

Financial Statements of

FAMILY SERVICE REGINA

Year ended March 31, 2014

FAMILY SERVICE REGINA

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March 31, 2014

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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, 2014 and 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 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.

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 qualified 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, verification of these revenues was limited to the amounts recorded in the records of Family Service Regina. Therefore, we were not able to determine whether, as at March 31, 2014 and March 31, 2013 and for the years ended March 31, 2014 and March 31, 2013, any adjustments might be necessary to donations and excess of revenue over expenses reported in the statements of operations and net assets, excess of revenue over expenses reported in the statements of cash flows and current assets and unrestricted net assets reported in the statements of financial position. This caused us to qualify our audit opinion on the financial statements as at and for the year ended March 31, 2013.

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, 2014, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

KPMG LLP

Chartered Accountants

June 4, 2014
Regina, Canada

FAMILY SERVICE REGINA

Statement of Financial Position

As at March 31, 2014

| | 2014 | 2013 |
|--|-------------------|-------------------|
| Assets | | |
| Current assets: | | |
| Cash | \$ 315,756 | \$ 253,888 |
| Accounts receivable | 36,907 | 22,725 |
| Prepaid expenses | 32,368 | 27,878 |
| | <u>385,031</u> | <u>304,491</u> |
| Investments (note 4) | 242,323 | 242,533 |
| Property, plant and equipment (note 5) | 60,765 | 46,712 |
| | <u>\$ 688,119</u> | <u>\$ 593,736</u> |

Liabilities and Net Assets

| | | |
|---|-------------------|-------------------|
| Current liabilities: | | |
| Accounts payable and accrued liabilities (note 6) | \$ 117,166 | \$ 95,847 |
| Grants received in advance | 18,109 | 19,744 |
| Deferred revenue – Employee and Family Assistance Plan | 68,857 | 58,499 |
| | <u>204,132</u> | <u>174,090</u> |
| Deferred revenue – property, plant and equipment | 16,667 | - |
| Net assets: | | |
| Unrestricted | 201,454 | 163,569 |
| Internally restricted (note 3(e)) | 232,866 | 233,077 |
| Internally restricted – development (note 3(f)) | 10,000 | 10,000 |
| Internally restricted – staff training (note 3(g)) | 13,000 | 13,000 |
| Internally restricted – leasehold improvement (note 3(h)) | 10,000 | - |
| | <u>467,320</u> | <u>419,646</u> |
| Commitments (note 9) | | |
| | <u>\$ 688,119</u> | <u>\$ 593,736</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, 2014, with comparative information for 2013

| | 2014 | 2013 |
|--|-------------------|-------------------|
| Revenues | | |
| Province of Saskatchewan grants | \$ 913,042 | \$ 930,308 |
| Fees for service | 425,408 | 367,653 |
| United Way grant | 191,901 | 199,834 |
| Donations | 56,258 | 45,561 |
| Fundraising (note 8) | 11,442 | 32,236 |
| City of Regina grant | 7,333 | 53,500 |
| Other income | 4,982 | 2,569 |
| Foundation contributions | 3,362 | 9,078 |
| Interest | 443 | 5,079 |
| Total revenue | 1,614,171 | 1,645,818 |
| Expenses | | |
| Salaries and wages | 987,869 | 1,045,615 |
| Staff benefit | 172,271 | 172,707 |
| Contracted services | 149,583 | 143,437 |
| Rent | 102,398 | 102,398 |
| Memberships and subscriptions | 24,815 | 19,352 |
| Office supplies and equipment | 22,459 | 26,337 |
| Telephone | 21,694 | 20,765 |
| Amortization | 21,378 | 17,894 |
| Training and development | 12,382 | 17,436 |
| Transportation and sustenance | 11,478 | 22,365 |
| Professional fees | 9,546 | 6,862 |
| Insurance | 8,260 | 7,993 |
| Program supplies | 6,641 | 5,717 |
| Freight charges | 4,952 | 3,949 |
| Repairs and maintenance | 4,134 | 3,242 |
| Equipment rental | 3,282 | 3,349 |
| Bank charges | 2,490 | 2,468 |
| Unrealized loss on investments | 653 | - |
| Advertising | 212 | 1,138 |
| Bad debt | - | 2,255 |
| Total expenses | 1,566,497 | 1,625,279 |
| Excess of revenue over expenses | 47,674 | 20,539 |
| Net assets, beginning of year | 419,646 | 399,107 |
| Net assets, end of year | \$ 467,320 | \$ 419,646 |

See accompanying notes to financial statements.

