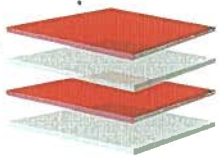

CALGARY FAMILY SERVICES SOCIETY

Financial Statements

For the Year Ended December 31, 2014





AUDITOR'S REPORT

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 December 31, 2014, 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 Society derives revenue from charitable donations and volunteer services, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Society and we were not able to determine whether any adjustments might be necessary to contributions, excess (deficiency) of revenues over expenses, current assets and net assets.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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 December 31, 2014 and the results of its operations and its cash flows for year then ended in accordance with Canadian accounting standards for not-for-profit organizations.



Calgary, Alberta
March 23, 2015

CALGARY FAMILY SERVICES SOCIETY
Statement of Financial Position
As at December 31, 2014

	Operating Fund	Program Technology Fund	Capital Reserve Fund	Total December 31 2014	Total December 31 2013 <i>(9 months)</i>
Assets					
Current					
Cash and cash equivalents <i>(Note 5)</i>	\$ 1,871,208	\$ -	\$ -	\$ 1,871,208	\$ 1,555,389
Investments	562,073	1,183,226	254,701	2,000,000	2,000,000
Accounts receivable <i>(Note 6)</i>	254,412	-	-	254,412	310,700
Prepaid expenses	91,713	-	-	91,713	78,331
	<u>2,779,406</u>	<u>1,183,226</u>	<u>254,701</u>	<u>4,217,333</u>	<u>3,944,420</u>
Property and equipment <i>(Note 7)</i>	-	25,147	19,060	44,207	28,236
	<u>\$ 2,779,406</u>	<u>\$ 1,208,373</u>	<u>\$ 273,761</u>	<u>\$ 4,261,540</u>	<u>\$ 3,972,656</u>
Liabilities					
Current					
Accounts payable and accrued liabilities	\$ 234,588	\$ -	\$ -	\$ 234,588	\$ 175,027
Grants received in advance <i>(Note 8)</i>	1,104,070	-	-	1,104,070	1,104,069
Deferred revenue <i>(Note 9)</i>	1,440,748	-	-	1,440,748	1,053,009
Deferred contributions related to property and equipment <i>(Note 10)</i>	-	-	14,276	14,276	18,670
Deferred contributions related to rent <i>(Note 11)</i>	-	191,283	-	191,283	241,274
	<u>2,779,406</u>	<u>191,283</u>	<u>14,276</u>	<u>2,984,965</u>	<u>2,592,049</u>
Commitments <i>(Note 12)</i>					
Contingencies <i>(Note 13)</i>					
Fund balances	-	1,017,090	259,485	1,276,575	1,380,607
	<u>\$ 2,779,406</u>	<u>\$ 1,208,373</u>	<u>\$ 273,761</u>	<u>\$ 4,261,540</u>	<u>\$ 3,972,656</u>

Approved by the Board:



, Director



, Director

See accompanying notes



CALGARY FAMILY SERVICES SOCIETY
Statement of Operations
Year Ended December 31, 2014

	Operating Fund	Program Technology Fund	Capital Reserve Fund	Total December 31 2014	Total December 31 2013 <i>(9 months)</i>
	<i>(Schedule)</i>				
Revenues					
United Way Grant	\$ 2,125,395	\$ -	\$ 4,393	\$ 2,129,788	\$1,610,396
United Way Donor	9,035	11,794	-	20,829	11,469
Federal Government	341,138	-	-	341,138	135,078
Provincial Government	503,660	-	-	503,660	409,161
Family Community Support Services	4,416,281	-	-	4,416,281	3,322,032
Child and Family Services	617,090	-	4,783	621,873	445,558
Alberta Health Services	87,911	-	-	87,911	2,866,398
Client fees	129,929	-	-	129,929	134,354
Memberships	418	-	-	418	203
Charitable donations	187,826	19,672	-	207,498	69,736
Casino and CIP	28,656	-	-	28,656	42,382
Other	943,765	-	-	943,765	386,032
Interest	-	20,729	3,024	23,753	22,875
	<u>9,391,104</u>	<u>52,195</u>	<u>12,200</u>	<u>9,455,499</u>	<u>9,455,674</u>
Expenditures					
Amortization	-	3,143	9,176	12,319	21,201
Benefits	909,418	13,735	-	923,153	936,277
Building occupancy	672,424	-	-	672,424	479,736
Community relations	22,235	23,151	-	45,386	29,593
Contracted services	727,110	29,040	-	756,150	413,367
Office expenses	193,950	8,416	-	202,366	146,050
Program expenses	231,400	573	-	231,973	213,189
Recruitment	9,476	-	-	9,476	8,028
Salaries and wages	6,209,045	79,021	-	6,288,066	6,715,210
Staff development	111,766	634	-	112,400	57,738
Travel	304,280	1,538	-	305,818	343,302
	<u>9,391,104</u>	<u>159,251</u>	<u>9,176</u>	<u>9,559,531</u>	<u>9,363,691</u>
Excess (deficiency) of revenue over expenditures	\$ -	\$ (107,056)	\$ 3,024	\$ (104,032)	\$ 91,983



