# PEACH: PROMOTING EDUCATION AND COMMUNITY HEALTH

# FINANCIAL STATEMENTS

# FOR THE YEAR ENDED MARCH 31, 2013

**PEACH: PROMOTING EDUCATION AND COMMUNITY HEALTH**

**MARCH 31, 2013**

## CONTENTS


| | Page |
|---|---|
| **INDEPENDENT AUDITOR'S REPORT** | **1 - 2** |
| **FINANCIAL STATEMENTS** | |
| Statement of Financial Position | 3 |
| Statement of Operations and Changes in Net Assets | 4 |
| Statement of Cash Flows | 5 |
| Notes to the Financial Statements | 6 - 14 |

# 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, 2013 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, 2013 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 , 2013**

# PEACH: PROMOTING EDUCATION AND COMMUNITY HEALTH

## STATEMENT OF FINANCIAL POSITION

## AS AT MARCH 31, 2013

| | 2013<br>$ | 2012<br>$ |
|---|---|---|
| **ASSETS** | | |
| **CURRENT** | | |
| Bank and cash equivalents (Note 3) | 275,318 | 280,820 |
| Funds held in trust (Note 4) | 581 | 581 |
| Receivable from trust fund (Note 4) | - | 3,694 |
| Accounts and sundry receivable | 947 | 2,515 |
| Grant receivable | 40,823 | - |
| Government excise tax refundable | 15,611 | 3,755 |
| Prepaid expenses | 10,285 | 6,581 |
| | 343,565 | 297,946 |
| CAPITAL ASSETS (Note 5) | 40,823 | - |
| | 384,388 | 297,946 |
| **LIABILITIES** | | |
| **CURRENT** | | |
| Bank indebtedness – trust fund | - | 3,694 |
| Amounts held in trust (Note 4) | 581 | 581 |
| Accounts payable and accrued liabilities | 17,380 | 11,113 |
| Government remittances payable | 6,253 | 3,798 |
| | 24,214 | 19,186 |
| **DEFERRED REVENUE (Note 6)** | | |
| Deferred contributions pertaining to capital | 42,823 | - |
| Deferred contributions pertaining to operations | 160,935 | 132,412 |
| | 203,758 | 132,412 |
| **NET ASSETS** | | |
| Management reserve (Note 7) | 66,937 | 66,937 |
| Unrestricted net assets | 89,479 | 79,411 |
| | 156,416 | 146,348 |
| | 384,388 | 297,946 |

**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, 2013

| | 2013<br>$ | 2012<br>$ |
|---|---|---|
| **REVENUE** | | |
| Grants (Note 8) | 442,374 | 366,406 |
| Donations | 1,491 | 19,457 |
| Interest | 789 | 462 |
| Other revenue | 40,738 | 41,345 |
| | 485,392 | 427,670 |
| **EXPENSES** | | |
| Insurance | 4,032 | 3,340 |
| Office and general | 25,113 | 21,210 |
| Professional fees – consulting | 1,463 | 13,526 |
| Professional fees – audit | 8,743 | 4,793 |
| Program expenses | 48,192 | 59,532 |
| Rent | 53,844 | 20,213 |
| Telephone and internet | 2,799 | 2,968 |
| Wages and benefits | 331,138 | 322,741 |
| | 475,324 | 448,323 |
| **EXCESS REVENUES OVER EXPENSES (EXPENSES OVER REVENUES) FOR THE YEAR** | 10,068 | (20,653) |
| **NET ASSETS, BEGINNING OF YEAR** | 146,348 | 167,001 |
| **NET ASSETS, END OF YEAR** | 156,416 | 146,348 |

**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, 2013

| | 2013<br>$ | 2012<br>$ |
|---|---|---|
| **CASH (USED) PROVIDED BY OPERATING ACTIVITIES** | | |
| Excess expenses over revenues for the year | 10,068 | (20,653) |
| Item not requiring immediate use of cash: | | |
| Amortization of deferred revenue | (106,108) | (93,069) |
| | (96,040) | (113,722) |
| **CHANGES IN NON-CASH BALANCES FROM OPERATIONS** | | |
| Accounts receivable | (51,111) | 94,967 |
| Prepaid expenses | (3,704) | (3,924) |
| Accounts payable and accrued liabilities | 8,722 | (1,091) |
| **CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES** | (142,133) | 89,952 |
| **FINANCING ACTIVITIES** | | |
| Deferred revenue | 177,454 | 132,412 |
| Receivable from trust funds | 3,694 | (1,368) |
| **CASH FLOWS PROVIDED BY FINANCING ACTIVITIES** | 181,148 | 131,044 |
| **INVESTMENT ACTIVITIES** | | |
| Investment in capital assets | (40,823) | - |
| **CASH FLOWS USED BY INVESTING ACTIVITIES** | (40,823) | - |
| **NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS** | (1,808) | 107,274 |
| **NET BANK AND CASH EQUIVALENTS, BEGINNING OF YEAR** | 277,126 | 169,852 |
| **NET BANK AND CASH EQUIVALENTS, END OF YEAR** | 275,318 | 277,126 |

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

| | 2013 | 2012 |
|---|---|---|
| Bank and cash equivalents (Note 3) | 275,318 | 280,820 |
| Bank indebtedness – trust funds | - | (3,694) |
| | 275,318 | 277,126 |

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

**PEACH: PROMOTING EDUCATION AND COMMUNITY HEALTH**

**NOTES TO THE FINANCIAL STATEMENTS**

**MARCH 31, 2013**

**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 prepared its financial statements in accordance with the Canadian Institute of Chartered Accountant's (CICA) Handbook, Part III, Canadian generally accepted accounting principles for not-for-profit organizations (ASNPO).**

