

Financial Statements of

FAMILY SERVICE REGINA

Year ended March 31, 2012

FAMILY SERVICE REGINA

Index to Financial Statements

March 31, 2012

	Page No.
Independent Auditors' Report to the Members	1
Statement of Financial Position.....	3
Statement of Operations and Net Assets	4
Statement of Changes in Net Assets.....	5
Statement of Cash Flows	6
Notes to Financial Statements.....	7-11
Schedule 1.....	12
Schedule 2.....	13



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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS

We have audited the accompanying financial statements of Family Service Regina which comprise the statement of financial position as at March 31, 2012, the statements of operations and net assets, changes in net assets, and cash flows for the year then ended, and notes comprising 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 an 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 our 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, we consider 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.

Basis for Qualified Opinion

In common with many charitable organizations, Family Service Regina derives revenue from 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 entity and we were not able to determine whether any adjustments might be necessary to donations revenue, excess of revenue over expenses, current assets and net assets.



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 Family Service Regina as at March 31, 2012, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP

Chartered Accountants

Regina, Canada

May 30, 2012

FAMILY SERVICE REGINA

Statement of Financial Position

March 31, 2012 with comparative figures for 2011

	2012	2011
Assets		
Current assets:		
Cash	\$ 268,856	\$ 118,036
Accounts receivable	41,105	64,837
Prepaid expenses	16,600	14,098
	<u>326,561</u>	<u>196,971</u>
Investments (note 3)	237,750	227,218
Property, plant and equipment (note 4)	26,921	35,748
	<u>\$ 591,232</u>	<u>\$ 459,937</u>

Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities	\$ 127,568	\$ 107,124
Grants received in advance	22,192	51,859
Deferred revenue – Employee and Family Assistance Plan	41,282	23,422
	<u>191,042</u>	<u>182,405</u>
Deferred revenue – donated asset	1,083	3,250
Net assets:		
Unrestricted	122,269	14,299
Internally restricted (note 2 (f))	227,998	214,483
Internally restricted – development (note 2(g))	10,000	10,000
Internally restricted – staff training (note 2(h))	13,000	3,000
Invested in property, plant and equipment	25,840	32,500
	<u>399,107</u>	<u>274,282</u>
Commitments (note 7)		
	<u>\$ 591,232</u>	<u>\$ 459,937</u>

See accompanying notes to financial statements.

On behalf of the Board:

 Director

 Director

FAMILY SERVICE REGINA

Statement of Operations and Net Assets

Year ended March 31, 2012 with comparative figures for 2011

	2012	2011
Revenues		
Province of Saskatchewan grants	\$ 893,228	\$ 719,106
Fees for service	348,493	373,519
United Way grant	267,500	250,089
Government of Canada grants	126,897	106,845
Donations	54,597	57,868
City of Regina grant	53,500	53,500
Fundraising (note 6)	28,827	18,971
Interest	11,278	6,668
Other income	2,669	2,705
Foundation contributions	-	950
Total revenue	1,786,989	1,590,221
Expenses		
Salaries and wages	1,082,881	1,002,134
Staff benefits	174,386	178,260
Contracted services	154,681	166,095
Rent	102,398	102,398
Office supplies and equipment	31,803	27,810
Memberships and subscriptions	20,503	19,359
Transportation and sustenance	16,508	12,227
Telephone	14,300	13,829
Amortization	13,584	13,546
Training and development	13,357	12,531
Insurance	8,632	8,402
Professional fees	7,400	8,620
Program supplies	6,190	4,496
Freight charges	4,904	5,307
Repairs and maintenance	3,280	4,264
Advertising	2,684	5,943
Bank charges	2,355	1,947
Equipment rental	2,318	2,637
Total expenses	1,662,164	1,589,805
Excess of revenue over expenses	124,825	416
Net assets, beginning of year	274,282	273,866
Net assets, end of year	\$ 399,107	\$ 274,282

See accompanying notes to financial statements.

