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# **CALGARY FAMILY SERVICES SOCIETY**

**Financial Statements**

For the year ended March 31, 2013

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## AUDITORS' REPORT

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### To the Directors of Calgary Family Services Society:

We have audited the accompanying financial statements of Calgary Family Services Society, which comprise the statement of financial position as at March 31, 2013, and the statements of operations, changes in fund balances and 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.

#### *Basis for Qualified Opinion*

In common with many charitable organizations, the company derives revenue from charitable donations and volunteer services, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the company and we were not able to determine whether any adjustments might be necessary to contributions, excess of revenues over expenses, current assets and net assets.

#### *Qualified Opinion*

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of the contributions referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of Calgary Family Services Society as at March 31, 2013 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Calgary, Alberta  
June 13, 2013

  
CHARTERED ACCOUNTANTS AND  
CHARTERED BUSINESS VALUATORS

# CALGARY FAMILY SERVICES SOCIETY

## Statement of Financial Position

As at March 31

	Operating Fund	Program Technology Fund	Capital Reserve Fund	Total March 31 2013	Total March 31 2012	Total April 1 2011
<b>Assets</b>						
<b>Current</b>						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$1,119,226	\$ 913,240
Investments	1,020,166	1,275,890	203,944	2,500,000	2,500,000	2,500,000
Accounts receivable (Note 5)	347,852	-	-	347,852	457,147	380,315
Prepaid expenses	74,939	-	-	74,939	122,191	119,951
	<u>1,442,957</u>	<u>1,275,890</u>	<u>203,944</u>	<u>2,922,791</u>	<u>4,198,564</u>	<u>3,913,506</u>
Property and equipment (Note 6)	-	-	86,347	86,347	66,483	79,569
	<u>\$ 1,442,957</u>	<u>\$ 1,275,890</u>	<u>\$ 290,291</u>	<u>\$ 3,009,138</u>	<u>\$ 4,265,047</u>	<u>\$ 3,993,075</u>
<b>Liabilities</b>						
<b>Current</b>						
Bank overdraft	\$ 104,839	\$ -	\$ -	\$ 104,839	\$ -	\$ -
Accounts payable and accrued liabilities	629,962	-	-	629,962	730,388	601,342
Grants received in advance (Note 7)	-	-	-	-	1,072,069	1,421,584
Deferred revenue (Note 8)	708,156	-	-	708,156	734,204	312,856
Deferred contributions related to property and equipment (Note 9)	-	-	36,283	36,283	66,483	79,569
Deferred contributions related to rent (Note 10)	-	241,274	-	241,274	241,274	303,274
	<u>1,442,957</u>	<u>241,274</u>	<u>36,283</u>	<u>1,720,514</u>	<u>2,844,418</u>	<u>2,718,625</u>
Commitments (Note 11)						
Subsequent events (Note 12)						
<b>Fund balances</b>	<u>-</u>	<u>1,034,616</u>	<u>254,008</u>	<u>1,288,624</u>	<u>1,420,629</u>	<u>1,274,450</u>
	<u>\$ 1,442,957</u>	<u>\$ 1,275,890</u>	<u>\$ 290,291</u>	<u>\$ 3,009,138</u>	<u>\$ 4,265,047</u>	<u>\$ 3,993,075</u>

Approved by the Board:



