

THE CHILDREN'S FOUNDATION

FINANCIAL STATEMENTS

31 MARCH 2011

THE CHILDREN'S FOUNDATION
Financial Statements
For the Year Ended 31 March 2011

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INDEPENDENT AUDITORS' REPORT

To the Members,
The Children's Foundation

Report on the Financial Statements

We have audited the accompanying financial statements of The Children's Foundation, which comprise the statement of financial position as at 31 March 2011, and the statement of operations, changes in fund balances 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 auditors' 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 audit opinion.





INDEPENDENT AUDITORS' REPORT - Continued

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of The Children's Foundation as at 31 March 2011, and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Report on Other Legal and Regulatory Requirements

As required by the Society Act of British Columbia, we report that, in our opinion, these principles have been applied on a basis consistent with that of the preceding year.

Rolfe, Benson LLP
CHARTERED ACCOUNTANTS

Vancouver, Canada
21 June 2011

THE CHILDREN'S FOUNDATION
Statement of Financial Position
31 March 2011

	Operating Fund	Capital Fund	Designated Funds	Total 2011	Total 2010
	\$	\$	\$	\$	\$
Assets					
Current					
Cash	202,093	-	304,314	506,407	1,070,810
Term deposit (restricted)	300,000	-	-	300,000	500,000
Accounts receivable	68,507	-	-	68,507	62,874
Prepaid expenses	38,180	-	-	38,180	64,483
	608,780	-	304,314	913,094	1,698,167
Building and equipment (Note 4)	-	3,042,386	-	3,042,386	2,448,235
	608,780	3,042,386	304,314	3,955,480	4,146,402
Liabilities					
Current					
Accounts payable	211,449	-	-	211,449	216,800
Accrued wages and deductions	108,588	-	-	108,588	90,803
Accrued vacation and sick leave payable (Note 10)	357,291	-	-	357,291	365,926
Deferred contributions (Note 5)	418,842	-	-	418,842	590,225
	1,096,170	-	-	1,096,170	1,263,754
Commitments (Note 7)					
Contingent liability (Note 8)					
Fund balances					
Externally restricted	-	-	83,841	83,841	84,530
Internally restricted	300,000	-	220,473	520,473	843,931
Unrestricted	(787,390)	-	-	(787,390)	(494,048)
Invested in capital assets	-	3,042,386	-	3,042,386	2,448,235
	(487,390)	3,042,386	304,314	2,859,310	2,882,648
	608,780	3,042,386	304,314	3,955,480	4,146,402

APPROVED BY THE DIRECTORS:

_____ Director

_____ Director

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

THE CHILDREN'S FOUNDATION
Statement of Operations and Fund Balance for the Operating Fund
For the Year Ended 31 March 2011

	2011	2010
Revenue		
Provincial government funding	\$ 6,396,682	\$ 6,723,264
Recognition of deferred contributions	218,240	132,429
Donations, grants and memberships	28,940	28,606
Interest and other income	40,322	33,311
	<u>6,684,184</u>	<u>6,917,610</u>
Expenses		
Salaries and wages	4,233,120	4,487,356
Employee benefits (Note 11)	935,077	870,658
Contracted services	411,370	523,554
Building and equipment operation and maintenance	321,522	332,638
Program supplies	180,696	230,397
Office expenses	45,917	66,885
Equipment costs	78,549	74,230
Transportation	66,196	57,966
Telecommunications	71,330	66,940
Recruitment and staff	26,914	40,528
Insurance and property tax	40,035	35,025
Automobile	36,774	36,413
Promotion and volunteer	16,554	28,266
Professional services	19,484	24,371
Miscellaneous	53,251	21,942
	<u>6,536,789</u>	<u>6,897,169</u>
Excess of revenue over expenses	147,395	20,441
Unrestricted Operating Fund balance - beginning of year	(494,048)	(84,334)
Transfer from internally restricted Operating Fund balance (Note 6)	200,000	-
Transfer to Capital Fund (Note 6)	(640,737)	(430,155)
Unrestricted Operating Fund balance - end of year	(787,390)	(494,048)
Internally restricted Operating Fund balance - beginning of year	500,000	500,000
Transfer to internally restricted Operating Fund balance (Note 6)	(200,000)	-
Internally restricted Operating Fund balance - end of year	300,000	500,000
Operating Fund balance - end of year	\$ (487,390)	\$ 5,952

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

THE CHILDREN'S FOUNDATION
Statement of Operations and Changes in Fund Balance for the Capital Fund
For the Year Ended 31 March 2011

