

Financial Statements of

**KINA GBEZHGOMI CHILD &
FAMILY SERVICES**

Years ended March 31, 2014 and March 31, 2013



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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of the Kina Gbezhgomi Child and Family Services

We have audited the accompanying financial statements of **Kina Gbezhgomi Child & Family Services**, which comprise the statements of financial position as at March 31, 2014, March 31, 2013, and April 1, 2012, the statements of operations, changes in net assets and cash flows for the years ended March 31, 2014 and March 31, 2013, 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 public sector accounting standards, 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 audits. We conducted our audits 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 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 in our audits is sufficient and appropriate to provide a basis for our audit opinion.



Opinion

In our opinion, the financial statements present fairly, in all material respects the financial position of Kina Gbezhgomi Child & Family Services as at March 31, 2014, March 31, 2013 and April 1, 2012 and its results of operations and its cash flows for the years ended March 31, 2014 and March 31, 2013 in accordance with Canadian public sector accounting standards.

Other Matters

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information included in the Schedules is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

July 29, 2014
Sudbury, Canada

KINA GBEZHGOMI CHILD & FAMILY SERVICES

Statements of Financial Position

March 31, 2014, March 31, 2013 and April 1, 2012

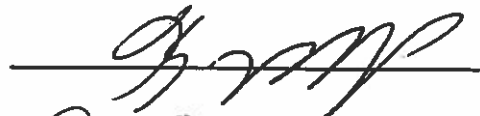
	March 31, 2014	March 31, 2013	April 1, 2012
Assets			
Current assets:			
Cash	\$ 529,942	161,332	-
Accounts receivable (note 3)	307,593	291,635	228,395
	<u>837,535</u>	<u>452,967</u>	<u>228,395</u>
Capital assets (note 4)	369,156	285,698	129,165
	<u>\$ 1,206,691</u>	<u>738,665</u>	<u>357,560</u>

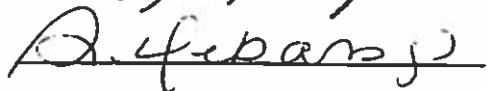
Liabilities and Net Assets

Current liabilities:			
Bank indebtedness	\$ -	-	63,538
Accounts payable and accrued liabilities (note 5)	405,140	343,838	204,962
Vacation entitlement and banked overtime (note 2)	57,453	56,950	35,390
Operating loan (note 6)	-	-	30,000
	<u>462,593</u>	<u>400,788</u>	<u>333,890</u>
Net assets	744,098	337,877	23,670
	<u>\$ 1,206,691</u>	<u>738,665</u>	<u>357,560</u>

See accompanying notes to financial statements.

On behalf of the Board:

 Director

 Director

KINA GBEZHGOMI CHILD & FAMILY SERVICES

Statements of Operations

Years ended March 31, 2014 and March 31, 2013

	2014	2013
Revenue:		
Children's Aid Societies	\$ 2,553,551	2,449,114
Ministry of Children and Youth Services - operating	2,927,841	2,550,704
Child and Family Centre - Ngodweaangizwin Aaskaagewin	60,000	60,000
Gain (loss) on sale of capital assets	7,840	(7,356)
Government funding	18,000	-
Other	180,660	99,489
	<u>5,747,892</u>	<u>5,151,951</u>
Expenses:		
Salaries and benefits	1,956,748	1,685,545
Amortization of capital assets	82,054	41,791
Per diem	1,290,844	1,230,195
Transfer to First Nations - Child Welfare	609,753	609,720
Office, furniture, fixtures and other	228,820	245,693
Travel	205,589	191,753
Committee	24,229	53,350
Rent	166,319	124,651
Training	115,314	108,260
Technology	197,161	152,423
Telephone	88,484	59,543
Insurance	39,250	41,952
Workshops	-	11,698
Advertising and promotion	42,569	57,896
Professional fees	215,865	166,409
Membership fees	4,080	3,554
Annual meeting	5,018	11,118
First Nation planning	59,200	36,185
Elder traditional resources	10,374	6,008
	<u>5,341,671</u>	<u>4,837,744</u>
Excess of revenue over expenses	\$ 406,221	314,207

See accompanying notes to financial statements.

