

**Langs Farm Village Association
Non-consolidated Financial
Statements
For the year ended March 31, 2011**

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Tel: 519 622 7676
Fax: 519 622 7870
www.bdo.ca

BDO Canada LLP
231 Shearson Crescent, Suite 107
Cambridge ON N1T 1J5 Canada

Independent Auditors' Report

To the Board of Directors of Langs Farm Village Association

We have audited the accompanying financial statements of Langs Farm Village Association, which comprise the balance sheet as at March 31, 2011, the non-consolidated statements of operations, changes in fund balances 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.

Auditors' 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 qualified audit opinion.



Basis for Qualified Opinion

In common with many charitable organizations, the organization derives revenue from fundraising activities and donations, 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 organization. We were not able to determine whether any adjustments might be necessary to these revenues, excess of revenues over expenditures, current assets and fund balances.

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 Langs Farm Village Association as at March 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.

BDO Canada LLP

Chartered Accountants, Licensed Public Accountants

Cambridge, Ontario
May 26, 2011

Langs Farm Village Association Non-consolidated Balance Sheet

March 31

2011

2010

Assets	Operating	Capital	Operating Reserve	Program Expansion	Capital Reserve	Total	Total
Current							
Cash (Note 1)	\$ 9,711	\$ 814,488	\$ -	\$ -	\$ 670,681	\$ 1,494,880	\$ 972,030
Short-term investments (Note 2)	-	-	152,935	39,100	129,756	321,791	1,344,907
Accounts receivable (Note 3)	522,663	615,572	-	-	-	1,138,235	140,948
Prepaid expenses	19,388	-	-	-	-	19,388	19,388
Recoverable deposit	-	205,000	-	-	-	205,000	-
Due from Capital Fund (Note 4)	2,217,372	-	-	-	-	2,217,372	-
	2,769,134	1,635,060	152,935	39,100	800,437	5,396,666	2,477,273
Due from Langs Community Development Corporation (Note 5)	459,822	-	-	-	-	459,822	449,822
Due from Ministry of Health and Long-Term Care (MOHLTC) - North Dumfries Capital Property and equipment (Note 6)	208,032	-	-	-	-	208,032	208,032
	-	5,713,685	-	-	-	5,713,685	1,348,811
	\$ 3,436,988	\$ 7,348,745	\$ 152,935	\$ 39,100	\$ 800,437	\$ 11,778,205	\$ 4,483,938

Liabilities and Fund Balances	Current	Accounts payable and accrued liabilities	Due to MOHLTC (Note 7)	Due to MOHLTC, Ontario Midwifery Program	Deferred revenue (Note 8)	Deferred revenue - capital project (Note 9)	Due to Operating Fund (Note 4)
Current							
Accounts payable and accrued liabilities	\$ 801,932	\$ 835,307	\$ -	\$ -	\$ -	\$ -	\$ 584,183
Due to MOHLTC (Note 7)	2,185,254	-	-	-	-	-	1,312,961
Due to MOHLTC, Ontario Midwifery Program	13,416	-	-	-	-	-	28,847
Deferred revenue (Note 8)	346,793	-	-	-	-	-	391,619
Deferred revenue - capital project (Note 9)	-	865,294	-	-	-	-	-
Due to Operating Fund (Note 4)	-	2,217,372	-	-	-	-	-
	3,347,395	3,917,973	-	-	-	-	2,317,610

Fund balances	Internally restricted	Unrestricted
Internally restricted	-	-
Unrestricted	89,593	89,593
	89,593	89,593
	3,430,772	4,423,244
	152,935	800,437
	-	-
	39,100	-
	152,935	-
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Langs Farm Village Association Non-consolidated Statement of Operations

