



Financial Report

Port Colborne Community Association for
Resource Extension (PORT CARES)

March 31, 2012

Contents

	Page
Independent Auditor's Report	1-2
Statement of Revenue, Expenses and Net Assets	3
Balance Sheet	4
Statement of Cash Flows	5
Notes to the Financial Statements	6-12
Schedule of Excess Revenue over Expenses (Expenses over Revenue) by Program	13

Independent auditor's report

Grant Thornton LLP
Suite B
222 Catharine Street, PO Box 336
Port Colborne, ON
L3K 5W1

T +1 905 834 3651
F +1 905 834 5095
E PortColborne@ca.gt.com
www.GrantThornton.ca

To the Board of Directors of

**Port Colborne Community Association for
Resource Extension (PORT CARES)**

We have audited the accompanying financial statements of Port Colborne Community Association for Resource Extension (PORT CARES), which comprise the balance sheet as at March 31, 2012, the statements of revenue, expenses, net assets and cash flows and the schedule of excess of revenue over expenses (expenses over revenue) by program 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

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.

Basis for qualified opinion

In common with many non-profit organizations, PORT CARES derives revenue from donations and fundraising from the public, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of PORT CARES and we were not able to determine whether any adjustments might be necessary to revenues, excess of revenue over expenses, assets and net assets.

Qualified opinion

In our opinion, except for the possible 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 PORT CARES as at March 31, 2012, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.



Port Colborne, Canada
June 26, 2012

Chartered Accountants
Licensed Public Accountants

Port Colborne Community Association for Resource Extension (PORT CARES) Statement of Revenue, Expenses and Net Assets

For the Year Ended March 31

2012

2011

Revenue

Program government grants	\$ 1,459,883	\$ 1,481,023
Other grants and contributions	255,351	509,406
United Way	80,000	79,272
Interest earned	2,541	3,631
Donations and memberships	44,631	17,590
Fundraising	89,666	74,109
Rental income	137,271	133,239
Other income	28,136	17,682
Administration fees	13,932	
Amortization of deferred contributions for capital assets	135,660	70,533

2,247,071

2,386,485

Expenses

Bad debts	41,628	
Board expenses	5,287	5,559
Depreciation	188,795	123,811
Fundraising	45,308	51,197
Insurance	22,545	20,490
Interest on long term debt	39,635	40,428
Office supplies	37,465	38,987
Professional fees	45,639	22,733
Program supplies	104,808	144,442
Property taxes	10,342	25,891
Rent	106,814	94,882
Repairs and maintenance	54,228	52,132
Salaries and benefits	1,578,966	1,635,089
Telephone	29,372	24,513
Training	69,397	29,902
Travel	13,000	17,688
Utilities	36,008	33,475

2,429,237

2,361,219

Net program excess of revenue over expenses
(expenses over revenue) before other income

(182,166)

25,266

Other income

67,570

23,762

Repayable to funders

(7,558)

(43,925)

Excess of revenue over expenses (expenses over revenue)

(122,154)

5,103

Net assets, beginning of year

369,320

364,217

Net assets, end of year

\$ 247,166

\$ 369,320

See accompanying notes and schedule to the financial statements.

Port Colborne Community Association for Resource Extension (PORT CARES) Balance Sheet

As at March 31	2012	2011
Assets		
Current		
Cash and temporary investments (Note 3)	\$ 5,878	\$ 233,901
Receivables	140,573	402,856
Prepaid expenses	<u>8,517</u>	<u>3,926</u>
	154,968	640,683
Capital assets (Note 4)	<u>2,799,435</u>	<u>2,324,641</u>
Total assets	<u>2,954,403</u>	<u>2,965,324</u>
Liabilities		
Current		
Bank indebtedness (Note 5)	35,102	
Payables and accrued charges	213,104	607,405
Funds held in trust	72,851	47,235
Deferred revenue (Note 6)	99,165	69,107
Repayable to funders	5,447	43,925
Current portion of long term debt (Note 7)	<u>50,714</u>	<u>48,226</u>
	476,383	815,898
Long term debt (Note 7)	704,087	753,878
Deferred contributions for capital assets (Note 8)	<u>1,526,767</u>	<u>1,026,228</u>
Total liabilities	<u>2,707,237</u>	<u>2,596,004</u>
Net assets	<u>\$ 247,166</u>	<u>\$ 369,320</u>

Commitments (Note 9)

On behalf of the Board

Director

Director

See accompanying notes and schedule to the financial statements.

