

FAMILY SERVICES WINDSOR-ESSEX

FINANCIAL STATEMENTS

For The Year Ended March 31, 2016

FAMILY SERVICES WINDSOR-ESSEX

FINANCIAL STATEMENTS

For The Year Ended March 31, 2016

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Family Services Windsor-Essex:

We have audited the accompanying financial statements of **FAMILY SERVICES WINDSOR-ESSEX**, which comprise the statement of financial position as at March 31, 2016 and the statement of operations, statement of changes in net assets and statement of 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 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.

Auditor's 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.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Basis for Qualified Opinion

In common with many not-for-profit organizations, the organization derives revenue from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of this revenue was limited to the amounts recorded in the records of the organization and we were not able to determine whether any adjustments might be necessary to this revenue, excess (deficiency) of revenue over expenses, 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, these financial statements present fairly, in all material respects, the financial position of **FAMILY SERVICES WINDSOR-ESSEX** as at March 31, 2016, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Roth Mosey & Partners LLP

**ROTH MOSEY & PARTNERS LLP
LICENSED PUBLIC ACCOUNTANTS**

**Windsor, Ontario
July 12, 2016**

FAMILY SERVICES WINDSOR-ESSEX

STATEMENT OF FINANCIAL POSITION

March 31, 2016 (with comparative figures for 2015)

| | General Fund | Capital Fund | Total 2016 | Total 2015 |
|--|-------------------|---------------------|---------------------|---------------------|
| ASSETS (Note 5) | | | | |
| <i>Current assets</i> | | | | |
| Cash | \$ 164,787 | \$ - | \$ 164,787 | \$ 258,708 |
| Accounts receivable | 472,333 | - | 472,333 | 277,800 |
| Government remittances receivable | 36,823 | - | 36,823 | 41,299 |
| Prepaid expenses and deposits | 5,557 | - | 5,557 | 5,434 |
| | <u>679,500</u> | - | <u>679,500</u> | <u>583,241</u> |
| <i>Property and equipment (Note 3)</i> | - | 1,265,090 | 1,265,090 | 1,290,122 |
| | <u>\$ 679,500</u> | <u>\$ 1,265,090</u> | <u>\$ 1,944,590</u> | <u>\$ 1,873,363</u> |
| LIABILITIES AND NET ASSETS | | | | |
| <i>Current liabilities</i> | | | | |
| Accounts payable and accrued liabilities | \$ 456,229 | \$ - | \$ 456,229 | \$ 538,620 |
| Government remittances payable | 44,201 | - | 44,201 | 18,195 |
| Deferred revenue | 127,026 | - | 127,026 | 101,882 |
| Current portion of long-term debt (Note 5) | - | 23,418 | 23,418 | 22,434 |
| | <u>627,456</u> | <u>23,418</u> | <u>650,874</u> | <u>681,131</u> |
| <i>Deferred contributions (Note 4)</i> | - | 141,120 | 141,120 | 147,000 |
| <i>Long-term debt, net of current portion (Note 5)</i> | - | 736,688 | 736,688 | 760,106 |
| | <u>627,456</u> | <u>901,226</u> | <u>1,528,682</u> | <u>1,588,237</u> |
| <i>Net assets</i> | <u>52,044</u> | <u>363,864</u> | <u>415,908</u> | <u>285,126</u> |
| | <u>\$ 679,500</u> | <u>\$ 1,265,090</u> | <u>\$ 1,944,590</u> | <u>\$ 1,873,363</u> |

Approved by:

See accompanying notes

FAMILY SERVICES WINDSOR-ESSEX

STATEMENT OF OPERATIONS

For The Year Ended March 31, 2016 (with comparative figures for 2015)