FAMILY SERVICE REGINA

Statement of Changes in Net Assets

Year ended March 31, 2014, with comparative information for 2013

| | Unrestricted | Internally Restricted | Internally Restricted- Development | Internally Restricted - Staff Training | Internally Restricted- Leasehold Improvements | 2014 Total | 2013 Total |
|-----------------------------------|--------------|-----------------------|------------------------------------|--|---|------------|------------|
| Net assets, beginning of year | \$ 163,569 | \$ 233,077 | \$ 10,000 | \$ 13,000 | \$ - | \$ 419,646 | \$ 399,107 |
| Excess of revenues over expenses | 47,674 | - | - | - | - | 47,674 | 20,539 |
| Transfers – restricted interest | 211 | (211) | - | - | - | - | - |
| Transfer – leasehold improvements | (10,000) | - | - | - | 10,000 | - | - |
| Net change | 37,885 | (211) | - | - | 10,000 | 47,674 | 20,539 |
| Net assets, end of year | \$ 201,454 | \$ 232,866 | \$ 10,000 | \$ 13,000 | \$ 10,000 | \$ 467,320 | \$ 419,646 |

FAMILY SERVICE REGINA

Statement of Cash Flows

Year ended March 31, 2014, with comparative information for 2013

| | 2014 | 2013 |
|--|------------|------------|
| Cash used in: | | |
| Operating activities: | | |
| Excess of revenues over expenses | \$ 47,674 | \$ 20,539 |
| Items not involving cash: | | |
| Amortization | 21,378 | 17,894 |
| Amortization of deferred revenue | (3,333) | (1,083) |
| Unrealized loss on investments | 653 | - |
| Net change in non-cash operating working capital: | | |
| Accounts receivable | (14,182) | 18,380 |
| Prepaid expenses | (4,490) | (11,278) |
| Accounts payable and accrued liabilities | 21,319 | (31,721) |
| Grants received in advance | (1,635) | (2,448) |
| Deferred revenue – Employee and Family Assistance Plan | 10,358 | 17,217 |
| | 77,742 | 27,500 |
| Investing activities: | | |
| Purchase of property, plant and equipment | (35,431) | (37,685) |
| Grant received for purchase of property, plant and equipment | 20,000 | - |
| Net purchase of investments | (443) | (4,783) |
| | (15,874) | (42,468) |
| Increase (decrease) in cash | 61,868 | (14,968) |
| Cash, beginning of year | 253,888 | 268,856 |
| Cash, end of year | \$ 315,756 | \$ 253,888 |

FAMILY SERVICE REGINA

Notes to Financial Statements

Year ended March 31, 2014

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. Basis of preparation:

The financial statements for the year ended March 31, 2014 have been prepared in accordance with Canadian Accounting Standards for Not-For-Profit Organizations outlined in Part III of the CPA Handbook.

3. Significant accounting policies:

(a) 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 7).

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.

(b) 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*.

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Notes to Financial Statements

Year ended March 31, 2014

3. Significant accounting policies (continued):

(c) 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 |

(d) Financial instruments:

Financial instruments are recorded at fair value on initial recognition and subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Organization has elected to carry its investments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Organization determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount of the Organization expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

(e) 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.

FAMILY SERVICE REGINA

Notes to Financial Statements

Year ended March 31, 2014

3. Significant accounting policies (continued):

(f) 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.

(g) 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.

(h) Internally restricted net assets – leasehold improvement:

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

(i) Deferred revenue – property, plant and equipment:

Revenue is recognized into the statement of operations over the useful life of the related asset.

(j) Fundraising 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) Use of estimates:

The preparation of financial statements 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.

FAMILY SERVICE REGINA

Notes to Financial Statements

Year ended March 31, 2014

4. Investments:

| | 2014 | 2013 |
|--|-------------------|-------------------|
| Canadian money market fund | \$ 118,067 | \$ 117,625 |
| Investors Premium Money Market Fund A | 70,120 | - |
| Investors Premium Money Market Fund C | 46,152 | - |
| Investors Canadian Bond Fund A | 7,984 | 8,027 |
| Investors Group Fixed Income Port Series A | - | 70,481 |
| Investors Group Fixed Income Port Series C | - | 46,400 |
| | \$ 242,323 | \$ 242,533 |

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.

