

**KINARK CHILD & FAMILY SERVICES**

**FINANCIAL STATEMENTS**

**MARCH 31, 2012**

# **KINARK CHILD & FAMILY SERVICES**

## **INDEX TO FINANCIAL STATEMENTS**

**MARCH 31, 2012**

INDEPENDENT AUDITOR'S REPORT	1
STATEMENT OF FINANCIAL POSITION	2
STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES	3
STATEMENT OF CASH FLOWS	4
NOTES TO FINANCIAL STATEMENTS	5 - 12

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## INDEPENDENT AUDITOR'S REPORT

To the Members of  
**Kinark Child & Family Services:**

We have audited the accompanying financial statements of **Kinark Child & Family Services** which comprise the statement of financial position as at March 31, 2012, and the statement of operations and changes in fund balances and statement of 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

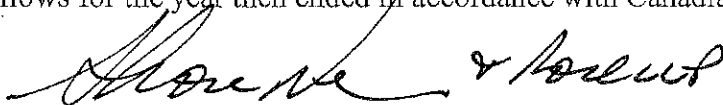
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable 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, these financial statements present fairly, in all material respects, the financial position of **Kinark Child and Family Services** as at March 31, 2012 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.



Licensed Public Accountants  
May 28, 2012

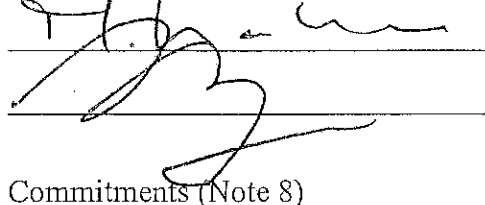
# KINARK CHILD & FAMILY SERVICES

## STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2012

	2012	2011
<b>ASSETS</b>		
Current assets		
Cash on hand and in bank (Note 5)	\$ 644,218	\$ 1,527,586
Investments	1,397,262	1,370,142
Sundry receivables (Note 6)	671,961	912,458
Due from Ministry of Children and Youth Services	466,638	-
Prepaid expenses and sundry	696,879	913,960
	<u>3,876,958</u>	<u>4,724,146</u>
Capital assets (Note 7)	5,795,178	5,499,010
Deposit on leases	103,717	103,717
	<u>\$ 9,775,853</u>	<u>\$ 10,326,873</u>
<b>LIABILITIES AND FUND BALANCES</b>		
Liabilities		
Accounts payable and accrued liabilities	\$ 3,088,264	\$ 3,088,850
Accrued salaries payable	1,103,650	1,629,014
Employees payroll deductions payable	838,644	689,666
Deferred special contract revenue	907,362	930,430
	<u>5,937,920</u>	<u>6,337,960</u>
Fund balances (Note 3)		
Capital Assets fund account	5,795,178	5,499,010
Central East Treatment Programs fund account	(1,657,173)	(1,655,696)
Central West and Youth Justice Programs fund account	(563,196)	(116,049)
Central East Autism Program ("CEAP") fund account	160,015	160,015
Autism Spectrum Disorder - School Support Program ("ASD-SSP") fund account	(45,707)	(45,706)
Child Care Centres fund account	12,758	11,281
Donations and Fund-Raising fund account	136,058	136,058
	<u>3,837,933</u>	<u>3,988,913</u>
	<u>\$ 9,775,853</u>	<u>\$ 10,326,873</u>

On behalf of the Board



Director

Director

Commitments (Note 8)

Contingencies (Note 16)

