

**LINKS2CARE**  
**Financial Statements**  
**Year Ended March 31, 2011**

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**LINKS2CARE**  
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**Year Ended March 31, 2011**

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## INDEPENDENT AUDITOR'S REPORT

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### To the Directors of Links2Care

We have audited the accompanying financial statements of Links2Care, which comprise the statement of financial position as at March 31, 2011, 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, 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 audit opinion.

#### *Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of Links2Care 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.

*Hawley & Company LLP*

Mississauga, Ontario  
June 22, 2011

**HAWLEY & COMPANY LLP**  
Chartered Accountants  
Licensed Public Accountants

**LINKS2CARE**  
**Statement of Financial Position**  
**March 31, 2011**

	2011	2010
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash (Note 8)	\$ 761,576	\$ 919,907
Term deposits (Note 5)	570,000	-
Accounts and contributions receivable	163,339	132,109
Prepaid expenses	11,473	14,274
	<u>1,506,388</u>	<u>1,066,290</u>
<b>PROPERTY AND EQUIPMENT (Note 6)</b>	<u>20,285</u>	<u>40,404</u>
	<b><u>\$ 1,526,673</u></b>	<b><u>\$ 1,106,694</u></b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities	\$ 448,880	\$ 387,877
Deferred contributions (Note 8)	12,792	43,653
Surplus funding payable (Note 7)	652,990	283,879
	<u>1,114,662</u>	<u>715,409</u>
<b>SUBSEQUENT EVENT (Note 3)</b>		
<b>LEASE COMMITMENTS (Note 9)</b>		
<b>CONTINGENT RECOVERY (Note 15)</b>		
<b>NET ASSETS</b>		
General fund (Note 12)	183,915	163,189
Lottery fund (Note 12)	29,009	29,009
Internally restricted development fund (Note 12)	199,087	199,087
	<u>412,011</u>	<u>391,285</u>
	<b><u>\$ 1,526,673</u></b>	<b><u>\$ 1,106,694</u></b>

**ON BEHALF OF THE BOARD**

\_\_\_\_\_  
Jeannie Collins-Ardern *Director*

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Maureen McCallister *Director*

**LINKS2CARE****Statement of Operations****Year Ended March 31, 2011**

	2011	2010
<b>REVENUE</b>		
Provincial - Local Health Integrated Network (Note 7)	\$ 2,188,280	\$ 1,897,153
Provincial - Ministry of Health (Note 7)	588,437	837,969
Provincial - Ministry of Children and Youth Services	180,000	181,500
Provincial - Ministry of Training, Colleges and Universities	222,063	225,423
Regional - Children's programs	208,313	259,034
Regional - Homelessness programs	62,578	40,442
Regional - Community Investment Fund	83,750	20,000
Municipal Government	33,500	33,900
United Way	48,810	71,544
Ontario Trillium	-	43,750
Other grants (Note 6)	18,983	27,961
Donations (Note 10)	50,397	35,488
Fundraising (net) (Note 11)	8,411	6,656
Service fees and other	716,312	743,600
Rent	18,505	22,300
Interest	9,626	9,190
	<u>4,437,965</u>	<u>4,455,910</u>
<b>OPERATING EXPENSES</b>		
Employee wages and benefits	3,154,771	2,892,300
Program (Notes 7, 8)	654,545	967,212
Building occupancy (Note 9)	218,779	249,901
Office	123,556	149,367
Travel	76,573	61,426
Professional fees	57,883	65,335
Other operating expenses	30,080	25,866
Contracted services	27,289	38,456
Equipment & software	24,062	35,513
Staff training	21,451	15,583
Board and volunteer training	2,267	2,651
Bad debts	5,864	5,347
Amortization (Note 6)	20,119	24,888
	<u>4,417,239</u>	<u>4,533,845</u>
<b>SURPLUS (DEFICIT) BEFORE DEVELOPMENT FUND DRAW DOWN</b>	<b>20,726</b>	<b>(77,935)</b>
<b>DEVELOPMENT FUND DRAW DOWN (Note 12)</b>	<b>-</b>	<b>85,913</b>
<b>NET SURPLUS (DEFICIT) FOR THE YEAR</b>	<b>\$ 20,726</b>	<b>\$ 7,978</b>