FAMILY SERVICE REGINA

Statement of Changes in Net Assets

Year ended March 31, 2012 with comparative figures for 2011

	Unrestricted	Internally Restricted	Internally Restricted - Development	Internally Restricted - Staff Training	Invested in Property, Plant & Equipment	Total 2012	Total 2011
Net assets, beginning of year	\$ 14,299	\$ 214,483	\$ 10,000	\$ 3,000	\$ 32,500	\$ 274,282	\$ 273,866
Excess of revenues over expenses	124,825	-	-	-	-	124,825	416
Transfers – restricted interest	(13,515)	13,515	-	-	-	-	-
Transfer	(10,000)	-	-	10,000	-	-	-
Invested in property, plant & equipment	(4,757)	-	-	-	4,757	-	-
Deferred revenue – donated assets amortization	(2,167)	-	-	-	2,167	-	-
Amortization	13,584	-	-	-	(13,584)	-	-
Net change	107,970	13,515	-	10,000	(6,660)	124,825	416
Net assets, end of year	\$ 122,269	\$ 227,998	\$ 10,000	\$ 13,000	\$ 25,840	\$ 399,107	\$ 274,282

	Unrestricted	Internally Restricted	Internally Restricted - Development	Internally Restricted - Staff Training	Invested in Property, Plant & Equipment	Total 2011	Total 2010
Net assets, beginning of year	\$ 11,391	\$ 207,815	\$ 10,000	\$ 3,000	\$ 41,660	\$ 273,866	\$ 260,927
Excess of revenues over expenses	416	-	-	-	-	416	12,939
Transfers – restricted interest	(6,668)	6,668	-	-	-	-	-
Invested in property, plant & equipment	(2,219)	-	-	-	2,219	-	-
Deferred revenue – donated assets amortization	(2,167)	-	-	-	2,167	-	-
Amortization	13,546	-	-	-	(13,546)	-	-
Net change	2,908	6,668	-	-	(9,160)	416	12,939
Net assets, end of year	\$ 14,299	\$ 214,483	\$ 10,000	\$ 3,000	\$ 32,500	\$ 274,282	\$ 273,866

See accompanying notes to financial statements.

FAMILY SERVICE REGINA

Statement of Cash Flows

Year ended March 31, 2012 with comparative figures for 2011

	2012	2011
Cash used in:		
Operating activities:		
Excess of revenues over expenses	\$ 124,825	\$ 416
Items not involving cash:		
Amortization	13,584	13,546
Amortization of deferred revenue	(2,167)	(2,167)
Net change in non-cash operating working capital:		
Accounts receivable	23,732	(18,955)
Prepaid expenses	(2,502)	7,461
Accounts payable and accrued liabilities	20,444	(15,498)
Grants received in advance	(29,667)	(4,104)
Deferred revenue – Employee and Family Assistance Plan	17,860	(5,097)
	166,109	(24,398)
Investing activities:		
Purchase of property, plant and equipment	(4,757)	(2,219)
Increase in investments	(10,532)	(40,487)
	(15,289)	(42,706)
Increase (decrease) in cash	150,820	(67,104)
Cash, beginning of year	118,036	185,140
Cash, end of year	\$ 268,856	118,036

See accompanying notes to financial statements.

FAMILY SERVICE REGINA

Notes to Financial Statements

Year ended March 31, 2012 with comparative figures for 2011

1. Nature of operations:

Family Service Regina (the "Organization") is incorporated under the *Non-Profit Corporations Act of Saskatchewan* and is a community based organization serving families in Regina and surrounding area. The Organization's mission is to help families and individuals successfully meet changing needs to achieve their potential. Services include individual, couple and family counseling; programs for teenage parents; lifeskills training; family and workplace education; victims of domestic violence programming; employee and family assistance programs; and community support, consultation and development.

2. Significant accounting policies:

(a) *General:*

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles.

(b) *Revenue recognition:*

The Organization follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue of the appropriate funds in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Separate revenue and expense accounts are maintained for the various programs the Organization offers (see note 5).

The Organization enters into contracts to provide employee assistance services. The revenue is recorded in the period in which the service is provided. Funds received in advance of the service being provided for full service contracts are deferred until the service is provided or until the contract term has expired.

(c) *Income taxes:*

The Organization is a registered charity, and as such, no income taxes are payable on reported income under paragraph 149(l)(f) of the *Income Tax Act*.

(d) *Property, plant and equipment:*

Property, plant and equipment are initially recorded at cost.

Donated assets are recorded at fair value at the time of the donation.

Amortization is provided for using the straight-line method over the useful life of the asset as follows:

Asset	Useful life
Computer equipment	4 years
Data management software	5 years
Video equipment	4 years
Office equipment	4 years
Furniture and fixtures	5 years
Vehicles	6 years
Leasehold improvements	Term of lease

FAMILY SERVICE REGINA

Notes to Financial Statements

Year ended March 31, 2012 with comparative figures for 2011

(e) *Financial assets and financial liabilities*

Financial assets and financial liabilities are initially recognized at fair value and are subsequently accounted for based on their classification as described below. The classification depends on the purpose for which the financial instruments were acquired and their characteristics. The classification is not changed subsequent to initial recognition. Financial assets purchased and sold, where the contract requires the asset to be delivered within an established time frame, are recognized on a trade-date basis. Transaction costs are recognized immediately in the statement of operations and net assets or are capitalized, depending upon the nature of the transaction and associated investment. The organization has elected to apply the disclosure requirement of the CICA Handbook, Section 3861 in place of Handbook Sections 3862 and 3863 which results in more limited disclosure of the nature and extent of risks arising from financial instruments.

