

KELOWNA FAMILY SERVICES CENTRE SOCIETY

**FINANCIAL STATEMENTS
(Unaudited - See Review Engagement Report)**

March 31, 2016

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J. Kirby & Co. Inc.

CHARTERED PROFESSIONAL ACCOUNTANTS

Business Consulting & Planning	250 763 4199...phone 250 763 4118...fax
Financial Statements Accounting	www.jkirbyco.com...web
Tax Planning & Preparation	1090 Nechako Court Kelowna BC V1V 2N9



REVIEW ENGAGEMENT REPORT

To the Members of
Kelowna Family Services Centre Society

I have reviewed the statement of financial position of Kelowna Family Services Centre Society as at March 31, 2016, and the statements of operations, changes in net assets, and cash flows for the year then ended. My review was made in accordance with Canadian generally accepted standards for review engagements and accordingly consisted primarily of enquiry, analytical procedures, and discussion of information supplied to me by the organization.

A review does not constitute an audit and consequently I do not express an audit opinion on these financial statements.

In common with many not for profit organizations, the Society derives revenue from donations. It is impractical to obtain satisfactory information on the completeness of these revenues. Accordingly, my review of these revenues was limited to the amounts recorded in the records of the Society and I was not able to determine whether any adjustments might be necessary to assets, revenues and excess of revenue over expenses, and and net assets.

Except as described in the preceding paragraph, nothing has come to my attention that causes me to believe that these financial statements are not, in all material respects, in accordance with Canadian accounting standards for not-for-profit organizations.

As required by the British Columbia Society Act, I report that, in my opinion, these standards have been applied on a basis consistent with that of the preceding year.

J. Kirby & Company Inc.

J. Kirby & Company Inc.
Chartered Professional Accountants

Kelowna, British Columbia
June 10, 2016

KELOWNA FAMILY SERVICES CENTRE SOCIETY
STATEMENT OF FINANCIAL POSITION
(Unaudited - See Review Engagement Report)
March 31, 2016

	ASSETS	
	2016	2015
CURRENT		
Cash	\$ 6,909	\$ 36,194
Accounts receivable	8,684	1,218
Prepaid expenses	5,608	5,425
GST recoverable	1,669	1,702
TOTAL CURRENT ASSETS	22,870	44,539
RESTRICTED CASH (Note 4)	38,100	41,561
TANGIBLE CAPITAL ASSETS (Note 5)	11,292	14,103
PREPAID EXPENSES	1,390	3,076
TOTAL ASSETS	\$ 73,652	\$ 103,279
	LIABILITIES	
CURRENT		
Accounts payable and accrued liabilities	\$ 4,181	\$ 3,631
Wages payable	16,561	13,593
Deferred revenue (Note 6)	-	3,630
TOTAL LIABILITIES	20,742	20,854
	NET ASSETS	
Net assets invested in capital assets	11,292	14,103
Restricted net assets (Note 4)	38,100	41,561
Unrestricted net assets	3,518	26,761
TOTAL NET ASSETS	52,910	82,425
TOTAL LIABILITIES & NET ASSETS	\$ 73,652	\$ 103,279

Approved on behalf of the Board:


 _____, Director


 _____, Director

KELOWNA FAMILY SERVICES CENTRE SOCIETY
STATEMENT OF OPERATIONS
(Unaudited - See Review Engagement Report)
For the year ended March 31, 2016

	<u>2015/16</u>	<u>2014/15</u>
REVENUE		
Grants - provincial government	\$ 335,606	\$ 335,311
Counselling	35,002	24,105
Donations and fundraising	23,410	26,097
B.C. Gaming Commission	23,047	23,726
Grants - United Way	18,333	24,000
Grants - other	3,990	-
Interest	595	1,193
Wage subsidies	-	2,730
Grant - externally restricted	-	5,000
	<u>439,983</u>	<u>442,162</u>
 EXPENDITURES		
DIRECT SERVICE		
Salaries and benefits	314,155	311,763
Contract services	18,457	17,759
Program Supplies	5,161	4,300
Travel	3,024	2,878
	<u>\$ 340,797</u>	<u>\$ 336,700</u>
 ADMINISTRATION		
Wages and benefits	22,233	18,235
Office and general	13,497	15,383
Advertising and fundraising	12,738	2,532
Accreditation	9,466	-
Communication	7,911	3,922
Professional development	5,754	5,334
Amortization	4,210	4,824
Insurance	3,837	3,856
Professional fees	3,454	4,960
Security	2,786	3,168
Loss on disposal of tangible capital assets	157	134
	<u>86,043</u>	<u>62,348</u>
 OCCUPANCY		
Rent	38,455	38,180
Repairs and maintenance	4,203	4,880
	<u>42,658</u>	<u>43,060</u>
(DEFICIENCY) EXCESS OF REVENUE OVER EXPENSES	\$ <u>(29,515)</u>	\$ <u>54</u>

See accompanying Notes to Financial Statements

3.

