

**PEACH: PROMOTING EDUCATION
AND COMMUNITY HEALTH
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
MARCH 31, 2015**

PEACH: PROMOTING EDUCATION AND COMMUNITY HEALTH

MARCH 31, 2015

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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, 2015 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 accounting standards 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 audit opinion.

Opinion

In my opinion, these financial statements present fairly, in all material respects, the financial position of PEACH: Promoting Education and Community Health as at March 31, 2015 and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

CHARTERED ACCOUNTANT

LICENSED PUBLIC ACCOUNTANT

TORONTO, ONTARIO

AUGUST , 2015

PEACH: PROMOTING EDUCATION AND COMMUNITY HEALTH
STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2015

	<u>2015</u>	<u>2014</u>
	\$	\$
<u>ASSETS</u>		
CURRENT		
Bank and cash equivalents (Note 3)	304,703	258,515
Funds held in trust (Note 4)	-	581
Accounts and sundry receivable	-	1,447
Grant receivable	142,540	43,049
Government excise tax refundable	11,492	32,928
Prepaid expenses	<u>5,860</u>	<u>4,907</u>
	464,595	341,427
CAPITAL ASSETS (Note 5)	<u>114,507</u>	<u>131,609</u>
	<u>579,102</u>	<u>473,036</u>
<u>LIABILITIES</u>		
CURRENT		
Amounts held in trust (Note 4)	-	581
Accounts payable and accrued liabilities	22,526	17,591
Government remittances payable	<u>9,706</u>	<u>19,353</u>
	<u>32,232</u>	<u>37,525</u>
DEFERRED REVENUE (Note 6)		
Deferred contributions pertaining to capital	76,788	124,512
Deferred contributions pertaining to operations	<u>330,160</u>	<u>203,829</u>
	<u>406,948</u>	<u>328,341</u>
<u>NET ASSETS</u>		
Management reserve (Note 7)	66,937	66,937
Unrestricted net assets	<u>72,985</u>	<u>40,233</u>
	<u>139,922</u>	<u>107,170</u>
	<u>579,102</u>	<u>473,036</u>

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, 2015

	<u>2015</u>	<u>2014</u>
	\$	\$
REVENUE		
Grants (Note 8)	576,942	447,170
Donations	12,452	4,268
Interest	519	1,420
Other revenue	<u>9,426</u>	<u>9,667</u>
	<u>599,339</u>	<u>462,525</u>
EXPENSES		
Amortization	36,158	32,902
Insurance	3,860	4,699
Office and general	35,077	33,188
Professional fees – audit	8,633	6,886
Program expenses	49,359	37,050
Rent	52,013	64,322
Telephone and internet	4,394	4,533
Wages and benefits	<u>377,093</u>	<u>328,191</u>
	<u>566,587</u>	<u>511,771</u>
EXCESS REVENUES OVER EXPENSES (EXPENSES OVER REVENUES) FOR THE YEAR	32,752	(49,246)
NET ASSETS, BEGINNING OF YEAR	<u>107,170</u>	<u>156,416</u>
NET ASSETS, END OF YEAR	<u>139,922</u>	<u>107,170</u>

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

PEACH: PROMOTING EDUCATION AND COMMUNITY HEALTH

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2015

	<u>2015</u>	<u>2014</u>
	\$	\$
CASH (USED) PROVIDED BY OPERATING ACTIVITIES		
Excess revenues over expenses (expenses over revenues) for the year	32,752	(49,246)
Items not requiring immediate use of cash:		
Amortization of deferred revenue received in prior years	(187,033)	(137,594)
Amortization of capital assets	<u>36,158</u>	<u>32,902</u>
	(118,123)	(153,938)
CHANGES IN NON-CASH BALANCES FROM OPERATIONS		
Accounts receivable	(76,608)	(20,043)
Prepaid expenses	(953)	5,378
Accounts payable and accrued liabilities	<u>(4,712)</u>	<u>13,311</u>
NET CASH USED BY OPERATING ACTIVITIES	<u>(200,396)</u>	<u>(155,292)</u>
FINANCING ACTIVITIES		
Deferred revenue	<u>265,640</u>	<u>262,177</u>
NET CASH PROVIDED BY FINANCING ACTIVITIES	<u>265,640</u>	<u>262,177</u>
INVESTMENT ACTIVITIES		
Investment in capital assets	<u>(19,056)</u>	<u>(123,688)</u>
NET CASH USED BY INVESTING ACTIVITIES	<u>(19,056)</u>	<u>(123,688)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	46,188	(16,803)
BANK AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>258,515</u>	<u>275,318</u>
BANK AND CASH EQUIVALENTS, END OF YEAR	<u>304,703</u>	<u>258,515</u>

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

PEACH: PROMOTING EDUCATION AND COMMUNITY HEALTH
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2015

1. Organization

Operations

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.