KINA GBEZHGOMI CHILD & FAMILY SERVICES

Statements of Changes in Net Assets

Years ended March 31, 2014 and March 31, 2013

	March 31, 2014				
	Unrestricted			Capital	Total
	Operating	Employment related	Total Unrestricted		
Net assets (deficit), beginning of year	\$ 109,129	(56,950)	52,179	285,698	337,877
Excess (deficiency) of revenue over expenses	480,938	(503)	480,435	(74,214)	406,221
Net change in investment in capital assets	(157,672)	-	(157,672)	157,672	-
Net assets (deficit), end of the year	\$ 432,395	(57,453)	374,942	369,156	744,098

	March 31, 2013				
	Unrestricted			Capital	Total
	Operating	Employment related	Total Unrestricted		
Net assets (deficit), April 1, 2012 (note 2a))	\$ (70,105)	(35,390)	(105,495)	129,165	23,670
Excess (deficiency) of revenue over expenses	384,914	(21,560)	363,354	(49,147)	314,207
Net change in investment in capital assets	(205,680)	-	(205,680)	205,680	-
Net assets (deficit), end of the year	\$ 109,129	(56,950)	52,179	285,698	337,877

See accompanying notes to financial statements.

KINA GBEZHGOMI CHILD & FAMILY SERVICES

Statements of Cash Flows

Years ended March 31, 2014 and March 31, 2013

	2014	2013
Cash flows from operating activities:		
Excess of revenue over expenses	\$ 406,221	314,207
Adjustment for:		
Loss (gain) on sale of capital assets	(7,840)	7,356
Amortization of capital assets	82,054	41,791
	<u>480,435</u>	<u>363,354</u>
Change in non-cash working capital:		
Increase in accounts receivable	(15,958)	(63,240)
Vacation entitlement and banked overtime	503	21,560
Increase in accounts payable and accrued liabilities	61,302	138,876
Decrease in operating loan	-	(30,000)
	<u>526,282</u>	<u>430,550</u>
Cash flows from capital activities:		
Capital asset additions	(157,672)	(205,680)
Increase in cash	<u>368,610</u>	<u>224,870</u>
Cash (bank indebtedness), beginning of year	161,332	(63,538)
Cash, end of year	<u>\$ 529,942</u>	<u>161,332</u>

See accompanying notes to financial statements.

KINA GBEZHGOMI CHILD & FAMILY SERVICES

Notes to Financial Statements

Years ended March 31, 2014 and March 31, 2013

Kina Gbezhgomi Child & Family Services (the "Organization") is a non-profit organization incorporated without share capital under the laws of Ontario and its principal activity is to plan, design, implement and deliver culturally appropriate child and family services within its service area. The Organization is not taxable under the Income Tax Act (Canada).

On April 1, 2013, the Organization adopted Canadian public sector accounting standards. The Organization has also elected to apply the 4200 standards for government not-for-profit organizations. These are the first financial statements prepared in accordance with these public sector accounting standards.

In accordance with the transitional provisions in Canadian public sector accounting standards, the Organization has adopted the changes retrospectively, subject to certain exemptions allowed under these standards. The transition date is April 1, 2012 and all comparative information provided has been presented by applying public sector accounting standards.

A summary of transitional adjustments recorded to net assets (deficit) and excess of revenue over expenses is provided in note 2.

1. Significant accounting policies:

(a) Basis of presentation:

The financial statements have been prepared by management in accordance with Canadian public sector accounting standards including the 4200 standards for government not-for-profit organizations. A statement of remeasurement gains and losses has not been included as there are no matters to report therein.

(b) Revenue recognition:

The Organization accounts for contributions, which include donations and government grants, under the deferral method of accounting as follows:

- Operating grants are recorded as revenue in the period to which they relate.
- Grants and donations relating to future periods are deferred and recognized in the subsequent period when the related activity occurs.
- Grants approved but not received are accrued.
- Unrestricted contributions are recognized as revenue when received or receivable if the amounts can be reasonably estimated and collection is reasonably assured.
- Externally restricted contributions are recognized as revenue in the period in which the related expenses are recognized.
- Contributions restricted for the purchase of capital assets are deferred and amortized into revenue at rates corresponding to those of the related capital assets.