CALGARY FAMILY SERVICES SOCIETY
Statement of Changes in Fund Balances
Year Ended December 31, 2014

	Operating Fund	Program Technology Fund	Capital Reserve Fund	Total December 31 2014	Total December 31 2013
Balance, beginning of year	\$ 59,398	\$ 1,064,748	\$ 256,461	\$ 1,380,607	\$ 1,288,624
Inter-fund allocation	(59,398)	59,398	-	-	-
Excess (deficiency) of revenue over expenditures	-	(107,056)	3,024	(104,032)	91,983
Balance, end of year	\$ -	\$ 1,017,090	\$ 259,485	\$ 1,276,575	\$ 1,380,607



CALGARY FAMILY SERVICES SOCIETY
Statement of Cash Flows
Year Ended December 31, 2014

	Operating Fund	Program Technology Fund	Capital Reserve Fund	Total December 31 2014	Total December 31 2013 <i>(9 months)</i>
Operating activities					
Excess (deficiency) of revenue over expenditures	\$ -	\$ (107,056)	\$ 3,024	\$ (104,032)	\$ 91,983
Amortization			9,176	12,319	21,201
Amortization of deferred contribution		(49,991)	(4,394)	(54,385)	-
Inter-fund transfers	(59,398)	59,398	-	-	-
Grants received in advance				-	1,104,069
Changes in non-cash operating working capital	490,207			490,207	(93,935)
	430,809	(94,506)	7,806	344,109	1,123,318
Investing activities					
Proceeds from sale of property and equipment	-	-	-	-	36,910
Purchase of property and equipment	-	(28,290)	-	(28,290)	-
Proceeds from sale of investment	447,083	1,306,022	246,895	2,000,000	2,500,000
Purchase of investment	(562,073)	(1,183,226)	(254,701)	(2,000,000)	(2,000,000)
	(114,990)	94,506	(7,806)	(28,290)	536,910
Increase (decrease) in cash	315,819			315,819	1,660,228
Cash, beginning of year	1,555,389			1,555,389	(104,839)
Cash, end of year	\$ 1,871,208	\$ -	\$ -	\$ 1,871,208	\$ 1,555,389



CALGARY FAMILY SERVICES SOCIETY

Notes to Financial Statements

Year Ended December 31, 2014

1. 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 counselling 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 other charitable donations.

2. Change of Year End

The Society changed its fiscal year end from March 31 to December 31, effective for the period ending December 31, 2013. This change was made in order to align the fiscal year with the effective period for several major grants which the Society receives on an annual basis.

3. Summary of 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 requires management to make estimates and assumptions that affect the reported amount of assets, 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

Calgary Family Services Society follows the restricted fund method of accounting for contributions.

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.

Restricted cash consists of amounts that are earned from Casinos. These amounts are restricted for the purpose of paying AGLC approved use of proceeds.

(continues)



3. Summary of Significant Accounting Policies (continued)

Investments

Investments are held at cost, and consist of guaranteed investment certificates (GICs) with maturities of less than one year.

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 they are 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 income 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 are recorded in the fund that best represents the type of asset purchased and are presented at amortized 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 over their estimated useful lives using the following rates and methods:

Leasehold improvements	7 years	straight-line method
Software licenses	3 years	straight-line method

The Society regularly reviews its property and equipment to eliminate obsolete items. Government grants are treated as a reduction of property and equipment cost.

Donated services

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

(continues)



3. Summary of 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, accounts receivable and GICs. 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 expenses. 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 revenue.

Transaction costs

The Society recognizes its transaction costs in expenses 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.

4. Financial Instruments

The Society is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Society's risk exposure and concentration as of December 31, 2014.

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Society is exposed to credit risk from customers. The Society has a significant number of customers which minimizes concentration of credit risk. The Society also has a concentration of credit risk related to all cash being held by one financial institution.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency rate risk, interest rate risk and other price risk. The Society is mainly exposed to interest rate risk.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the Society manages exposure through its normal operating and financing activities. The Society is exposed to interest rate risk primarily through its GIC investments.