# KINARK CHILD & FAMILY SERVICES

## STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES

FOR THE YEAR ENDED MARCH 31, 2012

	Capital Assets Fund		Central East Treatment Programs		Central West and Youth Justice Programs (Note 15)		Autism Services		ASD-SSP		Child Care Centres		Donations and Fund-Raising		Total	
	2012	2011	2012	2011	2012	2011	CEAP 2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
<b>Operating revenues</b>																
Government funding	\$ -	\$ -	\$ 21,369,632	\$ 19,974,338	\$ 13,225,213	\$ 12,477,807	\$ 23,513,955	\$ 23,481,336	\$ 4,519,700	\$ 4,519,700	\$ -	\$ -	\$ -	\$ -	\$ 62,628,500	\$ 60,453,181
Other contract funding and user fees (recovered)	-	-	3,793,523	3,505,703	300,000	325,000	-	(244)	-	-	-	-	-	-	4,093,523	3,830,459
Child care	-	-	-	-	-	-	-	-	-	-	892,163	1,047,661	-	-	892,163	1,047,661
Donations and fund-raising	-	-	83,285	63,393	-	-	-	-	-	-	-	-	16,353	16,608	99,638	80,001
Interest	-	-	39,845	35,785	-	-	-	-	-	-	-	-	-	-	39,845	35,785
	-	-	25,286,285	23,579,219	13,525,213	12,802,807	23,513,955	23,481,092	4,519,700	4,519,700	892,163	1,047,661	16,353	16,608	67,753,669	65,447,087
<b>Operating costs</b>																
Salaries and benefits	-	-	17,817,502	16,471,777	11,143,305	10,284,702	6,890,773	6,780,929	3,198,234	3,763,134	709,500	833,128	-	-	39,759,314	38,133,670
General agency	-	-	1,978,214	1,809,128	192,065	186,974	239,807	478,496	121,869	30,811	30,180	58,073	-	1,862	2,562,135	2,565,344
Building occupancy	-	-	1,961,792	2,049,183	528,421	763,914	105,627	492,744	167,000	175,394	61,337	74,950	-	-	2,824,177	3,556,185
Staff travel and training	-	-	1,106,732	1,097,881	233,803	261,006	142,742	221,212	183,418	187,942	1,207	950	-	-	1,667,902	1,768,991
Clinical, professional and other client	-	-	621,788	469,530	984,253	783,730	15,858,634	15,454,027	483,673	271,673	84,569	76,625	16,353	12,083	18,049,270	17,067,668
Telephone, technology and equipment	-	-	1,017,313	746,850	150,230	107,703	82,195	91,404	100,032	77,650	3,893	3,935	-	83	1,353,663	1,027,625
Legal, audit and insurance (recovered)	-	-	223,084	291,846	677,577	177,948	3,802	(68,682)	-	-	-	-	-	-	904,463	401,112
Amortization	-	-	434,152	621,668	234,718	117,522	71,154	54,143	35,518	37,725	4,171	6,914	-	-	779,713	837,972
Donations and fund-raising service use	-	-	4,012	7,039	-	-	-	-	-	-	-	-	-	2,580	4,012	9,619
	-	-	25,164,589	23,564,902	14,144,372	12,683,499	23,394,734	23,504,273	4,289,744	4,544,329	894,857	1,054,575	16,353	16,608	67,904,649	65,368,186
<b>Excess (deficiency) of revenues over costs for the year</b>	-	-	121,696	14,317	(619,159)	119,308	119,221	(23,181)	229,956	(24,629)	(2,694)	(6,914)	-	-	(150,980)	78,901
Fund balances, beginning of the year	5,499,010	5,409,724	(1,655,696)	(1,645,309)	(116,049)	(116,050)	160,015	160,013	(45,706)	(45,706)	11,281	11,282	136,058	289,300	3,988,913	4,063,254
Funds distributed during the year	-	-	-	-	-	-	-	-	-	-	-	-	-	(153,242)	-	(153,242)
Transfer additions to capital assets fund	1,075,881	927,257	(557,325)	(646,372)	(62,706)	(236,829)	(190,375)	(30,960)	(265,475)	(13,096)	-	-	-	-	-	-
Transfer amortization to capital assets fund	(779,713)	(837,971)	434,152	621,668	234,718	117,522	71,154	54,143	35,518	37,725	4,171	6,913	-	-	-	-
<b>Fund balances, end of the year</b>	\$ 5,795,178	\$ 5,499,010	\$ (1,657,173)	\$ (1,655,696)	\$ (563,196)	\$ (116,049)	\$ 160,015	\$ 160,015	\$ (45,707)	\$ (45,706)	\$ 12,758	\$ 11,281	\$ 136,058	\$ 136,058	\$ 3,837,933	\$ 3,988,913