**2. Summary of Significant Accounting Policies**

**The accounting policies of the organization are in accordance with Canadian generally accepted accounting principles 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. Investments held at year end represent guaranteed investment certificates with maturities of under 90 days and are therefore included in bank and cash equivalents in accordance with the organization's investment disclosure policy.**

**PEACH: PROMOTING EDUCATION AND COMMUNITY HEALTH**

**NOTES TO THE FINANCIAL STATEMENTS**

**MARCH 31, 2013**

**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 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**

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

| | |
|---|---|
| **Computer equipment** | **- 3 years straight line** |
| **Leasehold improvements** | **- over the remaining life of the lease plus one renewal** |

**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. 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.**

**PEACH: PROMOTING EDUCATION AND COMMUNITY HEALTH**

**NOTES TO THE FINANCIAL STATEMENTS**

**MARCH 31, 2013**

**2. Summary of Significant Accounting Policies – Continued**

**Revenue Recognition - Continued**

**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;**
- **Interest income is recognized as earned.**

**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 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, 2013**

**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, 2013**

**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:**

| | 2013<br>$ | 2012<br>$ |
|---|---|---|
| Guaranteed Investment Certificates | 106,054 | 105,264 |

**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 1% per annum is earned on the investments currently held.**

**4. Trust Accounts**

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

| | 2013<br>$ | 2012<br>$ |
|---|---|---|
| Friends in Trouble in Trust | 1 | 1 |
| Project Gateway in Trust | 208 | 208 |
| Community Animation in Trust | 372 | 372 |
| | 581 | 581 |

**PEACH: PROMOTING EDUCATION AND COMMUNITY HEALTH**

**NOTES TO THE FINANCIAL STATEMENTS**

**MARCH 31, 2013**

## 4. Trust Accounts - Continued

**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:**

| | 2013<br>$ | 2012<br>$ |
|---|---|---|
| Jane Finch Ministry | - | 3,694 |

## 5. Capital Assets

| | 2012 | | | 2011 |
|---|---|---|---|---|
| | Cost<br>$ | Accumulated Depreciation<br>$ | Net Book Value<br>$ | Net Book Value<br>$ |
| Computer equipment | 5,396 | - | 5,396 | - |
| Leasehold improvements | 35,427 | - | 35,427 | - |
| | 40,823 | - | 40,823 | - |

**As the Organization is currently in the process of relocation to a new office and operating premises, these assets have not yet been put into use and are accordingly not amortized in the current fiscal period.**

## 6. Deferred Contributions

| | 2013<br>$ | 2012<br>$ |
|---|---|---|
| **Deferred operating contributions are comprised of:** | | |
| City of Toronto (Wraparound – CSP) | 9,630 | - |
| Ontario Trillium Foundation – Relocation & Program Support | 2,706 | - |
| Rogers Communications Inc. (SAS) | 98,928 | 61,725 |
| Social Enterprise Development Innovations (SEDI Program) | - | 12,365 |
| State Street Foundation | 13,165 | 13,186 |
| Studio Program | - | 5,833 |
| Toronto Community Foundation (Social Impact – Vital Signs) | 7,203 | 13,000 |
| Toronto District School Board (Youth Advocate) | 12,903 | 12,903 |
| Toronto District School Board (SAS) | 3,000 | - |
| York University (Research Grant) | 13,400 | 13,400 |
| | 160,935 | 132,412 |
| **Deferred capital contributions are comprised of:** | | |
| Ontario Trillium Foundation – Renovations and equipment funding | 42,813 | - |

**PEACH: PROMOTING EDUCATION AND COMMUNITY HEALTH**

**NOTES TO THE FINANCIAL STATEMENTS**

**MARCH 31, 2013**

## 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 2012).

## 8. Grants

| | 2013<br>$ | 2012<br>$ |
|---|---|---|
| **Provincial** | | |
| Ontario Trillium Foundation – Relocation and program support | 51,294 | - |
| Children and Youth Services (YOW) | 58,000 | 39,981 |
| Ministry of Community Safety and Correctional Services (Breaking Bread) | - | 18,297 |
| **Municipal** | | |
| City of Toronto – (Wraparound - CSP) | 44,650 | 45,900 |
| City of Toronto (Studio Program) | - | 4,167 |
| Toronto Catholic District School Board (SAS/YCF) | 7,000 | - |
| Toronto District School Board (SAS/YCF) | 27,000 | - |
| Toronto Community Foundation – operating | 12,000 | - |
| Toronto Community Foundation (Social Impact – Vital Signs) | 5,798 | 17,000 |
| Toronto Community Foundation (Studio Program) | 7,333 | 5,000 |
| Toronto Community Foundation SAS/YCF) | 3,861 | - |
| **Private** | | |
| Royal Bank of Canada (Wraparound – CSP) | 20,000 | 30,000 |
| Rogers Communications Inc. (SAS) | 162,797 | 180,833 |
| Telus (Studio Program) | - | 10,000 |
| State Street Foundation (SEDI Program) | 19,776 | 6,593 |
| Social Enterprise Development Innovations (SEDI Program) | 22,865 | 8,635 |
| | 442,374 | 366,406 |

## 9. 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.

**PEACH: PROMOTING EDUCATION AND COMMUNITY HEALTH**

**NOTES TO THE FINANCIAL STATEMENTS**

**MARCH 31, 2013**

**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.**

**12. 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.**

**12. Risk - Continued**

**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, 2013, 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.**

**13. 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.**