	2011	2010
Revenue	\$ -	\$ -
Expenses		
Amortization of building and equipment	145,113	175,126
Mortgage interest	10,937	-
	<u>156,050</u>	<u>175,126</u>
Excess (deficiency) of revenue over expenses	(156,050)	(175,126)
Capital Fund balance - beginning of year	2,448,235	2,193,206
Transfer from Operating Fund (Note 6)	640,737	430,155
Transfer from Designated Funds (Note 6)	<u>109,464</u>	<u>-</u>
Capital Fund balance - end of year	\$ 3,042,386	\$ 2,448,235

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

THE CHILDREN'S FOUNDATION
Statement of Operations and Changes in Fund Balances for the Designated Funds
For the Year Ended 31 March 2011

	Balance 31 March 2010	Receipts for the Year	Expenses for the Year	Transfers	Balance 31 March 2011
	\$	\$	\$	\$	\$
Externally restricted					
Autism Fund	-	10,250	(10,250)	-	-
Elda Lindenfield - staff training and equipment	3,113	353	(2,500)	-	966
Litigation Fund	56,090	428	-	-	56,518
Therapeutic Riding Program Fund	6,307	2,294	(4,389)	-	4,212
Differential Fund	19,020	8,553	(5,428)	-	22,145
	<u>84,530</u>	<u>21,878</u>	<u>(22,567)</u>	<u>-</u>	<u>83,841</u>
Internally restricted					
Directors' Fund	14,301	5,488	(13)	-	19,776
Building Renovation Fund	315,616	2,190	(7,645)	(109,464)	200,697
Autism Spectrum Disorder Project Fund	14,014	-	(14,014)	-	-
	<u>343,931</u>	<u>7,678</u>	<u>(21,672)</u>	<u>(109,464)</u>	<u>220,473</u>
	<u>428,461</u>	<u>29,556</u>	<u>(44,239)</u>	<u>(109,464)</u>	<u>304,314</u>

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

THE CHILDREN'S FOUNDATION
Statement of Cash Flows
For the Year Ended 31 March 2011

	2011	2010
Cash provided by (used in):		
Operating activities		
Excess (deficiency) of revenue over expenses		
Operating Fund	\$ 147,395	\$ 20,441
Capital Fund	(156,050)	(175,126)
Designated Funds	(14,683)	(118,828)
Items not involving cash		
Amortization of capital assets	145,113	175,126
Loss on sale of property	-	19,952
	121,775	(78,435)
Changes in non-cash working capital balances	(146,914)	56,598
	(25,139)	(21,837)
Investing activities		
Purchase of equipment	(70,664)	(44,943)
Purchase of property	(668,599)	(458,019)
Proceeds on sale of property	-	438,067
Redemption of short-term investments	200,000	-
	(539,263)	(64,895)
Net increase (decrease) in cash	(564,402)	(86,732)
Cash - beginning of year	1,070,810	1,157,542
Cash - end of year	\$ 506,408	\$ 1,070,810
Supplemental cash flow information:		
Interest received	\$ 6,090	\$ 11,594
Interest paid	\$ 10,937	\$ -

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

THE CHILDREN'S FOUNDATION
Notes to the Financial Statements
For the Year Ended 31 March 2011

1. Purpose of Society

The Children's Foundation (the "Foundation") is a not-for-profit charitable organization with operations in the Lower Mainland of British Columbia. The Foundation provides a range of community services and residential services for families experiencing difficulties with their children. In addition, the Foundation provides family counseling, education and individual treatment planning.

The Foundation is economically dependent upon government funding in order to carry out its mandate.

The Foundation is registered as a charitable organization under the Income Tax Act, Canada, and is exempt from income tax.

2. Summary of Significant Accounting Policies

(a) Fund Accounting

The Foundation follows the restricted fund method of accounting for revenue and expenses.

(i) Operating Fund

The Operating Fund reports the Foundation's revenue and expenses related to program delivery and administrative activities.

(ii) Capital Fund

The Capital Fund reports the ownership and equity relating to the Foundation's capital assets and related revenues and expenses.

(iii) Designated Funds

The Designated Funds report the revenues, expenses and balances designated for special purposes. By donor request, funds are restricted to the use their names imply or expenditures are at the discretion of the Board of Directors.

(b) Revenue Recognition

Restricted contributions related to general operations are recognized as revenue of the Operating Fund in the year in which the related expenses are incurred. Surpluses derived through efficiencies or funds remaining after delivering all services according to contracts are recognized as revenue. All other restricted contributions are recognized as revenue of the appropriate restricted funds.