# KINARK CHILD & FAMILY SERVICES

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2012

	2012	2011
<b>Cash flows from operating activities</b>		
Excess of revenues over costs - Central East		
Treatment Programs	\$ 121,696	\$ 14,317
Excess (deficiency) of revenues over costs - Central West and Youth Justice Programs	(619,159)	119,308
Excess (deficiency) of revenues over costs - CEAP	119,221	(23,181)
Excess (deficiency) of revenues over costs - ASD-SSP	229,956	(24,629)
Deficiency of revenues over costs - Child Care Centres	(2,694)	(6,914)
Funds distributed during the year	-	(153,242)
Amortization	779,713	837,971
	<b>628,733</b>	<b>763,630</b>
Changes in non-cash working capital balances:		
Sundry receivables	240,496	(30,935)
Due from Ministry of Children and Youth Services	(466,638)	111,688
Prepaid expenses and sundry	217,082	(264,980)
Deposit on leases	-	(1,280)
Accounts payable and accrued liabilities	(586)	(302,760)
Employees payroll deductions payable	148,978	154,529
Accrued salaries payable	(525,365)	1,001,668
Deferred special contract revenue	(23,068)	134,747
	<b>219,632</b>	<b>1,566,307</b>
<b>Cash flows from investing activities</b>		
Purchase of capital assets (Note 10(a))	(1,075,881)	(927,257)
Increase in investments	(27,119)	(21,136)
	<b>(1,103,000)</b>	<b>(948,393)</b>
<b>Increase (decrease) in cash and cash equivalents</b>	<b>(883,368)</b>	<b>617,914</b>
<b>Cash and cash equivalents, beginning of the year</b>	<b>1,527,586</b>	<b>909,672</b>
<b>Cash and cash equivalents, end of the year (Note 10(b))</b>	<b>\$ 644,218</b>	<b>\$ 1,527,586</b>

See accompanying notes to the financial statements

# KINARK CHILD & FAMILY SERVICES

## NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2012

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### **Purpose of the organization**

Kinark Child and Family Services ("Kinark") was incorporated under the laws of the Province of Ontario as a non-share capital corporation. It is a registered charitable organization within the meaning of the Income Tax Act and therefore is not subject to income taxes.

Kinark is an Ontario community based organization whose mission is *caring, helping, healing - so children and youth can live socially and emotionally healthy lives*. Kinark achieves this mission by providing expert help to children and youth, their families and communities. Kinark provides a range of services from parenting advice to help for children and youth with chronic and multiple mental health issues. In addition, Kinark provides intensive treatment and support to youth in conflict with the law as well as an extensive range of programs for children and youth diagnosed with Autism Spectrum Disorder (ASD).

### **1. Significant accounting policies**

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles and their basis of application is consistent with the preceding year. Outlined below are the accounting policies considered to be significant.

#### **Revenue recognition**

Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or when the amount to be received can be reasonably estimated and its collection is reasonably assured.

Government funding is primarily received from the Ontario Ministry of Children and Youth Services and is generally recorded when received. Funding received in respect of special contracts is recorded as revenue when Kinark provides the related services. Prior to providing the services, the amounts received are recorded as deferred special contract revenue in the Statement of Financial Position.

#### **Change in accounting estimates**

During the year, Kinark conducted a review of the useful life of the computer software purchased in the current year. This resulted in a change to the annual amortization rate from 100% to 55%. This revision was accounted for as a change in accounting estimates and as a result, the amortization expense in the current year was decreased by \$12,776.

# KINARK CHILD & FAMILY SERVICES

## NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2012

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### 1. Significant accounting policies (*continued*)

#### Capital assets

Capital assets are recorded at cost. Amortization is calculated using the methods set out below applied to the cost of the assets, at annual rates based on their estimated useful lives as follows:

Asset	Rate	Method
Buildings	4%	Diminishing balance
Furniture and fixtures	20%	Diminishing balance
Vehicles	30%	Diminishing balance
Computer equipment	30%	Diminishing balance
Computer software	55%	Diminishing balance
Leasehold improvements		Straight line over the term of the lease

Amortization expense is reported in the Capital Assets fund.