**LINKS2CARE**  
**Statement of Changes in Net Assets**  
**Year Ended March 31, 2011**

	General Fund	Lottery Fund	Internally Restricted Development Fund	2011	2010
<b>NET ASSETS - BEGINNING OF YEAR</b>	\$ 163,189	\$ 29,009	\$ 199,087	\$ <b>391,285</b>	\$ 469,220
Net surplus (deficit) for the year (Note 12)	20,726	-	-	<b>20,726</b>	7,978
Development fund draw down (Note 12)	-	-	-	-	(85,913)
<b>NET ASSETS - END OF YEAR</b>	\$ <b>183,915</b>	\$ <b>29,009</b>	\$ <b>199,087</b>	\$ <b>412,011</b>	\$ <b>391,285</b>

**LINKS2CARE**  
**Statement of Cash Flows**  
**Year Ended March 31, 2011**

	2011	2010
<b>OPERATING ACTIVITIES</b>		
Net surplus (deficit) for the year	\$ 20,726	\$ 7,978
Items not affecting cash:		
Amortization (Note 6)	20,119	24,888
Development Fund (Note 12)	-	(85,913)
	<u>40,845</u>	<u>(53,047)</u>
Changes in non-cash working capital:		
Accounts and contributions receivable	(31,230)	69,979
Accounts payable and accrued liabilities	61,003	140,829
Deferred contributions (Note 8)	(30,861)	4,399
Prepaid expenses	2,801	9,678
Surplus funding payable (Note 7)	369,111	(382,158)
	<u>370,824</u>	<u>(157,273)</u>
<b>INCREASE (DECREASE) IN CASH FLOW</b>	<b>411,669</b>	<b>(210,320)</b>
<b>CASH - BEGINNING OF YEAR</b>	<b>919,907</b>	<b>1,130,227</b>
<b>CASH - END OF YEAR</b>	<b>\$ 1,331,576</b>	<b>\$ 919,907</b>
<b>CASH CONSISTS OF:</b>		
Cash	\$ 761,576	\$ 919,907
Term deposits	570,000	-
	<u>\$ 1,331,576</u>	<u>\$ 919,907</u>

**LINKS2CARE**  
**Notes to Financial Statements**  
**Year Ended March 31, 2011**

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**1. PURPOSE OF THE ORGANIZATION**

Links2Care is a non-profit organization serving Halton Region and Mississauga areas, with the objective of being a multi-service organization supporting people of all ages in the development of a caring and responsive community. Links2Care is incorporated under the Ontario Business Corporations Act as a not-for-profit organization and is a registered charity under the Income Tax Act.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Property and equipment**

Property and equipment are stated at cost less accumulated amortization. Property and equipment are amortized over their estimated useful lives at the following rates and method:

Vehicle	5 years	straight-line method
Computer equipment	3 to 5 years	straight-line method
Furniture and fixtures	5 years	straight-line method
Leasehold improvements	5 to 10 years	straight-line method

The organization regularly reviews its property and equipment to eliminate obsolete items. Government grants are treated as a reduction of property and equipment cost.

Property and equipment acquired during the year but not placed into use are not amortized until they are placed into use.

**Leases**

Leases are classified as either capital or operating leases. At the time the organization enters into a capital lease, an asset is recorded with its related long-term obligation to reflect the acquisition and financing. Rental payments under operating leases are expensed as incurred.

**Revenue recognition**

The organization follows the deferral method of accounting for contributions. Under this method, unrestricted contributions are recorded as revenue when received or receivable, as they do not require the performance of an activity. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. If restricted contributions relate to expenses of future periods, they would be deferred and recorded as revenue in the period the expenses are incurred.

