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**Prism Centre for
Audiology and Children's
Rehabilitation**

Financial Statements

March 31, 2008



Auditors' Report

To the Directors of
Prism Centre for Audiology and Children's Rehabilitation :

We have audited the balance sheet of **Prism Centre for Audiology and Children's Rehabilitation** at March 31, 2008 and the statements of revenue, expense and equity, statement of equity, and cash flows the year then ended. These financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these financial statements.

Except as explained in the following paragraph, 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 Association derives revenue from donations, other fund raising activities and programs the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of this revenue was limited to the amounts recorded in the records of the Association and we were not able to determine whether any adjustments might be necessary to donation, other program revenue, net excess of revenue over expense, assets and equity.

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to extend our examination of donations, other fund raising activities and programs referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the Association as at March 31, 2008 and the results of its operations and the changes in its cash position for the year then ended in accordance with Canadian generally accepted accounting principles.



Licensed Public Accountants

Chatham, Ontario
May 23, 2008

Prism Centre for Audiology and Children's Rehabilitation
Statement of Revenue, Expense and Equity
Years Ended March 31, 2008

	Core Program	Respite Program	Early Words Program	Best Start Program	Capital	Total
Revenue						
Ministry	\$ 2,004,641	\$ 51,954	\$ 291,609	\$ 190,332	\$ 0	\$ 2,538,536
Interest	0	0	0	0	41,975	41,975
Bingos	0	0	0	0	6,924	6,924
Donations	0	0	0	0	72,398	72,398
Other programs	0	0	0	0	209,599	209,599
	<u>2,004,641</u>	<u>51,954</u>	<u>291,609</u>	<u>190,332</u>	<u>330,896</u>	<u>2,869,432</u>
Expenses						
Salaries and benefits	1,747,178	51,599	252,961	76,704	0	2,128,442
Operations	257,463	355	38,648	76,996	0	373,462
Other programs	0	0	0	0	169,815	169,815
	<u>2,004,641</u>	<u>51,954</u>	<u>291,609</u>	<u>153,700</u>	<u>169,815</u>	<u>2,671,719</u>
Revenue over Expense (Expense Over Revenue) before Other Expense	0	0	0	36,632	161,081	197,713
Other Expense						
Transfer	0	0	0	(36,632)	36,632	0
Amortization	0	0	0	0	(116,434)	(116,434)
Loss on disposal of assets	0	0	0	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>	<u>(36,632)</u>	<u>(79,802)</u>	<u>(116,434)</u>
Net Revenue over Expense (Expense Over Revenue)	0	0	0	0	81,279	81,279
Equity at Beginning of Year	0	0	0	0	1,965,366	1,965,366
Equity at End of Year	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,046,645	\$ 2,046,645

See accompanying notes to financial statements.

Prism Centre for Audiology and Children's Rehabilitation
Statement of Revenue, Expense and Equity
Years Ended March 31, 2007

	<u>Core Program</u>	<u>Respite Program</u>	<u>Early Words Program</u>	<u>Best Start Program</u>	<u>Capital</u>	<u>Total</u>
Revenue						
Ministry	\$ 1,982,139	\$ 41,364	\$ 287,984	\$ 37,000	\$ 0	\$ 2,348,487
Interest	0	0	0	0	44,278	44,278
Bingos	0	0	0	0	12,990	12,990
Donations	0	0	0	0	19,133	19,133
Other programs	0	0	0	0	147,718	147,718
	<u>1,982,139</u>	<u>41,364</u>	<u>287,984</u>	<u>37,000</u>	<u>224,119</u>	<u>2,572,606</u>
Expenses						
Salaries and benefits	1,593,162	40,640	248,605	5,948	0	1,888,355
Operations	384,991	724	41,994	28,437	0	456,146
Other programs	0	0	0	0	163,659	163,659
	<u>1,978,153</u>	<u>41,364</u>	<u>290,599</u>	<u>34,385</u>	<u>163,659</u>	<u>2,508,160</u>
Revenue over Expense (Expense Over Revenue) before Other Expense	3,986	0	(2,615)	2,615	60,460	64,446
Other Expense						
Transfer	(3,986)	0	0	0	3,986	0
Amortization	0	0	0	0	(115,600)	(115,600)
Loss on disposal of assets	0	0	0	0	(480)	(480)
	<u>(3,986)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(112,094)</u>	<u>(116,080)</u>
Net Revenue over Expense (Expense Over Revenue)	0	0	(2,615)	2,615	(51,634)	(51,634)
Equity at Beginning of Year	0	0	0	0	2,017,000	2,017,000
Equity at End of Year	\$ 0	\$ 0	\$ (2,615)	2,615	\$ 1,965,366	\$ 1,965,366

See accompanying notes to financial statements.