, Director



, Director

See accompanying notes

# CALGARY FAMILY SERVICES SOCIETY

## Statement of Operations

Year ended March 31, 2013

	Operating Fund <i>(Schedule)</i>	Program Technology Fund	Capital Reserve Fund	Total 2013	Total 2012
<b>Revenues</b>					
United Way Grant	\$ 1,917,594	\$ -	\$ 31,717	\$ 1,949,311	\$ 1,733,034
United Way Donor Designation	5,224	363	-	5,587	13,357
Federal Government	97,197	-	-	97,197	178,868
Provincial Government	270,352	-	-	270,352	212,663
FCSS contribution	4,469,461	-	-	4,469,461	4,376,839
CFSA	587,398	-	-	587,398	563,293
Alberta Health Services	8,321,021	-	-	8,321,021	8,029,213
Client fees	289,747	-	-	289,747	301,167
Society fees – memberships	394	-	-	394	305
Charitable donations	101,076	9,203	-	110,279	42,286
Casino and CIP	65,661	-	-	65,661	-
Other	538,798	-	-	538,798	377,316
Interest	-	29,055	3,147	32,202	45,024
Deferred revenue	-	-	-	-	225,211
	16,663,923	38,621	34,864	16,737,408	16,098,576
<b>Expenditures</b>					
Amortization	-	-	31,717	31,717	43,836
Benefits	1,715,935	-	-	1,715,935	1,655,042
Building occupancy	722,240	-	-	722,240	679,371
Community relations	47,999	-	-	47,999	27,138
Contracted services	493,736	-	-	493,736	471,147
Membership services	-	-	-	-	2,158
Office expenses	285,294	-	-	285,294	229,914
Program expenses	203,567	85,667	-	289,234	219,254
Recruitment	13,618	-	-	13,618	18,428
Salaries and wages	12,375,331	36,929	-	12,412,260	11,826,857
Staff development	121,953	2,974	-	124,927	139,029
Travel	732,453	-	-	732,453	640,223
	16,712,126	125,570	31,717	16,869,413	15,952,397
<b>Excess (deficiency) of revenue over expenditures</b>	<b>\$ (48,203)</b>	<b>\$ (86,949)</b>	<b>\$ 3,147</b>	<b>\$ (132,005)</b>	<b>\$ 146,179</b>

*See accompanying notes*

# CALGARY FAMILY SERVICES SOCIETY

## Statement of Changes in Fund Balances

Year ended March 31, 2013

	<b>Operating Fund</b>	<b>Program Technology Fund</b>	<b>Capital Reserve Fund</b>	<b>Total 2013</b>	<b>Total 2012</b>
<b>Balance, beginning of year</b>	\$ 60,571	\$ 1,109,197	\$ 250,861	\$ 1,420,629	\$ 1,274,450
Excess (deficiency) of revenue over expenditures	(48,203)	(86,949)	3,147	(132,005)	146,179
Allocations to program technology fund	(12,368)	12,368	-	-	-
<b>Balance, end of year</b>	\$ -	\$ 1,034,616	\$ 254,008	\$ 1,288,624	\$ 1,420,629

*See accompanying notes*

# CALGARY FAMILY SERVICES SOCIETY

## Statement of Cash Flows

Year ended March 31, 2013

	Operating Fund	Program Technology Fund	Capital Reserve Fund	Total 2013	Total 2012
<b>Operating activities</b>					
Excess (deficiency) of revenue over expenditures	\$ (48,203)	\$ (86,949)	\$ 3,147	\$ (132,005)	\$ 146,179
Amortization	-	-	31,717	31,717	43,836
Deferred contributions	471,051	-	-	471,051	(13,086)
Changes in non-cash operating working capital	(1,015,948)	-	-	(1,015,948)	(572,064)
	<u>(593,100)</u>	<u>(86,949)</u>	<u>34,864</u>	<u>(645,185)</u>	<u>(395,135)</u>
<b>Financing activities</b>					
Deferred revenue allocation	(497,099)	-	(30,200)	(527,299)	662,621
<b>Investing activities</b>					
Sale (purchase) of property and equipment	(81,003)	-	29,422	(51,581)	(30,750)
Sale (purchase) of investments	(52,863)	86,949	(34,086)	-	(30,750)
	<u>(133,866)</u>	<u>86,949</u>	<u>(4,664)</u>	<u>(51,581)</u>	<u>(61,500)</u>
<b>Increase (decrease) in cash</b>	(1,224,065)	-	-	(1,224,065)	205,986
<b>Cash, beginning of year</b>	1,119,226	-	-	1,119,226	913,240
<b>Cash, end of year</b>	<u>\$ (104,839)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (104,839)</u>	<u>\$ 1,119,226</u>

*See accompanying notes*

# CALGARY FAMILY SERVICES SOCIETY

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## Notes to Financial Statements

Year ended March 31, 2013

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### Note 1 - First-Time Adoption of Accounting Standards for Not-for-Profit Organizations

During the year, the Society adopted accounting standards for not-for-profit organizations. These financial statements are the first prepared in accordance with these standards. There was no impact on the opening balances of the comparative statements upon adoption of these new standards.

### Note 2 - Purpose of Organization

Calgary Family Services Society (the Society) is a regional organization operating programs to provide Calgary's diverse population with high quality, innovative counseling and caregiving services. The Society is a not-for-profit organization incorporated under the Societies Act of the Province of Alberta and is a registered charity under the Income Tax Act. The programs provided by the Society aim to enhance individual and family relationships, help children reach their full potential, engage older adults in their communities, and assist vulnerable citizens so that they may maintain their dignity and respect. Individuals, families and communities turn to the Society for support and solutions through childhood, adulthood and elderhood. Funding comes from various donors including other not-for-profit organizations, the Federal Government, the Provincial Government, the City of Calgary and charitable donations.

