

CENTRE ACTION

FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2011

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CENTRE ACTION
AS AT DECEMBER 31, 2011

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INDEPENDENT AUDITOR'S REPORT

To the members of Centre Action

I have audited the accompanying financial statements of CENTRE ACTION Not-for-Profit Organization, which comprise the balance sheet as at December 31, 2011, and the statements of operations and changes in net assets 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

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

Basis for Qualified Opinion

In common with many not-for-profit organizations, CENTRE ACTION Not-for-Profit Organization derives part of its revenue from fundraising activities. The completeness of fundraising activities is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of CENTRE ACTION Not-for-Profit Organization.

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Therefore, I was not able to determine whether any adjustments might be necessary to fundraising revenue, excess of revenues over expenses, and cash flows from operations for the year ended December 31, 2011, current assets and net assets as at January 1 and December 31, 2011. The predecessor auditor's opinion on the financial statements for the year ended December 31, 2010 was modified because of the possible effects of a similar limitation in scope. Furthermore, I was unable to obtain sufficient appropriate audit evidence about whether the opening balances contain misstatements that materially affect the current period's financial statements.

Qualified Opinion

In my 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 CENTRE ACTION Not-for-Profit Organization as at December 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.

Other Matter

The financial statements of CENTRE ACTION Not-for-Profit Organization for the year ended December 31, 2010 were audited by another auditor who expressed a qualified opinion on those financial statements on February 15, 2011 for the reasons described in the Basis for Qualified Opinion paragraph.


CHARTERED ACCOUNTANT

By Anna Fruchter, CA auditor
March 21, 2012
Ville Mont-Royal, Québec

**CENTRE ACTION
BALANCE SHEET
AS AT DECEMBER 31, 2011**

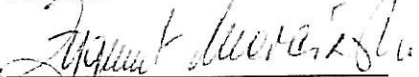
	2011	2010
ASSETS		
CURRENT ASSETS		
Cash	\$ 8,266	\$ 59,409
Temporary investment (note 3)	8,750	68,568
Accounts receivable (note 4)	106,077	117,705
Prepaid expenses	<u>2,052</u>	<u>2,053</u>
	125,145	247,735
LONG-TERM INVESTMENT (note 5)	9,657	9,329
LEASEHOLD IMPROVEMENTS (note 6)	<u>5,848</u>	<u>17,540</u>
	<u>\$ 140,650</u>	<u>\$ 274,604</u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable (note 7)	\$ 9,872	\$ 18,358
Deferred contributions (note 8)	<u>3,296</u>	<u>24,389</u>
	<u>13,168</u>	<u>42,747</u>
NET ASSETS		
INVESTED IN CAPITAL ASSETS	5,848	17,540
RESTRICTED (note 13)	8,000	8,000
UNRESTRICTED	<u>113,634</u>	<u>206,317</u>
	<u>127,482</u>	<u>231,857</u>
	<u>\$ 140,650</u>	<u>\$ 274,604</u>

See accompanying notes

On behalf of the Board of Directors



Director



Director

CENTRE ACTION
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2011

	Invested in capital assets	Restricted	Unrestricted	2011 TOTAL	2010 TOTAL
BALANCE BEGINNING OF YEAR	\$ 17,540	\$ 8,000	\$ 206,317	\$ 231,857	\$ 358,229
DEFICIENCY OF REVENUES OVER EXPENSES	<u>(11,692)</u>	<u>—</u>	<u>(92,683)</u>	<u>(104,375)</u>	<u>(126,372)</u>
BALANCE, END OF YEAR	<u>\$ 5,848</u>	<u>\$ 8,000</u>	<u>\$ 113,634</u>	<u>\$ 127,482</u>	<u>\$ 231,857</u>

See accompanying notes

CENTRE ACTION
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2011

	2011	2010
REVENUES		
Donations	\$ 19,767	\$ 100,942
Donations from Action Centre Foundation (note 10)	160,000	42,954
Grants and subsidies	125,481	125,305
Membership dues	3,200	2,915
Activities	23,665	22,400
Interest	336	1,331
Other revenues	<u>11,622</u>	<u>11,166</u>
	<u>344,071</u>	<u>307,013</u>
 EXPENSES		
Salaries and benefits	283,393	250,888
Rent	81,197	78,639
Fundraising and public relations	1,022	3,301
Office supplies and equipment	10,680	14,384
Consulting and training	1,216	20,310
Interest and bank charges	755	829
Telecommunications	5,709	6,139
Amortization of capital assets (leasehold improvements)	11,692	11,692
Social activities	35,975	31,652
Repairs and maintenance	1,339	976
Insurance	4,393	6,250
Professional fees	17,022	8,089
Other expenses (adjustments of previous years)	<u>(5,947)</u>	<u>236</u>
 TOTAL EXPENSES	 <u>448,446</u>	 <u>433,385</u>
 DEFICIENCY OF REVENUES OVER EXPENSES	 \$ <u>(104,375)</u>	 \$ <u>(126,372)</u>
See accompanying notes		

CENTRE ACTION
NOTES TO THE FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2011

1. STATUS AND NATURE OF ACTIVITIES

Centre Action is incorporated under Part III of the *Quebec Companies Act* as a not-for-profit organization and is a charity registered under the Income Tax Act on July 24, 1998. It changed its corporate name from "Centre Polyvalent D'Activités Action" to CENTRE ACTION on April 16, 2004. The Charity offers services of education, facilitation, support and accompaniment to severely physically and/or mentally challenged persons.