KINA GBEZHGOMI CHILD & FAMILY SERVICES

Notes to Financial Statements

Years ended March 31, 2014 and March 31, 2013

1. Significant accounting policies (continued):

(c) Capital assets:

Capital assets are recorded at cost less accumulated amortization. Amortization is provided on a straight-line basis to amortize the assets over their estimated useful lives as follows:

Asset	Estimated Useful Life - Years
Vehicles, furniture and equipment	4 to 5 years

(d) Vacation entitlements and banked overtime:

Vacation entitlements and banked overtime are accrued for as entitlements as earned.

(e) Use of estimates:

The preparation of financial statements in conformity with Canadian public sector accounting standards 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 reporting periods. Actual results could differ from those estimates. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the year in which they become known.

(f) Financial instruments:

All financial instruments are initially recorded on the statement of financial position at fair value.

All investments held in equity instruments that trade in an active market would be recorded at fair value. Management has elected to record investments at fair value as they are managed and evaluated on a fair value basis.

Unrealized changes in fair value would be recognized in the statement of remeasurement gains and losses until they are realized, when they would be transferred to the statement of operations.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred.

Where a decline in fair value is determined to be other than temporary, the amount of the loss is removed from accumulated remeasurement gains and losses and recognized in the statement of operations. On sale, the amount held in accumulated remeasurement gains and losses associated with that instrument is removed from net assets and recognized in the statement of operations.

KINA GBEZHGOMI CHILD & FAMILY SERVICES

Notes to Financial Statements

Years ended March 31, 2014 and March 31, 2013

1. Significant accounting policies (continued):

(f) Financial instruments (continued):

Financial instruments are classified into fair value hierarchy Levels 1, 2 or 3 for the purposes of describing the basis of the inputs used to determine the fair market value of those amounts recorded a fair value, as described below:

Level 1	Fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2	Fair value measurements are those derived market-based inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly
Level 3	Fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data

The Organization has selected to account for transactions at the trade date.

2. Transitional adjustments:

(a) Net assets:

The following table summarizes the impact of the transition to Canadian public sector accounting standards on the Organization's net assets as of April 1, 2012:

Net assets (deficit):

As previously reported under financial reporting provisions of the Ministry of Children and Youth Services, March 31, 2012	\$ (77,073)
Adjustment to record vacation and banked overtime	(28,422)
Adjustment to record capital assets, net of amortization	129,165
Restated, April 1, 2012	\$ 23,670

KINA GBEZHGOMI CHILD & FAMILY SERVICES

Notes to Financial Statements

Years ended March 31, 2014 and March 31, 2013

2. Transitional adjustments (continued):

(b) Statement of operations:

As a result of the above noted elections and the retrospective application of Canadian public sector accounting standards, the Organization recorded the following adjustments to excess of revenue over expenses for the year ended March 31, 2013:

As previously reported under financial reporting provisions of the Ministry of Children and Youth Services	\$ 198,966
Change in vacation and banked overtime	(27,530)
Amortization of capital assets	(41,791)
Capitalization of assets	205,680
Loss on sale of vehicles	(7,356)
Inclusion of prior year subsidy adjustments in revenue vs net assets	(13,762)
Restated for the year ended March 31, 2013	\$ 314,207

3. Accounts receivable:

	March 31, 2014	March 31, 2013	April 1, 2012
Sudbury's Children's Aid Society	\$ 165,360	240,527	197,040
Dilico Children's Aid Society	12,508	6,572	12,720
Toronto Children's Aid Society	12,508	6,572	6,572
Canada Revenue Agency	-	-	5,195
The Child and Family Centre Ngodweaangizwin Aaskaagewin	-	-	5,000
Niagara Children's Aid Society	12,508	-	1,868
Nipissing Children's Aid Society	9,540	5,300	-
Hamilton Children's Aid Society	-	3,286	-
Association of Native, Child and Family services	19,000	19,000	-
Government of Canada	18,000	-	-
Other	58,169	10,378	-
	\$ 307,593	291,635	228,395

No allowance for doubtful accounts was deemed necessary in any period.