| | General Fund | Capital Fund | Total 2016 | Total 2015 |
|---|-------------------|--------------------|-------------------|-------------------|
| Revenue | | | | |
| Counselling services | \$ 640,051 | \$ - | \$ 640,051 | \$ 877,910 |
| Local Health Integration Network | 137,212 | - | 137,212 | 132,212 |
| Miscellaneous | 311,840 | - | 311,840 | 264,390 |
| Municipal funding | 1,104,553 | - | 1,104,553 | 243,089 |
| Province of Ontario - MCSS/MCYS | 1,369,970 | - | 1,369,970 | 1,482,108 |
| Third party contracts | 1,410,241 | - | 1,410,241 | 1,244,306 |
| Trillium Foundation | 75,000 | - | 75,000 | 72,200 |
| United Way | 640,991 | - | 640,991 | 144,749 |
| Rental income | 100,000 | - | 100,000 | 64,410 |
| Amortization of deferred contributions (Note 4) | - | 5,880 | 5,880 | 3,000 |
| | 5,789,858 | 5,880 | 5,795,738 | 4,528,374 |
| Operating expenses | | | | |
| Advertising and promotion | 48,742 | - | 48,742 | 25,478 |
| Amortization | - | 50,074 | 50,074 | 24,689 |
| Bad debts | - | - | - | 747 |
| Bank and credit card charges | 12,838 | - | 12,838 | 12,607 |
| Computer | 15,550 | - | 15,550 | 9,300 |
| Conference and training | 42,417 | - | 42,417 | 10,508 |
| Dues | 20,431 | - | 20,431 | 16,497 |
| Employee benefits | 271,264 | - | 271,264 | 181,711 |
| Individualized funding | 653,518 | - | 653,518 | 734,135 |
| Insurance | 23,392 | - | 23,392 | 20,048 |
| Interest on long-term debt (Note 5) | - | 28,911 | 28,911 | 20,187 |
| Office and miscellaneous | 108,953 | - | 108,953 | 53,273 |
| Professional fees | 10,600 | - | 10,600 | 11,500 |
| Program | 115,443 | - | 115,443 | 214,713 |
| Property taxes | 18,665 | - | 18,665 | 30,000 |
| Purchased services | 725,745 | - | 725,745 | 584,785 |
| Rent | 34,607 | - | 34,607 | 63,436 |
| Repairs and maintenance | 106,233 | - | 106,233 | 61,610 |
| Salaries | 1,856,104 | - | 1,856,104 | 1,026,546 |
| Telephone | 20,866 | - | 20,866 | 18,823 |
| Third party contracts | 1,410,241 | - | 1,410,241 | 1,244,306 |
| Travel | 60,699 | - | 60,699 | 26,851 |
| Utilities | 29,663 | - | 29,663 | 18,555 |
| | 5,585,971 | 78,985 | 5,664,956 | 4,410,305 |
| Excess (deficiency) of revenue over expenses | \$ 203,887 | \$ (73,105) | \$ 130,782 | \$ 118,069 |

See accompanying notes

FAMILY SERVICES WINDSOR-ESSEX

STATEMENT OF CHANGES IN NET ASSETS

For The Year Ended March 31, 2016 (with comparative figures for 2015)

| | <u>General Fund</u> | <u>Capital Fund</u> | <u>Total 2016</u> | <u>Total 2015</u> |
|---|-------------------------|-------------------------|-----------------------|-----------------------|
| Net assets, beginning of year | \$ (175,456) | \$ 460,582 | \$ 285,126 | \$ 167,057 |
| Excess (deficiency) of revenue over expenses | 203,887 | (73,105) | 130,782 | 118,069 |
| Interfund transfers (Note 7) | 23,613 | (23,613) | - | - |
| <i>Net assets, end of year</i> | <u>\$ 52,044</u> | <u>\$ 363,864</u> | <u>\$ 415,908</u> | <u>\$ 285,126</u> |

See accompanying notes

FAMILY SERVICES WINDSOR-ESSEX

STATEMENT OF CASH FLOWS

For The Year Ended March 31, 2016 (with comparative figures for 2015)

| | <u>2016</u> | <u>2015</u> |
|--|-------------------|-------------------|
| <i>Operating activities</i> | | |
| Excess of revenue over expenses | \$ 130,782 | \$ 118,069 |
| Adjustments to reconcile to cash flow from operations | | |
| Amortization of property and equipment | 50,074 | 24,689 |
| Amortization of deferred contributions | (5,880) | (3,000) |
| <i>Cash flow from operations</i> | <u>174,976</u> | <u>139,758</u> |
| Change in: | | |
| Accounts receivable | (194,533) | 6,575 |
| Government remittances receivable | 4,476 | 21,009 |
| Prepaid expenses and deposits | (123) | 5,113 |
| Accounts payable and accrued liabilities | (82,391) | 200,164 |
| Government remittances payable | 26,006 | 2,677 |
| Deferred revenue | 25,144 | 15,663 |
| <i>Cash provided by (used in) operating activities</i> | <u>(46,445)</u> | <u>390,959</u> |
| <i>Financing activities</i> | | |
| Deferred contributions received | - | 150,000 |
| Proceeds from long-term debt | - | 788,000 |
| Repayment of long-term debt | (22,434) | (374,460) |
| <i>Cash provided by (used in) financing activities</i> | <u>(22,434)</u> | <u>563,540</u> |
| <i>Investing activities</i> | | |
| Acquisition of property and equipment | (25,042) | (852,215) |
| <i>Cash used in investing activities</i> | <u>(25,042)</u> | <u>(852,215)</u> |
| <i>Net increase (decrease) in cash for the year</i> | (93,921) | 102,284 |
| Cash, beginning of year | 258,708 | 156,424 |
| <i>Cash, end of year</i> | \$ 164,787 | \$ 258,708 |

See accompanying notes

FAMILY SERVICES WINDSOR-ESSEX

NOTES TO FINANCIAL STATEMENTS

For The Year Ended March 31, 2016

1 NATURE OF ORGANIZATION

The organization was incorporated under the laws of the Province of Ontario as a not-for-profit corporation without share capital on October 22, 1951. The corporation is registered as a charitable organization and as such is not subject to income tax. The purpose of the corporation as expressed in the mission statement is to support communities and families and strengthen people. This mandate is achieved by offering a number of services and supports that assist individuals including those with a disability and seniors.

2 SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and are in accordance with Canadian generally accepted accounting principles.

Fund Accounting

Revenue and expenses related to program delivery and administrative activities are reported in the General Fund. This fund reports unrestricted and restricted resources available for immediate purposes.

