

FINANCIAL STATEMENTS
For
THE OTTAWA ROTARY HOME FOUNDATION
For year ended
MARCH 31, 2012

THE OTTAWA ROTARY HOME FOUNDATION
AUDITED FINANCIAL STATEMENTS
MARCH 31, 2012

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INDEPENDENT AUDITOR'S REPORT

To the members of

THE OTTAWA ROTARY HOME FOUNDATION

We have audited the accompanying financial statements of The Ottawa Rotary Home Foundation, which comprise the statement of financial position as at March 31, 2012, 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.

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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

The Foundation derives revenues from donations and fundraising activities, 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 the Foundation and we were not able to determine whether any adjustments might be necessary to donations and fundraising revenues, excess of expenses over revenues, current 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 The Ottawa Rotary Home Foundation 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.



Chartered Accountants
Licensed Public Accountants

Ottawa, Ontario
June 14, 2012.

THE OTTAWA ROTARY HOME FOUNDATION

STATEMENT OF FINANCIAL POSITION

MARCH 31, 2012

	2012			2011
	Unrestricted Fund	Externally restricted - New Home Fund	Total	Total
<u>ASSETS</u>				
CURRENT ASSETS				
Cash	\$ 45,296	\$ 39,983	\$ 85,279	\$ 168,193
Short-term investments (note 7)	100,817	-	100,817	50,462
Accounts receivable	7,644	-	7,644	1,849
Prepaid expenses	1,236	-	1,236	400
Due from (to) respective fund	<u>16,999</u>	<u>(16,999)</u>	<u>-</u>	<u>-</u>
	<u>\$ 171,992</u>	<u>\$ 22,984</u>	<u>\$ 194,976</u>	<u>\$ 220,904</u>
 <u>LIABILITIES AND NET ASSETS</u>				
CURRENT LIABILITIES				
Accounts payable and accrued liabilities	\$ 8,183	\$ -	\$ 8,183	\$ 8,840
Due to The Ottawa Rotary Home (note 8)	8,399	-	8,399	15,441
Deferred revenue (note 9)	<u>3,211</u>	<u>-</u>	<u>3,211</u>	<u>5,382</u>
	<u>19,793</u>	<u>-</u>	<u>19,793</u>	<u>29,663</u>
 NET ASSETS				
Externally restricted - New Home	-	22,984	22,984	10,222
Unrestricted	<u>152,199</u>	<u>-</u>	<u>152,199</u>	<u>181,019</u>
	<u>152,199</u>	<u>22,984</u>	<u>175,183</u>	<u>191,241</u>
	<u>\$ 171,992</u>	<u>\$ 22,984</u>	<u>\$ 194,976</u>	<u>\$ 220,904</u>

Approved by the Board:

..... Director

..... Director

(See accompanying notes)

THE OTTAWA ROTARY HOME FOUNDATION
STATEMENT OF CHANGES IN NET ASSETS
YEAR ENDED MARCH 31, 2012

	2012			2011
	Unrestricted Fund	Externally restricted - New Home Fund	Total	Total
Balance, beginning of year	\$ 181,019	\$ 10,222	\$ 191,241	\$ 204,928
Excess of revenues over expenses (expenses over revenues)	<u>(28,820)</u>	<u>12,762</u>	<u>(16,058)</u>	<u>(13,687)</u>
Balance, end of year	<u>\$ 152,199</u>	<u>\$ 22,984</u>	<u>\$ 175,183</u>	<u>\$ 191,241</u>

(See accompanying notes)