In addition, Kinark capitalizes all real estate for which it receives capital grants or special funding from the Ministry of Children and Youth Services.

#### Other

Kinark does not inventory food and household supplies. These costs are charged to operations in the year incurred.

#### 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 costs during the year. Significant estimates used in the preparation of these financial statements include amortization of capital assets, accounts payable and accrued liabilities, accrued salaries payable and prepaid expenses and sundry. By their nature, these estimates are subject to measurement uncertainty. These estimates are reviewed periodically and, as adjustments become necessary, they are reported in the statement of operations and changes in fund balances in the year in which they become known.

#### Donated services

Donated services assist Kinark in carrying out its program activities. Since these services are not normally purchased by Kinark and because of the difficulty of determining their fair value, donated services are not recognized in the financial statements.



# KINARK CHILD & FAMILY SERVICES

## NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2012

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### 1. Significant accounting policies (*continued*)

#### Allocation of expenses

Kinark provides a range of treatments to help children, youth, their families and communities. The costs of each program include the costs of personnel, premises and other expenses that are directly related to providing the programs. Kinark also incurs a number of general support expenses that are common to the administration of Kinark and each of its programs. These expenses are allocated according to Kinark's annual Service Contract with the Ministry of Children and Youth Services.

#### Impairment of long-lived assets

Kinark reviews long-lived assets for impairment annually or more frequently if events or changes in circumstances indicate that the carrying amount may not be recoverable. If the sum of the undiscounted future cash flows expected to result from the use and eventual disposition of a group of assets is less than its carrying amount, it is considered to be impaired. An impairment loss is measured as the amount by which the carrying amount of the group of assets exceeds its fair value. For the fiscal year ended March 31, 2012, Kinark has determined that no impairment in the carrying value of these assets existed.

### 2. New Reporting Framework

The Accounting Standards Board has approved a new framework for not-for-profit organizations that is based on existing Canadian Generally Accepted Accounting Principles and incorporates the 4400 series of standards which relate to situations unique to not-for-profit entities. The new standards are available as of December 31, 2010 as Part III of the Canadian Institute of Chartered Accountants ("CICA") Handbook - Accounting and are effective for reporting periods beginning on or after January 1, 2012. Kinark plans to adopt the new standards beginning April 1, 2012.

# KINARK CHILD & FAMILY SERVICES

## NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2012

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### 3. Fund accounting

Kinark follows the restricted fund method of accounting for revenues and contributions. Resources are classified for accounting and reporting purposes into funds according to the activity or objective specified.

The Central West and Youth Justice Programs fund includes Central Youth Justice Services, Intensive Supervision Support Program "ISSP", Multi-Systemic Therapy - Youth Justice "MST YJ" and Central West Treatment.

The Central East Treatment Programs fund includes all other activities except those listed below.

The Central East Autism Program fund accounts for Kinark's autism program.

The Autism Spectrum Support Program fund accounts for Kinark's autism school support program.

The Child Care Centres fund accounts for Kinark's activities funded by the Day Nurseries Act.

The Donations and Fund-Raising fund accounts for contributions which are used for a variety of activities.

The Capital Assets fund accounts for Kinark's real estate and capital assets. As a condition of receiving capital funding for real estate, Kinark has agreed to certain restrictions on the use and disposition of the real estate. As well, Kinark has agreed not to make significant alterations or additions to all or any part of any buildings on the land. The land cannot be transferred or charged without the consent of the Ministry of Children and Youth Services.

### 4. Divestments in prior years

During fiscal 1998, Kinark divested its interest in the Haliburton Area Program. As part of this transaction, the office facilities were transferred to Point In Time Centre for Children, Youth and Parents (formerly Family Services of Haliburton County) for a nominal sum. Kinark has retained a right of first refusal to reacquire the facilities for the same nominal sum should the purchaser intend to dispose of them in the future.