5. Property, plant and equipment:

| | | | 2014 | 2013 |
|--------------------------|-------------------|-----------------------------|-------------------|-------------------|
| | Cost | Accumulated Amortization | Net Book Value | Net Book Value |
| Computer equipment | \$ 48,339 | \$ 29,327 | \$ 19,012 | \$ 10,047 |
| Data management software | 58,639 | 45,405 | 13,234 | 22,299 |
| Office equipment | 21,492 | 12,016 | 9,476 | 14,366 |
| Vehicles | 22,477 | 3,434 | 19,043 | - |
| Furniture and fixtures | 109,371 | 109,371 | - | - |
| Leasehold improvements | 9,706 | 9,706 | - | - |
| | \$ 270,024 | \$ 209,259 | \$ 60,765 | \$ 46,712 |

6. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$5,345 (2013 - \$314), which includes amounts payable for federal sales taxes and workers' safety insurance premiums.

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Notes to Financial Statements

Year ended March 31, 2014

7. Program revenue and expenses:

| | 2014 | | 2013 | |
|---|--------------------|---------------------|--------------------|--------------------|
| | Revenue | Expenses | Revenue | Expenses |
| Program: | | | | |
| Counselling (Schedule 1) | \$ 400,364 | \$ 408,710 | \$ 415,584 | \$ 403,525 |
| Domestic Violence Victims Services Program | 163,455 | 166,533 | 165,238 | 172,541 |
| Domestic Violence Outreach Program | 108,378 | 114,950 | 104,417 | 107,273 |
| DVSP - Prairie Action DV Stalking | 1,667 | 3,546 | 8,333 | 7,481 |
| Employee and Family Assistance | 371,638 | 328,059 | 339,024 | 350,312 |
| Family Violence Support Services | 74,440 | 81,232 | 73,700 | 76,132 |
| Resource Development | 65,691 | 34,746 | 77,796 | 32,871 |
| Teen Parent (Schedule 2) | 109,460 | 108,734 | 109,027 | 106,337 |
| Domestic Violence Court Case Worker Program | 157,725 | 161,405 | 155,319 | 160,932 |
| Choices for Change | - | - | 26,578 | 26,469 |
| | <u>1,452,818</u> | <u>1,407,915</u> | <u>1,475,016</u> | <u>1,443,873</u> |
| Administration: | | | | |
| Administration | 161,353 | 364,849 | 170,802 | 359,835 |
| Less: Overhead recovery allocated to programs | - | 206,267 | - | 178,429 |
| | <u>161,353</u> | <u>158,582</u> | <u>170,802</u> | <u>181,406</u> |
| | <u>\$1,614,171</u> | <u>\$ 1,566,497</u> | <u>\$1,645,818</u> | <u>\$1,625,279</u> |

8. Fundraising:

| | 2014 | 2013 |
|--|------------------|------------------|
| Juke Box Mania: | | |
| Revenue | \$ 22,170 | \$ 21,482 |
| Expenses | (11,448) | (10,637) |
| Friends of the Family Luncheon: | | |
| Revenue | - | 26,638 |
| Expenses | - | (6,007) |
| Miscellaneous fundraising | 720 | 760 |
| Net proceeds | \$ 11,442 | \$ 32,236 |

FAMILY SERVICE REGINA

Notes to Financial Statements

Year ended March 31, 2014

9. Commitments:

The Organization has entered into certain employee assistance full service contracts that extend beyond March 31, 2014. 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.

10. 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 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 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 statement of financial position 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.

11. Economic dependence:

The Organization receives a substantial amount of its revenue (2014 – 69%, 2013 – 72%) in the form of grants from governments and the United Way of Regina. These grants must be applied for on an annual basis.

FAMILY SERVICE REGINA

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

Year ended March 31, 2014, with comparative information for 2013

| | 2014 | 2013 |
|--|----------------|-----------------|
| Revenues: | | |
| Saskatchewan Ministry of Social Services | \$ 107,450 | \$ 106,527 |
| Donations | 2,010 | - |
| City of Regina | - | 2,500 |
| Total revenue | 109,460 | 109,027 |
| Expenses: | | |
| Salaries, wages and administration | 70,465 | 71,591 |
| Administrative/Overhead recovery | 13,345 | 9,989 |
| Staff benefits | 11,612 | 11,944 |
| Rent | 5,632 | 5,410 |
| Contracted services | 2,159 | 1,985 |
| Telephone | 1,361 | 1,246 |
| Program supplies | 1,305 | 516 |
| Office supplies and equipment | 637 | 1,170 |
| Training and development | 590 | 615 |
| Professional fees | 496 | 400 |
| Transportation and sustenance | 356 | 797 |
| Memberships and subscriptions | 246 | 207 |
| Repairs and maintenance | 201 | 307 |
| Insurance | 148 | 98 |
| Freight charges | 181 | 62 |
| Total expenses | 108,734 | 106,337 |
| Excess of revenue over expenses | \$ 726 | \$ 2,690 |