Unrestricted contributions, fees and income are recognized as revenue when received or earned in the Operating Fund.

THE CHILDREN'S FOUNDATION
Notes to the Financial Statements
For the Year Ended 31 March 2011

2. Summary of Significant Accounting Policies - continued

(c) Capital Assets

Purchased capital assets over \$500 are recorded at cost. Assets are expensed if cost is less than \$500. Contributed capital assets are recorded at the estimated fair value at the date of contribution if over \$500. Amortization is provided over the assets' estimated useful lives at the following annual rates:

Building	40 years straight line
Building improvements	20% declining balance
Furniture and equipment	10 years straight line and 30% declining balance
Automotive	30% declining balance
Computers	30% declining balance
Computer software	5 years straight line
Leasehold improvements	10 years straight line

In the year of acquisition, amortization is provided for one-half of a year.

(d) Donated Goods and Services

The Foundation does not recognize the fair value of donated goods and services. During the year, materials donated to the Foundation totaled \$160 and have not been recorded in these financial statements. Volunteers contribute a significant amount of time every year to assist the Foundation in carrying out its programs and services. Due to the difficulty of determining their fair market value, contributed services are not recognized in these financial statements.

(e) Use of Estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and disclosure of contingencies at the date of the balance sheet. Actual results could differ from those estimates.

(f) Future Accounting Changes

Changes in accounting framework

The Foundation is classified as a not-for-profit organization. The Foundation will be required to adopt a new accounting framework and the options are Canadian Accounting Standards for Not-for-Profit Organizations or International Financial Reporting Standards (IFRS), effective for fiscal years beginning on or after 1 January 2012. The Foundation is in the process of reviewing the potential impact of these two accounting standards on its reporting framework and financial statements.

THE CHILDREN'S FOUNDATION
Notes to the Financial Statements
For the Year Ended 31 March 2011

3. Management of Capital

The Foundation considers its capital to be its fund balances invested in capital assets, externally restricted, internally restricted and unrestricted funds. The Foundation's objective in managing its capital is to remain a sustainable operation while fulfilling its overall mandate of bringing people together to connect with schools, community resources, and other families; prevent violence in the home and in the community; and create strong families, and supportive communities. It achieves its objective by strong day-to-day management of its cash flows, and by regularly monitoring revenues and expenditures against its operating and capital budgets. When necessary, the Foundation takes appropriate action to reduce expenditures or curtail programs when actual revenues do not meet its budget and alternate sources of revenue cannot be found.

The uses of the Designated Funds are restricted as disclosed in Note 2 (a) (iii).

4. Building and Equipment

	Cost	Accumulated Amortization	Net Book Value	
			2011	2010
Land	\$ 408,379	\$ -	\$ 408,379	\$ -
Building	260,220	3,253	256,967	-
Vancouver buildings	3,295,210	1,105,183	2,190,027	2,272,407
Building improvements	33,326	17,969	15,357	19,196
Leasehold improvement	10,649	532	10,117	-
Furniture, fixtures and equipment	106,219	51,917	54,302	49,250
Computer equipment	143,135	92,526	50,609	49,218
Computer software	17,681	1,768	15,913	-
Automotive	117,153	76,438	40,715	58,164
	<u>\$ 4,391,972</u>	<u>\$ 1,349,586</u>	<u>\$ 3,042,386</u>	<u>\$ 2,448,235</u>

The Vancouver buildings are located on land leased from the City of Vancouver pursuant to an agreement dated 10 October 1996. Rent of \$1 was paid and the lease term is for twenty five years with two ten year options to renew.

The Foundation is currently in negotiations with the British Columbia Housing Management Commission, the City of Vancouver, and the Pacific Autism Centre Society to surrender the current land lease with the City of Vancouver for the construction of a new Pacific Autism Family Centre. The Foundation would continue to carry on its operations on a portion of the site, subleased by the Pacific Autism Centre Society to the Foundation for nominal rent.

The Foundation tests long-lived assets for impairment when events or circumstances indicate that their carrying amount may not be recoverable. Impairment exists when the carrying value of the asset is greater than the undiscounted future cash flows expected to be provided by the asset. The amount of impairment loss, if any, is the excess of the carrying value over its fair value and the loss is recorded in the period when it is determined. The Foundation assesses fair value based on discounted future cash flows. No impairment losses were determined by management to be necessary for the year.

