

Financial Statements of

**KINA GBEZHGOMI CHILD &
FAMILY SERVICES**

Year ended March 31, 2015



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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 statement of financial position as at March 31, 2015, the statements of operations, 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 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 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 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.

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, 2015 and its results of operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.



Other Matters

Our audit was 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 audit 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

September 9, 2015
Sudbury, Canada

KINA GBEZHGOMI CHILD & FAMILY SERVICES

Statement of Financial Position

March 31, 2015, with comparative information for 2014

	2015	2014
Assets		
Current assets:		
Cash	\$ 616,144	529,942
Accounts receivable (note 2)	400,778	307,593
Prepaid expenses and deposits	42,640	-
	<u>1,059,562</u>	<u>837,535</u>
Capital assets (note 3)	594,842	369,156
	<u>\$ 1,654,404</u>	<u>1,206,691</u>

Liabilities and Net Assets


Current liabilities:		
Accounts payable and accrued liabilities (note 4)	\$ 637,283	405,140
Vacation entitlement and banked overtime	120,275	57,453
	<u>757,558</u>	<u>462,593</u>
Net assets	896,846	744,098
	<u>\$ 1,654,404</u>	<u>1,206,691</u>

See accompanying notes to financial statements.

On behalf of the Board:



Director



Director

KINA GBEZHGOMI CHILD & FAMILY SERVICES

Statement of Operations

Year ended March 31, 2015, with comparative information for 2014

	2015	2014
Revenue:		
Children's Aid Societies	\$ 2,452,139	2,553,551
Ministry of Children and Youth Services - operating	5,048,966	2,927,841
Child and Family Centre - Ngodweaangizwin Aaskaagewin	60,000	60,000
Gain on sale of capital assets	-	7,840
Government funding	-	18,000
Other	129,274	180,660
	<u>7,690,379</u>	<u>5,747,892</u>
Expenses:		
Salaries and benefits	3,525,206	1,956,748
Amortization of capital assets	145,695	82,054
Per diem	1,272,086	1,290,844
Transfer to First Nations - Prevention	718,460	609,753
Office and general	333,783	228,820
Travel	306,558	205,589
Committee	41,297	24,229
Rent	243,168	166,319
Training	216,976	115,314
Technology	200,959	197,161
Telephone	93,592	88,484
Insurance	41,948	39,250
Advertising and promotion	110,996	42,569
Professional fees	189,738	215,865
Membership fees	2,574	4,080
Annual meeting	4,078	5,018
First Nation planning	35,662	59,200
Elder traditional resources	47,898	10,374
Bad debts	-	-
Repayment to funder	6,957	-
	<u>7,537,631</u>	<u>5,341,671</u>
Excess of revenue over expenses	\$ 152,748	406,221

See accompanying notes to financial statements.

KINA GBEZHGOMI CHILD & FAMILY SERVICES

Statement of Changes in Net Assets

Year ended March 31, 2015, with comparative information for 2014

	2015				
	Operating	Unrestricted		Capital	Total
		Employment related	Total Unrestricted		
Net assets (deficit), beginning of year	\$ 432,395	(57,453)	374,942	369,156	744,098
Excess (deficiency) of revenue over expenses	361,265	(62,822)	298,443	(145,695)	152,748
Net change in investment in capital assets	(371,381)	-	(371,381)	371,381	-
Net assets, end of the year	\$ 422,279	(120,275)	302,004	594,842	896,846

	2014				
	Operating	Unrestricted		Capital	Total
		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

KINA GBEZHGOMI CHILD & FAMILY SERVICES

Statement of Cash Flows

Year ended March 31, 2015, with comparative information for 2014

	2015	2014
Cash flows from operating activities:		
Excess of revenue over expenses	\$ 152,748	406,221
Adjustment for:		
Amortization of capital assets	145,695	82,054
Loss (gain) on sale of capital assets	-	(7,840)
	<u>298,443</u>	<u>480,435</u>
Change in non-cash working capital:		
Decrease (increase) in accounts receivable	(93,185)	(15,958)
Increase in prepaid expenses and deposits	(42,640)	-
Increase in vacation entitlement and banked overtime	62,822	503
Increase in accounts payable and accrued liabilities	<u>232,143</u>	<u>61,302</u>
	<u>457,583</u>	<u>526,282</u>
Cash flows from capital activities:		
Capital asset additions	(371,381)	(157,672)
Increase in cash	<u>86,202</u>	<u>368,610</u>
Cash, beginning of year	529,942	161,332
Cash, end of year	<u>\$ 616,144</u>	<u>529,942</u>

See accompanying notes to financial statements.