Port Colborne Community Association for Resource Extension (PORT CARES) Statement of Cash Flows

For the Year Ended March 31

2012

2011

Increase (decrease) in cash and cash equivalents:

Operating		
Excess of revenue over expenses (expenses over revenue)	\$ (122,154)	\$ 5,103
Items not affecting cash		
Depreciation	188,795	123,811
Amortization of deferred contributions	<u>(135,660)</u>	<u>(70,533)</u>
	(69,019)	58,381
Changes in non-cash operating assets and liabilities		
Receivables	262,283	(345,793)
Prepaid expenses	(4,591)	507
Payables and accrued charges	(394,301)	412,588
Funds held in trust	25,616	42,273
Deferred revenue	30,058	(112,057)
Repayable to funders	<u>(38,478)</u>	<u>41,637</u>
	<u>(188,432)</u>	<u>97,536</u>
Investing		
Contributions for the purchase of capital assets	636,199	992,999
Purchase of		
Buildings	(520,448)	(8,835)
Office furniture and equipment	(18,630)	(40,720)
Computer equipment	(11,577)	(24,733)
Computer software	(15,023)	(51,234)
Work in progress	<u>(97,911)</u>	<u>(952,258)</u>
	<u>(27,390)</u>	<u>(84,781)</u>
Financing		
Increase in bank indebtedness	35,102	
Repayments of long term debt	<u>(47,303)</u>	<u>(45,892)</u>
	<u>(12,201)</u>	<u>(45,892)</u>
Decrease in cash and cash equivalents	(228,023)	(33,137)
Cash and cash equivalents		
Beginning of year	<u>233,901</u>	<u>267,038</u>
End of year	<u>\$ 5,878</u>	<u>\$ 233,901</u>
Interest paid	<u>\$ 39,635</u>	<u>\$ 40,428</u>

See accompanying notes and schedule to the financial statements.

Port Colborne Community Association for Resource Extension (PORT CARES)

Notes to the Financial Statements

March 31, 2012

1. Nature of operations

The non-profit corporation, incorporated without share capital under the Ontario Business Corporations Act provides a number of programs throughout the Niagara Region. Its main objective is to identify the needs of the residents of Port Colborne and surrounding area and to undertake initiatives in response to those needs. The organization is funded by, and works closely with various government agencies in this regard. The organization is a registered charity under the Income Tax Act.

2. Summary of significant accounting policies

Cash and cash equivalents

Cash and cash equivalents include cash on hand and balances with banks. Bank borrowings to finance capital expenditures are considered to be financing activities.

Capital assets

Capital assets are recorded at cost and are depreciated using the straight-line method over their estimated useful life except land. Land is considered to have an infinite life without depreciation.

Depreciation

Rates of depreciation applied to write-off the cost less estimated salvage value of capital assets over their estimated lives are as follows:

Buildings	4%
Leasehold improvements	20%
Office furniture and equipment	20%
Computer equipment	25%
Computer software	50%
Automobiles	10%

Revenue recognition

(a) Government and other charitable organization funding

The organization recognizes contributions using the deferral method. Grants are subject to final approval by the various funding agencies and any adjustments are recorded by the organization in the year in which the adjustment is received. Contracts under which these grants are provided are renewable on a periodic basis. Any funding in excess of expenses for a particular fiscal period may be recovered by the funding agency.

Contributions received to acquire capital assets are deferred and are recognized as income at the same rates as the related capital assets are depreciated.

Port Colborne Community Association for Resource Extension (PORT CARES) Notes to the Financial Statements

March 31, 2012

2. Summary of significant accounting policies (continued)

Revenue recognition (continued)

(b) Donations-in-kind

Certain organizations contribute to Port Colborne Community Association for Resource Extension (PORT CARES) by donating goods or services rather than cash. Donations-in-kind in the amount of \$ 31,642 (2011 - \$ 37,927) have been received by the organization and have not been recorded in the financial statements.

Financial instruments

Financial instruments classified as held-for-trading will be measured at fair value with changes in fair value recognized in the statement of revenue, expenses and net assets. Financial assets classified as held-to-maturity or as loans and receivables and financial liabilities not classified as held-for-trading will be measured at amortized cost. Available-for-sale financial assets will be measured at fair value.

