PEACH: PROMOTING EDUCATION AND COMMUNITY HEALTH

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

MARCH 31, 2012

PEACH: PROMOTING EDUCATION AND COMMUNITY HEALTH

MARCH 31, 2012

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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, 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 for not-for-profit organizations, 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 for not-for-profit organizations. 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.

Qualified 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, 2012 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles for not-for-profit organizations.

CHARTERED ACCOUNTANT

LICENSED PUBLIC ACCOUNTANT

TORONTO, ONTARIO

JUNE 20, 2012

PEACH: PROMOTING EDUCATION AND COMMUNITY HEALTH

STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2012

	March 31 2012 $	March 31 2011 $	April 1 2010 $
ASSETS			
CURRENT			
Bank and cash equivalents (Note 3)	280,820	172,178	311,547
Funds held in trust (Note 4)	581	581	581
Receivable from trust fund (Note 4)	3,694	2,326	2,326
Accounts and sundry receivable	2,515	98,677	68,178
Government excise tax refundable	3,755	2,560	1,033
Prepaid expenses	6,581	2,657	2,143
	297,946	278,979	385,808
LIABILITIES			
CURRENT			
Bank indebtedness – trust fund	3,694	2,326	2,326
Amounts held in trust (Note 4)	581	581	581
Accounts payable and accrued liabilities	11,113	10,195	5,577
Government remittances payable	3,798	5,807	-
	19,186	18,909	8,484
DEFERRED CONTRIBUTIONS (Note 5)			
Deferred contributions pertaining to operations	132,412	93,069	206,600
	151,598	111,978	215,084
NET ASSETS			
Management reserve (Note 6)	66,937	66,937	66,937
Unrestricted net assets	79,411	100,064	103,787
	146,348	167,001	170,724
	297,946	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, 2012

	2012 $	2011 $
REVENUE		
Grants (Note 7)	366,406	297,345
Donations	19,457	21,081
Interest	462	979
Other revenue	41,345	46,160
	427,670	365,565
EXPENSES		
Insurance	3,340	2,570
Office and general	21,210	18,480
Professional fees – consulting	13,526	8,088
Professional fees – audit	4,793	4,000
Program expenses	59,532	32,704
Rent	20,213	19,541
Telephone and internet	2,968	3,287
Wages and benefits	322,741	280,618
	448,323	369,288
EXCESS EXPENSES OVER REVENUES FOR THE YEAR	(20,653)	(3,723)
NET ASSETS, BEGINNING OF YEAR	167,001	170,724
NET ASSETS, END OF YEAR	146,348	167,001

PEACH: PROMOTING EDUCATION AND COMMUNITY HEALTH

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2012

	2012 $	2011 $
CASH (USED) PROVIDED BY OPERATING ACTIVITIES		
Excess expenses over revenues for the year	(20,653)	(3,723)
Item not requiring immediate use of cash:		
Amortization of deferred revenue	(93,069)	(206,600)
	(113,722)	(210,323)
CHANGES IN NON-CASH BALANCES FROM OPERATIONS		
Accounts receivable	94,967	(32,026)
Prepaid expenses	(3,924)	(514)
Accounts payable and accrued liabilities	(1,091)	10,425
	89,952	(22,115)
FINANCING ACTIVITIES		
Deferred revenue	132,412	93,069
Receivable from trust funds	(1,368)	-
CASH FLOWS PROVIDED BY FINANCING ACTIVITIES	131,044	93,069
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	107,274	(139,369)
NET BANK AND CASH EQUIVALENTS, BEGINNING OF YEAR	169,852	308,738
NET BANK AND CASH EQUIVALENTS, END OF YEAR	277,126	169,369

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

	2012 $	2011 $
Bank and cash equivalents (Note 3)	280,820	172,178
Bank indebtedness – trust funds	(3,694)	(2,326)
	277,126	169,852

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

PEACH: PROMOTING EDUCATION AND COMMUNITY HEALTH
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2012

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.

Operations and Changes to Accounting Framework

Prior to March 31, 2012, the Organization prepared its financial statements in accordance with the Canadian Institute of Chartered Accountant's (CICA) Handbook, Part V, Canadian generally accepted accounting principles. Effective March 31, 2012, the organization converted its financial statement presentation to conform with the CICA Handbook, Part III, Canadian generally accepted accounting principles for not-for-profit organizations (ASNPO). This change in accounting policy has been retroactively applied with an effective date of transition of April 1, 2010; accordingly, certain comparative figures have been restated to conform to the new presentation format.

Acceptance of the ASNPO reporting framework did not result in any changes to opening surplus position for either comparative reporting period or the revaluation of any financial instruments, asset or liability previously disclosed.

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 from the year end date.

PEACH: PROMOTING EDUCATION AND COMMUNITY HEALTH

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2012

2. Summary of Significant Accounting Policies – Cont'd

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.

Capital Assets

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

Revenue Recognition

General - 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.

Restricted Contributions – Grants, donations and other amounts received for programs specified by the contributor are recognized as revenue of the specified program. Under this method, contributions and other specified amounts are recognized as revenue in the related program when expended on the program specified. Amounts received in the year for expenses to be incurred in the following fiscal year are recorded as deferred revenue.