Accounting Framework

The Organization prepares its financial statements in accordance with the Chartered Professional Accountants of Canada (CPA, Canada) (formerly the Institute of Chartered Accountants (CICA)) Handbook, Part III, Canadian accounting standards for not-for-profit organizations (ASNPO).

2. Summary of Significant Accounting Policies

The accounting policies of the organization are in accordance with Canadian accounting standards for not-for-profit organizations applied on a basis consistent with that of the preceding year. Outlined below are those policies considered particularly significant.

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.

Bank and Cash Equivalents

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

Short Term Investments

Investments in short term marketable securities include term deposits and similar investment vehicles with maturities of greater than 90 days from the year end date but under one year to maturity. Due to the short period held and that maturity is reached in under 365 days, management has estimated that the fair value of these financial instruments approximate their stated value plus accrued interest to the year end date.

PEACH: PROMOTING EDUCATION AND COMMUNITY HEALTH
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2015

2. Summary of Significant Accounting Policies – Continued

Long Term Investments

Investments in marketable securities such as term deposits and similar investment vehicles with maturities in excess of one year from the year end date are classified as long term investments. 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 is stated at their fair realizable values.

Capital Assets

Capital assets are stated at cost and are amortized over their estimated useful lives as follows:

Computer equipment	- 5 years straight line
Leasehold improvements	- over the remaining life of the lease plus one renewal

Impairment of Capital Assets

Long-term assets of the Organization are comprised of its capital assets. The Organization recognizes an impairment loss for a long-term asset when events or changes in circumstances cause its carrying value to exceed the total undiscounted cash flows expected from its use and eventual disposition. An impairment loss is measured as the excess of the carrying value of the asset over its fair value. The Organization has not recorded any impairment charge for the current or prior fiscal years.

Revenue Recognition

Unrestricted Contributions – 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. 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;
- Investment Income
 - Interest income 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;
- Government Assistance related to current expenditures is reflected in the accounts as a revenue item in the current year;

PEACH: PROMOTING EDUCATION AND COMMUNITY HEALTH
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2015

2. Summary of Significant Accounting Policies – Continued

Revenue Recognition - Continued

Restricted Contributions – Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. The Organization follows the following policies for recognition of its restricted revenues;

- 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.
- Funding related to the purchase of capital assets is deferred and recognized as revenue in the same period that the related capital assets are charged to operations.
- Government Assistance
 - 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 on the same basis as the related capital asset's amortization to expense.

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. In addition, 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.

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, the allocation of expenditures amongst the various programs and administrative operations, and the amortization period over which the capital assets are depreciated to the expense accounts.

PEACH: PROMOTING EDUCATION AND COMMUNITY HEALTH
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2015

2. Summary of Significant Accounting Policies – Continued

Financial Assets and Financial Liabilities

(i) Measurement of financial instruments

The Organization initially measures its financial assets and financial liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument.

The Organization subsequently measures all its financial assets and financial liabilities at amortized cost. Changes in fair value are recognized in the statements of operations in the period incurred. Financial assets measured at amortized cost include cash, amounts receivable and fixed income investments. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

(ii) Impairment

At the end of each reporting period, the Organization assesses whether there are any indications that a financial asset measured at amortized cost may be impaired. Objective evidence of impairment includes observable data that comes to the attention of the Organization, including but not limited to the following events: significant financial difficulty of the issuer, a breach of contract, bankruptcy or other financial indicators indicating distress relating to the item valued.

When there is an indication of impairment, the Organization determines whether a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial asset.

When the Organization identifies a significant adverse change in the expected timing or amount of future cash flows from a financial asset, it reduces the carrying amount of the asset to the highest of the following:

- a) the present value of the cash flows expected to be generated by holding the asset discounted using a current market rate of interest appropriate to the asset;
- b) the amount that could be realized by selling the asset at the statement of financial position date; and
- c) the amount the Organization expects to realize by exercising its rights to any collection action less the costs necessary to exercise those actions.

PEACH: PROMOTING EDUCATION AND COMMUNITY HEALTH
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2015

2. Summary of Significant Accounting Policies – Continued

Financial Assets and Financial Liabilities - Continued

(ii) Impairment - Continued

When the Organization determines an adjustment to the carrying value is required, the carrying amount of the asset is reduced directly or through the use of an allowance account. The amount of the reduction is recognized as an impairment loss in the statements of operations. When the extent of impairment of a previously written-down asset decreases and the decrease can be related to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed to the extent of the improvement, directly or by adjusting the allowance account. The amount of the reversal is recognized in the statements of operations in the period the reversal occurs.