During fiscal 1995, 1998 and 1999, Kinark sold for nominal proceeds a total of six of its residential properties to various organizations funded by the Government of Ontario. In exchange for accepting nominal proceeds, Kinark has retained a right of first refusal to reacquire any of these properties for the same nominal sum should the purchaser intend to dispose of the properties in the future.

# KINARK CHILD & FAMILY SERVICES

## NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2012

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### 5. Bank loan

Cash on hand and in bank includes an amount outstanding under a revolving demand credit facility from the Toronto-Dominion Bank for \$90,000 (2011 - \$0) which can be extended up to \$1,000,000. Interest is calculated at the TD Bank's prime rate plus 0.50% per annum. The credit facility is secured by a general security agreement and an assignment of term deposits.

### 6. Sundry receivables

Included in sundry receivables is an amount of \$24,125 (2011 - \$41,694) from Kinark Foundation (the "Foundation"). The Foundation is an independent corporation without share capital which has its own Board of Directors. The Foundation is responsible for fundraising activities carried out on behalf of Kinark. Kinark provides certain services to the Foundation and pays certain expenses on behalf of the Foundation. The amount receivable bears no interest and is repayable on a quarterly basis.

### 7. Capital assets

	Cost	Accumulated Amortization	2012 Net Book Value	2011 Net Book Value
Land	\$ 387,413	\$ -	\$ 387,413	\$ 387,412
Buildings	4,270,632	1,217,025	3,053,607	3,173,670
Furniture and fixtures	3,692,395	2,368,238	1,324,157	1,412,840
Vehicles	233,625	229,245	4,380	2,418
Computer equipment	3,214,539	2,874,093	340,446	437,962
Computer software	280,988	268,212	12,776	-
Leasehold improvements	1,649,476	977,077	672,399	84,708
	\$ 13,729,068	\$ 7,933,890	\$ 5,795,178	\$ 5,499,010

Amortization expense for the year amounted to \$779,713 (\$837,972 for 2011).

# KINARK CHILD & FAMILY SERVICES

## NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2012

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### 8. Commitments

Kinark is committed under long-term leases for various periods extending to the fiscal year 2017. The minimum lease payments are as follows

	Equipment	Vehicles	Property	Total
2013	\$ 146,862	\$ 96,698	\$ 1,863,582	\$ 2,107,142
2014	110,988	66,538	1,758,483	1,936,009
2015	43,305	48,657	1,630,054	1,722,016
2016	-	29,518	1,507,169	1,536,687
2017	-	-	654,297	654,297
	<u>\$ 301,155</u>	<u>\$ 241,411</u>	<u>\$ 7,413,585</u>	<u>\$ 7,956,151</u>

### 9. Public sector salary disclosure

As required under the Public Sector Salary Disclosure Act, 1996, Kinark has filed a listing of its employees whose salaries exceeded \$100,000 during calendar year 2011 with the Government of Ontario and it is available at the following website: [www.gov.on.ca](http://www.gov.on.ca).

### 10. Statement of cash flows

(a) During the fiscal year, capital assets were purchased for cash in the amount of \$1,075,881 (2011 - \$927,257).

(b) Cash and cash equivalents

Cash and cash equivalents consists of cash on hand and balances with banks.

# KINARK CHILD & FAMILY SERVICES

## NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2012

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### 11. Financial instruments

#### Fair value

Kinark's primary financial instruments consist of cash, investments, sundry receivables, due from Ministry of Children and Youth Services, accounts payable and accrued liabilities and accrued salaries payable. The fair values of the financial instruments approximate their book values due to the relatively short-term maturities of those instruments. It is management's opinion that Kinark is not exposed to significant interest, currency or credit risk arising from these financial instruments.

Kinark has designated investments as held for trading. These investments are measured at fair value and any related gains or losses are recognized in the Statement of Operations and Changes in Fund Balances in the current year. Transaction costs related to the acquisition of held for trading financial instruments are expensed as incurred.