Capital grants, where significant, are deferred and recognized as revenue on the same basis as the amortization expense related to the acquired capital assets.

Government grants for non-specific uses are taken into revenue over the period to which they apply. Government grants pertaining to specific projects are recognized as revenue as related project expenses are incurred.

Other sources of income are recorded using the accrual method.

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## LINKS2CARE

### Notes to Financial Statements

Year Ended March 31, 2011

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#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

##### Contributed services

Volunteers assist the organization in carrying out its activities. Because of the difficulty of determining the fair value of these activities, contributed services are not recognized in the financial statements.

##### Measurement uncertainty

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in operations in the period in which they become known. Actual results could differ from these estimates.

##### Capital management

Capital is comprised of the organization's net assets. There are no externally imposed capital restrictions. As at March 31, 2011, the organization's net assets were \$412,011. The organization's objective when managing capital is to continue as a going concern so that it can continue to support people of all ages in the development of a caring and responsive community.

##### Changes in accounting policies

Effective the year commencing on April 1, 2008, the organization implemented the new Canadian Institute of Chartered Accountants (CICA) accounting Section 1535, "Capital Disclosures". Section 1535 specifies the disclosure must be made regarding whether the entity has complied with any capital requirements; and if it has not complied, the consequences of such non-compliance. The organization has included the required disclosure in note 2 to the financial statements.

On April 1, 2009, the organization adopted the amendments to the CICA Handbook, Section 1540, Cash flow statement, Section 1751, Interim financial statements, Section 1000, Financial statement concepts, Section 4400, Financial statement information presentation by not-for profit organizations, and Section 4470, Disclosure of allocated expenses. The adoption of these amended standards has not materially affected how the organization accounts for its transactions.

##### Gifts in kinds

The organization receives donations of material items from time to time. Material items which would otherwise have been paid for by the entity are recorded at fair value when reasonably determinable.

##### Term deposits

Term deposits, which consist primarily of commercial paper with original maturities at date of purchase beyond three months and less than twelve months, are classified as held for trading and carried at fair value which approximates cost.

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**LINKS2CARE**  
**Notes to Financial Statements**  
**Year Ended March 31, 2011**

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(continued)*

**Allocation of expenses**

The organization allocates certain of its program expenses by identifying the appropriate basis of allocating each component expense. The organization allocates its administration expenses based on the approximate time spent by program staff, or proportionate share of the related expenses, to the various categories. During the year, \$733,833 (2010 - \$756,850) of administration expenses were allocated to 25 programs, based on the identification, time and effort spent on these programs.

**Contributed Capital Assets**

Contributed capital assets are recognized as revenue on the same basis as the amortization expense on the capital asset.

**3. MISSISSAUGA HALTON LOCAL HEALTH INTEGRATION NETWORK**

Links2Care has entered into a service accountability agreement with the LHIN for the period April 1, 2011 to March 31, 2014. The service accountability agreement enables the LHIN to provide funding for the provision of services. It supports a collaborative relationship between Links2Care and the LHIN to improve the health of Ontario residents through better access to high quality health services. The funding to be received from the LHIN represents approximately 61% of revenue.

The service accountability agreement required the organization to engage with an accreditation body with initial accreditation to be completed by September 30, 2013. The organization committed with CARF Canada for the accreditation program and the estimated cost will be \$14,865 for this 3 years program for 2011, 2012 and 2013. The LHIN had committed to provide funding of \$14,865 for this program, over the 3 years. The actual expense might be higher than expected and any additional amount will be funded by the organization.