KINA GBEZHGOMI CHILD & FAMILY SERVICES

Notes to Financial Statements

Years ended March 31, 2014 and March 31, 2013

4. Capital assets:

March 31, 2014	Cost	Accumulated Amortization	Net book value
Vehicles	\$ 267,612	52,545	215,067
Furniture and equipment	191,264	37,175	154,089
	\$ 458,876	89,720	369,156

March 31, 2013	Cost	Accumulated Amortization	Net book value
Vehicles	\$ 224,395	87,397	136,998
Furniture and equipment	148,700	–	148,700
	\$ 373,095	87,397	285,698

April 1, 2012	Cost	Accumulated Amortization	Net book value
Vehicles	\$ 208,955	79,790	129,165

5. Accounts payable and accrued liabilities:

	2014	2013	2012
Salaries and benefits	\$ 124,207	105,784	127,266
Canada Revenue Agency re: government remittance payable	8,087	6,500	14,838
London Life	14,389	10,670	9,698
Laserfische Strategic Services Canada Corporation	–	85,700	–
Northern Voice Data Network Services	–	21,875	–
Ministry of Children and Youth Services	–	13,762	–
Sheguiandah First Nation	–	30,195	–
CDW Canada	52,843	–	–
TD Centre	15,616	–	–
Other	189,998	69,352	53,160
	\$ 405,140	343,838	204,962

KINA GBEZHGOMI CHILD & FAMILY SERVICES

Notes to Financial Statements

Years ended March 31, 2014 and March 31, 2013

6. Operating loan:

An operating loan has been authorized by the Toronto Dominion Bank to a maximum of \$100,000 and bears interest at the bank's prime lending rate plus 3% per annum. A general security agreement covering all assets has been pledged as security. The amount outstanding on the loan at year end is \$Nil (March 31, 2013 - \$Nil; April 1, 2012 - \$30,000).

7. Financial risks:

(a) Credit:

The Organization has no significant exposure to credit or market risks.

(b) Liquidity risk:

Liquidity risk is the risk that the Organization will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Organization manages its liquidity risk by monitoring its operating requirements. The Organization prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations. There has been no change to the risk exposures from 2013.

KINA GBEZHGOMI CHILD & FAMILY SERVICES

Schedule 1 - Schedule of Program Activities

General Program

Years ended March 31, 2014 and March 31, 2013

	2014 Budget	2014 Actual	2013 Actual
Revenue:			
Ministry of Children and Youth Services - operating	\$ 1,519,966	1,519,966	1,506,204
Government funding	-	18,000	-
Gain (loss) on sale of capital assets	-	7,840	(7,356)
Other	-	1,731	58,121
	1,519,966	1,547,537	1,556,969
Expenses:			
Salaries and benefits	526,577	479,439	487,775
Transfer to First Nations - Child Welfare	609,753	609,753	609,720
Allocated Administration (Schedule 2)	140,815	140,626	149,033
Amortization of capital assets	-	82,054	41,791
Travel	57,952	45,796	53,562
Rent	15,467	20,820	17,686
Training	39,000	21,721	46,980
Technology	30,000	14,631	31,075
Office, furniture, fixtures and other	65,152	66,031	110,592
Telephone	28,100	29,594	29,515
Insurance	-	-	1,748
Workshops	-	-	11,698
Professional fees	-	9,292	26,742
Advertising and promotion	3,900	2,773	1,430
Membership fees	3,250	4,080	3,554
First Nation planning	-	17,400	-
Annual meeting	-	4,228	5,658
	1,519,966	1,548,238	1,628,559
Excess (deficiency) of revenue over expenses before undernoted items	-	(701)	(71,590)
Amortization of capital assets		82,054	41,791
(Gain) loss on sale of assets		(7,840)	7,356
Transfer for capital purchases		(91,956)	-
Change in vacation entitlements and banked overtime		899	7,875
Prior year funding adjustment		-	13,762
Excess (deficiency) of revenue over expenses	\$ -	(17,544)	(806)