### Note 3 - Significant Accounting Policies

The financial statements of the Society have been prepared in accordance with accounting standards for not-for-profit organizations and include the following significant accounting policies:

#### Use of estimates

The preparation of financial statements in accordance with accounting standards for not-for-profit organizations require management to make estimates and assumptions that affect the reported amount of assets and liabilities, and excess of revenues over expenditures. Because a precise determination of many assets and liabilities is dependent upon future events, the preparation of these financial statements involved the use of estimates and approximations. The financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality.

#### Fund accounting

The Operating Fund reports revenues and expenses associated with program delivery and administration activities.

The Program Technology Fund reports on funds that have been restricted for the purpose of non-funded agency programs and for acquiring and upgrading operating systems and related technical support.

The Capital Reserve Fund reports on funds that have been allocated to the program for future expansion.

#### Cash and cash equivalents

Cash and cash equivalents include the amounts held in bank deposits and current accounts maintained by the Society. Any amounts included as cash and cash equivalents will have a maturity of 90 days or less from inception.

#### Investments

Investments are held at cost, and consist of term deposits with maturities of less than one year.



# CALGARY FAMILY SERVICES SOCIETY

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## Notes to Financial Statements

Year ended March 31, 2013

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### Note 3 - Significant Accounting Policies (Continued)

#### Revenue recognition

Restricted contributions are recognized as revenue of the appropriate fund in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue of the appropriate fund when received or become receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Restricted investment income is recognized as revenue of the appropriate fund in the year in which the related expenses are incurred. Unrestricted investment is recognized as revenue when earned.

Fees for services rendered are recorded on an accrual basis. Such revenue is recorded in the accounts during the period in which the service is rendered by the Society and the corresponding account receivable is also recorded at that time.

#### Deferred revenue

Revenue is deferred in the operating fund when it relates to externally restricted funds received in the current period that should be recognized in future periods.

#### Property and equipment

Purchased property and equipment is recorded in the Capital Reserve Fund at cost. Contributed property and equipment is recorded in the Capital Reserve Fund at fair value at the date of contribution. Property and equipment are amortized using the following schedule:

Computers	45% straight line
Office furniture and equipment	20% straight line
Vehicles	30% straight line
Leasehold improvements	7 years straight line

#### Donated services

Volunteers contribute a significant amount of their time each year to the Society's activities. Because of the difficulty in determining the fair value of contributed services of this nature, no related amount is recognized in the financial statements.





# CALGARY FAMILY SERVICES SOCIETY

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## Notes to Financial Statements

Year ended March 31, 2013

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### Note 3 - Significant Accounting Policies (*Continued*)

#### Financial instruments

##### *Measurement of financial instruments*

The Society originally measures its financial assets and liabilities at fair value.

The Society subsequently measures all its financial assets and liabilities at amortized cost. Financial assets measured at amortized cost include cash and, accounts receivable. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

##### *Impairment*

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of any impairment write-down is recognized in net income. Previously recognized impairment losses may be reversed to the extent of subsequent improvement, provided it is not greater than the amount that would have been reported on the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in net income.

##### *Transaction costs*

The Society recognizes its transaction costs in net income in the period incurred. However, the carrying amount of financial instruments that will not be subsequently measured at fair value is adjusted for transaction costs that are directly attributable to their origination, issuance or assumption.

### Note 4 - Financial Instruments

The Society has elected to follow the presentation and disclosure requirements of CICA Handbook Section 3856. Management has elected that financial instruments held for trading include investments carried at fair market value with differences recorded in net income. The investments classified as held for trading purposes consist of Guaranteed Investment Certificates bearing interest at 1.30% and maturing on May 7, 2013. As at March 31, 2013, the carrying value of the Guaranteed Investment Certificate approximates its fair value, therefore no unrealized gains or losses have been recorded in net income. Other financial instruments held at year end that are not classified as held for trading include: accounts receivable, which include trade receivables and GST receivable and are carried at amortized cost; prepaids, which include prepaid expenses and are carried at amortized cost; and accounts payable and accrued liabilities are recorded at amortized cost. The carrying values of these financial instruments also approximate their fair values at March 31, 2013.

