

FINANCIAL STATEMENTS
For
SOUTH-EAST OTTAWA COMMUNITY SERVICES
For year ended
MARCH 31, 2010

AUDITORS' REPORT

To the members of

SOUTH-EAST OTTAWA COMMUNITY SERVICES

We have audited the statement of financial position of South-East Ottawa Community Services as at March 31, 2010 and the statements of operations, fund balances and cash flows for the year then ended. These financial statements are the responsibility of the Centre's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In common with many charitable organizations, the Centre derives part of its income from the general public in the form of donations and fundraising events which are not susceptible to satisfactory audit verification. Accordingly, our verification of revenue from this source was limited to accounting for the amounts recorded in the records of the Centre and we were not able to determine whether any adjustments might be necessary to other revenues, net revenues, assets, and general funds.

In our opinion, except for the effect of any adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of the contributions referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the Centre as at March 31, 2010 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.



Chartered Accountants
Licensed Public Accountants

Ottawa, Ontario
May 26, 2010.

SOUTH-EAST OTTAWA COMMUNITY SERVICES

(Incorporated under the laws of Ontario)

STATEMENT OF FINANCIAL POSITION

MARCH 31, 2010

<u>ASSETS</u>	<u>Operating Fund</u>	<u>Capital Asset Fund - Internally Restricted</u>	<u>2010</u>	<u>2009</u>
CURRENT ASSETS				
Cash and cash equivalents	\$ 4,478,373	\$	\$ 4,478,373	\$ 2,673,021
Accounts receivable - note 5	309,950		309,950	160,798
Prepaid expenses	<u>374,583</u>		<u>374,583</u>	<u>382,829</u>
	5,162,906		5,162,906	3,216,648
CAPITAL ASSETS - note 6				
		<u>266,738</u>	<u>266,738</u>	<u>355,736</u>
	<u>\$ 5,162,906</u>	<u>\$ 266,738</u>	<u>\$ 5,429,644</u>	<u>\$ 3,572,384</u>
 <u>LIABILITIES AND FUND BALANCES</u>				
CURRENT LIABILITIES				
Accounts payable and accrued liabilities	\$ 673,030	\$	\$ 673,030	\$ 526,868
Repayable to government - note 7	2,511,023		2,511,023	915,350
Deferred contributions - note 8	<u>834,709</u>		<u>834,709</u>	<u>753,456</u>
	<u>4,018,762</u>	<u>-</u>	<u>4,018,762</u>	<u>2,195,674</u>
DEFERRED CAPITAL GRANTS - note 6				
		<u>266,738</u>	<u>266,738</u>	<u>355,736</u>
FUND BALANCES				
Appropriated	430,000		430,000	400,000
General	<u>714,144</u>		<u>714,144</u>	<u>620,974</u>
	<u>1,144,144</u>	<u>-</u>	<u>1,144,144</u>	<u>1,020,974</u>
	<u>\$ 5,162,906</u>	<u>\$ 266,738</u>	<u>\$ 5,429,644</u>	<u>\$ 3,572,384</u>

Approved:

.....  Director

.....  Director

(See accompanying notes)

SOUTH-EAST OTTAWA COMMUNITY SERVICES

STATEMENT OF OPERATIONS

YEAR ENDED MARCH 31, 2010

	<u>Operating Fund</u>	<u>Capital Asset Fund - Internally Restricted</u>	<u>2010</u>	<u>2009</u>
Revenue				
Grants				
Ontario	\$ 15,912,204	\$	\$ 15,912,204	\$ 12,519,518
Federal	42,931		42,931	246,133
Municipal	851,372		851,372	737,593
Other	506,455		506,455	277,745
Interest	21,821		21,821	85,118
Fundraising	174,853		174,853	175,419
Amortization of deferred grants		123,484	123,484	204,770
Miscellaneous	<u>9,976</u>		<u>9,976</u>	<u>27,049</u>
	<u>17,519,612</u>	<u>123,484</u>	<u>17,643,096</u>	<u>14,273,345</u>
Expenses				
Salaries and benefits	4,618,636		4,618,636	4,329,068
Materials, supplies and services	11,094,036		11,094,036	9,478,954
Non-recurring	96,988		96,988	89,688
Amortization of capital assets		<u>123,484</u>	<u>123,484</u>	<u>204,770</u>
	<u>15,809,660</u>	<u>123,484</u>	<u>15,933,144</u>	<u>14,102,480</u>
Net revenue before items below	1,709,952		1,709,952	170,865
Transferred from deferred contributions	8,891		8,891	
Amount repayable to government	<u>(1,595,673)</u>		<u>(1,595,673)</u>	<u>(70,745)</u>
Net revenue	<u>\$ 123,170</u>	<u>\$ -</u>	<u>\$ 123,170</u>	<u>\$ 100,120</u>

