guaranteed Investment Certificates and accordingly is subject to the risk associated with interest rate changes. While the risk of future cash flows from the investments will accordingly increase or decrease with the changes to the market rate of interest on similar investments, the bulk of these investments are due on demand or are held for only a short period which does not preclude management from cashing in the investments and reinvesting at a more favourable rate, therefore minimizing the exposure to interest rate risk on these investment vehicles.