**4. FUTURE CHANGES IN ACCOUNTING STANDARD**

The Accounting Standards Board ("AcSB") has decided to transition Canadian generally accepted accounting principles ("GAAP") for publicly accountable entities to International Financial Reporting Standards effective for years beginning on or after January 1, 2011. The organization is currently classified as a non-profit organization. In March 2010, the AcSB issued the exposure draft for Accounting Standards for Non-Profit Organizations with mandatory adoption for year ends beginning on or after January 1, 2012. Alternatively, the organization can chose to follow the new standards applicable to not-for profit organizations, which include the Section 4400 series. Management is assessing the impact of these new reporting requirements.

**LINKS2CARE****Notes to Financial Statements****Year Ended March 31, 2011****5. TERM DEPOSITS**

General Operating Fund holds the remainder of the net assets, providing liquidity to the organization. The organization has three GICs at BMO Investor Line as follows:

	<u>2011</u>	<u>2010</u>
Bank of Montreal Mortgage GIC, interest at 2% due 06/30/2011	\$ 75,000	\$ -
BMO Advisor's Advantage Trust GIC, interest at 1.25% due 11/21/2011	400,000	-
Home Trust Company GIC, interest at 1.4% due 11/21/2011	95,000	-
	<u>\$ 570,000</u>	<u>\$ -</u>

**6. PROPERTY AND EQUIPMENT**

	Cost	Accumulated amortization	2011 Net book value	2010 Net book value
Vehicle	\$ 25,354	\$ 12,229	\$ 13,125	\$ 18,195
Computer equipment	131,255	128,378	2,877	9,329
Furniture and fixtures	145,322	142,315	3,007	6,884
Leasehold improvements	70,852	69,576	1,276	5,996
	<u>\$ 372,783</u>	<u>\$ 352,498</u>	<u>\$ 20,285</u>	<u>\$ 40,404</u>

A contribution of \$25,354 was received for a vehicle purchased during fiscal 2009. The contribution is recognized as revenue on the same basis as the amortization expense related to the vehicle and is included in the other grants amount \$5,070 (2010 - \$5,070).

**7. SURPLUS FUNDING PAYABLE**

Surplus funding payable represents the amount of excess funding received over annual expenses that is repayable to the Ontario Ministry of Health and Long Term Care. At year end, \$652,990 (2010 - \$283,879) is required to be returned.

	<u>2011</u>	<u>2010</u>
Ministry of Health PSW Training Fund	\$ 512,400	\$ 184,292
Local Health Integration Network - Support Services and Supportive Housing	48,729	48,729
Local Health Integration Network - Community Services Programs	91,861	50,858
Total surplus funding payable	<u>\$ 652,990</u>	<u>\$ 283,879</u>

**LINKS2CARE**  
**Notes to Financial Statements**  
**Year Ended March 31, 2011**

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**8. DEFERRED CONTRIBUTIONS**

Deferred contributions represent the amount of restricted contributions that are related to expenses of future periods. When the expenses are incurred the matching contributions will be recognized as revenue. At year end, \$12,792 (2010 - \$43,653) of the cash balance is restricted to be used for specific future programs.

	<u>2011</u>	<u>2010</u>
<b>Programs</b>		
School Age Program	\$ 13,125	\$ 20,895
Winter Warmth	5,917	5,098
Youth Program	(6,250)	10,000
Child Care Resource Centre	-	7,660
	<hr/>	<hr/>
Total Deferred Contributions	<b>\$ 12,792</b>	<b>\$ 43,653</b>

**9. LEASE COMMITMENTS**

The organization has multiple long term leases with respect to its premises, as well as long term leases with respect to office equipment. The premises leases contain renewal options and provides for payment of property taxes. Future minimum lease payments as at year end are as follows:

2012	\$ 121,916
2013	116,957
2014	28,690
2015	10,684
	<hr/>
	<b>\$ 278,247</b>

**10. DONATED GOODS AND SERVICES**

The organization relies on donated goods and services, including the services of the Board of Directors, to carry out its objectives. Where the amount can be estimated and would be purchased from a third party if not donated it is recorded in the financial statements. If the value of the donated good or service can not be estimated or would not be purchased from a third party in other circumstances then there is no recognition in the financial statements. Management estimates that volunteers provided over 10,294 hours (2010 - 9,900 hours) of service to the organization. These volunteer hours are not recorded in the financial statements.