The organization has classified its financial instruments as follows:

Cash and cash equivalents	Held-for-trading
Receivables	Loans and receivables
Payables and accruals	Other liabilities

New accounting standards for not-for-profit organizations

The CICA has issued Canadian accounting standards for not-for-profit organizations (ASNPO) which become effective for the organization for the fiscal year beginning April 1, 2012. These new standards will require full retrospective application upon transition to ASNPO with the exception of certain accounting policy exemptions as set out in the standards. The majority of the disclosures under ASNPO are similar to previous disclosures. The organization has commenced assessing the impact of these new standards and they are not expected to have a significant impact on the financial statements.

3. Cash and temporary investments	<u>2012</u>	<u>2011</u>
Petty cash	\$ 500	\$ 500
Cash in banks	5,378	126,005
Short term investments	<u> </u>	<u>107,396</u>
	<u>\$ 5,878</u>	<u>\$ 233,901</u>

Port Colborne Community Association for Resource Extension (PORT CARES) Notes to the Financial Statements

March 31, 2012

4. Capital assets			<u>2012</u>	<u>2011</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Land	\$ 325,530		\$ 325,530	\$ 325,530
Buildings	2,812,803	\$ 567,973	2,244,830	915,096
Office furniture and equipment	263,558	179,449	84,109	58,163
Computer equipment	183,796	145,513	38,283	46,524
Computer software	96,975	89,463	7,512	25,630
Automobiles	1,800	540	1,260	1,440
Work in progress	97,911		97,911	952,258
	<u>\$ 3,782,373</u>	<u>\$ 982,938</u>	<u>\$ 2,799,435</u>	<u>\$ 2,324,641</u>

5. Bank indebtedness

The organization has access to a \$ 100,000 operating line of credit with the Meridian Credit Union, none of which is used at March 31, 2012. Interest is payable at prime plus 2.25%. The organization has provided a general security agreement against cash and receivables and a first collateral mortgage on properties located at 92 Charlotte and 176 Catharine Streets, Port Colborne.

6. Deferred revenue

Funds received by the organization prior to year end and relating to expenses anticipated to be incurred subsequent to year end are reported as deferred revenue and are broken down as follows:

	<u>2012</u>	<u>2011</u>
Bridge to Healthy Living	\$ 26,531	-
Community Resource Centre	11,530	\$ 6,321
Educational Resource Centre / Literacy Plus	3,567	5,393
Employment Resource Centre	15,979	5,823
Employment Support Program for Ontario Works	8,150	19,921
Food Bank	10,330	
Food Service Program	7,738	
Ontario Early Years Centre	2,160	6,679
Pre-employment Preparation Program		1,535
Reach-Out Centre	5,877	23,435
Youth Justice Committee	7,303	
	<u>\$ 99,165</u>	<u>\$ 69,107</u>

Port Colborne Community Association for Resource Extension (PORT CARES) Notes to the Financial Statements

March 31, 2012

7. Long term debt	<u>2012</u>	<u>2011</u>
South Niagara Community Futures Development Corporation mortgage payable, due in October, 2018, interest at 5%, payable in blended monthly instalments of principal and interest of \$ 1,591	\$ 106,935	\$ 120,269
Meridian Credit Union mortgage payable, maturing in August, 2013, interest at prime plus 2.25%, payable in blended monthly instalments of principal and interest of \$ 2,865	324,207	341,961
Meridian Credit Union mortgage payable, maturing in August, 2013, interest at 4.75%, payable in blended monthly instalments of principal and interest of \$ 2,805	<u>323,659</u>	<u>339,874</u>
	754,801	802,104
Less: current portion	<u>50,714</u>	<u>48,226</u>
	<u>\$ 704,087</u>	<u>\$ 753,878</u>

As security for the South Niagara Community Futures Development Corporation mortgage, the organization has provided a first charge collateral mortgage on the property located at 61 Nickel Street and second charge collateral mortgage on the property located at 176 Catharine Street. As security for the Meridian Credit Union mortgage, the organization has provided a first charge collateral mortgage on the properties located at 92 Charlotte and 176 Catharine Streets, Port Colborne.