Prism Centre for Audiology and Children's Rehabilitation
Balance Sheet
At March 31,

2008 2007

Assets

Operating Funds

Cash	\$ 699,989	\$ 281,489
Accounts receivable	48,225	66,769
Prepaid expenses	<u>45,675</u>	<u>44,136</u>
	793,889	392,394

Capital funds

Invested funds		
Cash and Investments - Unrestricted (note 3)	836,418	711,295
Capital assets (note 2)	<u>1,210,227</u>	<u>1,254,071</u>
	2,046,645	1,965,366

	<u>\$ 2,840,534</u>	<u>\$ 2,357,760</u>
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Liabilities

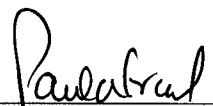
Operating Funds

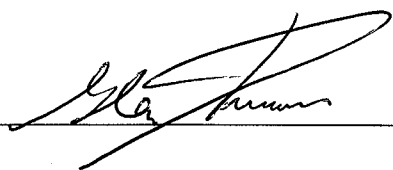
Accounts payable and accrued liabilities (notes 1(c) and (d))	\$ 329,095	\$ 389,446
Deferred revenue (note 6)	<u>464,794</u>	<u>2,948</u>
	793,889	392,394

Equity

Capital funds (Page 5)	2,046,645	1,965,366
	<u>2,046,645</u>	<u>1,965,366</u>
	<u>\$ 2,840,534</u>	<u>\$ 2,357,760</u>

Approved on behalf of the Board:


 _____ Director


 _____ Director

See accompanying notes to financial statements.

Prism Centre for Audiology and Children's Rehabilitation
Statement of Equity
 Years Ended March 31,

2008

2007

Capital Fund Equity

Balance at beginning of year	\$ 1,965,366	\$ 2,017,000
Capitalization of equipment - net	72,591	47,452
Amortization	(116,434)	(115,600)
Transactions for the year	119,106	16,182
Interest earned during the year	41,975	44,278
Allocation to operations - net	(35,959)	(43,946)
	<hr/>	<hr/>
Balance at end of year	\$ 2,046,645	\$ 1,965,366
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See accompanying notes to financial statements.

Prism Centre for Audiology and Children's Rehabilitation
Statement of Cash Flows
 Years Ended March 31,

2008

2007

Cash derived from (applied to)

Operations

Excess of revenue over expenses (expenses over revenue)	81,279	(51,634)
Amortization which does not involve cash	\$ 116,434	\$ 115,600
Loss on disposal of capital assets	<u>0</u>	<u>480</u>
	197,713	64,446
Decrease (increase) in accounts receivable	18,544	(19,740)
Decrease (increase) in prepaid expenses	(1,538)	(4,132)
(Decrease) increase in accounts payable and accrued liabilities	(60,351)	(86,756)
(Decrease) increase in deferred revenue	<u>461,846</u>	<u>(6,995)</u>
	418,501	(117,623)
Net increase (decrease) in cash from operations	<u>616,214</u>	<u>(53,177)</u>

Investments

Purchase of capital assets	(72,591)	(47,452)
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Change in Cash Position

	<u>543,623</u>	<u>(100,629)</u>
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Cash position at beginning of year	<u>992,784</u>	<u>1,093,413</u>
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Cash position at end of year	<u>\$ 1,536,407</u>	<u>\$ 992,784</u>
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Cash Position

Cash - Operating fund	\$ 699,989	\$ 281,489
Cash and Investments - Capital fund - Unrestricted	<u>836,418</u>	<u>711,295</u>
	<u>\$ 1,536,407</u>	<u>\$ 992,784</u>

See accompanying notes to financial statements.