The Capital Fund reports the assets, liabilities, revenue and expenses relating to property and equipment.

Revenue Recognition

The organization follows the deferral method of accounting for contributions. 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 to be received can be reasonably estimated and collection is reasonably assured.

Property and Equipment

Property and equipment is recorded at acquisition cost. Amortization of these assets is recorded in the Capital Fund on a declining balance basis at the following annual rates:

| | |
|------------------------|-----|
| Building | 4% |
| Furniture and fixtures | 20% |
| Sign | 20% |

One-half the above rate is recorded in the year in which property and equipment is acquired and none in the year of disposal.

FAMILY SERVICES WINDSOR-ESSEX

NOTES TO FINANCIAL STATEMENTS

For The Year Ended March 31, 2016

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management estimates and assumptions that affect certain reported amounts and disclosures. Significant estimates and assumptions include the determination of the useful life of property and equipment and the amortization period of deferred contributions. Accordingly, actual amounts could differ from those estimates.

3 PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

| | Cost | Accumulated Amortization | Net Book Value 2016 | Net Book Value 2015 |
|------------------------|---------------------|-----------------------------|---------------------------|---------------------------|
| Land | \$ 125,000 | \$ - | \$ 125,000 | \$ 125,000 |
| Building | 1,187,920 | 69,962 | 1,117,958 | 1,155,079 |
| Furniture and fixtures | 20,691 | 3,053 | 17,638 | 4,425 |
| Sign | 6,242 | 1,748 | 4,494 | 5,618 |
| | \$ 1,339,853 | \$ 74,763 | \$ 1,265,090 | \$ 1,290,122 |

FAMILY SERVICES WINDSOR-ESSEX

NOTES TO FINANCIAL STATEMENTS

For The Year Ended March 31, 2016

4 DEFERRED CONTRIBUTIONS

Deferred contributions represent restricted funding which was received to assist in the purchase of property and equipment.

The activity for the year in the deferred contribution balance reported in the Capital Fund is as follows:

| | <u>2016</u> | <u>2015</u> |
|---|-------------------|-------------------|
| Beginning balance | \$ 147,000 | \$ - |
| Deferred contributions received during the year | - | 150,000 |
| Less amount recognized as revenue in the year | <u>(5,880)</u> | <u>(3,000)</u> |
| Ending balance | <u>\$ 141,120</u> | <u>\$ 147,000</u> |

FAMILY SERVICES WINDSOR-ESSEX

NOTES TO FINANCIAL STATEMENTS

For The Year Ended March 31, 2016

5 LONG-TERM DEBT

Long-term debt consists of the following:

| | <u>2016</u> | <u>2015</u> |
|---|-------------------|-------------------|
| Mortgage payable to Toronto-Dominion Bank with interest at 4.3%, repayable in monthly blended payments of \$4,279, due December 2019, secured by a general security agreement, assignment of insurance and rents and leases and an unlimited guarantee by Sexual Assault Crisis Centre of Essex County Inc. | \$ 660,106 | \$ 682,540 |
| Promissory note payable to Sexual Assault Crisis Centre of Essex County Inc., non-interest bearing, due October 2024, unsecured. | 100,000 | 100,000 |
| | <u>760,106</u> | <u>782,540</u> |
| Less current portion due within one year | 23,418 | 22,434 |
| Long-term portion | <u>\$ 736,688</u> | <u>\$ 760,106</u> |

Principal repayments required to meet the retirement provisions of the long-term debt are as follows:

| | |
|----------------------------|-------------------|
| Year ending March 31, 2017 | \$ 23,418 |
| 2018 | 24,445 |
| 2019 | 25,517 |
| 2020 | 586,726 |
| Thereafter | <u>100,000</u> |
| | <u>\$ 760,106</u> |

FAMILY SERVICES WINDSOR-ESSEX

NOTES TO FINANCIAL STATEMENTS

For The Year Ended March 31, 2016

6 | *TRUST FUNDS*

At March 31, 2016 trust funds held by the organization for clients and third parties amounting to \$711,925 (2015 - \$587,155) are not included in these financial statements.

7 | *INTERFUND TRANSFERS*

During the year, \$23,613 was transferred from the Capital Fund to the General Fund. This amount represents excess capital advances. In the prior year, \$502,458 was transferred from the General Fund to the Capital Fund to assist in funding the acquisition of property and equipment.

Subsequent to year end, \$125,000 was internally restricted and the funds will be transferred from the General Fund to the Capital Fund to assist in funding the acquisition of property and equipment.

8 | *FINANCIAL INSTRUMENTS*

Financial instruments consist of cash, accounts receivable, accounts payable and accrued liabilities and long-term debt. The significant financial risks to which the organization is exposed are interest rate risk and liquidity risk.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Changes in the bank's prime lending rate can cause fluctuations in the fair value of the long-term debt. The company does not use derivative financial instruments to alter the effects of this risk.

Liquidity risk is the risk that the organization will encounter difficulty in meeting obligations associated with financial liabilities. The organization is exposed to liquidity risk arising primarily from the long-term debt. The organization's ability to meet obligations depends on cash flow from operations.