Principal repayments in each of the next five years are due as follows:

2013	\$ 50,714
2014	53,297
2015	56,021
2016	58,882
2017	61,903

**Port Colborne Community Association for
Resource Extension (PORT CARES)
Notes to the Financial Statements**

March 31, 2012

8. Deferred contributions for capital assets	<u>2012</u>	<u>2011</u>
Deferred contributions:		
Balance, beginning of year	\$ 1,686,790	\$ 714,278
Deferred grants written off	(28,681)	(20,489)
Grants received during the year for acquisition of capital assets	514,711	929,464
Donations received during the year for acquisition of capital assets	<u>121,490</u>	<u>63,537</u>
Balance, end of year	<u>2,294,310</u>	<u>1,686,790</u>
Accumulated amortization:		
Balance, beginning of year	660,562	610,518
Accumulated amortization written off	(28,681)	(20,489)
Amortization	<u>135,662</u>	<u>70,533</u>
Balance, end of year	<u>767,543</u>	<u>660,562</u>
	<u>\$ 1,526,767</u>	<u>\$ 1,026,228</u>

Port Colborne Community Association for Resource Extension (PORT CARES) Notes to the Financial Statements

March 31, 2012

9. Commitments

(a) Leases

The organization has leased various premises with the following terms:

<u>Location</u>	<u>Expiry</u>	<u>Notes</u>
172 Catharine Street, Port Colborne – Unit 1	September 30, 2012	(1)
172 Catharine Street, Port Colborne – Unit 2	September 30, 2012	(1)
172 Catharine Street, Port Colborne – Unit 3	September 30, 2012	(1)
172 Catharine Street, Port Colborne – Unit 4	September 30, 2012	(1)
District School Board of Niagara	August 31, 2012	(2)
Smithville United Church	None	(3)
Providence Christian Reformed Church	March 31, 2012	(4)
230 Main Street West, Port Colborne	March 31, 2012	(5)
82 Clarence Street, Port Colborne – Unit B	July 31, 2012	(6)
82 Clarence Street, Port Colborne – Unit C	July 31, 2012	(6)
228 West Street, Port Colborne – Apt 8	July 31, 2012	(7)
600 King Street, Port Colborne	July 31, 2012	(8)
45 Victoria Street, Port Colborne – Suite 6	September 30, 2012	(9)
45 Victoria Street, Port Colborne – Suite 9	July 31, 2012	(10)
130 Killaly Street, Port Colborne – Unit B	July 31, 2012	(11)
165 Welland Street, Port Colborne – Unit 5	September 30, 2012	(12)

- (1) For the period ending September 30, 2011 the monthly rental payments are \$ 806 for Unit 1; \$ 504 for Unit 2; \$ 504 for Unit 3 and \$ 544 for Unit 4.
- (2) The organization leases these premises on a month to month basis at \$ 547 per month.
- (3) The organization leases these premises for ten months out of the year on a month to month basis at \$ 400 per month.
- (4) The organization rents these premises at a rate of \$ 19 per day of use.
- (5) The monthly rate for this lease for the term April 1, 2008 to March 31, 2012 is \$ 1,247.
- (6) For the period ending July 31, 2012 the monthly rental payments are \$ 579 for Unit B and \$ 554 for Unit C.
- (7) The monthly rate for this lease for the term August 1, 2011 to July 31, 2012 is \$ 498.
- (8) The monthly rate for this lease for the term October 1, 2011 to July 31, 2012 is \$ 650.
- (9) The monthly rate for this lease for the term July 1, 2011 to September 30, 2012 is \$ 731.
- (10) The monthly rate for this lease for the term January 1, 2012 to July 31, 2012 is \$ 731.
- (11) The monthly rate for this lease for the term March 1, 2012 to July 31, 2012 is \$ 650.

Port Colborne Community Association for Resource Extension (PORT CARES) Notes to the Financial Statements

March 31, 2012

9. Commitments (continued)

(a) Leases (continued)

(12) The monthly rate for this lease for the term July 1, 2011 to September 30, 2012 is \$ 450.

(b) Letter of credit

The organization has provided a letter of credit in favour of the City of Port Colborne in the amount of \$ 46,133 in respect to the expansion of the facility at 61 Nickel Street, Port Colborne.

10. Financial instruments

Fair value of financial instruments

The carrying value of cash and temporary investments, receivables, payables and accrued charges reflected in the balance sheet approximate their respective fair value due to the relatively short term maturities of these instruments. Investments consist of guaranteed investment certificates and their fair value approximates their cost.

Interest rate risk

The interest rate risk is the risk that arises from fluctuations in interest rates and the degree of volatility of these rates. The organization does not use derivative instruments to reduce its exposure to interest rate risk.

Liquidity risk

Liquidity risk is the risk that the organization cannot meet a demand for cash or fund obligations as they come due. Liquidity risk also includes the risk of not being able to liquidate assets in a timely manner at a reasonable price. Management manages liquidity risk and monitors the cash and funding needs on a daily basis.