THE OTTAWA ROTARY HOME FOUNDATION

STATEMENT OF OPERATIONS

YEAR ENDED MARCH 31, 2012

	2012			2011
	Unrestricted Fund	Externally restricted - New Home Fund	Total	Total
Revenues				
Capital campaign	\$ -	\$ 107,880	\$ 107,880	\$ 173,421
Donations	79,019	-	79,019	78,551
Events revenue (note 5)	72,535	-	72,535	65,572
Nevada revenue (note 6)	16,948	-	16,948	13,094
Investment revenue	927	-	927	270
	<u>169,429</u>	<u>107,880</u>	<u>277,309</u>	<u>330,908</u>
Expenses				
Administrative expense	20,512	-	20,512	11,423
Fundraising activities	42,800	-	42,800	45,695
Events expenses (note 5)	23,731	-	23,731	23,256
Insurance	1,961	-	1,961	2,006
Nevada expense (note 6)	8,023	-	8,023	8,009
Professional fees	6,236	-	6,236	6,175
Office expense	13,509	-	13,509	14,496
Interest and bank charges	2,055	-	2,055	2,420
	<u>118,827</u>	<u>-</u>	<u>118,827</u>	<u>113,480</u>
Operating income available for distribution	50,602	107,880	158,482	217,428
Contributions to The Ottawa Rotary Home	<u>(79,422)</u>	<u>(95,118)</u>	<u>(174,540)</u>	<u>(231,115)</u>
Excess of revenues over expenses (expenses over revenues)	<u>\$ (28,820)</u>	<u>\$ 12,762</u>	<u>\$ (16,058)</u>	<u>\$ (13,687)</u>

(See accompanying notes)

THE OTTAWA ROTARY HOME FOUNDATION

STATEMENT OF CASH FLOWS

YEAR ENDED MARCH 31, 2012

	<u>2012</u>	<u>2011</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess of expenses over revenues	\$ (16,058)	\$ (13,687)
Changes in level of:		
Accounts receivable	(5,795)	1,271
Prepaid expenses	(836)	1,719
Accounts payable and accrued liabilities	(657)	(11)
Deferred revenue	(2,171)	5,382
Due to The Ottawa Rotary Home	<u>(7,042)</u>	<u>9,959</u>
	<u>(32,559)</u>	<u>4,633</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(250,817)	(50,462)
Proceeds from disposal of investments	<u>200,462</u>	<u>50,192</u>
	<u>(50,355)</u>	<u>(270)</u>
INCREASE (DECREASE) IN CASH	(82,914)	4,363
CASH, BEGINNING OF YEAR	<u>168,193</u>	<u>163,830</u>
CASH, END OF YEAR	<u>\$ 85,279</u>	<u>\$ 168,193</u>

(See accompanying notes)

THE OTTAWA ROTARY HOME FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2012

1. NATURE OF OPERATIONS

The Foundation was incorporated by letters of patent under the provision of Part II of the Canada Corporations Act on March 28, 1995 and is qualified for tax-exempt status as a registered charity under paragraph 149(1)(f) of the Income Tax Act effective from April 18, 1995. The primary purpose of the Foundation is to undertake fundraising activities to provide financial support and assistance to The Ottawa Rotary Home and other registered charitable organizations in Canada that provide services and programs for physically disabled children and adults or promote the welfare of such children and adults in any way.

The Ottawa Rotary Home is a separately registered charity with the objective to operate Respite Care and adult residential programs. The results of the The Ottawa Rotary Home are not consolidated with the results of The Ottawa Rotary Home Foundation.

2. FUTURE ACCOUNTING STANDARDS

In 2010, the Canadian Institute of Chartered Accountants (CICA) issued a new accounting framework applicable to Canadian not-for-profit organizations. Effective for fiscal years beginning on or after January 1, 2012, not-for-profit organizations may adopt either International Financial Reporting Standards (IFRSs) or Canadian accounting standards for not-for-profit organizations. The Foundation intends to adopt Canadian accounting standards for not-for-profit organizations effective April 1, 2012.

3. SIGNIFICANT ACCOUNTING POLICIES

Revenue recognition

The Foundation follows the restricted fund method of accounting for contributions.

Unrestricted contributions, events revenue, Nevada revenue, investment and other revenue are recognized as revenue of the unrestricted fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Contributions restricted for the construction of the Leitrim campus facility are recognized as revenue of the Externally restricted - New home fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Fund accounting

Assets, liabilities, revenues and expenditures relating to service delivery and administration are reported in the unrestricted fund.

Assets, liabilities, revenues and expenditures relating to the construction of the Leitrim campus facility are reported in the externally restricted - New home fund.

Investments

The Foundation has designated its investments as held for trading and has recorded them at their fair values.

Donated materials and services

Donated materials and services are not recognized in the financial statements unless the fair value is determinable.