Held-for-trading

Financial assets that are purchased and incurred with the intention of generating profits in the near term are classified as held-for-trading. These instruments are accounted for at fair value with the changes in the fair value recognized in the statement of operations and net assets. Cash and investments have been designated as held-for-trading assets and are recorded at fair value.

Loans and receivables

Accounts receivable have been designated as loans and receivables and are accounted for at amortized cost using the effective interest method.

Other liabilities

Accounts payable and accrued liabilities are classified as other financial liabilities and are measured at amortized cost using the effective interest method.

(f) *Internally restricted net assets:*

Certain specified amounts have been restricted by the Board of Directors for unforeseen extraordinary expenses that would adversely affect the Organization or to offset reductions in other sources of funding. Any interest earned on these funds is also allocated to the restricted balance, until such time that the total value of the restricted balance exceeds the policy terms for the fund.

(g) *Internally restricted net assets – development:*

Certain specified amounts have been restricted by the Board of Directors for use as seed money for development opportunities. Any interest earned on these funds is not allocated to the restricted balance.

(h) *Internally restricted net assets – staff training:*

Certain specified amounts have been restricted by the Board of Directors for use as money for staff training opportunities. Any interest earned on these funds is not allocated to the restricted balance.

(i) *Deferred revenue – donated asset:*

Revenue is recognized into income over the useful life of the donated asset.

FAMILY SERVICE REGINA

Notes to Financial Statements

Year ended March 31, 2012 with comparative figures for 2011

(j) *Special event revenue:*

The net proceeds for any fundraising/special event are recorded in the statement of operations and net assets in the fiscal year in which the event is held.

(k) *Interprogram charges:*

The revenue and expenses of the Organization reflect interprogram charges for these services which in turn, are eliminated from total revenue and expenses.

(l) *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 revenue and expenses during the period. Actual results could differ from those estimates.

3. Investments:

	Fair value March 31, 2012	Fair value March 31, 2011
Canadian money market fund	\$ 117,165	\$ 116,669
Saskatchewan Savings Bond 4.0% due July 15, 2011	-	25,000
Investors Group Premium Money Market	-	-
Investors Group Government Bond Fund A	-	8,021
Investors Real Return Bond Fund C DSC	44,537	40,059
Investors Real Return Bond Fund A	42,536	37,469
Investors Cdn Bond Fund A	8,112	-
Investors Income Portfolio A	25,400	-
	<u>\$ 237,750</u>	<u>\$ 227,218</u>

For bonds and bond funds, the fair values are based on quoted market values. For the money market funds, fair value approximates cost due to their immediate or short-term nature.

4. Property, plant and equipment:

			2012	2011
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Computer equipment	\$ 64,701	\$ 63,716	\$ 985	\$ 1,449
Data management software	46,851	26,970	19,881	29,672
Video equipment	3,809	3,809	-	-
Office equipment	12,129	7,157	4,972	1,377
Furniture and fixtures	110,012	110,012	-	-
Vehicles	13,000	11,917	1,083	3,250
Leasehold improvements	9,706	9,706	-	-
	<u>\$ 260,208</u>	<u>\$ 233,287</u>	<u>\$ 26,921</u>	<u>\$ 35,748</u>

FAMILY SERVICE REGINA

Notes to Financial Statements

Year ended March 31, 2012 with comparative figures for 2011

5. Program revenue and expenses:

	2012		2011	
	Revenue	Expenses	Revenue	Expenses
Program:				
Counselling (Schedule 1)	\$ 456,685	\$ 376,720	\$ 305,164	\$ 322,699
Domestic Violence Victims Services Program	159,813	165,596	159,826	170,902
Domestic Violence Outreach Program	102,774	105,792	101,314	110,945
Status of Women Project	122,890	128,330	102,441	107,690
Employee and Family Assistance	320,365	332,533	349,205	339,414
Family Violence Support Services	72,540	80,305	71,511	78,081
Resource Development	83,424	23,216	73,710	14,497
Teen Parent (Schedule 2)	60,060	61,897	43,240	47,555
Domestic Violence Court Case Worker Program	145,088	147,049	143,029	153,054
Choices for Change	85,244	85,240	82,174	82,174
	1,608,883	1,506,678	1,431,614	1,427,011
Administration:				
Administration	178,106	313,517	158,607	266,676
Less: Overhead recovery allocated to programs	-	158,031	-	103,882
	178,106	155,486	158,607	162,794
	\$1,786,989	\$ 1,662,164	\$1,590,221	\$1,589,805

