

Financial Statements of

**KINA GBEZHGOMI CHILD &
FAMILY SERVICES**

Year ended March 31, 2016



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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, 2016, the statements of operations, changes in net assets (deficiency) 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, 2016 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.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive style and is underlined with a single horizontal stroke.

Chartered Professional Accountants, Licensed Public Accountants

July 8, 2016
Sudbury, Canada

KINA GBEZHGOMI CHILD & FAMILY SERVICES

Statement of Financial Position

March 31, 2016, with comparative information for 2015

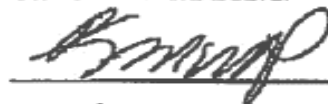
	2016	2015
Assets		
Current assets:		
Cash	\$ 487,683	616,144
Accounts receivable (note 2)	368,915	400,778
Due from Ministry of Children and Youth Service	532,548	-
Prepaid expenses and deposits	-	42,640
	1,389,146	1,059,562
Capital assets (note 3)	555,803	594,842
	\$ 1,944,949	1,654,404

Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities (note 4)	\$ 836,791	637,283
Vacation entitlement and banked overtime	134,562	120,275
Deferred Revenue - Ontario Child Benefit Equivalent	130,076	-
	1,101,429	757,558
Net assets	843,520	896,846
Commitments (note 8)		
	\$ 1,944,949	1,654,404

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, 2016, with comparative information for 2015

	Operating	Capital	2016	2015
Revenue:				
Ministry of Children and Youth Services (note 5)	\$ 11,078,142	-	11,078,142	\$ 5,048,966
Children's Aid Societies	-	-	-	2,452,139
Children's special allowances	310,132	-	310,132	-
Child and Family Centre - Ngodweaangizwin Aaskaagewin	35,032	-	35,032	53,043
Other revenue	152,399	-	152,399	129,274
	11,575,705	-	11,575,705	7,683,422
Expenses:				
Salaries	4,362,871	-	4,362,871	3,159,285
Benefits	604,777	-	604,777	365,921
Travel	563,287	-	563,287	306,558
Training and recruitment	70,424	-	70,424	216,976
Building occupancy	362,125	-	362,125	243,168
Purchased services- non case related	262,512	-	262,512	189,738
Purchased services- case related	122,930	-	122,930	-
Program expenses	69,319	-	69,319	-
Boarding rates	2,384,066	-	2,384,066	837,274
Clients personal needs	317,068	-	317,068	648,859
Medical and related services	56,225	-	56,225	30,782
Promotion and publicity	108,203	-	108,203	110,996
Office administration	392,151	-	392,151	427,376
Insurance	109,006	-	109,006	41,948
Membership and other fees	34,522	-	34,522	4,078
Technology	236,729	-	236,729	-
Transfer to First Nations - Prevention	1,367,999	-	1,367,999	718,460
First Nation planning	-	-	-	35,662
Elder traditional resources	-	-	-	47,898
Amortization of capital assets	-	204,817	204,817	145,695
	11,424,214	204,817	11,629,031	7,530,674
Excess (deficiency) of revenue over expenses	\$ 151,491	(204,817)	(53,326)	152,748

See accompanying notes to financial statements.

KINA GBEZHGOMI CHILD & FAMILY SERVICES

Statement of Changes in Net Assets (Deficiency)

Year ended March 31, 2016, with comparative information for 2015

	2016				
	Operating	Unrestricted		Capital	Total
		Employment related	Total Unrestricted		
Net assets (deficiency), beginning of year	\$ 422,279	(120,275)	302,004	594,842	896,846
Deficiency of revenue over expenses	165,778	(14,287)	151,491	(204,817)	(53,326)
Net change in investment in capital assets	(165,778)	-	(165,778)	165,778	-
Net assets (deficiency), end of the year	\$ 422,279	(134,562)	287,717	555,803	843,520

	2015				
	Operating	Unrestricted		Capital	Total
		Employment related	Total Unrestricted		
Net assets (deficiency), 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 (deficiency), end of the year	\$ 422,279	(120,275)	302,004	594,842	896,846

KINA GBEZHGOMI CHILD & FAMILY SERVICES

Statement of Cash Flows

Year ended March 31, 2016, with comparative information for 2015

	2016	2015
Cash flows from operating activities:		
Excess (deficiency) of revenue over expenses	\$ (53,326)	152,748
Amortization of capital assets	204,817	145,695
	151,491	298,443
Change in non-cash working capital:		
Decrease (increase) in accounts receivable	31,863	(93,185)
Decrease in Ministry of Children Youth Services receivable	(532,548)	-
Decrease (increase) in prepaid expenses and deposits	42,640	(42,640)
Increase in vacation entitlement and banked overtime	14,287	62,822
Increase in accounts payable and accrued liabilities	199,508	232,143
Increase in deferred revenue- Ontario Child Benefit Equivalent	130,076	-
	37,317	457,583
Cash flows from capital activities:		
Capital asset additions	(165,778)	(371,381)
Increase (decrease) in cash	(128,461)	86,202
Cash, beginning of year	616,144	529,942
Cash, end of year	\$ 487,683	616,144

See accompanying notes to financial statements.

