

**KELOWNA FAMILY SERVICES CENTRE SOCIETY**

**Financial Statements**

**Year Ended March 31, 2018**

*(Unaudited)*

**KELOWNA FAMILY SERVICES CENTRE SOCIETY**  
**Index to Financial Statements**  
**Year Ended March 31, 2018**  
*(Unaudited)*

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## INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

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To the Members of Kelowna Family Services Centre Society

We have reviewed the accompanying financial statements of Kelowna Family Services Centre Society that comprise the statement of financial position as at March 31, 2018 and the statements of revenues and expenditures, changes in net assets and cash flow 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 accounting standards for not-for-profit organizations, 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.

### Practitioner's Responsibility

Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these financial statements.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that these financial statements do not present fairly, in all material respects, the financial position of Kelowna Family Services Centre Society as at March 31, 2018, and the results of its operations and its cash flows for the year then ended in accordance with the Canadian accounting standards for not-for-profit organizations.

Airdrie, Alberta  
August 20, 2018

Churchill Michelson Wylie  
CHARTERED PROFESSIONAL ACCOUNTANTS

**KELOWNA FAMILY SERVICES CENTRE SOCIETY**  
**Statement of Financial Position**  
**March 31, 2018**  
*(Unaudited)*

	2018	2017
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash (Note 3)	\$ 37,927	\$ 36,733
Accounts receivable	3,489	4,870
Prepaid expenses	2,989	6,747
GST recoverable	769	813
	45,174	49,163
PROPERTY, PLANT AND EQUIPMENT (Note 5)	8,264	10,506
RESTRICTED CASH (Note 4)	24,178	38,791
	\$ 77,616	\$ 98,460
 <b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT</b>		
Accounts payable	\$ 4,308	\$ 3,968
Wages payable	16,155	15,127
Employee deductions payable (Note 6)	-	5,716
Deferred revenue (Note 7)	26,666	26,640
	47,129	51,451
 <b>NET ASSETS</b>		
Net assets invested in capital assets	8,264	10,507
Restricted net assets (Note 4)	24,178	38,791
Unrestricted net assets	(1,955)	(2,289)
	30,487	47,009
	\$ 77,616	\$ 98,460

**ON BEHALF OF THE BOARD**

  
 \_\_\_\_\_ Director  
  
 \_\_\_\_\_ Director

See notes to financial statements

**KELOWNA FAMILY SERVICES CENTRE SOCIETY**  
**Statement of Revenues and Expenditures**  
**Year Ended March 31, 2018**  
*(Unaudited)*

	2018	2017
<b>REVENUES</b>		
Grants - Provincial Government	\$ 329,404	\$ 335,356
Counselling	49,230	40,186
Grants - Other	32,000	37,922
Grant - Community Gaming (Note 3)	25,786	20,759
Donations and Fundraising	7,325	18,126
Interest	434	534
	<u>444,179</u>	<u>452,883</u>
<b>DIRECT COSTS</b>		
Salaries and benefits	330,522	316,860
Contract services	15,549	25,395
Program supplies	3,503	3,602
Travel	2,976	2,342
	<u>352,550</u>	<u>348,199</u>
	<u>91,629</u>	<u>104,684</u>
<b>GROSS PROFIT (20.63%; 2017 - 23.12%)</b>		
<b>EXPENSES</b>		
Advertising and fundraising	2,896	11,689
Amortization	2,374	2,806
Communication	4,494	4,524
General and board meetings	1,348	1,121
Insurance	3,984	3,984
Office and general	15,715	12,521
Professional development	6,586	4,732
Professional fees	4,401	3,536
Rent	34,683	37,495
Repairs and maintenance	4,329	3,600
Salaries and wages	26,157	20,944
Security	484	3,155
	<u>107,451</u>	<u>110,107</u>
<b>DEFICIENCY OF REVENUES OVER EXPENSES FROM OPERATIONS</b>	<b>(15,822)</b>	<b>(5,423)</b>
<b>OTHER INCOME (EXPENSES)</b>	<b>(700)</b>	<b>(480)</b>
<b>DEFICIENCY OF REVENUES OVER EXPENSES</b>	<b>\$ (16,522)</b>	<b>\$ (5,903)</b>

**KELOWNA FAMILY SERVICES CENTRE SOCIETY**  
**Statement of Changes in Net Assets**  
**Year Ended March 31, 2018**  
*(Unaudited)*

	Net assets invested in capital assets	Restricted net assets	Unrestricted net assets	2018	2017
<b>NET ASSETS - BEGINNING OF YEAR</b>	\$ 10,507	\$ 38,791	\$ (2,289)	\$ 47,009	\$ 52,912
<b>DEFICIENCY OF REVENUES OVER EXPENSES</b>	(3,074)	-	(13,448)	(16,522)	(5,903)
<b>INVESTMENT IN CAPITAL ASSETS</b>	831	-	(831)	-	-
<b>INTERNALLY IMPOSED RESTRICTIONS (Note 4)</b>	-	(14,613)	14,613	-	-
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 8,264</u>	<u>\$ 24,178</u>	<u>\$ (1,955)</u>	<u>\$ 30,487</u>	<u>\$ 47,009</u>