Unless otherwise noted, it is management's opinion that the Society is not exposed to significant interest, currency or credit risk arising from these financial instruments.



# CALGARY FAMILY SERVICES SOCIETY

## Notes to Financial Statements

Year ended March 31, 2013

### Note 5 - Accounts Receivable

Accounts receivable consist of:

	2013	2012
Alberta Health Services	156,993	154,298
Third party caregiving and counselling	134,952	254,253
Refundable GST	55,907	48,596
	\$ 347,852	\$ 457,147

Third party caregiving and counselling receivables are net of allowance for doubtful accounts of \$nil (2012 - \$9,280).

### Note 6 - Property and Equipment

	2013			2012
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Computers	\$ 38,770	\$ 38,770	\$ -	\$ -
Office equipment	86,821	72,502	14,319	31,683
Vehicles	37,372	37,372	-	-
Leasehold improvements	152,479	80,451	72,028	34,800
	\$ 315,442	\$ 229,095	\$ 86,347	\$ 66,483

### Note 7 - Grants Received in Advance

Grants received in advance represent funds received prior to the balance sheet date which are designated for use in the subsequent period's operations. As at March 31, 2013, the amount received prior to year end was \$nil (2012 - \$1,072,069)



# CALGARY FAMILY SERVICES SOCIETY

## Notes to Financial Statements

Year ended March 31, 2013

### Note 8 - Deferred Revenue

Deferred revenue represents funding for specified programs for which related expenses have not been incurred as at the balance sheet date.

Changes in deferred revenue are as follows:

	<u>2013</u>	<u>2012</u>
Balance, beginning of year	\$ 734,204	\$ 312,856
Deferred contributions	471,051	515,975
Transferred to revenue	(497,099)	(94,627)
	<u>\$ 708,156</u>	<u>\$ 734,204</u>

Deferred revenue summarized by programs is as follows:

<b>Programs:</b>	<u>2013</u>	<u>2012</u>
Older Adults	\$ 202,412	\$ 160,905
Counselling and Supplementary	505,744	558,168
Homecare	-	15,131
	<u>\$ 708,156</u>	<u>\$ 734,204</u>

### Note 9 - Deferred Contributions Related to Property and Equipment

Deferred contributions related to property and equipment represent purchases of property and equipment to outfit the organization's office premises.

	<u>2013</u>	<u>2012</u>
Balance, beginning of year	\$ 66,483	\$ 79,569
Recognized in current year	(30,200)	(13,086)
	<u>\$ 36,283</u>	<u>\$ 66,483</u>



# CALGARY FAMILY SERVICES SOCIETY

## Notes to Financial Statements

Year ended March 31, 2013

### Note 10 - Deferred Contributions Related to Rent

Deferred contributions related to rent represent funds which have been externally restricted for the purpose of subsidizing rent.

	<u>2013</u>	<u>2012</u>
Balance, beginning of year	\$ 241,274	\$ 303,274
Recognized in current year	-	(62,000)
Balance, end of year	<u>\$ 241,274</u>	<u>\$ 241,274</u>

### Note 11 - Commitments

The Society entered into an agreement on December 8, 2008 to lease its administration office premises until March 31, 2020. The schedule of annual rent payments is as follows:

2014	\$	344,887
2015	\$	344,887
2016	\$	344,887
2017	\$	344,887
2018	\$	344,887
Thereafter	\$	689,774

### Note 12 - Subsequent Events

On May 30, 2013, it was announced by Alberta Health Services that it would not be renewing the Society's contract to provide homecare services in the Calgary area. The current contract expires July 31, 2013. The loss of this contract will significantly affect the Society's operations in future years, as approximately 50% of the Society's funding was from Alberta Health Services. Due to this reduction in funding, it is expected that the Society will have to cease all homecare operations subsequent to July 31, 2013. The Society will continue to administer programs unrelated to its homecare operations.

