

Algoma Family Services
Financial Statements
For the year ended March 31, 2017

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Financial Statements
For the year ended March 31, 2017

Contents

Independent Auditor's Report	2
Financial Statements	
Statement of Financial Position	3
Statement of Operations	4
Statement of Changes in Net Assets	5
Statement of Cash Flows	6
Notes to Financial Statements	7



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Independent Auditor's Report

To the Members of Algoma Family Services

We have audited the accompanying financial statements of Algoma Family Services, which comprise the statement of financial position as at March 31, 2017 and the statements of operations, changes in net assets 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 auditors' 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 audit opinion.

Opinion

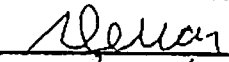
In our opinion, the financial statements present fairly, in all material respects, the financial position of Algoma Family Services as at March 31, 2017 and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.


Chartered Professional Accountants, Licensed Public Accountants
Sault Ste. Marie, Ontario
June 29, 2017

**Algoma Family Services
Statement of Financial Position**

March 31	2017	2016
Assets		
Current		
Cash	\$ 1,435,576	\$ 1,599,525
Receivables	101,906	83,447
	1,537,482	1,682,972
Capital assets (Note 2)	2,228,092	2,355,558
Restricted cash (Note 3)	62,831	62,831
	\$ 3,828,405	\$ 4,101,361
Liabilities and Net Assets		
Current		
Accounts payable and accrued liabilities	\$ 708,127	\$ 838,030
Grants repayable (Note 6)	60,457	38,086
Deferred revenue (Note 7)	188,664	205,500
Current portion of long-term debt (Note 8)	82,319	550,031
	1,039,567	1,631,647
Long-term debt (Note 8)	384,921	-
Deferred capital contributions (Note 9)	328,326	340,134
	1,752,814	1,971,781
Net assets		
Reserves (Note 10)	175,158	175,158
Investment in capital assets	1,432,526	1,465,393
Unrestricted net assets	405,076	426,198
Restricted	62,831	62,831
	2,075,591	2,129,580
	\$ 3,828,405	\$ 4,101,361

On behalf of the Board:


 _____ Director


 _____ Director

**Algoma Family Services
Statement of Operations**

For the year ended March 31	2017	2016
Revenue		
Government grants	\$ 8,987,471	\$ 8,871,614
Rental income	10,024	10,220
Donations from Algoma Family Services Foundation (Note 13)	83,136	128,922
Fees	21,709	17,241
Amortization of deferred capital contributions	17,280	17,902
Other	470,806	464,836
	<u>9,590,426</u>	<u>9,510,735</u>
Expenses		
Advertising and promotion	25,036	16,209
Amortization	160,578	175,800
Contracted services	351,941	418,417
Insurance	30,008	31,332
Interest on long-term debt	14,706	24,557
Memberships	22,357	23,253
Occupancy costs	403,864	411,352
Office	186,472	167,065
Professional fees	251,888	239,163
Program costs	906,612	1,008,206
Salaries, wages and employee benefits	6,985,042	6,438,776
Travel and training	305,911	295,086
	<u>9,644,415</u>	<u>9,249,216</u>
Excess (deficiency) of revenue over expenses	\$ (53,989)	\$ 261,519

**Algoma Family Services
Statement of Changes in Net Assets**

	Reserves	Invested in Capital Assets	Unrestricted Net Assets	Restricted Assets	Total
Balance at March 31, 2015	\$ 156,861	\$ 1,229,513	\$ 418,856	\$ 62,831	\$ 1,868,061
2016					
Excess (deficiency) of revenues over expenses	-	(175,800)	437,319	-	261,519
Capital assets acquired	-	321,931	(321,931)	-	-
Deferred capital grants	-	(15,000)	15,000	-	-
Deferred contribution of capital assets	-	17,902	(17,902)	-	-
Principal payments on debt	-	86,847	(86,847)	-	-
Transfer to reserve	19,937	-	(19,937)	-	-
Transfer from reserve	(1,640)	-	1,640	-	-
Balance at March 31, 2016	175,158	1,465,393	426,198	62,831	2,129,580
2017					
Excess (deficiency) of revenues over expenses	-	(160,578)	106,589	-	(53,989)
Capital assets acquired	-	45,710	(45,710)	-	-
Capital assets disposed	-	(12,598)	12,598	-	-
Deferred capital grants	-	(5,472)	5,472	-	-
Deferred contribution of capital assets	-	17,280	(17,280)	-	-
Principal payments on debt	-	82,791	(82,791)	-	-
Balance at March 31, 2017	\$ 175,158	\$ 1,432,526	\$ 405,076	\$ 62,831	\$ 2,075,591

The accompanying notes are an integral part of these financial statements.