2. SIGNIFICANT POLICIES

Management estimates

The preparation of 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 date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Revenue recognition

The Charity follows the deferral method of accounting for contributions. Deferred contributions are recognized as revenue in the year in which the related expenses are incurred. 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. Endowment contributions are recognized as direct increases in net assets and are restricted.

Restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Unrestricted investment income is recognized as revenue is earned.

Contribution Services

The volunteers dedicate many hours a year to help the Charity to permit the performance of its services. Due to the difficulty of determining the fair value of contributions received in the form of services, they are not recognised in the financial statements.

CENTRE ACTION
NOTES TO THE FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2011

2. SIGNIFICANT POLICIES (continued)

Financial instruments

Assets or liabilities held for trading

Financial instruments classified as assets or liabilities held for trading are measured at fair value with changes recognized in income. The organization classified its cash, temporary investments and long term investments as held for trading. The valuation is the fair value and corresponds to cash.

Receivables and other financial liabilities

Financial instruments classified as receivables and other financial liabilities are measured at amortized cost using the effective interest method of amortization.

Accounts receivable are classified as receivables.

Accounts payable are classified as other financial liabilities.

Not-for-profit organizations may elect to adopt Sections 3862, "Financial Instruments-Disclosures," and 3863, "Financial Instruments-Presentation," in which case they would apply for fiscal years beginning on or after October 1, 2008, or to continue applying Section 3861, "Financial Instruments-Disclosure and Presentation." The Charity has decided to apply Section 3861.

Leasehold improvements

Leasehold improvements are accounted for at cost. Amortization is based on its useful life using the straight-line method over the term of the lease (5 years). The lease for premises expires July 31, 2012.

	2011	2010
3. TEMPORARY INVESTMENT		
Enhanced investment business account, at the rate of 0.5%, without term	\$ <u>8,750</u>	\$ <u>68,568</u>

CENTRE ACTION
NOTES TO THE FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2011

	2011	2010
4. ACCOUNTS RECEIVABLE		
Donations	\$ 9,452	\$ --
Subsidy	--	9,818
GST and QST	16,625	8,709
Due from Action Centre Foundation-non interest bearing	80,000	99,004
Other	<u>--</u>	<u>174</u>
	<u>\$ 106,077</u>	<u>\$ 117,705</u>
5. LONG-TERM INVESTMENT		
Deposit, non-refundable before maturity at the interest of rate 3.45%, maturing June 17, 2015 (initial deposit : \$8,000)	\$ <u>9,657</u>	\$ <u>9,329</u>
6. LEASEHOLD IMPROVEMENTS		
Leasehold improvements	\$ 63,118	\$ 63,118
Accumulated amortization	<u>(57,270)</u>	<u>(45,578)</u>
	<u>\$ 5,848</u>	<u>\$ 17,540</u>
7. ACCOUNTS PAYABLE		
Suppliers	\$ 8,175	\$ 7,822
Due from Action Centre Foundation-non interest bearing	1,697	--
Salaries and deductions at source	<u>--</u>	<u>10,536</u>
	<u>\$ 9,872</u>	<u>\$ 18,358</u>

CENTRE ACTION
NOTES TO THE FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2011

	2011	2010
8. DEFERRED CONTRIBUTIONS		
The deferred contributions are related to the donations whose expenditure in whole or in part, have not been incurred	\$ <u>3,296</u>	\$ <u>24,389</u>

9. CASH FLOW STATEMENT

A cash flow statement has not been prepared because it would not provide any additional useful information in understanding the cash flows for the year.

10. RELATED PARTY TRANSACTIONS

The Charity is owed \$80,000 from Action Centre Foundation for fundraising. During the year the Charity was granted \$160,000 donations from Action Centre Foundation.

All these transactions were carried out in the normal course of operations and are recorded at the exchange value. This value corresponds to the consideration agreed upon by the parties and is determined using the cost recovery method.

11. CONTRACTUAL OBLIGATIONS

The Charity leases a building under two leases both expiring on July 31, 2012. The minimum rent under this contract to July 31, 2012 is \$47,365. Representatives of the Centre are currently negotiating the new lease with the landlord and expect to sign a new lease in the near future.

12. FINANCIAL INSTRUMENT

Interest rate risk

Centre Action administers its investment portfolio in a way to optimize its interest revenue.

Fair Value

The fair value of cash, temporary investment, accounts receivables, long term investment and accounts payable is approximately equal to their carrying value due to their short-term maturity date.

CENTRE ACTION
NOTES TO THE FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2011

13. CAPITAL DISCLOSURES

The Charity's capital is made up of net assets. The Charity's capital management objectives consist in ensuring that it continues as a going concern to fulfil its mission. The Charity manages its capital structure by preparing and monitoring its annual budget to maintain a satisfactory level of capital.

In previous years, the Charity received \$8,000 as an endowment fund from benefactors. The Charity is permitted to finance its activities with the interest earned on the \$8,000 endowment. Currently, the long term investment of \$9,670, which is due on June 17, 2015, includes restricted funds of \$8,000 and the balance represents funds which will be used to finance operations. The Charity has complied with the requirements of this endowment.

14. FUTURE CHANGE IN NOT-FOR-PROFIT ORGANIZATION STANDARDS

Not-for-profit organizations apply either the accounting standards for Not-for-profit organization in Part III of the Handbook or the International financial Reporting Standards in Part I of the Handbook. Not-for-profit organizations must decide which of the sets of standards to adopt for years beginning on or after January 1, 2012.

The Charity is currently assessing the impact of applying these new sets of standards.

15. RECLASSIFICATION

Certain of the prior year's accounts have been reclassified to conform with the 2011 financial statement presentation.