March 31

2011

2010

	Operating	Capital	Operating Reserve	Program Expansion	Capital Reserve	Total	Total
Revenue							
MOHLTC funding	\$ 5,690,227	\$ -	\$ -	\$ -	\$ -	\$ 5,690,227	\$ 5,150,765
Other government funding	397,744	2,062,087	-	-	-	2,459,831	359,965
Grants and donations	273,872	58,439	-	-	-	332,311	183,531
Fundraising	16,663	-	2,839	-	-	19,502	30,809
Program fees	21,552	-	-	-	-	21,552	13,374
Admin fees	40,126	-	-	-	-	40,126	-
Interest	1,617	-	-	-	5,471	7,088	6,002
	6,441,801	2,120,526	2,839	-	5,471	8,570,637	5,744,446
Expenditures							
Amortization	-	269,206	-	-	-	269,206	155,165
Honorarium	890	-	-	-	-	890	980
Medical supplies	31,188	-	-	-	-	31,188	31,701
Non-recurring costs	44,540	-	-	-	-	44,540	34,780
Office and administration	179,598	-	675	-	-	180,273	188,781
Professional fees	38,917	-	-	-	-	38,917	28,347
Rent and utilities	405,903	-	-	-	-	405,903	343,171
Repairs and maintenance	57,055	-	-	-	-	57,055	78,716
Salaries and benefits	4,842,383	-	-	-	-	4,842,383	4,289,331
Special events	10,194	-	-	-	-	10,194	4,824
Staff training and travel	49,951	-	-	-	-	49,951	43,184
Supplies and materials	293,628	-	-	-	-	293,628	247,244
	5,954,247	269,206	675	-	-	6,224,128	5,446,224
Excess of revenues over expenditures before Midwifery TPA	487,554	1,851,320	2,164	-	5,471	2,346,509	298,222
Midwifery transfer payment agency							
Revenue	1,986,807	-	-	-	-	1,986,807	1,789,510
Expenditure	(2,002,237)	-	-	-	-	(2,002,237)	(1,784,237)
Amount recoverable (refundable) from (to) the Ministry Health and Long-Term Care (MOHLTC)	15,430	-	-	-	-	15,430	(5,273)
	\$ 487,554	\$ 1,851,320	\$ 2,164	\$ -	\$ 5,471	\$ 2,346,509	\$ 298,222

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

Langs Farm Village Association
Non-consolidated Statement of Changes in Fund Balances

March 31

2011 2010

	Operating	Capital	Operating Reserve	Program Expansion	Capital Reserve	Total	Total
Balance, beginning of year	\$ 88,902	\$ 1,348,811	\$ 150,771	\$ 32,126	\$ 545,718	\$ 2,166,328	\$ 1,868,106
Excess of revenue over expenditures for the year	487,554	1,851,320	2,164	-	5,471	2,346,509	298,222
Inter-fund transfers (Note 11)	(486,863)	230,641	-	6,974	249,248	-	-
Balance, end of year (Note 12)	\$ 89,593	\$ 3,430,772	\$ 152,935	\$ 39,100	\$ 800,437	\$ 4,512,837	\$ 2,166,328

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

Langs Farm Village Association Non-consolidated Statement of Cash Flows

For the year ended March 31	2011	2010
Cash flows from operating activities		
Excess of revenue over expenditures for the year	\$ 2,346,509	\$ 298,222
Item not involving cash		
Amortization	269,206	155,165
	<u>2,615,715</u>	<u>453,387</u>
Changes in non-cash working capital balances		
Accounts receivable	(997,287)	(80,048)
Accounts payable and accrued liabilities	1,053,056	(24,718)
Due to/from Ministry of Health	856,862	(197,476)
Deferred revenue	(44,826)	(3,766)
Deferred revenue - capital project	865,294	-
	<u>4,348,814</u>	<u>147,379</u>
Cash flows from investing activities		
Purchase of property and equipment	(4,634,080)	(400,173)
Proceeds on sale of short-term investments	2,371,545	1,341,250
Purchase of short-term investments	(1,348,429)	(1,344,907)
Recoverable deposits	(205,000)	-
	<u>(3,815,964)</u>	<u>(403,830)</u>
Cash flows from financing activities		
Increase in amount due from Langs Community Development Corporation	(10,000)	(10,000)
	<u>522,850</u>	<u>(266,451)</u>
Increase (decrease) in cash during the year	972,030	1,238,481
Cash, beginning of year	972,030	1,238,481
Cash, end of year	\$ 1,494,880	\$ 972,030

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

Langs Farm Village Association Summary of Significant Accounting Policies

March 31, 2011

Nature of Operations

The organization is a registered charity incorporated without share capital under the laws of Ontario to provide community, health and social services to the neighbourhood.

Revenue Recognition

Langs Farm Village Association is a multi-funded organization with the majority of funding coming from the Ministry of Health and Long-Term Care/Local Health Integration Network. Annual Reconciliation Reports are submitted to the Ministry of Health and Long-Term Care/Local Health Integration Network by the organization for final approval. Assessments of prior funding may occur based on funder decisions. The effect of these adjustments, which cannot be quantified at the time of preparing the financial statements, will be recorded in the year of assessment.