(See accompanying notes)

SOUTH-EAST OTTAWA COMMUNITY SERVICES

STATEMENT OF FUND BALANCES

YEAR ENDED MARCH 31, 2010

	<u>2010</u>	<u>2009</u>
APPROPRIATED		
Contingencies		
Balance, beginning and end of year	\$ <u>100,000</u>	\$ <u>100,000</u>
Special repairs and maintenance		
Balance, beginning and end of year	<u>100,000</u>	<u>100,000</u>
Innovative programs and services		
Balance, beginning and end of year	<u>85,000</u>	<u>85,000</u>
Supplementary funding for programs and services		
Balance, beginning and end of year	<u>115,000</u>	<u>115,000</u>
Staff and board insurance fund		
Balance, beginning and end of year	<u>30,000</u>	<u> </u>
Transferred from general	<u>30,000</u>	<u> </u>
Balance, end of year	<u>30,000</u>	<u> </u>
Balance, end of year	\$ <u>430,000</u>	\$ <u>400,000</u>
 GENERAL		
Balance, beginning of year	\$ 620,974	\$ 520,854
Net revenue	123,170	100,120
Transferred to staff and board insurance fund	<u>(30,000)</u>	<u> </u>
Balance, end of year	\$ <u>714,144</u>	\$ <u>620,974</u>

(See accompanying notes)

SOUTH-EAST OTTAWA COMMUNITY SERVICES
STATEMENT OF CASH FLOWS
YEAR ENDED MARCH 31, 2010

	<u>2010</u>	<u>2009</u>
CASH PROVIDED (USED)		
Operations		
Net revenue	\$ 123,170	\$ 100,120
Changes in non-cash operating items:		
Accounts receivable	(149,152)	62,340
Prepaid expenses	8,246	(61,923)
Accounts payable and accrued liabilities	<u>146,162</u>	<u>119,211</u>
Net cash provided by operations	<u>128,426</u>	<u>219,748</u>
Investing activities		
Purchase of capital assets	<u>(34,486)</u>	<u>(144,785)</u>
Net cash used in investing activities	<u>(34,486)</u>	<u>(144,785)</u>
Financing activities		
Grants received for the purchase of capital assets	34,486	144,785
Government advances in excess of expenses - net	1,595,673	70,745
Deferred contributions	<u>81,253</u>	<u>39,998</u>
Net cash provided by financing activities	<u>1,711,412</u>	<u>255,528</u>
TOTAL CASH FLOWS	1,805,352	330,491
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>2,673,021</u>	<u>2,342,530</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 4,478,373</u>	<u>\$ 2,673,021</u>

(See accompanying notes)

SOUTH-EAST OTTAWA COMMUNITY SERVICES

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2010

1. PURPOSE OF THE ORGANIZATION

The Centre operates under the name South-East Ottawa Community Health Centre. The Centre works with community members to meet the challenge of change, to be sensitive to community needs when addressing social and health issues and to promote the holistic well-being of individuals by providing opportunities for people to empower themselves and reach their full potential as community members.

The Centre was incorporated by Letters Patent on March 8, 1985 under the laws of the Province of Ontario as a non-profit charitable organization without share capital.

2. CHANGE IN ACCOUNTING POLICY

The Accounting Standards Board issued a new accounting standard, Handbook Section 4470 Disclosure of Allocated Expenses by Not-for-profit Organizations, which establishes standards for disclosure of general support costs allocated to functions of the entity. The standard is effective for reporting periods beginning on or after January 1, 2009. The organization classifies its expenses by object and does not allocate general support costs to functions. As a result, the new standard did not impact their financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

Fund Accounting

The Operating Fund accounts for the Centre's program delivery and administrative activities. Costs of operating the Centre are financed primarily by the Province of Ontario through the Champlain Local Health Integration Network and the Ministry of Health and Long-Term Care.