Unrestricted Contributions – The Organization follows the following policies for recognition of its unrestricted revenues;

- **Fees and other non-fundraising incomes are recorded when services are performed;**
- **Fundraising and donation revenue is recognized when the funds are received;**

PEACH: PROMOTING EDUCATION AND COMMUNITY HEALTH

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2012

2. Summary of Significant Accounting Policies – Cont'd

Government Assistance

Government assistance related to current expenditures is reflected in the accounts as a revenue item in the current year. Assistance related to program expenditures of a future period are deferred and brought into income in the year of the funded expense. 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.

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.

PEACH: PROMOTING EDUCATION AND COMMUNITY HEALTH

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2012

2. <u>Summary of Significant Accounting Policies</u> – Cont'd

<u>Donation of Material and Services</u>

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

<u>Estimates</u>

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.

<u>Financial Statement Presentation by Not-for-profit Organizations</u>

The Organization has adopted the CICA Handbook Section 4400 Financial Statement Presentation by Not-for-profit Organizations. Amendments to the section included removal of the requirement to treat net assets invested in capital assets as a separate component of net assets, and, instead, permitting such as an amount to be presented as a category of internally restricted net assets.

<u>Recent Accounting Pronouncements</u>

In October 2010, the Accounting Standards Board ("AcSB") approved the accounting standards for private sector not-for-profit organizations ("NFPOs") to be included in Part III of the CICA Handbook-Accounting ("Handbook"). Part III comprises of:

- **The existing "4400 series" of standards dealing with the unique circumstances of NFPOs, currently in Part V of the Handbook; and,**
- **The new accounting standards for private enterprises in Part II of the Handbook, to the extent that they would apply to NFPOs.**

Effective for fiscal years beginning on or after January 1, 2012, private sector NFPOs will have the option to adopt either Part III of the Handbook or International Financial Reporting Standards ("IFRS"). Earlier adoption is permitted. The Organization has adopted Part III of the Handbook as its new financial reporting standards framework. In addition, the Organization has determined that there was no impact on its financial statements as a result of the adoption of Part III of the Handbook.

PEACH: PROMOTING EDUCATION AND COMMUNITY HEALTH

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2012

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 held by the organization are recorded at estimated fair value and consist of:

	March 31 2012 $	March 31 2011 $	April 1 2010 $
Guaranteed Investment Certificates	105,264	104,802	103,823

Guaranteed Investment Certificates held by the Organization mature within 90 days of the current year end and are therefore classified as cash equivalents in accordance with policy as stated above. 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:

	March 31 2012 $	March 31 2011 $	April 1 2010 $
Friends in Trouble in Trust	1	1	1
Project Gateway in Trust	208	208	208
Community Animation in Trust	372	372	372
	581	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:

	March 31 2012 $	March 31 2011 $	April 1 2010 $
Jane Finch Ministry	3,694	2,326	2,326

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5. Deferred Contributions

Deferred operating contributions are comprised of:

	2012 $	2011 $
Ministry of Community Safety and Correctional Services (Breaking Bread)	-	16,607
United Way of Greater Toronto (Youth Challenge Fund)	-	48,458
State Street Foundation	13,186	-
Studio Program	5,833	-
York University (Research Grant)	13,400	13,400
Rogers Communications Inc. (SAS)	61,725	-
Toronto Community Foundation (Social Impact – Vital Signs)	13,000	-
Social Enterprise Development Innovations (SEDI Program)	12,365	-
Toronto District School Board (Youth Advocate)	12,903	12,903
Toronto District School Board (SAS)	-	1,701
	132,412	93,069

6. Management Reserve

Management has designated unrestricted donation revenue and administrative fee revenue towards funding future program operations in the amount of $66,937 ($66,937 in 2011).

7. Grants

	2012 $	2011 $
Federal		
Human Resources and Skills Development Canada	-	8,535
Provincial		
The Ontario Trillium Foundation (Operations)	-	48,266
Children and Youth Services (YOW)	39,981	53,579
Youth Challenge Fund (SAS/YCF)	-	79,626
Ministry of Community Safety and Correctional Services (Breaking Bread)	18,297	3,193
Municipal		
Toronto District School Board (SAS/YCF)	-	12,300
City of Toronto – (Wraparound - CSP)	45,900	47,962
City of Toronto (Studio Program)	4,167	14,861
Toronto Community Foundation (Social Impact – Vital Signs)	17,000	-
Toronto Community Foundation (Studio Program)	5,000	-
Private		
Royal Bank of Canada	30,000	29,023
Rogers Communications Inc. (SAS)	180,833	-
Telus (Studio Program)	10,000	-
State Street Foundation	6,593	-
Social Enterprise Development Innovations (SEDI Program)	8,635	-

366,406	297,345

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8. Commitments and Contingencies

The organization has entered into a rental lease agreement effective May 1, 2012 pertaining to its office location for a 2 year period. The lease provides for a base rent of $14,980 in its first year and $16,050 in the second year. In addition, the lease requires a pro-rata share of common area expenditures.

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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NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2012

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, 2012, 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.