Revenue related to delivery of specific programs is recognized as revenue in the Operating Fund in the year in which the related expenses are incurred. Restricted contributions are recognized as revenue in the appropriate restricted fund. Where there is no appropriate restricted fund, restricted contributions are recognized under the deferral method in the Operating fund.

Investment income is recognized as it is earned. Investment income earned is retained in the fund to which the investments are held.

Langs Farm Village Association Summary of Significant Accounting Policies

March 31, 2011

Fund Accounting

The organization follows the principles of fund accounting.

The Operating Fund accounts for the organization's program delivery and administrative activities.

The Capital Fund reports the assets, liabilities, revenues and expenditures related to the organization's capital assets.

The Operating Reserve Fund represents funds that have been restricted by the Board of Directors to offset certain future costs such as pay equity and to offset unexpected operating deficits.

The Program Expansion Reserve Fund represents funds that have been restricted by the Board of Directors to finance future program expansions.

The Capital Reserve Fund represents funds that have been restricted by the Board of Directors to finance future building and renovation costs.

Property and Equipment

Property and equipment include capital assets that are stated at cost. Amortization based on the estimated useful life of the asset is calculated as follows:

Computer hardware	- 33 % straight-line basis
Computer software	- 50 % straight-line basis
Equipment	- 20 % declining balance basis
HVAC system	- 20 % straight-line basis
Leasehold improvements	- 20 % straight-line basis
Portable building	- 10 % straight-line basis
Vehicles	- 10 % straight-line basis

Income Taxes

The organization is a registered charity and therefore is not subject to income taxes.

Langs Farm Village Association Summary of Significant Accounting Policies

March 31, 2011

Contributed Services & Materials

Volunteers contribute many hours per year to assist the organization in carrying out its service delivery activities. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements. Contributed materials are not recognized in the financial statements unless they would normally be purchased by the organization and their fair market value can be ascertained.

Use of Estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of 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 management's best estimates as additional information becomes available in the future. Significant estimates are required in the valuation of capital assets.

New Accounting Pronouncement

Recent accounting pronouncements that have been issued but are not yet effective, and have a potential implication for the organization, are as follows:

Accounting Standards for Not-for-Profit Organizations

The Accounting Standards Board has recently approved generally accepted accounting principles (GAAP) for Not-for-Profit Organizations. Not-for-Profit Organizations will have the choice of adopting either International Financial Reporting Standards (IFRS) or GAAP for Not-for-Profit Organizations for year ends beginning on or after January 1, 2012. For organizations choosing to adopt GAAP for Not-for-Profit Organizations they would be allowed to early adopt for years ending on or after December 31, 2010. Until GAAP for Not-for-Profit Organizations is adopted, Not-for-Profit Organizations will continue to follow the current Canadian Institute of Chartered Accountants Handbook - Accounting.

Langs Farm Village Association Summary of Significant Accounting Policies

March 31, 2011

Financial Instruments

The organization utilizes various financial instruments. Unless otherwise noted, it is management's opinion that the organization is not exposed to significant interest, currency or credit risks arising from its financial instruments.

All transactions related to financial instruments are recorded on a settlement-date basis. Transaction costs relating to financial instruments are expensed as incurred.

The organization classifies its financial instruments into one of the following categories based on the purpose for which the asset was acquired. The organization's accounting policy for each category is as follows:

Held-for-trading

This category is comprised of cash and cash equivalents. It is carried on the statement of financial position at fair value with changes in fair value recognized in the statement of operations.

Available-for-sale

This category is comprised of short-term investments. They are carried on the balance sheet at fair value with changes in fair value recognized in the statement of operations.

Loans and receivables

These assets are comprised of accounts receivable. They are initially recognized at fair value and subsequently carried at face value less any provision for impairment.

Other financial liabilities

Other financial liabilities includes all financial liabilities and are comprised of accounts payable and accrued liabilities and deferred revenue. These liabilities are initially recognized at fair value and subsequently carried at face value plus any related accruals.

Langs Farm Village Association Notes to Non-consolidated Financial Statements

March 31, 2011

1. Cash

The organization's bank accounts are held at one chartered bank. The bank accounts earn interest at a nominal rate.