The appropriated fund balance is comprised of the following funds:

Contingencies Fund - funds are available on a one-time basis, with Board approval, to address unforeseen expenditures,

Special repairs and maintenance Fund - funds are available on a one-time basis, with Board approval, to address maintenance and repair of owned capital assets including premises, equipment and furnishings, etc.

Innovative programs and services Fund - funds are available on a one-time basis, with Board approval, to "seed" new or innovative projects which otherwise have no funding stream identified or available but which would nevertheless strengthen the organization's services and/or resource. Funds may be accessed to "pilot" or otherwise demonstrate efficacy of an innovative approach to service delivery or resource development, preparatory to developing funding proposals to other potential sources,

Supplementary funding for programs and services Fund - funds are available on a one-time basis, with Board approval, to enable immediate enhancement of a program or service or to sustain a program or service with the understanding that funds from other sources will be shortly forthcoming. These funds will "bridge" to sustainable funding from other sources.

Staff and board insurance fund - funds are available on a one-time basis, with Board approval, to protect the staff and board members of South-East Ottawa Community Services for a period of three years after such time as the Centre ceases operations.

The Capital Asset Fund reports the assets, liabilities, revenues and expenses related to the Centre's capital assets.

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SOUTH-EAST OTTAWA COMMUNITY SERVICES
NOTES TO FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED MARCH 31, 2010

3. SIGNIFICANT ACCOUNTING POLICIES - Cont'd.

Revenue recognition

The Centre follows the deferral method of accounting for grant revenues. Grants are recognized as revenue in the year in which the related expenses are incurred. Donations and memberships are recorded when received.

Cash and cash equivalents

Cash and cash equivalents includes short-term investments in term deposits which are generally held for periods up to one year.

Capital assets, deferred grants and amortization

Capital assets are stated at acquisition cost. Grants and donations received specifically for the acquisition of capital assets are deferred. Amortization of both capital assets and deferred grants is provided, at the following annual rates, with one-half year amortization taken in the year of acquisition:

Computer equipment	- 33% straight line
Furniture and fixtures	- 20% straight line
Leasehold improvements	- over length of lease
Telecommunication equipment	- 20% straight line
Automotive	- 20% straight line

Use of estimates

The preparation of financial statements in conformity with Canadian 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 date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

4. FINANCIAL INSTRUMENTS

The Centre's financial instruments consist of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities and amounts repayable to governments. It is management's opinion that the organization is not exposed to significant interest, currency or credit risks arising from these financial instruments.

The fair values of the Centre's cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities and amounts repayable to governments approximate their carrying value due to their short-term nature.

The organization is exposed to interest rate risk due to the impact of fluctuations in the interest rate.

SOUTH-EAST OTTAWA COMMUNITY SERVICES
NOTES TO FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED MARCH 31, 2010

5. ACCOUNTS RECEIVABLE

Accounts receivable consists of the following:

	<u>2010</u>	<u>2009</u>
Accounts receivable	\$ 63,684	\$ 41,491
GST receivable	102,002	42,665
Grants receivable	120,661	53,039
Receivable from Leeds-Grenville Midwifery	14,760	14,760
Receivable from Southside Community Solutions	<u>8,843</u>	<u>8,843</u>
	<u>\$ 309,950</u>	<u>\$ 160,798</u>

Southside Community Solutions is an Organization under common control. The loan is a non-interest bearing loan.

Leeds-Grenville Midwifery is a branch of the Ministry of Health and Long-Term Care - Community Health Unit, the Midwifery Program. The Centre provided funding to the branch to help with start-up costs. The loan is a non-interest bearing.

6. CAPITAL ASSETS

At March 31, 2009 capital assets consist of the following:

	<u>2010</u>		<u>2009</u>	
	<u>Cost</u>	<u>Accumulated amortization</u>	<u>Cost</u>	<u>Accumulated amortization</u>
Leasehold improvements	\$ 912,169	\$ 882,772	\$ 912,169	\$ 878,895
Furniture and equipment	713,920	596,699	703,947	564,431
Computer equipment	512,473	458,678	491,516	398,973
Telecommunication equipment	116,880	66,700	113,324	43,679
Automotive equipment	<u>23,065</u>	<u>6,920</u>	<u>23,065</u>	<u>2,307</u>
	2,278,507	<u>\$ 2,011,769</u>	2,244,021	<u>\$ 1,888,285</u>
Accumulated amortization	<u>2,011,769</u>		<u>1,888,285</u>	
	<u>\$ 266,738</u>		<u>\$ 355,736</u>	