KINA GBEZHGOMI CHILD & FAMILY SERVICES

Notes to Financial Statements

Year ended March 31, 2016

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 provide children protection services along with to plan, design, implement and deliver culturally appropriate child and family services within its service area. The Organization is registered as a tax exempt charitable organization under the Federal Income Tax Act.

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	5 years
IT Equipment	4 years
Furniture and Furnishing	5 years
Leasehold Improvements	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, 2016

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, 2016

1. Significant accounting policies (continued):

(g) Funding settlements:

The Organization receives the majority of its funding from the Ministry. The operations of the Organization are therefore subject to audit by the Ministry with possible audit adjustments repayable to the Ministry.

Any adjustments required as a result of these audits will be made directly to revenue in the year amounts are determined to be repayable.

2. Accounts receivable:

	2016	2015
Children's Aid Society of the Districts of Sudbury and Manitoulin (CASDSM)	\$ 35,765	\$ 296,625
Algoma Children's Aid Society	31,482	29,362
Dilico Children's Aid Society	43,280	6,572
Nipissing Children's Aid Society	21,656	6,254
Other	71,586	61,965
Government of Canada	165,146	-
	<u>\$ 368,915</u>	<u>\$ 400,778</u>

3. Capital assets:

2016	Cost	Accumulated Amortization	Net book value
Vehicles	\$ 267,612	156,050	111,562
Furniture and equipment	690,277	280,366	409,911
Leasehold improvements	38,145	3,815	34,330
	<u>\$ 996,034</u>	<u>440,231</u>	<u>555,803</u>

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

KINA GBEZHGOMI CHILD & FAMILY SERVICES

Notes to Financial Statements

Year ended March 31, 2016

4. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$72,761 (2015- \$37,830) which includes amounts payable for HST and payroll related taxes.

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 (2015 - \$Nil).

5. Ministry of Children and Youth Services:

	2016	2015
Funding per agreement:		
Child Welfare	\$ 10,002,780	\$3,535,000
Prevention	1,595,697	1,513,966
Funding recovery:		
Child Welfare	(467,730)	–
Prevention	(52,605)	–
	\$ 11,078,142	\$ 5,048,966

6. Trust accounts:

The Organization receives Universal Child Care Benefit (UCCB) payments from the Canadian Revenue Agency on behalf of children in their care. Per direction from the Ministry of Children and Youth Services, the UCCB funds are used to establish Registered Education Savings Plans (RESPs) on behalf of these children. On designation as a Children's Aid Society the Organization was transferred \$61,715 in UCCB funds from the Children's Aid Society District of Sudbury and Manitoulin along with individual RESPs portfolio with a balance of \$172,065. During the current year, the Organization received payments in the amount of \$97,580 from the Canada Revenue Agency. As at March 31, 2016, the balance of the individual RESPs amounts to \$265,533 and the Organization has an amount of \$113,560 to be deposited to the individuals RESPs.

7. Pension plan contributions:

Employees are members of the London Life Pension Plan. Contributions made to the plan during the year amounted to \$183,456 (2015 - \$127,496)

KINA GBEZHGOMI CHILD & FAMILY SERVICES

Notes to Financial Statements

Year ended March 31, 2016

8. Commitments:

The rental obligations for leased property are as follows:

2017	\$	199,576
2018		70,200
2019		70,200
2020		70,200

9. Comparative information:

Certain of the prior year figures have been reclassified to conform with the financial statement presentation adopted for the current year.

10. 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 2015.

