

# **FAMILY SERVICES WINDSOR-ESSEX**

## ***FINANCIAL STATEMENTS***

***For The Year Ended March 31, 2015***

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### ***Table of Contents***

	<b>Page</b>
<b>INDEPENDENT AUDITOR'S REPORT</b>	<b>1-2</b>
<b>FINANCIAL STATEMENTS</b>	
Statement of Financial Position	<b>3</b>
Statement of Operations	<b>4</b>
Statement of Changes in Net Assets	<b>5</b>
Statement of Cash Flows	<b>6</b>
Notes to Financial Statements	<b>7-11</b>

## ***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, 2015 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, 2015, 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  
June 26, 2015**

# FAMILY SERVICES WINDSOR-ESSEX

## STATEMENT OF FINANCIAL POSITION

March 31, 2015 (with comparative figures for 2014)

	General Fund	Capital Fund	Total 2015	Total 2014
<b>ASSETS (Note 5)</b>				
<i>Current assets</i>				
Cash (Note 6)	\$ 258,708	\$ -	\$ 258,708	\$ 156,424
Interfund advances (Note 7)	(100,000)	100,000	-	-
Accounts receivable	277,800	-	277,800	284,375
Government remittances receivable	41,299	-	41,299	62,308
Prepaid expenses and deposits	5,434	-	5,434	10,547
	<b>483,241</b>	<b>100,000</b>	<b>583,241</b>	<b>513,654</b>
<i>Property and equipment (Note 3)</i>	-	1,290,122	1,290,122	462,596
	<b>\$ 483,241</b>	<b>\$ 1,390,122</b>	<b>\$ 1,873,363</b>	<b>\$ 976,250</b>
<b>LIABILITIES AND NET ASSETS</b>				
<i>Current liabilities</i>				
Accounts payable and accrued liabilities (Note 6)	\$ 538,620	\$ -	\$ 538,620	\$ 338,456
Government remittances payable	18,195	-	18,195	15,518
Deferred revenue	101,882	-	101,882	86,219
Current portion of long-term debt (Note 5)	-	22,434	22,434	369,000
	<b>658,697</b>	<b>22,434</b>	<b>681,131</b>	<b>809,193</b>
<i>Deferred contributions (Note 4)</i>	-	147,000	147,000	-
<i>Long-term debt, net of current portion (Note 5)</i>	-	760,106	760,106	-
	<b>658,697</b>	<b>929,540</b>	<b>1,588,237</b>	<b>809,193</b>
<i>Net assets</i>	<b>(175,456)</b>	<b>460,582</b>	<b>285,126</b>	<b>167,057</b>
	<b>\$ 483,241</b>	<b>\$ 1,390,122</b>	<b>\$ 1,873,363</b>	<b>\$ 976,250</b>
Approved by:				
_____				
_____				
<i>See accompanying notes</i>				

# FAMILY SERVICES WINDSOR-ESSEX

## STATEMENT OF OPERATIONS

For The Year Ended March 31, 2015 (with comparative figures for 2014)

	General Fund	Capital Fund	Total 2015	Total 2014
<b>Revenue</b>				
Counselling services	\$ 877,910	\$ -	\$ 877,910	\$ 687,413
Local Health Integration Network	132,212	-	132,212	118,223
Miscellaneous	264,390	-	264,390	220,996
Municipal funding	243,089	-	243,089	185,044
Province of Ontario - MCSS/MCYS	1,482,108	-	1,482,108	1,885,566
Third party contracts	1,244,306	-	1,244,306	570,309
Trillium Foundation	72,200	-	72,200	-
United Way	144,749	-	144,749	132,118
Rental income	64,410	-	64,410	2,550
Amortization of deferred contributions (Note 4)	-	3,000	3,000	-
	<b>4,525,374</b>	<b>3,000</b>	<b>4,528,374</b>	<b>3,802,219</b>
<b>Operating expenses</b>				
Advertising and promotion	25,478	-	25,478	30,287
Amortization	-	24,689	24,689	-
Bad debts	747	-	747	8,738
Bank and credit card charges	12,607	-	12,607	8,995
Computer	9,300	-	9,300	7,040
Conference and training	10,508	-	10,508	8,599
Dues	16,497	-	16,497	10,702
Employee benefits	181,711	-	181,711	178,705
Individualized funding	734,135	-	734,135	1,187,382
Insurance	20,048	-	20,048	19,381
Interest on long-term debt (Note 5)	-	20,187	20,187	1,820
Office and miscellaneous	53,273	-	53,273	38,176
Professional fees	11,500	-	11,500	19,000
Program	214,713	-	214,713	103,814
Property taxes	30,000	-	30,000	8,049
Purchased services	584,785	-	584,785	463,586
Rent	63,436	-	63,436	83,473
Repairs and maintenance	61,610	-	61,610	18,650
Salaries	1,026,546	-	1,026,546	926,271
Telephone	18,823	-	18,823	18,242
Third party contracts	1,244,306	-	1,244,306	570,309
Travel	26,851	-	26,851	24,990
Utilities	18,555	-	18,555	1,324
	<b>4,365,429</b>	<b>44,876</b>	<b>4,410,305</b>	<b>3,737,533</b>
<b>Excess (deficiency) of revenue over expenses</b>	<b>\$ 159,945</b>	<b>\$ (41,876)</b>	<b>\$ 118,069</b>	<b>\$ 64,686</b>
<i>See accompanying notes</i>				