**KELOWNA FAMILY SERVICES CENTRE SOCIETY**  
**Statement of Cash Flow**  
**Year Ended March 31, 2018**  
*(Unaudited)*

	2018	2017
<b>OPERATING ACTIVITIES</b>		
Deficiency of revenues over expenses	\$ (16,522)	\$ (5,903)
Items not affecting cash:		
Amortization of property, plant and equipment	2,374	2,806
Loss on disposal of property, plant and equipment	700	480
	<u>(13,448)</u>	<u>(2,617)</u>
Changes in non-cash working capital:		
Accounts receivable	1,381	3,813
Accounts payable	339	(210)
Deferred revenue	26	6,326
Prepaid expenses	3,758	250
GST recoverable	44	856
Restricted Cash	14,613	(690)
Wages payable	1,028	(1,434)
Employee deductions payable	(5,716)	5,716
	<u>15,473</u>	<u>14,627</u>
Cash flow from operating activities	<u>2,025</u>	<u>12,010</u>
<b>INVESTING ACTIVITY</b>		
Purchase of property, plant and equipment	<u>(831)</u>	<u>(2,500)</u>
<b>INCREASE IN CASH FLOW</b>	<b>1,194</b>	<b>9,510</b>
Cash - beginning of year	<u>36,733</u>	<u>27,223</u>
<b>CASH - END OF YEAR</b>	<b>\$ 37,927</b>	<b>\$ 36,733</b>
<b>CASH CONSISTS OF:</b>		
Cash	<u>\$ 37,927</u>	<u>\$ 36,733</u>

# KELOWNA FAMILY SERVICES CENTRE SOCIETY

## Notes to Financial Statements

Year Ended March 31, 2018

(Unaudited)

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### 1. PURPOSE OF THE SOCIETY

Kelowna Family Services Centre Society (the "society") is a not-for-profit organization incorporated provincially under the Society Act of British Columbia. As a registered charity the society is exempt from the payment of income tax under Section 149(1) of the Income Tax Act.

The society operates 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 with confront families and individuals in the community,

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### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPO).

#### Property, plant and equipment

Property, plant and equipment is stated at cost or deemed cost less accumulated amortization. Property, plant and equipment is amortized over its estimated useful life on a declining balance basis at the following rates and methods:

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

One half of these rates are applied in the year of acquisition.

The society regularly reviews its property, plant and equipment to eliminate obsolete items.

#### Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and bank balances..

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**KELOWNA FAMILY SERVICES CENTRE SOCIETY**  
**Notes to Financial Statements**  
**Year Ended March 31, 2018**  
*(Unaudited)*

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments policy

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

**Held for Trading**

The Society has classified cash as held for trading. This financial instrument is recorded at fair value with changes in fair value recognized in the Statement of Revenue and Expense as incurred. Transaction costs related to instruments classified as held for trading are expensed as incurred.

**Loans and Receivables**

The Society has classified accounts receivable as loans and receivables. These financial instruments are non-derivative financial assets resulting from the delivery of cash or other assets by a lender to a borrower in return for a promise to repay on a specified date or dates, or on demand. They are initially recognized at fair value and are subsequently measured at the amortized cost using the effective interest rate method. Gains and losses arising from changes in fair value are recognized as incurred.

**Other Financial Liabilities**

The Society has classified accounts payable and accrued liabilities as other financial liabilities. These financial instruments are initially recognized at fair value and are subsequently measured at the amortized cost using the effective interest rate method. Gains and losses arising from changes in fair value are recognized as incurred.

**Measuring Fair value**

The fair value of a financial instrument is the amount of consideration that would be agreed upon in an arm's-length transaction between knowledgeable, willing parties who are under no compulsion to act. Fair values are determined by reference to quoted bid or asking prices as appropriate, in the most advantageous active market for that instrument to which the Society has immediate access.

Fair values determined using valuation models require the use of assumptions concerning the amount and timing of estimated future cash flows and discounted rates. In determining those assumptions, external readily observable market inputs including interest rate yield curves, currency rates and price and rate volatilities are considered, as applicable.

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**KELOWNA FAMILY SERVICES CENTRE SOCIETY**  
**Notes to Financial Statements**  
**Year Ended March 31, 2018**  
*(Unaudited)*

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Revenue recognition

Kelowna Family Services Centre Society follows the deferral method of accounting for contributions.

The Society recognizes revenues when they are earned, specifically when all the following conditions are met:

- Services are provided or products are delivered to customers
- There is clear evidence that an arrangement exists
- Amounts are fixed or can be determined
- The ability to collect is reasonably assured

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 receivable if the amount meets the conditions identified above.

Grants received are recognized as revenue in the year the services are carried out under the term of the grants. Donations and miscellaneous contributions are recognized as revenue when funds are received.