THE OTTAWA ROTARY HOME FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED MARCH 31, 2012

3. SIGNIFICANT ACCOUNTING POLICIES - Cont'd.

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. These estimates are reviewed annually and as adjustments become necessary, they are recognized in the financial statements in the period they become known.

The estimated net realizable value of accounts receivable and the amount of accrued liabilities are the most significant items where estimates are used.

Allocation of general support expenses

The Foundation allocates personnel costs to fundraising and administrative expenses based on the approximate amount of hours spent on each function.

4. FINANCIAL INSTRUMENTS

The Foundation's financial instruments consist of cash, accounts receivable, short-term investments, accounts payable and accrued liabilities and amount owing to the Ottawa Rotary Home. The Foundation's cash and short term investments are recorded at their fair values in the financial statements. All other financial instruments are recorded at their amortized costs.

The fair values of the Foundation's current financial assets and liabilities approximate their carrying values due to their short term nature.

Interest rate risk

The Foundation invests only in guaranteed investment certificates. Consequently, the Foundation's exposure to interest rate risk is minimal.

Currency risk

Investments include guaranteed investment certificates that are denominated in Canadian dollars and therefore investments are not exposed to currency risk.

Credit and market risk

Risk and volatility of investment returns are mitigated through investing in guaranteed investment certificates.

Liquidity risk

The Foundation manages liquidity risk through its cash flow budgeting process. The Foundation believes its overall liquidity risk to be minimal as the Foundation's financial assets are considered to be highly liquid.

5. EVENTS REVENUE - NET

The Foundation organizes events for which revenue and expenses are:

	<u>2012</u>	<u>2011</u>
Revenue	\$ 72,535	\$ 65,572
Expenses	<u>23,731</u>	<u>23,256</u>
	<u>\$ 48,804</u>	<u>\$ 42,316</u>

THE OTTAWA ROTARY HOME FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED MARCH 31, 2012

6. NEVADA REVENUE - NET

The Foundation has a licence to sell lottery tickets for which revenue and expenses are:

	<u>2012</u>	<u>2011</u>
Revenue	\$ 16,948	\$ 13,094
Expenses	8,023	8,009
	\$ 8,925	\$ 5,085

7. SHORT-TERM INVESTMENTS

	<u>2012</u>			<u>2011</u>		
	<u>Cost</u>	<u>Accrued interest</u>	<u>Market value</u>	<u>Cost</u>	<u>Accrued interest</u>	<u>Market value</u>
TD Canada Trust - GIC 0.65%, due 8/28/12 (2011- 1%, 12/20/11)	\$ 100,437	\$ 380	\$ 100,817	\$ 50,323	\$ 139	\$ 50,462

Investments are managed by the Treasurer in consultation with the Board of Directors. The Foundation limits its investment to guaranteed investment certificates to ensure the capital is preserved.

8. RELATED PARTY TRANSACTIONS

The amount owing to the Ottawa Rotary Home, an affiliated organization is non-interest bearing and payable on demand.

During the year, the Foundation donated \$174,540 (2011 - \$231,115) to the Ottawa Rotary Home.

These transactions are recorded at their exchange amounts which is the amount agreed upon by both parties.

9. DEFERRED REVENUE

Deferred revenue represents donations for the June 2012 Golf Marathon. The amount will be recognized once the event takes place.

10. EXTERNALLY RESTRICTED - NEW HOME FUND

This fund is externally restricted for the purpose of assisting The Ottawa Rotary Home in paying down the loan taken out to build the Leitrim campus at 4637 Bank Street, Ottawa.

11. GENERAL SUPPORT EXPENSES

Administrative and fundraising activities expense are entirely made up of personnel costs.

12. CAPITAL DISCLOSURES

The Foundation defines capital as its unrestricted net assets and its externally restricted net assets. The Foundation's objectives with respect to managing capital are to comply with externally imposed restrictions and hold sufficient unrestricted net assets to fund ongoing operations. The Foundation monitors its capital requirements and objectives through its budgeting process, its financial statement review process and reviews of the terms and conditions attached to its restricted donations. The external restrictions imposed on these contributions are disclosed in note 10. Management believes that the Foundation has adhered to all externally imposed restrictions.