# CALGARY FAMILY SERVICES SOCIETY

## Statement of Operations – Operating Fund

Year ended March 31, 2013

Statement of Operations - Operating Fund  
For the year ended March 31, 2013

	Homecare		Older Adults		Counselling and Supplementary Programs											Total			
	Homecare	Seniors Programs	APC	Volunteer Coord	Critical Hours	Evaluation School	Starburst & Spirit	Counselling Services	Nurture Yourself	Primetime	CFSA	Early Literacy	FUJ	Family Connectors	ActOut		Urgent Care	FFT	Misc
Revenue																			
United Way Grant	52,665	-	-	-	-	-	364,319	1,001,436	-	-	213,853	4,000	148,638	1,879	110,805	-	-	-	1,917,594
United Way Donor	-	188	-	-	-	-	981	3,966	-	88	-	-	-	-	-	-	-	-	5,224
Provincial Government	-	155,917	-	-	-	-	-	5,167	-	-	-	51,591	-	-	-	57,678	-	-	270,352
City of Calgary FCSS	-	3,069,646	1,096,099	69,695	150,656	10,000	73,365	-	-	-	-	-	-	-	-	-	-	-	4,469,461
CFSA	-	-	-	-	-	-	-	-	-	587,398	-	-	-	-	-	-	-	-	587,398
Alberta Health Services	8,321,021	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	8,321,021
Client Fees	(1,671)	177,385	32,950	-	-	-	-	27,292	1,440	-	-	250	-	-	4,752	-	-	-	289,747
Membership	-	-	-	-	-	-	-	394	-	-	-	-	-	-	-	-	-	-	394
Donations	2,500	51,122	-	-	-	-	29,999	-	7,278	-	1,476	-	-	-	-	-	-	-	8,500
Other Income	-	224,062	15,893	-	-	-	-	121,794	-	155,678	-	-	-	-	-	-	-	-	538,798
Casino	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	65,661
Federal Government	-	97,197	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	97,197
<b>Total Revenue</b>	<b>8,374,514</b>	<b>3,775,517</b>	<b>1,144,942</b>	<b>69,695</b>	<b>150,656</b>	<b>10,000</b>	<b>488,664</b>	<b>1,154,882</b>	<b>13,885</b>	<b>155,678</b>	<b>588,962</b>	<b>214,053</b>	<b>55,841</b>	<b>148,638</b>	<b>1,879</b>	<b>115,557</b>	<b>57,678</b>	<b>142,883</b>	<b>16,663,223</b>
Expenses																			
Compensation	5,616,325	2,745,780	779,133	53,282	101,990	3,066	340,043	687,374	4,262	144,783	440,623	139,206	41,668	115,872	-	85,595	13,050	63,276	12,375,331
Benefits	860,335	399,650	124,936	8,935	12,774	-	56,048	106,255	1,443	7,148	69,997	21,095	9,524	16,077	-	9,230	-	12,487	1,715,935
Recruitment	6,446	4,782	890	18	41	-	137	821	-	57	235	41	-	46	-	102	-	-	13,618
Travel	472,827	139,894	33,935	1,583	5,916	-	11,973	30,903	293	7,729	17,408	1,425	1,101	3,360	-	4,107	0	-	732,453
Staff Development	47,639	37,871	10,533	384	467	-	2,888	11,867	250	470	4,770	1,015	1,310	977	-	282	-	1,229	121,953
Building Occupancy	223,843	176,913	121,205	2,501	5,574	-	18,581	111,914	-	7,861	32,125	5,574	-	6,360	-	3,788	-	6,000	722,240
Contracted Services	102,122	146,650	24,610	409	728	6,934	31,470	43,229	4,863	7,458	4,368	33,765	455	842	-	785	37,846	47,205	493,756
Program Expense	21,144	57,437	12,140	1,811	21,493	-	21,845	14,242	5,180	2,247	9,435	10,222	1,782	2,595	1,879	972	6,782	12,363	203,567
Community Relations	11,637	25,402	3,845	76	166	-	557	4,036	-	237	1,011	166	-	618	-	163	-	85	47,999
Office Expense	130,197	66,227	33,715	695	1,507	-	5,124	31,018	1,891	2,204	8,989	1,543	-	1,891	-	1,352	-	235	285,294
<b>Total Expense</b>	<b>8,492,514</b>	<b>3,800,607</b>	<b>1,144,942</b>	<b>69,695</b>	<b>150,656</b>	<b>10,000</b>	<b>488,664</b>	<b>1,041,661</b>	<b>16,885</b>	<b>180,194</b>	<b>588,962</b>	<b>214,053</b>	<b>55,841</b>	<b>148,638</b>	<b>1,879</b>	<b>106,376</b>	<b>57,678</b>	<b>142,883</b>	<b>16,712,126</b>
Net Income	(118,000)	(25,089)	-	-	-	-	-	113,221	(3,000)	(24,515)	-	-	-	-	-	9,181	-	0	(48,203)