Prism Centre for Audiology and Children's Rehabilitation
Notes to Financial Statements
Year Ended March 31, 2008

1. Significant Accounting Policies

(a) Fund Accounting

Consistent with many non-profit organizations, the Association's transactions are reported on a fund accounting basis. The operating fund reflects the activities associated with day-to-day operations. The capital fund reflects the activities associated with short and long-term capital requirements.

(b) Capital Assets

Capital assets are recorded at cost and amortized on a straight-line basis over their estimated useful lives as follows:

Building	- 40 years
Equipment	- 5 - 10 years
Parking lot	- 12.5 years

Amortization expense is reported in the capital fund.

(c) Ministry of Children and Youth Services

The majority of the funding for the Association is by the Province of Ontario in accordance with budget arrangements established by the Ministry of Children and Youth Services. These financial statements reflect agreed funding arrangements approved by the Ministry with respect to the year ended March 31, 2008

The Association experienced a Best Start Provincial surplus of \$21,759 that is in accounts payable.

(d) Municipality of Chatham-Kent

The Association received funding for the Best Start Program. There is a surplus of \$36,632 from this program that was used to purchase approved capital assets to aid in the start up of this new program. The association also has allocated \$44,145 of annualized funding from 2007 to deferred income with one time approval from the Municipality of Chatham-Kent. This deferred income is required to be spent by December 2008.

Prism Centre for Audiology and Children's Rehabilitation

Notes to Financial Statements

Year Ended March 31, 2008

1. Significant Accounting Policies (continued)

(e) Revenue Recognition

Restricted contributions are recognized as revenue of the appropriate fund in the year in which the related expenses are incurred.

Unrestricted contributions are recognized as revenue of the appropriate fund when received.

Investment income is recognized as revenue when earned.

(f) Contributed Services

Volunteers contributed material, related services and a significant number of hours during the year to assist the Association in carrying out its activities. Due to the difficulty in determining this fair value, contributed services are not recognized in the financial statements.

2. Capital Asset Summary

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>2008 Net Book Value</u>	<u>2007 Net Book Value</u>
Building	\$ 2,338,886	\$ 1,349,177	\$ 989,709	\$ 1,048,182
Equipment	972,611	766,732	205,879	187,665
Parking lot	44,814	30,175	14,639	18,224
	<u>\$ 3,356,311</u>	<u>\$ 2,146,084</u>	<u>\$ 1,210,227</u>	<u>\$ 1,254,071</u>

3. Cash and Investments - Unrestricted

The cash and investments are carried at cost. The market value of investments at March 31, 2008 is \$834,203 (\$707,938 at March 31, 2007).

4. Operating Structure

The Association is incorporated without share capital under the Corporations Act of Ontario and its principal activities include audiology and children's rehabilitation.

Prism Centre for Audiology and Children's Rehabilitation
Notes to Financial Statements
Year Ended March 31, 2008

5. Financial Instruments

The Association's financial instruments consist of cash, accounts receivable, term investments, and accounts payable and accrued liabilities. Unless otherwise noted, it is management's opinion that the association is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying values, unless otherwise noted.

6. Deferred Revenue

Deferred revenue consists of funds received from organizations and individuals to be used exclusively for specialized assessment and treatment services of specific Association clients as well as special funding for the the new Best Start Program.

	<u>2008</u>	<u>2007</u>
Special Assessments		
Balance at beginning of the year	\$ 2,948	\$ 3,352
Less amount reported as revenue for the year	(1,500)	(2,102)
Add funds received for specific Association clients	<u>2,952</u>	<u>1,698</u>
	4,400	2,948
Other		
One time funding from Best Start Program	350,000	0
Annualized funding - Best Start for 2008	56,250	0
Deferral of annualized funding - Best Start from 2007	44,144	0
Reserve for FM system repairs	<u>10,000</u>	<u>0</u>
	460,394	0
	<u> </u>	<u> </u>
Balance at end of the year	<u>\$ 464,794</u>	<u>\$ 2,948</u>

The funds from the Best Start Program must be spend as follows; \$350,000 by March 31, 2010, \$100,394 by December 31, 2008 and \$10,000 is not time specific.

7. Comparative Figures

The prior years financial statements have been restated to conform to the current years presentation.