Financial Statements of

JOHN MCGIVNEY CHILDREN'S CENTRE

Year ended March 31, 2011

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INDEPENDENT AUDITORS' REPORT

To the Directors

We have audited the accompanying financial statements of John McGivney Children's Centre which comprise the balance sheet as at March 31, 2011, the statements of operations, changes in fund balances and cash flows for the year then ended, and notes, comprising 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 controls as management determines is necessary to enable the preparation of the 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 an 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 our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due fraud or error. In making those risk assessments, we consider 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 of our audit opinion.

Opinion

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

KPMG LLP

Chartered Accountants, Licensed Public Accountants

June 7, 2011

Windsor, Canada

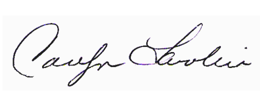
JOHN MCGIVNEY CHILDREN'S CENTRE
Balance Sheet

March 31, 2011, with comparative figures for 2010

	2011	2010
Assets		
Current assets:		
Cash	$ 2,041,457	$ 1,528,181
Marketable securities	71,039	59,045
Accounts receivable	934,368	915,598
Inventory	24,358	32,391
Prepaid expenses	46,799	55,295
	3,118,021	2,590,510
Capital assets (note 2)	17,245,027	16,456,728
Less: accumulated amortization	2,461,995	1,913,760
	14,783,032	14,542,968
	$ 17,901,053	$ 17,133,478
Liabilities and Fund Balances		
Current liabilities:		
Bank loan (note 7)	$ 3,946,728	$ 1,738,000
Accounts payable and accrued liabilities	1,799,874	3,423,018
	5,746,602	5,161,018
Deferred contributions (note 3):		
Expenses of future periods	165,662	126,494
Capital assets	11,838,636	11,707,668
	12,004,298	11,834,162
Fund balances:		
Invested in capital assets (note 4)	(456,687)	(407,006)
Internally restricted (note 5)	376,316	376,316
Unrestricted	230,524	168,988
	150,153	138,298
	$ 17,901,053	$ 17,133,478

See accompanying notes to financial statements.

On behalf of the Board:



JOHN MCGIVNEY CHILDREN'S CENTRE

Statement of Operations

Year ended March 31, 2011, with comparative figures for 2010

		2011		2010
Revenue:				
Program revenue	$	8,160,317	$	7,474,301
Donations		351,401		585,063
Expense recoveries		367,254		299,972
Investment income		1,906		2,515
Nevada ticket sales, net		4,680		3,773
Miscellaneous		18,468		158,267
Amortization of deferred contributions related to capital assets		482,451		195,037
		9,386,477		8,718,928
Expenses:				
Salaries and benefits:				
Salaries		6,247,466		5,998,920
Benefits		1,353,696		1,256,312
		7,601,162		7,255,232
Direct program expenses:				
Supplies and materials		164,025		94,153
Purchased services		12,898		25,428
Training and conference		33,029		32,612
Staff mileage		159,957		147,234
Program administration		105,011		161,257
Miscellaneous		995		3,249
		475,915		463,933
Other expenses:				
Board and volunteer training, conference and other		4,544		3,853
Management and administration training, conference and travel		15,849		13,444
Staff recruitment and other		8,621		6,169
Professional fees and consulting		44,543		19,432
Office and administration (schedule 1)		72,889		69,221
Service charges, fees and interest		86,344		7,243
Network support and maintenance		126,017		33,760
Licence and membership		24,218		25,842
Fundraising and development		50,468		45,766
Insurance		39,234		24,027
Building occupancy (schedule 2)		270,941		408,713
Health and safety		12,223		1,152
Miscellaneous		2,724		4,043
Unrealized (gain) loss on investments		(9,305)		4,521
Loss on disposal of capital assets		-		38,616
Amortization		548,235		229,110
		1,297,545		934,912
Total expenses		9,374,622		8,654,077
Excess of revenue over expenditures	$	11,855	$	64,851

See accompanying notes to financial statements.