KINA GBEZHGOMI CHILD & FAMILY SERVICES

Schedule 2 - Schedule of Program Activities

Allocated Administration

Years ended March 31, 2014 and March 31, 2013

	2014	2014	2013
	Budget	Actual	Actual
Expenses:			
Salaries and benefits	\$ 22,983	33,867	35,958
Rent	31,832	43,801	38,670
Insurance	25,000	19,625	19,228
Professional fees	10,250	14,009	25,627
Committee expenses	50,750	24,229	24,203
Interest and bank charges	-	4,870	5,347
Training	-	225	-
Expenses before undernoted item	140,815	140,626	149,033
Change in vacation entitlements and banked overtime	-	1,541	(3,950)
	\$ 140,815	142,167	145,083
Program allocation:			
General Program (Schedule 1)	\$ 140,815	140,626	149,033

KINA GBEZHGOMI CHILD & FAMILY SERVICES

Schedule 3 - Schedule of Program Activities

Foster Care

Years ended March 31, 2014 and March 31, 2013

	2014 Budget	2014 Actual	2013 Actual
Revenue:			
Children's Aid Societies	\$ 2,319,653	2,553,551	2,449,114
Other	-	157,901	41,368
	2,319,653	2,711,452	2,490,482
Expenses:			
Salaries and benefits	824,019	745,562	690,838
Per diem expenditures	1,285,588	1,290,844	1,230,195
Office, furniture, fixtures and other	38,336	54,456	82,106
Travel	32,771	73,196	75,737
Technology	32,564	37,894	32,993
Telephone	23,400	25,935	20,816
Insurance	25,000	19,625	20,976
Rent	16,475	41,569	16,549
Professional fees	10,250	13,762	13,696
Advertising and promotion	4,250	5,386	12,099
Cultural	12,000	1,660	1,790
Annual meeting	-	790	5,460
Training	15,000	21,517	22,137
	2,319,653	2,332,196	2,225,392
Excess of revenue over expenses before undernoted items		379,256	265,090
Transfer for capital purchases		(23,152)	(56,980)
Change in vacation entitlements and banked overtime		(8,999)	7,868
Excess of revenue over expenses	\$ -	347,105	215,978

KINA GBEZHGOMI CHILD & FAMILY SERVICES

Schedule 4 - Schedule of Program Activities

Therapeutic Foster Care

Years ended March 31, 2014 and March 31, 2013

	2014	2014	2013
	Budget	Actual	Actual
Revenue:			
Child and Family Centre - Ngodweaangizwin Aaskaagewin	\$ 60,000	60,000	60,000
Expenses:			
Salaries and benefits	57,771	66,431	57,151
Travel	2,229	5,526	10,561
	60,000	71,957	67,712
Deficiency of revenue over expenses before undernoted item	-	(11,957)	(7,712)
Change in vacation entitlements and banked overtime		6,119	1,716
Excess (deficiency) of revenue over expenses	\$ -	(5,838)	(5,996)

KINA GBEZHGOMI CHILD & FAMILY SERVICES

Schedule 5 - Schedule of Program Activities

Child Welfare Initiative

Years ended March 31, 2014 and March 31, 2013

	2014 Budget	2014 Actual	2013 Actual
Revenue:			
Ministry of Children and Youth Services - operating	\$ 1,500,000	1,407,875	1,044,500
Other	-	21,028	-
	<u>1,500,000</u>	<u>1,428,903</u>	<u>1,044,500</u>
Expenses:			
Salaries and benefits	1,084,580	631,449	413,823
Office, furniture, fixtures and other	28,685	101,803	45,858
Professional fees	75,000	178,802	100,344
Committee	-	-	29,147
Travel	35,280	81,071	51,893
Rent	60,000	60,129	51,746
Advertising and promotion	15,000	34,410	44,367
Training	100,000	71,851	39,143
Technology	42,768	144,636	88,355
Elder traditional resources	7,939	10,374	6,008
First Nation planning	38,000	41,800	36,185
Telephone	12,748	32,955	9,212
	<u>1,500,000</u>	<u>1,389,280</u>	<u>916,081</u>
Excess of revenue over expenses before undernoted items			
	-	39,623	128,419
Transfer for capital purposes	-	(42,564)	(148,700)
Change in vacation entitlements and banked overtime	-	2,484	10,071
Deficiency of revenue over expenses	\$ -	(457)	(10,210)