KELOWNA FAMILY SERVICES CENTRE SOCIETY
STATEMENT OF CHANGES IN NET ASSETS
(Unaudited - See Review Engagement Report)
For the year ended March 31, 2016

NET ASSETS	Invested in capital assets	Restricted	Unrestricted	Total 2015/16	Total 2014/15
Balance, beginning of year	\$ 14,103	\$ 41,561	\$ 26,761	\$ 82,425	\$ 82,371
(Deficiency) excess of revenues over expenses	(4,367)	-	(25,148)	(29,515)	54
Investment in capital assets	1,556	-	(1,556)	-	-
Internally imposed restrictions (Note 4)	-	(3,461)	3,461	-	-
	<u>11,292</u>	<u>38,100</u>	<u>3,518</u>	<u>52,910</u>	<u>82,425</u>
Balance, end of year	<u>\$ 11,292</u>	<u>\$ 38,100</u>	<u>\$ 3,518</u>	<u>\$ 52,910</u>	<u>\$ 82,425</u>

See accompanying Notes to Financial Statements

KELOWNA FAMILY SERVICES CENTRE SOCIETY
CASH FLOW STATEMENT
(Unaudited - See Review Engagement Report)
For the year ended March 31, 2016

	<u>2015/16</u>	<u>2014/15</u>
OPERATING ACTIVITIES		
General fund cash receipts from grantors, clients, donors, and others	428,383	431,815
General fund cash paid to suppliers and employees	(460,076)	(433,903)
Restricted fund cash receipt from grantor	-	5,000
Interest received	<u>503</u>	<u>1,188</u>
	<u>(31,190)</u>	<u>4,100</u>
 INVESTING ACTIVITIES		
Purchase of tangible capital assets:		
- Computer hardware	(1,556)	-
- Office equipment	-	(9,775)
Transfers from internally restricted funds	<u>3,461</u>	<u>12,784</u>
	<u>1,905</u>	<u>3,009</u>
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(29,285)	7,109
CASH AND CASH EQUIVALENTS, beginning of year	<u>36,194</u>	<u>29,085</u>
 CASH AND CASH EQUIVALENTS, end of year	 \$ <u>6,909</u>	 \$ <u>36,194</u>

KELOWNA FAMILY SERVICES CENTRE SOCIETY
NOTES TO FINANCIAL STATEMENTS
(Unaudited - See Review Engagement Report)
March 31, 2016

1. ACCOUNTING POLICIES

These financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

- a) Financial assets and liabilities are measured initially at fair value. Changes in fair value are recognized in net income.

Financial assets measured at amortized cost consist of cash, accounts receivable, prepaid expenses, and restricted cash.

Financial liabilities measured at amortized cost consist of accounts payable, payroll liabilities, and deferred revenue.

- b) When preparing financial statements according to Canadian generally accepted accounting principles, the society makes estimates and assumptions that affect the reported amounts of revenues and expenses during the year, the reported amounts of assets and liabilities at the date of the financial statements, and the disclosure of contingent assets and liabilities at the date of the financial statements. The society bases its assumptions on a number of factors including historical experience, current events, actions that the society may undertake in the future, and other assumptions believed reasonable under the circumstances. Material measurement uncertainties include estimates of useful lives of tangible capital assets and estimates of collectability of accounts receivable. Actual results could differ from the estimates. The resolution of these uncertainties will be determined by future events.

- c) Cash and cash equivalents include amounts on deposit with financial institutions and term deposits that mature within three months from the date of acquisition. Cash and cash equivalents exclude term deposits that are unavailable for current use because they are internally restricted.

- d) Purchased tangible capital assets are recorded at cost. Contributed tangible capital assets are recorded at fair value at the date of contribution. Amortization is recorded at the following rates, which have been established by estimates of useful lives. Additions during the current year are amortized at one-half their normal rates, and no amortization is taken in the year of disposition. Amortization expense is reported in the Capital Asset Fund.