6. Fundraising:

	2012	2011
Juke Box Mania:		
Revenue	\$ 21,964	\$ 16,114
Expenses	(10,455)	(7,561)
Friends of the Family Luncheon:		
Revenue	21,878	17,294
Expenses	(5,421)	(6,876)
Miscellaneous fundraising	861	-
Net proceeds	\$ 28,827	\$ 18,971

7. Commitments:

The Organization is committed under operating lease agreements for occupancy and equipment with the following minimum annual payments over the next two years:

2013	\$ 104,895
2014	104,895

FAMILY SERVICE REGINA

Notes to Financial Statements

Year ended March 31, 2012 with comparative figures for 2011

The Organization has entered into certain employee assistance full service contracts that extend beyond March 31, 2012. The Organization is committed to providing those services set out in the contract for the remaining fee recorded as Deferred Revenue – Employee and Family Assistance Plan.

8. Capital management

The Organization determines the amount of capital that may be required by monitoring the long term plans to meet the needs of clients and program users. The Organization defines capital to be net assets.

9. Risk management

The Organization, through its financial assets and liabilities, has exposure to the following risks from its use of financial instruments: credit risk and market risk (interest rate risk).

Credit risk

The Organization's principal financial assets are cash, accounts receivable, and investments in bonds, bond funds and money market funds, which are subject to credit risk. The carrying amounts of financial assets on the balance sheet represent the Organization's maximum credit exposure at the balance sheet date.

The Organization's credit risk is primarily attributable to its trade receivables. The amounts disclosed in the balance sheet are net of allowance for doubtful accounts, estimated by management of the Organization based on previous experience and its assessment of the current economic environment. The Organization does not have significant exposure to any individual customer and has not incurred any significant bad debts during the year. Dealing with institutions that have strong credit ratings minimizes credit risk related to cash and investments in bonds and money market funds.

Interest rate risk

Cash and investments in bonds and money market funds have limited exposure to interest rate risk due to their short term maturity.

10. Economic dependence:

The Organization receives a substantial amount of its revenue (2012 – 75%, 2011 – 71%) in the form of grants from governments and the United Way of Regina. These grants must be applied for on an annual basis.

11. Fair value of financial assets and financial liabilities:

The fair values of the Organization's financial assets and liabilities, other than investments, the fair value of which are described in Note 3, approximate cost due to their immediate or short-term nature.

FAMILY SERVICE REGINA

Schedule 1 – Statement of Revenues and Expenditures for Counselling, Education and Support

Year ended March 31, 2012

	2012
Revenues	
Saskatchewan Ministry of Social Services	\$ 363,478
United Way of Regina	58,388
Fee for Service	24,819
City of Regina	10,000
Total revenue	456,685
Expenses	
Salaries, wages and administration	246,912
Staff benefits	41,091
Administrative/Overhead Recovery	39,854
Rent	24,518
Contracted services	7,341
Training and development	3,014
Telephone	2,388
Transportation and sustenance	2,353
Office supplies and equipment	2,182
Memberships and subscriptions	1,918
Advertising	1,413
Insurance	1,328
Program supplies	994
Professional Fees	800
Repairs and maintenance	601
Freight charges	13
Total expenses	376,720
Excess of expenses over revenue	\$ 79,965

FAMILY SERVICE REGINA

Schedule 2 – Statement of Revenues and Expenditures for Teen Parent Program

Year ended March 31, 2012

	2012
Revenues	
Saskatchewan Ministry of Social Services	\$ 50,060
City of Regina	10,000
Total revenue	60,060
Expenses	
Salaries, wages and administration	38,621
Administrative/Overhead Recovery	7,936
Staff benefits	6,428
Rent	3,536
Contracted services	1,664
Transportation and sustenance	744
Telephone	717
Memberships and subscriptions	583
Training and development	529
Professional Fees	400
Repairs and maintenance	300
Office supplies and equipment	214
Insurance	185
Freight charges	40
Total expenses	61,897
Excess of expenses over revenue	\$ (1,837)