



HAZLITT STEEVES HARRIS LLP

CHARTERED ACCOUNTANTS

Financial Statements of

**SARNIA - LAMBTON "REBOUND"
A Program For Youth**

March 31, 2011

Independent Auditors' Report

To the Member's of Sarnia-Lambton "Rebound" – A Program For Youth

We have audited the accompanying financial statements of **Sarnia-Lambton "Rebound" – A Program For Youth** which comprise the balance sheet as at March 31, 2011 and the statements of revenue and expense, 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

- Continued

Basis for Qualified Opinion

The organization derives revenue from donations the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the organization and we were not able to determine whether any adjustments might be necessary to revenue, excess of revenue over expense for the year, current assets and operating surplus.

Qualified Opinion

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Sarnia-Lambton "Rebound" – A Program For Youth as at March 31, 2011, and its financial performance and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Hay (H) Stewes Harris LLP

Chartered Accountants
Licensed Public Accountants
June 9, 2011

SARNIA - LAMBTON "REBOUND"

A Program For Youth

Statement of Revenue and Expense

For the year ended March 31, 2011

	<u>2011</u>	<u>2010</u>
REVENUE		
Grants (Note 6)	\$ 720,725	\$ 598,290
Donations	60,944	61,560
Client fees	2,850	3,150
Fundraising	105,001	82,560
	<u>889,520</u>	<u>745,560</u>
EXPENSE		
Amortization	8,829	11,109
Bank charges	2,226	1,888
Dow Youth Centre	42,551	77,395
Insurance	9,724	8,844
Office and miscellaneous	24,204	25,785
Fundraising	61,204	41,746
Professional fees	4,032	3,612
Programs	35,823	16,246
Rent	42,947	37,841
Staff development	4,835	5,173
Telephone	4,672	5,500
Travel and promotion	9,662	9,865
Wages and benefits	606,346	517,782
	<u>857,055</u>	<u>762,786</u>
EXCESS OF OPERATING REVENUE OVER EXPENSE		
(OPERATING EXPENSE OVER REVENUE)	32,465	(17,226)
GAIN ON DISPOSAL OF EQUIPMENT	1,923	-
EXCESS OF REVENUE OVER EXPENSE		
(EXPENSE OVER REVENUE)	\$ 34,388	\$ (17,226)

SARNIA - LAMBTON "REBOUND"

A Program For Youth

Notes to the Financial Statements

For the year ended March 31, 2011

1. STATUTES OF INCORPORATION AND NATURE OF ACTIVITIES

Sarnia - Lambton "Rebound" - A Program For Youth is incorporated under the Business Corporations Act of the Province of Ontario as a company without share capital subject to the Charities Accounting Act.

It has been granted tax exempt status as a registered charity and is classified as a charitable organization under Sections 149 and 149.1 of the Income Tax Act, Canada. The organization is in compliance with its disbursement quota requirement as set by the Canada Revenue Agency.

Sarnia-Lambton "Rebound" – A Program For Youth provides social services programs for at-risk youth in the Sarnia-Lambton community. These include restorative justice programs delivered through a service contract with the provincial government and Section 23 educational programs delivered through a service contract with the Lambton-Kent and St. Clair Catholic District School Boards.

2. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles and include the following significant accounting policies:

Revenue

Unrestricted donations are recorded as received. Grants and donations for specific purposes are recorded as earned in accordance with the provisions of the award. Unearned grants and donations are recorded as deferred revenue.

Interest income from short-term investments is recognized as revenue of the appropriate fund when earned on an accrual basis.

Expense

Expenditures are recognized as they are incurred and measurable as a result of receipt of goods and services and the creation of a legal obligation to pay.

Investments

Investments are recorded at cost, which equals net realizable value.

SARNIA - LAMBTON "REBOUND"

A Program For Youth

Balance Sheet

As at March 31, 2011

	<u>2011</u>	<u>2010</u>
ASSETS		
CURRENT		
Cash	\$ 50,585	\$ 50,373
Short-term investments	155,992	153,065
Accounts receivable	71,624	26,775
Due from Dow Legacy project	-	674
Prepaid expenses	3,908	3,628
	<u>282,109</u>	<u>234,515</u>
EQUIPMENT (Note 4)	26,675	26,705
	<u>\$ 308,784</u>	<u>\$ 261,220</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued charges	\$ 30,334	\$ 18,085
NET ASSETS		
Internally restricted (Note 5)	216,424	215,497
Invested in equipment	26,675	26,705
Unrestricted	35,351	933
	<u>278,450</u>	<u>243,135</u>
	<u>\$ 308,784</u>	<u>\$ 261,220</u>

APPROVED BY THE BOARD



Director



Director

SARNIA - LAMBTON "REBOUND"