**11. FUNDRAISING**

The organization held two charity golf tournaments during the year, and also operates two snack bars at the youth centres in addition to other small fundraising activities. Fundraising gross revenues were \$36,982 (2010 - \$33,432) and expenses were \$28,570 (2010 - \$26,776).

**LINKS2CARE**  
**Notes to Financial Statements**  
**Year Ended March 31, 2011**

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**12. NET ASSETS OF THE ORGANIZATION**

The net assets of the organization represent the excess of accumulated revenues and contributions over the expenses at the Statement of Financial Position date. In total these funds provide liquidity and also a reserve from which to draw when unforeseen expenses arise. For greater clarity, the organization has sub-divided net assets into three funds: the Lottery Fund, the Development Fund and the General Operating Fund.

The Lottery Fund consists of profits from Nevada lottery ticket sales, which have always been kept in a separate bank account. The Nevada profits must be expended according to the stated goals on the lottery licence application filed with the Alcohol and Gaming Commission of Ontario. Those stated goals are to support or expand community services delivered by the organization.

The purpose of the Development Fund is to provide for the establishment of new programs, the acquisition of capital assets, or such other purposes as the Board decides are in the best interests of the organization. By resolution of the Board, the Development Fund may be increased or decreased in size from the General Operating Fund.

In 2010 the organization suffered a loss of \$85,913 in the child-care programs known as Links2Kids, due to its Main Street child-care centre. This loss was anticipated, and despite efforts in 2010 to increase revenues to meet expenses, the losses continued to accumulate. The Board approved a draw-down of \$85,913 in 2010 from the Development Fund to cover the losses and the closing costs. The two school-age programs under the Links2Kids umbrella are being continued since the client fees are sufficient to meet the expenses. In 2011, the organization suffered a loss of \$48,883 in this program and on June 30, 2010, the organization decided to discontinue operations at the child-care centre on Main Street in Georgetown.

The General Operating Fund holds the remainder of net assets, providing liquidity to the organization. These net assets represent program funding, accumulated surplus from client fees and donations, and any other unspecified net assets. By resolution of the Board the General Operating Fund may be increased or decreased in size by the Development Fund.

**13. FINANCIAL INSTRUMENTS**

**Fair Value**

The organization's carrying value of cash, accounts and contributions receivable, accounts payable and accrued liabilities, surplus funding payable and deferred contributions approximates their fair value, due to the immediate or short term maturity of these instruments.

Unless otherwise noted, it is management's opinion that the organization is not exposed to significant interest rate, currency, credit or commodity risks arising from the financial instruments.

**14. INCOME TAXES**

The organization qualifies for tax exempt status as a registered charity under paragraph 149(1)(f) of the Income Tax Act.

**LINKS2CARE**  
**Notes to Financial Statements**  
**Year Ended March 31, 2011**

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**15. ONTARIO EMPLOYER HEALTH TAX ("EHT")**

The organization has requested an EHT refund claim from the Ministry of Finance during the year, by amending its 2006 to 2009 EHT filings to reflect an increased ability to utilize the EHT \$400,000 exemption, based on the number of locations. To date, the refund claim has not been approved by the Ministry of Finance. The organization's management has estimated the gross EHT refund claim at approximately \$65,000. The net EHT refund claim is not determinable at this time, hence, no recording of this potential recovery has been reflected in the financial statements.

**16. AMALGAMATION**

The organization amalgamated with Moore Place Day Care on September 22, 2009, and continued operations under the name Links2Care. The prior year's figures are combined to reflect the amalgamation.

**17. COMPARATIVE FIGURES**

Some of the comparative figures have been reclassified to conform with the current year's presentation.