JOHN MCGIVNEY CHILDREN'S CENTRE

Statement of Changes in Fund Balances

Year ended March 31, 2011, with comparative figures for 2010

	Invested in capital assets	Internally restricted	Unrestricted	Total 2011	Total 2010
Fund balance, beginning of year	$ (407,006)	$ 376,316	$ 168,988	$ 138,298	$ 73,447
Excess of revenue over expenses for the year (note 4b)	(49,681)	-	61,536	11,855	64,851
Fund balance, end of year	$ (456,687)	$ 376,316	$ 230,524	$ 150,153	$ 138,298

See accompanying notes to financial statements.

JOHN MCGIVNEY CHILDREN'S CENTRE

Statement of Cash Flows

Year ended March 31, 2011, with comparative figures for 2010

		2011		2010
Cash provided by (used for):				
Operating activities:				
Excess of revenue over expenses for the year	$	11,855	$	64,851
Items not involving cash:				
Amortization		548,235		229,110
Loss on disposal of capital assets		-		38,616
Amortization of deferred contributions related to capital assets		(482,451)		(195,037)
Increase in non-cash operating working capital		(1,637,379)		990,525
Net (decrease) increase in deferred contributions related to expenses of future periods		39,168		(7,683)
		(1,520,572)		1,120,382
Financing activities:				
Increase in bank loan		2,208,728		1,738,000
Investing activities:				
Net increase in deferred contributions related to capital assets		613,419		5,932,195
Purchase of capital assets		(788,299)		(9,413,143)
		(174,880)		(3,480,948)
Increase (decrease) in cash		513,276		(622,566)
Cash, beginning of year		1,528,181		2,150,747
Cash, end of year	$	2,041,457	$	1,528,181
Supplemental disclosure of non-cash operating activities:				
Cash received:				
Interest and dividends	$	1,911	$	2,540
Cash paid - interest		87,211		7,243

See accompanying notes to financial statements.

John McGivney Children's Centre ("the Centre"), a family-centered organization, contributes to a community network of support for children and young adults through the provision of services which are responsive to their physical and developmental needs. Individuals and families can access a variety of assessment, treatment, consultative, educational and support services. The Centre is a registered charity under the Income Tax Act and accordingly is exempt from income taxes.

1. Significant accounting policies:

(a) Revenue recognition:

The Centre follows the deferral method of accounting for contributions, which consist of government grants and donations.

The Centre is funded in accordance with service agreements established by the respective funders. Operating grants are recorded as revenue in the period to which they relate. Grants approved but not received at the end of the year are accrued. Where a portion of a grant relates to a future period, it is deferred and recognized in the subsequent period.

Externally restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Contributions restricted for the purchase of capital assets are deferred and amortized into revenue on a straight-line basis, at a rate corresponding with the amortization rate for the related capital assets.

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.

(b) Inventory:

Inventory is stated and the lower of cost and net realizable value.

(c) Marketable securities:

The Centre has designated its marketable securities as held for trading investments. Consequently, these investments are recorded at market values as determined by quoted market prices. Realized and unrealized gains and losses as a result of dispositions and change in fair value are recorded in the statement of operations.

1. Significant accounting policies (continued):

(d) Capital assets:

Capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Proceeds from the disposition of capital assets in excess of (or less than) net book value are recorded as a gain (or loss) on the sale of capital assets in the statement of operations.

Amortization is provided on a straight-line basis over the useful life of the asset, as follows:

Landscaping and fencing improvements	2 1/2%
Building	2 1/2%
Storage building	2 1/2%
Furniture and equipment	10%
Leaseholds	over lease term
Parking lot	10%
Computer equipment and management information system	33 1/3%
Playground equipment	10%

No amortization is taken on capital assets until they are put in use. No amortization is taken on capital assets on the year of disposal.

(e) Use of estimates:

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Significant items subject to such estimates and assumptions include the carrying value of capital assets and the valuation allowance for accounts receivable. Actual results could differ from those estimates.

2. Capital assets:

	Cost	Accumulated amortization	2011 Net book value	2010 Net book value
Land	$ 1	$ –	$ 1	$ 1
Landscaping and fencing improvements	136,450	44,066	92,384	95,795
Building	14,779,036	1,193,512	13,585,524	237,834
Furniture and equipment	829,975	426,279	403,696	30,862
Leaseholds	265,912	263,839	2,073	2,778
Parking lot	563,164	56,316	506,848	558,487
Computer equipment	626,820	445,888	180,932	238,943
Management information system	30,809	30,809	–	–
Playground equipment	12,860	1,286	11,574	12,860
Building project- in process	–	–	–	13,365,408
	$ 17,245,027	$ 2,461,995	$ 14,783,032	$ 14,542,968

3. Deferred contributions:

Deferred contributions related to expenses of future periods represent unspent, externally restricted grants for programs.