KINA GBEZHGOMI CHILD & FAMILY SERVICES

Schedule of Operations - Child Welfare

Year ended March 31, 2016

	Non-Residential Services	Residential Services	Legal Services	Travel	Boarding Rates	Infrastructure & Admin Support Services	Technology	2016 Total
Revenue:								
Ministry of Children and Youth Services	\$ 2,432,046	2,256,702	161,427	252,000	2,650,892	1,677,200	572,513	10,002,780
Children's special allowances	-	310,132	-	-	-	-	-	310,132
Other revenue	-	-	-	-	-	152,399	-	152,399
	2,432,046	2,566,834	161,427	252,000	2,650,892	1,829,599	572,513	10,465,311
Expenses:								
Salaries and wages	1,819,979	1,489,357	13,759	-	-	774,227	182,910	4,280,232
Benefits	239,651	212,626	2,838	-	-	115,401	23,993	594,509
Travel	-	-	-	416,673	-	133,622	-	550,295
Training and recruitment	18,640	25,244	7,476	-	-	14,064	5,000	70,424
External legal service costs	-	-	64,427	-	-	-	-	64,427
Program expense	2,339	22,805	400	-	-	-	-	25,544
Professional services - client	4,478	1,250	-	-	-	-	-	5,728
Client personal needs	9,545	307,523	-	-	-	-	-	317,068
Financial assistance	31,231	-	-	-	-	-	-	31,231
Health and related	-	24,994	-	-	-	-	-	24,994
Building occupancy	-	-	-	-	-	354,625	-	354,625
Professional services - non client	-	-	-	-	-	218,256	-	218,256
Promotion and publicity	-	-	-	-	-	108,203	-	108,203
Office administration	-	-	-	-	-	389,557	-	389,557
Insurance	-	-	-	-	-	104,006	-	104,006
Membership and other fees	-	-	-	-	-	34,522	-	34,522
Society Foster, kinship and other care	-	-	-	-	1,687,620	-	-	1,687,620
Purchased foster and group care	-	-	-	-	696,446	-	-	696,446
Admission prevention	52,775	-	-	-	-	-	-	52,775
Technology	-	-	-	-	-	-	236,729	236,729
	2,178,638	2,083,799	88,900	416,673	2,384,066	2,246,483	448,632	9,847,191
Excess (deficiency) of revenue over expenses before undernoted items	253,408	483,035	72,527	(164,673)	266,826	(416,884)	123,881	618,120
Transfer for capital purchases	-	-	-	-	(45,015)	(51,946)	(68,817)	(165,778)
Change in vacation entitlement and banked overtime	6,543	5,354	50	-	-	2,783	658	15,388
	259,951	488,389	72,577	(164,673)	221,811	(466,047)	55,722	467,730
Funding recovery	(259,951)	(488,389)	(72,577)	164,673	(221,811)	466,047	(55,722)	(467,730)
Change in program balance	\$ -	-	-	-	-	-	-	-

KINA GBEZHGOMI CHILD & FAMILY SERVICES

Schedule of Operations - Prevention

Year ended March 31, 2016

	2016 Budget	2016 Actual
Revenue:		
Ministry of Children and Youth Services:		
- Prevention	\$ 1,513,966	1,513,966
- Youth in transition worker	-	70,000
- Aboriginal health and wellness	-	11,731
	1,513,966	1,595,697
Expenses:		
Salaries and wages	35,828	51,772
Benefits	5,375	8,167
Travel	8,969	12,943
Professional services- non client	7,500	44,256
Office administration	15,795	2,594
Building occupancy	7,500	7,500
Insurance	5,000	5,000
Program expenses	60,000	43,157
Transfers to First Nations:		
- Aundeck Omni Kong	127,051	127,051
- M'Chigeeng First Nation	204,983	204,983
- Sheguiandah First Nation	112,991	112,991
- Sheshegwaning First Nation	88,325	88,325
- Whitefish River First Nation	119,719	119,719
- Wikiwemikong First Nation	649,506	649,506
- Zhiibaahaasing First Nation	65,424	65,424
	1,513,966	1,543,388
Excess of revenue over expenses before undernoted items	-	52,309
Payable to Ministry of Children and Youth Services	-	(52,605)
Change in vacation entitlements and banked overtime	-	296
Change in program balance	\$ -	-

KINA GBEZHGOMI CHILD & FAMILY SERVICES

Schedule of Program Activities - Therapeutic Foster Care

Year ended March 31, 2016

	2016 Budget	2016 Actual
Revenue:		
Child and Family Centre - Ngodweaangizwin Aaskaagewin	\$ 60,000	60,000
Expenses:		
Salaries and benefits	57,750	32,968
Program expenses	2,250	667
	60,000	33,635
Excess of revenue over expenses before undernoted items	-	26,365
Payable to Child and Family Center	-	(24,968)
Change in vacation entitlements and banked overtime	-	(1,397)
Change in program balance	\$ -	-