Deferred capital grants and donations related to capital assets consist of:

Balance, beginning of year	\$ 355,736
Add:	
Contributions deferred in year related to capital asset purchases	34,486
Less:	
Amortization of deferred contributions related to capital assets	<u>123,484</u>
Balance, end of year	<u>\$ 266,738</u>

SOUTH-EAST OTTAWA COMMUNITY SERVICES
NOTES TO FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED MARCH 31, 2010

7. REPAYABLE TO GOVERNMENT

	<u>Balance at start of year</u>	<u>Increase (decrease) due to operations</u>	<u>Balance at end of year</u>
Champlain Local Health Integration Network			
Health Centre			
2004-05	\$ 124,800	\$	\$ 124,800
2006-07	16,588		16,588
2008-09	<u>72,106</u>		<u>72,106</u>
	<u>213,494</u>	<u>-</u>	<u>213,494</u>
Midwifery			
2007-08	760,169		760,169
2008-09	(64,313)		(64,313)
2009-10		<u>1,595,673</u>	<u>1,595,673</u>
	<u>695,856</u>	<u>1,595,673</u>	<u>2,291,529</u>
Ministry of Children and Youth Services			
Better Beginnings, Better Futures			
2008-09	<u>6,000</u>		<u>6,000</u>
Total repayable to government	<u>\$ 915,350</u>	<u>\$ 1,595,673</u>	<u>\$ 2,511,023</u>

8. DEFERRED CONTRIBUTIONS

	<u>Funds received Balance, beginning of year</u>	<u>Transfer (to) from in advance (transferred to revenue)</u>	<u>Balance, end of year</u>
Administration			
Other funds	\$ 16,001	\$	\$ 16,001
Dynamic Fund Foundation	1,000		1,000
United Way	192,525	(13,362)	179,163
Community Foundation of Ottawa-Carleton	21,600		21,600
Foundation of Ontario Grocery's		12,464	12,464
Baby Cupboard (Bloodroot Fund)	8,000		8,000
Harry P. Ward Foundation	3,000		3,000
Human Resource Development Canada	<u>19,105</u>		<u>19,105</u>
	<u>261,231</u>	<u>(898)</u>	<u>260,333</u>
City of Ottawa	80,067	(50,508)	29,559
City of Ottawa - Somali Youth	5,740		5,740
Ottawa District School Board		138,455	138,455
Trillium	<u>13,700</u>		<u>13,700</u>
	<u>99,507</u>	<u>87,947</u>	<u>187,454</u>
Ministry of Health and Long-Term Care	5,000		5,000
Ministry of Health and Long Term Care, Ontario Midwifery Program (OMP)	364,601	(8,891)	355,710
Other - Better Beginnings, Better Futures	17,042	3,095	20,137
Seniors	<u>6,075</u>		<u>6,075</u>
	<u>392,718</u>	<u>(5,796)</u>	<u>386,922</u>
	<u>\$ 753,456</u>	<u>\$ 81,253</u>	<u>\$ 834,709</u>

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SOUTH-EAST OTTAWA COMMUNITY SERVICES

NOTES TO FINANCIAL STATEMENTS - Cont'd.

YEAR ENDED MARCH 31, 2010

9. COMMITMENTS

The Centre currently operates its programs out of two principal locations. The first location is subject to a lease that expires March 31, 2014. The annual lease payments, including maintenance and tax apportionment at their current rate, are \$564,200. The second location operates on a month-to-month lease.

10. RELATED PARTY

At March 31, 2009 the Centre has a loan receivable from Southside Community Solutions of as outlined in note 5. In addition, there is an amount owing to Southside Community Solutions of . This amount is non-interest bearing and due on demand. These terms have been agreed upon by both organizations. Southside Community Solutions and South-East Ottawa Community Services are organizations under common control.

11. CAPITAL DISCLOSURES

CICA Handbook Section 1535 requires that the Centre disclose information about its capital and how it is managed.

The Centre defines its capital as its unrestricted net assets and is not subject to external restrictions on its capital. The Centre's objective when managing its capital is to hold sufficient unrestricted net assets to maintain the stability of its financial structure enabling it to focus its efforts on serving its members.