KINA GBEZHGOMI CHILD & FAMILY SERVICES

Notes to Financial Statements

Year ended March 31, 2015

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).

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.

(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.

KINA GBEZHGOMI CHILD & FAMILY SERVICES

Notes to Financial Statements

Year ended March 31, 2015

1. Significant accounting policies (continued):

(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.

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.

KINA GBEZHGOMI CHILD & FAMILY SERVICES

Notes to Financial Statements

Year ended March 31, 2015

2. Accounts receivable:

	2015	2014
Sudbury's Children's Aid Society	\$ 296,625	165,360
Algoma Children's Aid Society	29,362	-
Dilico Children's Aid Society	6,572	12,508
Toronto Children's Aid Society	-	12,508
Niagara Children's Aid Society	-	12,508
Nipissing Children's Aid Society	6,254	9,540
Other	61,965	58,169
Association of Native, Child and Family services	-	19,000
Government of Canada	-	18,000
	\$ 400,778	307,593

No allowance for doubtful accounts was deemed necessary at period end.

3. Capital assets:

2015	Cost	Accumulated Amortization	Net book value
Vehicles	\$ 267,612	106,066	161,546
Furniture and equipment	562,645	129,349	433,296
	\$ 830,257	235,415	594,842

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

KINA GBEZHGOMI CHILD & FAMILY SERVICES

Notes to Financial Statements

Year ended March 31, 2015

4. Accounts payable and accrued liabilities:

	2015	2014
Salaries and benefits	\$ 215,626	124,207
Canada Revenue Agency		
re: government remittance payable	37,830	9,064
London Life	26,397	14,389
CDW Canada	25,099	52,843
Island Promotional Products	46,455	–
Laidley Stationary & Office Furniture	45,319	–
Northern Voice Data Network Services	15,946	–
Chelsea Hotel	21,428	–
Wikwemikong Unceded Indian Reserve	30,022	–
Ministry of Children and Youth and Services	6,957	–
TD Centre	–	15,616
Other	166,204	189,021
	\$ 637,283	405,140

5. 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 (2014 - \$Nil).

6. 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 2014.

KINA GBEZHGOMI CHILD & FAMILY SERVICES

Schedule 1 - Schedule of Program Activities

General Program

Year ended March 31, 2015, with comparative information for 2014

	2015 Budget	2015 Actual	2014 Actual
Revenue:			
Ministry of Children and Youth Services - operating	\$ 1,521,266	1,513,966	1,519,966
Government funding	-	-	18,000
Gain on sale of capital assets	-	-	7,840
Other	-	1,300	1,731
	<u>1,521,266</u>	<u>1,515,266</u>	<u>1,547,537</u>
Expenses:			
Salaries and benefits	508,500	458,429	479,439
Transfer to First Nations - Child Welfare	718,493	718,460	609,753
Allocated Administration (Schedule 2)	151,967	120,553	140,626
Amortization of capital assets	-	145,695	82,054
Travel	28,000	43,227	45,796
Rent	37,002	38,506	20,820
Training	22,000	22,971	21,721
Technology	-	-	14,631
Office and general	37,512	75,293	66,031
Telephone	13,500	11,614	29,594
Professional fees	-	-	9,292
Advertising and promotion	4,292	2,918	2,773
Membership fees	-	2,574	4,080
First Nation planning	-	-	17,400
Annual meeting	-	4,078	4,228
	<u>1,521,266</u>	<u>1,644,318</u>	<u>1,548,238</u>
Excess (deficiency) of revenue over expenses before undernoted items	-	(129,052)	(701)
Amortization of capital assets	-	145,695	82,054
Gain on sale of assets	-	-	(7,840)
Transfer for capital purchases	-	(20,172)	(91,956)
Change in vacation entitlements and banked overtime	-	3,456	899
Excess (deficiency) of revenue over expenses	\$ -	(73)	(17,544)