A Program For Youth

Statement of Cash Flows

For the year ended March 31, 2011

	<u>2011</u>	<u>2010</u>
OPERATING ACTIVITIES		
Excess of revenue over expense (expense over revenue)	\$ 34,388	\$ (17,226)
Amortization not affecting cash	8,829	11,109
Gain on disposal of equipment	(1,923)	-
	41,294	(6,117)
Interest earned by contingency reserve	927	2,104
Changes in non-cash operating working capital items		
Accounts receivable	(44,849)	6,877
Prepaid expenses	(280)	915
Accounts payable and accrued charges	12,249	(330)
	9,341	3,449
INVESTING ACTIVITIES		
Changes in short-term investments - net	(2,927)	(46,938)
Repayments from Dow Legacy project	674	56,313
Acquisition of equipment	(6,876)	(3,417)
	(9,129)	5,958
NET CHANGE IN CASH POSITION	212	9,407
Cash position, beginning of year	50,373	40,966
CASH POSITION, END OF YEAR	\$ 50,585	\$ 50,373

SARNIA - LAMBTON "REBOUND"

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Notes to the Financial Statements

For the year ended March 31, 2011

3. FINANCIAL INSTRUMENTS

Fair Value

The organization's financial instruments consist of cash, short-term investments, accounts receivable and accounts payable and accrued charges. Financial instruments are reported at fair value at each balance sheet date, and any change in fair value is recognized in changes in net assets in the period in which the change occurs. Fair value of financial instruments is approximately equal to their carrying value due their short-term maturity.

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The organization monitors its accounts receivable regularly and establishes allowances for doubtful accounts as needed.

4. EQUIPMENT

	2011			2010
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Office equipment	\$ 28,133	\$ 12,740	\$ 15,393	\$ 17,656
Computer equipment	37,523	26,829	10,694	9,049
Computer software	2,260	1,672	588	-
	<u>\$ 67,916</u>	<u>\$ 41,241</u>	<u>\$ 26,675</u>	<u>\$ 26,705</u>

5. RESERVE FUNDS

Reserve funds are committed for the following purposes:

	Balance, Beginning of Year	Additions	Transfers, Adjustments, Disbursements	Balance, End of Year
Contingency reserve fund	\$ 155,497	\$ 927	\$ -	\$ 156,424
Program expansion reserve fund	60,000	-	-	60,000
	<u>\$ 215,497</u>	<u>\$ 927</u>	<u>\$ -</u>	<u>\$ 216,424</u>

SARNIA - LAMBTON "REBOUND"

A Program For Youth

Notes to the Financial Statements

For the year ended March 31, 2011

6. GRANTS

	<u>2011</u>	<u>2010</u>
Lambton Kent District School Board	\$ 106,500	\$ 94,894
Ministry of Child and Youth Services	192,200	165,000
Ministry of the Attorney General	70,000	70,000
Ministry of Community and Social Services	39,748	10,563
St. Clair District School Board	71,295	74,274
Trillium Foundation – Dow Youth Centre	-	52,000
United Way	70,750	60,059
Sarnia Police Services	49,432	-
Lambton Ontario Provincial Police	49,500	-
Other	71,300	71,500
	<u>\$ 720,725</u>	<u>\$ 598,290</u>

7. REPAYMENT OF PROGRAM SURPLUSES

The service contracts with the Ministry of the Attorney General, Ministry of Child and Youth Services and Ministry of Community and Social Services require the bureau to file a reconciliation report summarizing, by project code, all revenues and expenditures and identifying any resulting surplus or deficiency relating to that service contract. A review of this report shows that the project is in a balanced position as at March 31, 2011 and that there are no amounts owing to or from either Ministry.

8. COMMITMENTS

The organization is committed to leases for office equipment and office space. Lease payments due in the next four years are as follows:

2012	\$ 42,483
2013	\$ 42,483
2014	\$ 42,483
2015	\$ 23,624

9. COMPARATIVE FIGURES

Certain of the prior year's figures have been reclassified to conform to the presentation of the current year.

SARNIA - LAMBTON "REBOUND"

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Notes to the Financial Statements

For the year ended March 31, 2011

2. ACCOUNTING POLICIES – continued

Equipment

In accordance with generally accepted accounting principles, effective April 1, 2006 equipment acquisitions are required to be recorded at cost. Equipment is being amortized using the following annual rates and methods:

Office equipment	20%	diminishing-balance
Computer equipment	45%	diminishing-balance
Computer software	100%	diminishing-balance

Prior to that date equipment purchases were expensed in the year of acquisition.

Internally restricted funds

The internally restricted funds have been created by the Board for the following purposes:

- the contingency reserve has been established by resolutions of the Board of Directors. It provides funds to ensure a continuation of operations should there be a significant reduction in the organization's sources of funding.
- the program expansion reserve was established in the 2009 by resolution of the Board of Directors to provide funds to be used to expand programming in the future.

Management estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principals requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenue and expense during the reporting period. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported as revenue or expense in the period in which they became known.

Donated services

A number of unpaid volunteers have made significant contributions of their time in the furtherance of the organization's programs. The value of this contributed time has not been included in these financial statements.

In-Kind Contributions

Contributed goods received by the organization are recognized at their fair value at the date of contribution where a fair value can be reasonably established.