Algoma Family Services
Statement of Cash Flows

For the year ended March 31	2017	2016
Cash flows from operating activities		
Excess (deficiency) of revenue over expenses	\$ (53,989)	\$ 261,519
Items not involving cash		
Amortization of capital assets	160,578	175,800
Amortization of deferred contributions	(17,280)	(17,902)
	<u>89,309</u>	<u>419,417</u>
Changes in non-cash working capital balances		
Receivables	(18,459)	100,563
Accounts payable and accrued liabilities	(129,903)	462,138
Grants repayable	22,371	(33,703)
Deferred revenue	(16,836)	10,600
	<u>(53,518)</u>	<u>959,015</u>
Cash flows from investing activities		
Loss on disposal of capital assets	12,598	-
Purchase of capital assets	(45,710)	(321,931)
Deferred capital grants	5,472	15,000
	<u>(27,640)</u>	<u>(306,931)</u>
Cash flows from financing activities		
Principal payments on long-term debt	(82,791)	(86,847)
Increase (decrease) in cash and equivalents	(163,949)	565,237
Cash, beginning of year	<u>1,599,525</u>	<u>1,034,288</u>
Cash, end of year	\$ 1,435,576	\$ 1,599,525

The accompanying notes are an integral part of these financial statements.

Algoma Family Services

Notes to Financial Statements

March 31, 2017

1. Summary of significant accounting policies

- Nature of Operations** Algoma Family Services was incorporated under the Ontario Business Corporations Act on April 1, 2001. The Organization is principally involved in providing children's mental health, treatment and crisis response, adult and family counselling, employee assistance programs, family support services, substance abuse counselling and young offender's services to the District of Algoma. The Organization is a registered charity under the Income Tax Act and accordingly is exempt from income taxes under section 149(1)(f) of the Act.
- Basis of Accounting** These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.
- 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.
- Contributions restricted for the purchase of capital assets are deferred and amortized into revenue at a rate corresponding with the amortization rate for the related capital assets.
- Restricted assets** Certain amounts, as approved by the Board of Directors, are set aside as restricted net assets for future operating expenditures.
- Capital Assets** Capital assets are recorded at cost. Amortization, based on the estimated useful life of the asset, is provided by the declining balance basis using the following rates:
- | | | |
|-------------------------|---|-----------|
| Land improvements | - | 5% |
| Buildings | - | 5% |
| Furniture and equipment | - | 10% - 30% |
| Computer equipment | - | 30% |
| Computer software | - | 50% |
| Automotive | - | 30% |
- Financial Instruments** Financial instruments are recorded at fair value when acquired or issued. In subsequent periods they are reported at cost or amortized cost less impairment, if applicable. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired.
- Use of Estimates** The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

Algoma Family Services
Notes to Financial Statements

March 31, 2017

2. Capital assets

	2017		2016	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	\$ 165,726	\$ -	\$ 165,726	\$ -
Land improvements	24,151	8,778	24,151	8,200
Buildings	3,688,712	1,934,255	3,683,239	1,841,915
Furniture and equipment	604,348	412,955	653,505	431,901
Computer equipment	655,132	582,072	682,022	614,254
Computer software	87,059	81,693	87,059	76,327
Automotive	75,727	53,010	75,727	43,274
	\$ 5,300,855	\$ 3,072,763	\$ 5,371,429	\$ 3,015,871
Net book value		\$ 2,228,092		\$ 2,355,558

3. Restricted cash

The Organization holds cash which has been either internally or externally restricted for specific purposes. The funds on hand from the sale of the Residential Treatment Unit have been externally restricted by the funder. The other restricted cash has been internally restricted by the Board of the Organization.