Computer hardware	30% declining balance
Furniture and equipment	20% declining balance
Leasehold improvements	20% straight line

- e) The society earns substantially all of its revenue from the provision of counselling and education services and related grants, donations, and fundraising. Counselling and education revenues and related provincial grants are recognized at the time the service is provided. Revenue from donations, fundraising, and other grants is recognized when it is received.

- f) The organization does not record in its books of account the value of contributed materials and services.

KELOWNA FAMILY SERVICES CENTRE SOCIETY
NOTES TO FINANCIAL STATEMENTS
(Unaudited - See Review Engagement Report)
March 31, 2016

- g) The society recognizes restricted contributions and grants in accordance with the restricted fund method.
- The General Fund accounts for the society's program delivery and administrative activities. This fund reports unrestricted resources and restricted operating grants.
- The Internally Restricted Fund reports only resources that have been internally designated for specific purposes or programs.
- The Capital Asset Fund reports the assets, liabilities, revenues and expenses related to the society's capital assets.
- The Externally Restricted Fund reports only resources that have been externally restricted by the donor for specific purposes or programs and that are not restricted operating grants.

2. PURPOSE OF THE NOT-FOR-PROFIT ORGANIZATION AND ECONOMIC DEPENDENCY

The society is incorporated without share capital under the Society Act of British Columbia. The primary objectives of the Society are to provide opportunity for consultation, counselling, guidance, and assistance to families and individuals in need in the Central Okanagan. The society also promotes, sponsors, and conducts research and educational programs to facilitate prevention and resolution of some of the complex problems which confront families and individuals in the community. The society is a charitable organization registered under the Canadian Income Tax Act and as such is exempt from income taxes and is able to issue donation receipts for income tax purposes. In order to maintain its status as a registered charity under the Act, the society must meet certain requirements within the Act. In the opinion of management, these requirements have been met. A significant majority of the society's revenue is derived from government funding and other grants that need to be applied for annually. All government funding and other grants have been renewed through the 2017 fiscal year.

3. FINANCIAL INSTRUMENTS

The organization is exposed to various risks through its financial instruments. Financial instruments consist of cash, accounts receivable, and accounts payable. Unless otherwise noted, it is management's opinion that there are no significant credit, currency, interest rate, liquidity, or market risks arising from these financial instruments. The fair value of the instruments approximates their carrying values, unless otherwise noted.

4. RESTRICTED CASH AND INTERNALLY RESTRICTED NET ASSETS

The society has funds internally restricted for a future purpose. These internally restricted amounts are not available for unrestricted purposes without the prior approval of the board of directors. At March 31, 2016, the society held a total of \$38,100 in internally restricted net assets (\$41,561 at March 31, 2015). During the fiscal year \$3,461 was transferred from internally restricted funds to the general fund (2015 - \$12,784). These restricted funds are invested in term deposits that will be held until maturity.

KELOWNA FAMILY SERVICES CENTRE SOCIETY
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March 31, 2016

5. TANGIBLE CAPITAL ASSETS

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	
			<u>2016</u>	<u>2015</u>
Computer hardware	\$ 20,479	\$ 17,319	\$ 3,160	\$ 2,782
Furniture and equipment	20,604	12,472	8,132	10,165
Leasehold improvements	<u>37,929</u>	<u>37,929</u>	<u>-</u>	<u>1,156</u>
	<u>\$ 79,012</u>	<u>\$ 67,720</u>	<u>\$ 11,292</u>	<u>\$ 14,103</u>

6. DEFERRED REVENUE

The society receives funding from various agencies and groups to deliver specific programs, spanning specific periods of time and to specific user groups. The related revenue is recognized as general fund revenue in the year of the related program expenditures.

Deferred revenue represents the unexpended portion of the funds as at March 31.

Deferred Revenue	<u>2015/16</u>	<u>2014/15</u>
Beginning balance	\$ 3,630	\$ 11,097
Received from government and other funders	113,787	106,084
Funds used	<u>(117,417)</u>	<u>(113,551)</u>
Ending balance	<u>\$ -</u>	<u>\$ 3,630</u>

7. TRUST FUNDS

The society maintains a separate bank account for monies held in trust from the British Columbia Gaming Commission. The balance in this account at March 31, 2016 totaled \$20,314 (2015 - \$21,361). Revenue from the Commission is recognized when expended on operating programs and activities. During the year the society received \$22,000 (2015 - \$24,000) from the Commission and expended \$23,047 (2015 - \$23,726) on program delivery.

8. COMPARATIVE INFORMATION

Certain comparative amounts have been reclassified to conform with the current year classifications.