	2011	2010
Balance, beginning of year	$ 126,494	$ 134,177
Less amount recognized as revenue in the year	(45,416)	(26,202)
Add amount received related to future period	84,584	18,519
	$ 165,662	$ 126,494

3. Deferred contributions (continued):

Deferred capital contributions related to capital assets represent the unamortized amount of grants and donations received for the purchase of capital assets. The amortization of capital contributions is recorded as revenue in the statement of operations.

	2011	2010
Balance, beginning of year	$ 11,707,668	$ 6,100,460
Additional contributions received	1,741,078	6,694,115
Less amounts amortized to revenue	(482,451)	(195,037)
Less amounts recognized as revenue in the year	(1,127,659)	(891,870)
	$ 11,838,636	$ 11,707,668

The balance of unamortized capital contributions related to capital assets consists of the following:

	2011	2010
Unamortized capital contributions	$ 11,724,025	$ 11,222,033
Unspent capital contributions	114,611	485,635
	$ 11,838,636	$ 11,707,668

4. Invested in capital assets:

(a) Invested in capital assets is calculated as follows:

	2011	2010
Capital assets, net	$ 14,783,032	$ 14,542,968
Amounts financed by:		
Deferred contributions	(11,838,636)	(11,707,668)
Other net current assets (liabilities)	(3,401,083)	(3,242,306)
	$ (456,687)	$ (407,006)

4. Invested in capital assets (continued):

(b) Change in net assets invested in capital assets is calculated as follows:

	2011	2010
Excess of expenses over revenues:		
Amortization of deferred contributions related to capital assets	$ 482,451	$ 195,037
Amortization of capital assets	(548,235)	(229,110)
Unrealized gain (loss) on investments	9,305	(4,521)
Loss on disposal of capital assets	-	(38,616)
Investment income	1,906	2,515
Nevada ticket sales, net	4,680	3,773
Miscellaneous income	226	201
Miscellaneous expense	(14)	(421)
Donation revenue	93,123	380,534
Interest on financing – capital project	(82,828)	(3,263)
Fundraising expense	(10,295)	(377,994)
	$ (49,681)	$ (71,865)

5. Internally restricted fund balances and interfund transfers:

Internally restricted fund balances are restricted for the purchase of capital assets and for repairs.

6. Fair value of financial assets and financial liabilities:

The fair value of the Centre's cash, marketable securities, accounts receivable, bank loan and accounts payable and accrued liabilities approximate their carrying amounts due to the relatively short periods to maturity.

7. Available credit facility:

The Centre has negotiated an operating line of credit in the amount of $300,000 with its banker. At March 31, 2011 the balance of this line of credit is $nil (2010 - $nil).

The bank loan is a demand loan and bears interest payable monthly at prime minus .55%. The loan is repayable over 10 years, commencing January 2012 and is due December 31, 2021. It is secured by a first fixed charge on the Centre's land and building.

JOHN MCGIVNEY CHILDREN'S CENTRE

Schedule of Expenses - Office and Administration

Schedule 1

Year ended March 31, 2011, with comparative figures for 2010

		2011		2010
Office supplies, subscriptions and periodicals	$	21,688	$	14,562
Photocopying		19,727		26,064
Postage and courier		4,418		4,172
Printing		2,656		-
Telephone		24,400		24,423
	$	72,889	$	69,221

JOHN MCGIVNEY CHILDREN'S CENTRE

Schedule of Expenses - Building Occupancy

Schedule 2

Year ended March 31, 2011, with comparative figures for 2010

	2011	2010
Storage	$ 5,053	$ 3,395
Housekeeping supplies	50,982	15,721
Building insurance	1,421	486
Repairs and maintenance	23,708	4,721
Lease, moving and purchased services	91,086	384,390
Hydro and water	83,208	-
Gas	15,483	-
	$ 270,941	$ 408,713