Contributed services

The operations of the organization depend on both the contribution of time by volunteers and donated materials from various sources. The fair value of donated materials and services cannot be reasonably determined and are therefore not reflected in these financial statements.

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**KELOWNA FAMILY SERVICES CENTRE SOCIETY**  
**Notes to Financial Statements**  
**Year Ended March 31, 2018**  
*(Unaudited)*

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Risk Exposure

In common with all other businesses, the Society is exposed to risks that arise from its use of financial instruments. This note describes the Society's objectives, policies and processes for managing those risks and methods used to measure them.

There have been no substantive changes in the Society's exposure to financial instruments risks, its objectives, policies and processes for managing those risks or methods used to measure them from previous periods unless otherwise stated in this note.

**General Objectives, Policies, and Processes**  
**Principal Financial Instruments**

The principal financial instruments used by the Society, from which financial instrument risk arises, are as follows:

- Cash;
- Accounts receivable; and
- Accounts payable.

There have been no substantive changes in the Society's exposure to financial instruments risks, its objectives, policies and processes for managing those risks or methods used to measure them from previous periods unless otherwise stated in this note.

The Board of Directors has overall responsibility for the determination of the Society's risk management objectives and policies and, while retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Society's administration function. The Board of Directors receives financial statements through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

The overall objective of the Board of Directors is to set policies that seek to reduce risk as far as possible without unduly affecting the Society's competitiveness and flexibility. Further details regarding these policies are set out below.

*Credit Risk*

Financial instruments that potentially subject the Society to concentrations of credit risk consist primarily of cash and accounts receivable. The credit risk relating to cash is managed by holding the funds in a chartered bank, subject to risk based on deposit insurance.

*Liquidity Risk*

Liquidity risk is the risk that the Society will not be able to meet its financial obligations as they fall due. The Society's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under normal and stressed conditions. The Society manages liquidity by monitoring cash requirements to meet expected operational expenses.

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# KELOWNA FAMILY SERVICES CENTRE SOCIETY

## Notes to Financial Statements

Year Ended March 31, 2018

(Unaudited)

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### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### Use of Estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit 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.

#### Measurement uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

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### 3. COMMUNITY GAMING FUNDS

The Society maintains a separate bank account for monies received from the British Columbia Ministry of Community, Sport and Cultural Development. The balance in this account as at March 31, 2018 is \$15,263 (March 31, 2017 - \$21,555). The Community Gaming Grant revenue is recognized when expended on approved operating programs and activities. During the year the Society received \$19,500 (2017- \$22,000) in funding and expended \$25,786 (2017 - \$20,759) on program delivery. Any unspent funding at the time of dissolution of the Society, is returned back to the British Columbia Ministry of Community, Sport and Cultural Development. The prior year cash and deferred revenue balances related to the community gaming funds have been included in the Financial Statements for comparative purposes.

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### 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, 2018, the Society had a total of \$24,178 (March 31, 2017 - \$38,790) in internally restricted net assets. During the fiscal year, \$14,163 (2017 - \$690 was transferred from the general fund to the restricted fund)) was transferred from internally restricted funds to the general fund. These restricted funds are invested in redeemable term deposits.

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### 5. PROPERTY, PLANT AND EQUIPMENT

	Cost	Accumulated amortization	2018 Net book value	2017 Net book value
Equipment	\$ 9,775	\$ 5,271	\$ 4,504	\$ 5,630
Computer equipment	19,443	16,383	3,060	4,001
Furniture and fixtures	10,829	10,129	700	875
Leasehold improvements	37,929	37,929	-	-
	<u>\$ 77,976</u>	<u>\$ 69,712</u>	<u>\$ 8,264</u>	<u>\$ 10,506</u>

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**KELOWNA FAMILY SERVICES CENTRE SOCIETY**

**Notes to Financial Statements**

**Year Ended March 31, 2018**

*(Unaudited)*

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6. EMPLOYEE DEDUCTIONS PAYABLE

Employee deductions payable as at March 31, 2018 - \$nil (March 31, 2017 - \$5,716) is in respect of government payroll remittances.

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7. 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. The deferred revenue is expected to be realized as revenue with-in the next twelve months.

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8. ECONOMIC DEPENDENCE

Approximately 74% (2017 – 74%) of revenue for the year ended related to contracts with the Province of British Columbia. If the funding were to be substantially reduced, it is management's opinion that the continued viability of operations may be in question.

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9. CONTRACTUAL OBLIGATIONS

The Society has an operating lease for certain premises at \$2,920 per month, under a lease expiring April 30, 2019. The monthly lease amount includes estimated variable occupancy charges of \$1,130 per month.

Contractual obligation repayment schedule:

2019	\$	35,040
2020		<u>2,920</u>
	\$	<u>37,960</u>

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10. SUBSEQUENT EVENTS

The Society's has received notice of increased funding from the Ministry of Public Safety and Solicitor General for the Society's Stop the Violence program. The funding has increased by \$50,812, for a total expected funding in fiscal 2019 of \$142,000.

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11. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.

The prior year comparative figures were reviewed by another firm of public accountants.

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