11. Capital management

The organization considers its cash and temporary investments as capital and its capital management objective is to maintain adequate funds to ensure future working capital needs are met.

The organization has externally imposed capital requirements and covenants in relation to the Meridian Credit Union operating line of credit and mortgage. The agreement requires the organization to maintain a minimum debt servicing ratio of 1.0 to 1.0. As of March 31, 2012, the organization was in compliance with this financial covenant.

**Port Colborne Community Association for
Resource Extension (PORT CARES)
Schedule of Excess Revenue over Expenses
(Expenses over Revenue) by Program**

Year Ended March 31, 2012

	Port Cares <u>Admin</u>	Client <u>Services</u>	Housing <u>Help</u>
Revenue			
Program government grants	\$ 10,258	\$ 7,446	\$ 1,667
Other grants and contributions		57,897	149,415
United Way		80,000	
Interest earned	2,541		
Donations and memberships	44,631		
Fundraising	89,666		
Rental income	71,039		66,232
Other income	28,136		
Administration fees	205,406	(20,853)	(12,635)
Amortization of deferred grants for capital assets	<u>67,530</u>	<u>5,462</u>	<u>3,911</u>
	<u>519,207</u>	<u>129,952</u>	<u>208,590</u>
Expenses			
Occupancy costs	(173,760)	7,200	12,600
Bad debts			41,628
Board expenses	5,287		
Depreciation	114,852	9,470	3,911
Fundraising	45,308		
Insurance	7,345	1,000	1,800
Interest on long term debt	39,635		
Office supplies	14,227	1,552	2,368
Professional fees	30,830	1,000	1,400
Program supplies	21,594	26,458	4,231
Property taxes	10,342		
Rent	14,967		77,302
Repairs and maintenance	44,795	3	
Salaries and benefits	338,812	134,479	145,360
Telephone	4,405	3,226	2,316
Training	2,256		
Travel	1,902	633	298
Utilities	<u>36,008</u>		
	<u>558,805</u>	<u>185,021</u>	<u>293,214</u>
Excess of revenue over expenses (expenses over revenue) before other income	(39,598)	(55,069)	(84,624)
Other income, net	3	49,600	10,539
Transfers from other funds	(8,474)	5,469	
Repayable to funders			
Excess of revenue over expenses (expenses over revenue)	<u>\$ (48,069)</u>	<u>\$ Nil</u>	<u>\$ (74,085)</u>

<u>The Learning Centre</u>	<u>The Job/Training Centres</u>	<u>Youth Justice Committee</u>	<u>Employment Services Program</u>	<u>Ontario Early Years Centre</u>	2012 <u>Total</u>
\$ 146,410		\$ 63,402	\$ 695,728	\$ 534,972	\$ 1,459,883
45,266	\$ 2,773				255,351
					80,000
					2,541
					44,631
					89,666
					137,271
					28,136
(18,952)		(7,000)	(77,950)	(54,084)	13,932
<u>8,180</u>	<u>16,947</u>	<u>1,304</u>	<u>30,725</u>	<u>1,601</u>	<u>135,660</u>
<u>180,904</u>	<u>19,720</u>	<u>57,706</u>	<u>648,503</u>	<u>482,489</u>	<u>2,247,071</u>
27,280		3,762	68,778	54,140	Nil
					41,628
					5,287
8,180	17,752	1,304	30,725	2,601	188,795
					45,308
600		1,000	4,800	6,000	22,545
					39,635
3,272	36	1,433	12,067	2,510	37,465
1,264		1,150	5,595	4,400	45,639
11,662	83	3,237	23,069	14,474	104,808
					10,342
				14,545	106,814
534		104	6,064	2,728	54,228
120,060	182	42,008	422,340	375,725	1,578,966
3,706	2,026	1,320	6,514	5,859	29,372
3,486		919	61,420	1,316	69,397
1,110		1,469	3,253	4,335	13,000
					36,008
<u>181,154</u>	<u>20,079</u>	<u>57,706</u>	<u>644,625</u>	<u>488,633</u>	<u>2,429,237</u>
(250)	(359)	Nil	3,878	(6,144)	(182,166)
64	1,220			6,144	67,570
2,256	(861)		1,610		Nil
<u>(2,070)</u>			<u>(5,488)</u>		<u>(7,558)</u>
<u>\$ Nil</u>	<u>\$ Nil</u>	<u>\$ Nil</u>	<u>\$ Nil</u>	<u>\$ Nil</u>	<u>\$ (122,154)</u>