The organization's demand facility is available to a maximum of \$300,000 and is available at the discretion of the Bank. The demand facility bears interest at bank prime plus 0.5% and is payable monthly and due on demand. The organization also has a term facility that is available to a maximum of \$6,000,000. The facility is available to be drawn down at the organization's request. The term facility bears interest at the bank's prime rate for term loans, is payable monthly and has no fixed repayment terms. Neither facility was in use at year-end and accordingly, the company had unused credit capacity of \$300,000 and \$6,000,000.

All bank facilities are secured by a general security agreement providing a first ranking security interest on all properties of the organization, a guarantee and postponement of claim in the amount of \$7,000,000 from Langs Community Development Corporation, an organization under common control, and a collateral mortgage in the amount of \$7,000,000 constituting a first fixed charge on the lands and improvements of the organization's building.

2. Short-term Investments

	2011	2010
Guaranteed investment certificates - interest rates at 0.85%, maturing in January 2012	\$ 321,791	\$ 1,344,907

3. Accounts Receivable

	2011	2010
Trade	\$ 733,515	\$ 113,634
Accrued interest	658	2,575
HST/GST recoverable	404,062	24,739
	\$ 1,138,235	\$ 140,948

4. Due from Capital Fund/Due to Operating Fund

During the year the Operating Fund loaned money to the Capital Fund to provide temporary financing for the construction costs relating to the new building. Upon completion of construction, mortgage funds will be advanced in favour of the Capital Fund and a portion of such funds will be used to repay the inter-fund loan balance. The interfund loan is interest free, unsecured and due on demand.

Langs Farm Village Association Notes to Non-consolidated Financial Statements

March 31, 2011

5. Due from Langs Community Development Corporation

Langs Farm Village Association (the Association) controls Langs Community Development Corporation (the Corporation). The Corporation is a not-for-profit corporation without share capital established for the purposes of acquiring land and building for a multi-purpose facility that can be leased or sold by the Association. The Corporation's application for charitable status is in process. The Corporation prepares its own financial reports that are consistent with the financial policies of the Association (e.g. fiscal year, spending limitations, signing authorities). The Corporation has not been consolidated in the Association's financial statements. A financial summary of the unconsolidated entity at March 31, 2011 and the period then ended is as follows:

	Financial Position	
	<u>2011</u>	<u>2010</u>
Total assets	\$ 623,895	\$ 624,257
Total liabilities	\$ 459,268	\$ 449,484
Total net assets	164,627	174,773
	\$ 623,895	\$ 624,257

	Results of Operations	
	<u>2011</u>	<u>2010</u>
Total revenue	\$ 300	\$ -
Total expenditures	(10,445)	(10,094)
Deficiency of revenue over expenditures	\$ (10,145)	\$ (10,094)

	Cash Flows	
	<u>2011</u>	<u>2010</u>
Cash flows from operating activities	\$ (10,362)	\$ (10,246)
Cash flows from financing activities	10,000	10,000
Decrease in cash	\$ (362)	\$ (246)

During the year, the organization loaned Langs Community Development Corporation an additional \$10,000 for operating expenditures. The total loan of \$459,822 is interest-free and has no specific repayment terms.

Langs Farm Village Association
Notes to Non-consolidated Financial Statements

March 31, 2011

6. Property and Equipment

	2011		2010	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Cambridge:				
Computer hardware	\$ 317,147	\$ 286,967	\$ 287,334	\$ 276,560
Computer software	107,422	68,633	62,384	47,351
Equipment	577,534	399,205	530,688	360,478
Leasehold improvements	781,070	627,274	712,822	567,627
Vehicles	62,034	22,746	62,034	16,198
Building	4,436,512	-	-	-
	6,281,719	1,404,825	1,655,262	1,268,214
North Dumfries:				
Portable building	739,998	111,000	739,998	37,000
HVAC system	219,087	65,726	219,087	21,909
Computer hardware	8,612	5,424	8,612	2,504
Equipment	75,038	23,794	67,415	11,936
	1,042,735	205,944	1,035,112	73,349
	\$ 7,324,454	\$ 1,610,769	\$ 2,690,374	\$ 1,341,563
Net book value		\$ 5,713,685		\$ 1,348,811

During 2011 the organization began the construction of a building for use as its new operating facility. The cost to date of \$4,436,512 is included in building but no amortization has been recorded since the building was not completed at year end.