CALGARY FAMILY SERVICES SOCIETY

Notes to Financial Statements

Year Ended December 31, 2014

5. Cash and Cash Equivalents

Cash and cash equivalents contain amounts that have been restricted by AGLC. At December 31, 2014 the Society's cash consisted of:

	<u>2014</u>	<u>2013</u>
General operating cash	\$ 1,794,633	\$ 1,528,831
AGLC restricted cash	76,575	26,558
	<u>\$ 1,871,208</u>	<u>\$ 1,555,389</u>

6. Accounts Receivable

	<u>2014</u>	<u>2013</u>
Third party caregiving and counselling	\$ 197,704	\$ 262,675
Interest receivable	15,959	17,346
Goods and services tax recoverable	40,749	30,679
	<u>\$ 254,412</u>	<u>\$ 310,700</u>

7. Property and Equipment

	Cost	Accumulated amortization	2014 Net book value	2013 Net book value
Leasehold improvements	\$ 115,569	\$ 96,509	\$ 19,060	\$ 28,236
Software licenses	28,290	3,143	25,147	-
	<u>\$ 143,859</u>	<u>\$ 99,652</u>	<u>\$ 44,207</u>	<u>\$ 28,236</u>

8. Grants Received in Advance

Grants received in advance represent funds received prior to the balance sheet date which are designated for use in subsequent periods.

	<u>2014</u>	<u>2013</u>
City of Calgary grant	\$ 1,104,070	\$ 1,104,069

Grants received in advance summarized by program is as follows:

	<u>2014</u>	<u>2013</u>
<i>Programs</i>		
Area Preventive/Youth Counselling	\$ 271,352	\$ 271,351
Older Adults	735,866	735,866
Supplementary youth programs	79,560	79,560
Volunteer coordinator	17,292	17,292
	<u>\$ 1,104,070</u>	<u>\$ 1,104,069</u>

CALGARY FAMILY SERVICES SOCIETY

Notes to Financial Statements

Year Ended December 31, 2014

9. Deferred Revenue

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

Changes in deferred revenue are as follows:

	<u>2014</u>	<u>2013</u>
Balance, beginning of period	\$ 1,053,009	\$ 708,156
Deferred contributions	2,337,608	853,709
Transferred to revenue	<u>(1,949,869)</u>	<u>(508,856)</u>
Balance, end of period	<u>1,440,748</u>	<u>1,053,009</u>

Deferred revenue summarized by program is as follows:

	<u>2014</u>	<u>2013</u>
<i>Programs:</i>		
Administration	\$ 262,355	\$ 121,588
Counselling and Supplementary	747,822	280,614
Older Adults	363,542	484,679
Restricted donations	<u>67,029</u>	<u>166,128</u>
	<u>\$ 1,440,748</u>	<u>\$ 1,053,009</u>

10. Deferred Contributions Related to Property and Equipment

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

	<u>2014</u>	<u>2013</u>
Balance, beginning of period	\$ 18,670	\$ 36,283
Recognized in current period	<u>(4,394)</u>	<u>(17,613)</u>
Balance, end of period	<u>\$ 14,276</u>	<u>\$ 18,670</u>

11. Deferred Contributions Related to Rent

Deferred contributions related to rent are related to funds that have been identified by management as a source of funds to subsidize rent if required.

	<u>2014</u>	<u>2013</u>
Balance, beginning of period	\$ 241,274	\$ 241,274
Recognized in current period	<u>(49,991)</u>	<u>-</u>
Balance, end of period	<u>\$ 191,283</u>	<u>\$ 241,274</u>



CALGARY FAMILY SERVICES SOCIETY

Notes to Financial Statements

Year Ended December 31, 2014

12. Commitments

The Society has the following commitments at December 31, 2014.

The Society entered into an agreement on December 8, 2008 to lease its administrative offices until March 31, 2020. Minimum monthly payments are \$28,740.

The Society has also entered into a three year lease agreement for its vehicle. The lease expires on August 14, 2017. Minimum monthly lease payments are \$346.

Annual minimum lease payments are

2015	\$	349,044
2016		349,044
2017		347,655
2018		344,887
2019		344,887
Thereafter		86,222
	\$	<u>1,821,739</u>

13. Contingencies

The Society is currently a defendant in a legal suit that has been brought against them. The maximum amount of damages that could be awarded to the plaintiff is \$10,000 in punitive damages and \$81,000 for other categories of damages. It is management's understanding that the Society would only be liable for punitive damages, while insurance would cover any other settlement amounts. Management believes that the case for punitive damages brought against the Society has no merit, and the Society is vigorously defending itself.

These financial statements do not contain a provision for the above amounts, as the result of the lawsuit cannot be reasonably determined at this time.