3. Investments

Included in bank and cash equivalents are investments held by the organization that are recorded at their estimated fair value and consist of:

	<u>2015</u>	<u>2014</u>
	\$	\$
Guaranteed Investment Certificates	<u>108,940</u>	<u>107,474</u>

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 in Note 2 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 of .8% per annum is earned on the investments currently held.

4. Trust Accounts

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

	<u>2015</u>	<u>2014</u>
	\$	\$
Friends in Trouble in Trust	-	1
Project Gateway in Trust	-	208
Community Animation in Trust	<u>-</u>	<u>372</u>
	<u>-</u>	<u>581</u>

PEACH: PROMOTING EDUCATION AND COMMUNITY HEALTH

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2015

5. Capital Assets

	2015			2014
	Cost	Accumulated Depreciation	Net Book Value	Net Book Value
	\$	\$	\$	\$
Equipment and furnishings	20,799	5,968	14,831	9,454
Computer equipment	36,575	13,294	23,281	23,917
Leasehold improvements	<u>126,193</u>	<u>49,798</u>	<u>76,395</u>	<u>98,238</u>
	<u>183,567</u>	<u>69,060</u>	<u>114,507</u>	<u>131,609</u>

6. Deferred Contributions

	<u>2015</u>	<u>2014</u>
	\$	\$
Deferred operating contributions are comprised of:		
Frontier College	32,000	18,000
Province of Ontario – Minister of Economic Development, Trade and Employment (Studio Program)	31,510	-
Province of Ontario – Ministry of Community Safety and Correctional Services (SVC Program)	3,873	-
Rogers Communications Inc. (SAS)	207,691	139,638
Royal Bank of Canada (Wraparound – CSP)	4,460	-
State Street (Innovation Hub)	18,830	-
Telus (Studio Program)	-	9,685
Toronto Community Foundation (Social Impact – Vital Signs)	1,796	7,203
Toronto District School Board (Youth Advocate)	12,903	12,903
Toronto District School Board (SAS)	3,000	3,000
York University (Innovation Hub)	697	-
York University (Research Grant)	<u>13,400</u>	<u>13,400</u>
	<u>330,160</u>	<u>203,829</u>

Deferred capital contributions are comprised of:

	<u>2015</u>	<u>2014</u>
	\$	\$
Ontario Trillium Foundation – Renovations and equipment funding	<u>76,788</u>	<u>124,512</u>

7. 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 2013).

PEACH: PROMOTING EDUCATION AND COMMUNITY HEALTH

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2015

8. Grants

	<u>2015</u>	<u>2014</u>
	\$	\$
Provincial		
Government of Ontario (Studio)	52,417	-
Government of Ontario (SVC)	31,040	-
Ontario Trillium Foundation – Relocation and program support	106,224	33,293
Children and Youth Services (YOW)	57,168	62,733
Ontario Works	46,549	13,674
Municipal		
City of Toronto – (Wraparound - CSP)	57,705	66,085
Toronto Catholic District School Board (SAS/YCF)	10,000	10,000
Toronto District School Board (SAS/YCF)	30,000	30,000
Toronto District School Board (Youth Advocate)	7,023	-
Private		
Frontier College	6,000	12,000
Toronto Community Foundation (Social Impact – Vital Signs)	5,406	-
Toronto Community Foundation (SAS/YCF)	4,336	4,112
Royal Bank of Canada (Wraparound – CSP)	15,540	20,000
Rogers Communications Inc. (SAS)	13,947	161,291
Telus (Studio Program)	9,684	10,316
State Street Foundation	-	13,166
Social Enterprise Development Innovations (SEDI Program)	-	10,500
York University (Innovation Hub)	<u>5,903</u>	<u>-</u>
	<u>576,942</u>	<u>447,170</u>

9. Commitments and Contingencies

The Organization had entered into a rental lease agreement effective May 1, 2012 pertaining to its office location for a 2 year period. In 2014, the lease was extended to April 30, 2017. In addition, the base lease requires a pro-rata share of common area expenditures. Minimum lease payments during the remaining period of the lease extension are as follows:

2016	\$ 17,030
2017	17,120
2018	<u>1,437</u>
	<u>\$ 35,577</u>

PEACH: PROMOTING EDUCATION AND COMMUNITY HEALTH
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2015

10. 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.

11. Risk

Liquidity Risk

Liquidity risk is the risk that the Organization will encounter difficulty in meeting its obligations associated with its financial liabilities. The Organization expects to meet these obligations as they come due by generating sufficient cash flows from operations, grants and fundraising.

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.

PEACH: PROMOTING EDUCATION AND COMMUNITY HEALTH
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2015

11. Risk - Continued

Interest Rate Risk - Continued

As at March 31, 2015, 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.

Other Risks

It is management's opinion that the Organization is not exposed to significant currency or market risks arising from the financial instruments held.

12. 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.