KINA GBEZHGOMI CHILD & FAMILY SERVICES

Schedule 2 - Schedule of Program Activities

Allocated Administration

Year ended March 31, 2015, with comparative information for 2014

	2015 Budget	2015 Actual	2014 Actual
Expenses:			
Salaries and benefits	\$ 48,293	39,978	33,867
Rent	4,427	3,011	43,801
Insurance	25,000	20,974	19,625
Professional fees	20,997	9,885	14,009
Committee expenses	50,750	41,297	24,229
Interest and bank charges	2,500	5,408	4,870
Training	-	-	225
Expenses before undernoted item	151,967	120,553	140,626
Change in vacation entitlements and banked overtime	-	1,576	1,541
	\$ 151,967	122,129	142,167
Program allocation:			
General Program (Schedule 1)	\$ 151,967	120,553	140,626

KINA GBEZHGOMI CHILD & FAMILY SERVICES

Schedule 3 - Schedule of Program Activities

Foster Care

Year ended March 31, 2015, with comparative information for 2014

	2015 Budget	2015 Actual	2014 Actual
Revenue:			
Children's Aid Societies	\$ 2,483,532	2,452,139	2,553,551
Other	-	113,435	157,901
	<u>2,483,532</u>	<u>2,565,574</u>	<u>2,711,452</u>
Expenses:			
Salaries and benefits	1,077,905	939,815	745,562
Per diem expenditures	1,145,996	1,272,086	1,290,844
Office and general	52,927	78,009	54,456
Travel	60,000	67,307	73,196
Technology	30,000	23,758	37,894
Telephone	25,000	22,180	25,935
Insurance	25,000	20,974	19,625
Rent	29,704	56,093	41,569
Professional fees	-	13,352	13,762
Advertising and promotion	-	4,170	5,386
Cultural	12,000	22,829	1,660
Training	25,000	17,511	21,517
Annual Meeting	-	-	790
	<u>2,483,532</u>	<u>2,538,084</u>	<u>2,332,196</u>
Excess (deficiency) of revenue over expenses before undernoted items	-	27,490	379,256
Transfer for capital purchases	-	(37,586)	(23,152)
Change in vacation entitlements and banked overtime	-	7,907	(8,999)
Excess (deficiency) of revenue over expenses	\$ -	(2,189)	347,105

KINA GBEZHGOMI CHILD & FAMILY SERVICES

Schedule 4 - Schedule of Program Activities

Therapeutic Foster Care

Year ended March 31, 2015, with comparative information for 2014

		2015 Budget	2015 Actual	2014 Actual
Revenue:				
Child and Family Centre - Ngodweaangizwin Aaskaagewin	\$	60,000	60,000	60,000
Expenses:				
Salaries and benefits		57,750	44,120	66,431
Travel		2,250	1,030	5,526
		60,000	45,150	71,957
Excess (deficiency) of revenue over expenses before undernoted items				
		-	14,850	(11,957)
Payable to Ministry of Children and Youth Services		-	(6,957)	-
Change in vacation entitlements and banked overtime		-	(7,893)	6,119
Excess (deficiency) of revenue over expenses				
	\$	-	-	(5,838)

KINA GBEZHGOMI CHILD & FAMILY SERVICES

Schedule 5 - Schedule of Program Activities

Child Welfare Initiative

Year ended March 31, 2015, with comparative information for 2014

	2015 Budget	2015 Actual	2014 Actual
Revenue:			
Ministry of Children and Youth Services - operating	\$ 3,535,000	3,535,000	1,407,875
Other	14,540	14,539	21,028
	<u>3,549,540</u>	<u>3,549,539</u>	<u>1,428,903</u>
Expenses:			
Salaries and benefits	2,337,500	2,042,864	631,449
Office and general	98,500	152,244	101,803
Professional fees	115,500	166,501	178,802
Travel	85,000	194,994	81,071
Rent	150,000	145,558	60,129
Advertising and promotion	85,000	103,908	34,410
Training	220,000	176,494	71,851
Technology	283,040	177,201	144,636
Elder traditional resources	60,000	47,898	10,374
First Nation planning	40,000	35,662	41,800
Telephone	75,000	59,798	32,955
	<u>3,549,540</u>	<u>3,303,122</u>	<u>1,389,280</u>
Excess of revenue over expenses before undernoted items	-	246,417	39,623
Transfer for capital purposes	-	(313,623)	(42,564)
Change in vacation entitlements and banked overtime	-	59,352	2,484
Deficiency of revenue over expenses	\$ -	(7,854)	(457)