# FAMILY SERVICES WINDSOR-ESSEX

## STATEMENT OF CHANGES IN NET ASSETS

For The Year Ended March 31, 2015 (with comparative figures for 2014)

	<b>General Fund</b>	<b>Capital Fund</b>	<b>Total 2015</b>	<b>Total 2014</b>
Net assets, beginning of year	\$ 167,057	\$ -	\$ 167,057	\$ 102,371
Excess (deficiency) of revenue over expenses	159,945	(41,876)	118,069	64,686
Interfund transfers (Note 7)	(502,458)	502,458	-	-
<b>Net assets, end of year</b>	<b>\$ (175,456)</b>	<b>\$ 460,582</b>	<b>\$ 285,126</b>	<b>\$ 167,057</b>

See accompanying notes

# FAMILY SERVICES WINDSOR-ESSEX

## STATEMENT OF CASH FLOWS

*For The Year Ended March 31, 2015 (with comparative figures for 2014)*

	<u>2015</u>	<u>2014</u>
<b><i>Operating activities</i></b>		
Excess of revenue over expenses	\$ 118,069	\$ 64,686
Adjustments to reconcile to cash flow from operations		
Amortization of property and equipment	24,689	-
Amortization of deferred contributions	(3,000)	-
<b><i>Cash flow from operations</i></b>	<b>139,758</b>	<b>64,686</b>
Change in:		
Accounts receivable	6,575	(131,949)
Government remittances receivable	21,009	(35,958)
Prepaid expenses and deposits	5,113	(5,940)
Accounts payable and accrued liabilities	200,164	131,651
Government remittances payable	2,677	2,988
Deferred revenue	15,663	967
<b><i>Cash provided by operating activities</i></b>	<b>390,959</b>	<b>26,445</b>
<b><i>Financing activities</i></b>		
Deferred contributions received	150,000	-
Proceeds from long-term debt	788,000	369,000
Repayment of long-term debt	(374,460)	-
<b><i>Cash provided by financing activities</i></b>	<b>563,540</b>	<b>369,000</b>
<b><i>Investing activities</i></b>		
Acquisition of property and equipment	(852,215)	(462,596)
<b><i>Cash used in investing activities</i></b>	<b>(852,215)</b>	<b>(462,596)</b>
<b><i>Net increase (decrease) in cash for the year</i></b>	<b>102,284</b>	<b>(67,151)</b>
Cash, beginning of year	156,424	223,575
<b><i>Cash, end of year</i></b>	<b>\$ 258,708</b>	<b>\$ 156,424</b>

*See accompanying notes*



# FAMILY SERVICES WINDSOR-ESSEX

## NOTES TO FINANCIAL STATEMENTS

*For The Year Ended March 31, 2015*

### **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, 2015

### 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:

	<b>Cost</b>	<b>Accumulated Amortization</b>	<b>Net Book Value 2015</b>	<b>Net Book Value 2014</b>
Land	\$ 125,000	\$ -	\$ 125,000	\$ 125,000
Building	1,178,652	23,573	1,155,079	337,596
Furniture and fixtures	4,917	492	4,425	-
Sign	6,242	624	5,618	-
	<b>\$ 1,314,811</b>	<b>\$ 24,689</b>	<b>\$ 1,290,122</b>	<b>\$ 462,596</b>

# FAMILY SERVICES WINDSOR-ESSEX

## NOTES TO FINANCIAL STATEMENTS

*For The Year Ended March 31, 2015*

### 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>2015</u>	<u>2014</u>
Beginning balance	\$ -	\$ -
Deferred contributions received during the year	150,000	-
Less amount recognized as revenue in the year	(3,000)	-
	<hr/>	<hr/>
Ending balance	<u>\$ 147,000</u>	<u>\$ -</u>

The deferred contribution received during the year is from the Ontario Trillium Foundation.

# FAMILY SERVICES WINDSOR-ESSEX

## NOTES TO FINANCIAL STATEMENTS

For The Year Ended March 31, 2015

### 5 LONG-TERM DEBT

Long-term debt consists of the following:

	<u>2015</u>	<u>2014</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.	\$ 682,540	\$ -
Promissory note payable to Sexual Assault Crisis Centre of Essex County Inc., non-interest bearing, due October 2024, unsecured.	100,000	50,000
Demand loan repaid during the year	-	319,000
	<hr/> 782,540	<hr/> 369,000
Less current portion due within one year	22,434	369,000
Long-term portion	<hr/> <b>\$ 760,106</b>	<hr/> <b>\$ -</b>

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

Year ending March 31,	2016	\$ 22,434
	2017	23,418
	2018	24,445
	2019	25,517
	2020	586,726
	Thereafter	<hr/> 100,000
		<hr/> <b>\$ 782,540</b>

# FAMILY SERVICES WINDSOR-ESSEX

## NOTES TO FINANCIAL STATEMENTS

*For The Year Ended March 31, 2015*

### **6 TRUST FUNDS**

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

At March 31, 2015 funds held in trust by the organization for a third party amounting to \$7,256 are included in these financial statements in cash and accounts payable and accrued liabilities.

### **7 INTERFUND TRANSFERS**

During the year the Board of Directors passed a motion to create a Capital Fund and \$502,458 was transferred from the General Fund to the Capital Fund to assist in funding the acquisition of property and equipment.

\$100,000 (2014 - \$60,000) was internally restricted 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 risk to which the organization is exposed to is 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.

### **9 COMPARATIVE FIGURES**

Certain of the comparative figures have been reclassified to conform to the financial statement presentation adopted in the current year. The prior year financial statements were audited by another firm of chartered professional accountants.