### 12. Capital risk management

Kinark's objectives when managing capital are to ensure its ability to continue to fulfil its stated goals. Kinark manages its capital structure by preparing a balanced budget on an annual basis. If it becomes apparent that funds will fall short of those budgeted, expenses are curtailed so as to ensure that adequate capital is maintained. Kinark is not subject to any externally imposed capital requirements.

### 13. Pension plan

Kinark has a defined contribution pension plan for its employees. In accordance with the Plan Agreement, employees in the plan can contribute 4%, 5% or 6% of their salary to the plan. Kinark is required to match their contributions. Included in the salaries and benefits in the Statement of Operations and Changes in Fund Balances is approximately \$1,333,973 (2011 - \$1,359,598) of pension plan contributions.

### 14. Guarantees

In the normal course of business, Kinark enters into agreements that meet the definition of a guarantee. Kinark's primary guarantees are subject to the disclosure requirements of the CICA Handbook Accounting Guideline 14 "Disclosure of Guarantees".

Kinark has entered into various agreements that include guarantees of leases, banking, outsourcing and service agreements. These agreements may require Kinark to compensate others for losses incurred as a result of breaches of these agreements.

The nature of these agreements prevents Kinark from making a reasonable estimate of the maximum exposure due to the difficulties in assessing the amount of liability, which stems from the unpredictability of future events. Historically, Kinark has not made any significant payments under such or similar agreements and, therefore, no amount has been accrued in the statement of financial position with respect to these agreements.

# KINARK CHILD & FAMILY SERVICES

## NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2012

### 15. Statement of operations - Central West and Youth Justice Programs

	Treatment	Youth Justice	Total 2012	Total 2011
<b>Operating Revenues</b>				
Government funding	\$ 5,075,521	\$ 8,149,692	\$ 13,225,213	\$ 12,477,807
Other contract funding and user fees	300,000		300,000	325,000
	5,375,521	8,149,692	13,525,213	12,802,807
<b>Operating Costs</b>				
Salaries and benefits	4,781,128	6,362,177	11,143,305	10,284,702
General agency	73,571	118,494	192,065	186,974
Building occupancy	267,132	261,289	528,421	763,914
Staff travel and training	82,794	151,009	233,803	261,006
Clinical, professional and other client	400,178	584,075	984,253	783,730
Telephone, technology and equipment	38,105	112,125	150,230	107,703
Legal, audit and insurance	173,226	504,351	677,577	177,948
Amortization	170,640	64,078	234,718	117,522
	5,986,774	8,157,598	14,144,372	12,683,499
<b>Excess (deficiency) of revenues over costs for the year</b>	<b>\$ (611,253)</b>	<b>\$ (7,906)</b>	<b>\$ (619,159)</b>	<b>\$ 119,308</b>

### 16. Contingencies

Kinark has been named as a defendant in three legal actions:

Kinark has been named as a co-defendant in a legal action commencing January, 2009, by a former client. The action seeks \$9,000,000 in damages. Subsequent to the year end, this legal action was dismissed.

Kinark and a current employee have been named as two of several defendants in a legal action commencing February, 2008, by a former client. The action seeks \$5,250,000 in damages plus punitive damages. At March 31, 2012, this action was settled subject to receipt of a signed release from the plaintiff. Kinark's share of the settlement is approximately \$44,000 and is fully funded by insurance.

Subsequent to the year end, Kinark has been named as a defendant in a legal action by a former client. The action seeks \$1,500,000 in damages. At this time, Kinark's legal counsel cannot determine the outcome or potential liability, if any, in the action and Kinark has not determined the extent to which this action may be covered by insurance. It is Kinark's intent to vigorously defend this action.

## INDEPENDENT AUDITOR'S REPORT

To the Members of  
**Kinark Child & Family Services:**

We have audited the accompanying financial statements of **Kinark Child & Family Services** which comprise the statement of financial position as at March 31, 2012, and the statement of operations and changes in fund balances and statement of 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, these financial statements present fairly, in all material respects, the financial position of **Kinark Child and Family Services** as at March 31, 2012 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.



Licensed Public Accountants

May 28, 2012