12. RECENT ACCOUNTING PRONOUNCEMENTS

In December, 2008, the CICA decided to defer the requirement for not-for-profit-organizations to adopt Handbook Sections 3862 (Financial Instruments - Disclosures) and 3863 (Financial Instruments - Presentation) and to permit these organizations to continue to apply Section 3861 (Financial Instruments - Disclosure and Presentation) instead. Since new financial instrument standards for not-for-profit organizations may be forthcoming, the organization has decided to continue to apply Section 3861 and has not adopted Sections 3862 and 3863.

13. COMPARATIVE FIGURES

Comparative figures have been reclassified where necessary to conform to the presentation adopted for the current year.

OTHER FINANCIAL INFORMATION
For
SOUTH-EAST OTTAWA COMMUNITY SERVICES
For year ended
MARCH 31, 2010

To the Directors of

SOUTH-EAST OTTAWA COMMUNITY SERVICES

We have completed our examination of the financial statements of South-East Ottawa Community Services for the year ended March 31, 2010 and have reported to the members thereon. The schedule attached, which reflect additional details not necessary to the fair presentation of the financial statements as a whole, have been drawn from the accounts for your information only.

Schedule 1 - Schedule of Operations - by program

Yours very truly,



Chartered Accountants
Licensed Public Accountants

Ottawa, Ontario
May 26, 2010.

SOUTH-EAST OTTAWA COMMUNITY SERVICES
SCHEDULE OF OPERATIONS - BY PROGRAM
YEAR ENDED MARCH 31, 2010

Revenue	Board Administered Funds	Administration	Community and Social Services	Community and Home Support	Better Beginnings, Better Futures	Midwifery Program	Health Centre	2010 Total	2009 Total
Grants									
Champlain Local Health Integration Network				\$ 320,877	\$	\$ 10,837,312	\$ 4,166,484	\$ 4,487,161	\$ 4,107,257
Ministry of Health and Long-term Care, Community Health Branch								10,837,312	7,810,722
Ministry of Community and Social Services and Ministry of Children and Youth Services					587,731				
Ministry of Tourism and Recreation									
City of Ottawa		209,740	576,517	65,115				587,731	583,730
Human Resource Development, Canada			42,831					851,372	737,593
United Way		5,000	111,223	20,492	272			42,931	246,133
Community Foundation of Ottawa Carleton Lawson Foundation		1,000	33,000					136,987	117,484
Baby Cupboard		4,821			1,021			34,000	20,000
Ottawa-Carleton District School Board			237,545		6,736			5,842	2,060
Charitable Foundation of Ontario Grocery		12,033	10,000					237,545	10,042
University of Ottawa		13,300						12,033	
Teelus Corporation								10,000	
Trillium Foundation				50,012				13,300	
Senior Citizens' Council		245,894	1,011,216	456,296	595,760	10,837,312	4,166,484	50,012	90,500
Other								17,312,962	13,780,989
Interest	15,475								
Donation	12,030		93	29,692	11,319	4,812	1,534	21,821	85,118
Fundraising events	93,714			27,787			218	53,134	57,540
Amortization		65,435		7,085	2,400		48,564	121,719	117,879
Miscellaneous revenue	2,666			2,967			4,343	123,484	204,770
Allocation of Board Administered Funds	(29,777)		29,777					9,976	27,049
Total revenues	<u>94,108</u>	<u>311,329</u>	<u>1,041,086</u>	<u>523,827</u>	<u>609,479</u>	<u>10,842,124</u>	<u>4,221,143</u>	<u>17,643,086</u>	<u>14,273,345</u>
Expenses									
Salaries and benefits		158,670	574,269	411,206	505,940		2,968,551	4,618,636	4,329,068
Materials, supplies and services		58,162	394,827	106,536	89,767	9,255,342	1,190,402	11,094,036	9,478,954
Amortization		65,435		7,085	2,400		48,564	123,484	204,770
Non-recurring			71,990		11,372		13,626	96,888	89,688
Total expenditures		<u>282,267</u>	<u>1,041,086</u>	<u>523,827</u>	<u>609,479</u>	<u>9,255,342</u>	<u>4,221,143</u>	<u>15,933,144</u>	<u>14,102,480</u>
Net revenue before items below	94,108	29,062				1,586,782		1,709,952	170,865
Transfer from deferred contributions						8,891		8,891	
Amount recoverable (to) government						(1,595,673)		(1,595,673)	(70,745)
Net revenue	<u>\$ 94,108</u>	<u>\$ 29,062</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 123,170</u>	<u>\$ 100,120</u>

(See accompanying letter to directors dated May 26, 2010)