Langs Farm Village Association Notes to Non-consolidated Financial Statements

March 31, 2011

7. Due to Ministry of Health and Long-Term Care (MOHLTC)

	2011	2010
Approved Community Health Centre funding	\$ 4,555,127	\$ 3,990,604
Eligible expenses for Community Health Centre	4,454,661	3,957,039
Balance due to MOHLTC	100,466	33,565
Approved Diabetes Education program funding	1,380,140	933,940
Eligible expenses for MOH Diabetes Education program	926,947	678,612
Balance due to MOHLTC	453,193	255,328
Approved Diabetes Regional Coordination program funding	689,200	-
Eligible expenses for MOH Diabetes Regional Coordination program	356,017	-
Balance due to MOHLTC	333,183	-
Balance due for year	886,842	288,893
Due for 2008/2009	-	1,257,564
Recovered during year	-	(233,496)
Due for 2009/2010	1,312,961	-
Recovered during year	(14,549)	-
	\$ 2,185,254	\$ 1,312,961

8. Deferred Revenue

Deferred revenue consists of funding received from community sponsors which relates to the next fiscal year or funding for specific expenditures to be incurred in the next fiscal year.

Langs Farm Village Association Notes to Non-consolidated Financial Statements

March 31, 2011

9. Deferred Revenue - Capital Project

During 2011 the organization received contributions from The City of Cambridge towards construction costs of the new facility. Until such a time that the legal ownership structure and a formal agreement between the organization and The City of Cambridge has been determined the contributions from The City of Cambridge will be shown as deferred revenue.

10. Commitments

The organization has entered into leases for its premises and various equipment expiring between 2011 and 2013.

The future minimum annual lease payments are as follows:

2012	\$	229,521
2013		<u>2,126</u>
	\$	<u>231,647</u>

11. Inter-fund Transfers

During the year, the Board approved the following inter-fund transfers:

- a) from the Operating Fund to the Capital Fund for capital asset purchases;
- b) from the Operating Fund to the Program Expansion Reserve and the Capital Reserve Fund for restricted donations received;
- c) from the Operating Fund to the Capital Reserve Fund the balance of a tax recovery.

The impact of the inter-fund transfer is summarized as follows:

	Operating Fund	Capital Fund	Program Expansion Reserve	Capital Reserve Fund
a) Capital assets	\$ (230,641)	\$ 230,641	\$ -	\$ -
b) Transfer of restricted donations	(251,441)	-	6,974	244,467
c) Transfer of net tax recovery	(4,781)	-	-	4,781
	<u>\$ (486,863)</u>	<u>\$ 230,641</u>	<u>\$ 6,974</u>	<u>\$ 249,248</u>

Langs Farm Village Association Notes to Non-consolidated Financial Statements

March 31, 2011

12. Reserve Fund Balances

Included in the reserve fund balances, are sub-funds as shown below:

	2011	2010
Operating Fund	\$ 89,593	\$ 88,902
Capital Fund	\$ 3,430,772	\$ 1,348,811
Operating Reserves		
General Operating Reserve	\$ 95,124	\$ 95,000
30th Anniversary Book	15,887	16,563
Reserve - Facility	41,924	39,208
	\$ 152,935	\$ 150,771
Program Expansion Reserve	\$ 39,100	\$ 32,126
Capital Reserves		
Land and Building	\$ 725,538	\$ 470,819
Leasehold Improvements	71,000	71,000
Community Van Reserve	3,899	3,899
	\$ 800,437	\$ 545,718

Some of the current year's surplus under Operating Fund may be a subject to a recovery by the Ministry of Health and Long Term Care.

13. Registered Retirement Savings/Pension Plan

The organization made contributions to a registered retirement savings plan match program during the year for designated employees. The amount contributed to the plan in fiscal 2011 was \$185,129 for current service (2010 - \$191,694). These payments are included as an expenditure in the statement of operations under salaries and benefits.

In February 2010, the Board of Directors approved a change in the organization's pension plan to HOOPP. All new employees are required to join HOOPP and existing members had the option of changing to HOOPP or continuing with the registered retirement savings plan match program. The amount contributed to HOOPP in fiscal 2011 was \$60,866 for current service. These payments are included as an expenditure in the statement of operations under salaries and benefits.