The restricted cash balances include the following:

	2017	2016
Residual funds from sale of Clarica shares	\$ 18,106	\$ 18,106
Residual funds from sale of MacKenzie shares	681	681
Residual funds from sale of Residential Treatment Unit	44,044	44,044
	\$ 62,831	\$ 62,831

4. Line of credit

The Organization has an authorized line of credit of \$500,000 at a rate of prime plus 0.5%. At March 31, 2017, the credit is unused.

5. Accounts payable and accrued liabilities

Included in accounts payable and accrued liabilities are government remittances of \$6,590 (March 31, 2016 - \$1,065).

Algoma Family Services
Notes to Financial Statements

March 31, 2017

6. Grants repayable

	2017	2016
Ministry of Children and Youth Services	\$ 58,045	\$ 27,080
Ministry of Community and Social Services	-	7,290
Ministry of Health and Long-term Care	2,412	3,716
	\$ 60,457	\$ 38,086

7. Deferred revenue

	2017	2016
Balance, beginning of year	\$ 205,500	\$ 194,900
Grants deferred in the year	131,802	115,013
Amounts included in revenue	(148,638)	(104,413)
Balance, end of year	\$ 188,664	\$ 205,500

8. Long-term debt

	2017	2016
Loan payable \$7,630 (2016 - \$7,237) monthly which includes interest at 2.15% per annum (2016 - plus interest at 4.39%), secured by specific buildings and a general security agreement, maturing July 2021	\$ 467,240	\$ 550,031
Less current portion	82,319	550,031
	\$ 384,921	\$ -

Principal payments required on long term debt for the next five years are due as follows:

Year	Amount
2018	\$ 82,319
2019	84,106
2020	85,932
2021	87,798
2022	127,085
	\$ 467,240

Algoma Family Services
Notes to Financial Statements

March 31, 2017

9. Deferred capital contributions

Government grants were received to finance the purchase of certain capital assets. Deferred grants related to capital assets represent the unamortized amount of grants received.

	2017	2016
Balance, beginning of year	\$ 340,134	\$ 343,036
Grants deferred in the year	5,472	15,000
Amortization of deferred capital contributions	(17,280)	(17,902)
Balance, end of year	\$ 328,326	\$ 340,134

10. Reserves

	2017	2016
Energy break	\$ 28,687	\$ 28,687
EAP / Fee for service	34,784	34,784
Triple P	59,583	59,583
Supervised Access Program	9,263	9,263
Miscellaneous	42,841	42,841
	\$ 175,158	\$ 175,158

11. Commitments

The Organization is committed under operating leases of rental properties, a vehicle and computer equipment extending for various periods to 2020. Future minimum annual payments required over the next three years are as follows:

2018	\$	37,481
2019	\$	16,249
2020	\$	2,332

12. Economic dependence

The Organization has a number of agreements with the Provincial Government. As a result of the amount of funding received under these agreements, the Organization was financially dependent on the Provincial Government.

Algoma Family Services Notes to Financial Statements

March 31, 2017

13. Algoma Family Services Foundation

The Organization has an economic interest in the Algoma Family Services Foundation as the purpose of the Foundation is to receive and maintain funds to enhance or supplement the children's mental health programs and services available through the Organization.

During the year \$114,883 (2016 - \$102,143) was donated from the Foundation.

During the year the Foundation utilized office space of the Organization at no cost.

Donations from the Algoma Family Services Foundation recorded on the Statement of Operations are as follows:

	<u>2017</u>	<u>2016</u>
Funding received	\$ 114,883	\$ 102,143
Deferred revenue, beginning of year	84,704	111,483
Deferred revenue, end of year	<u>(116,451)</u>	<u>(84,704)</u>
	<u>\$ 83,136</u>	<u>\$ 128,922</u>

14. Financial instrument risk

The Organization's management monitors, evaluates and manages the principal risks assumed with financial instruments on a daily basis. The risks that arise from transacting financial instruments include liquidity risk, credit risk and interest rate risk.

Liquidity risk

Liquidity risk arises from the organization's management of accounts payable and other current liabilities. It is the risk that the organization will encounter difficulty in meeting its financial obligations as they fall due. The organization's policy to minimize this risk is to ensure an adequate line of credit exists for the organization.

Credit risk

Credit risk arises principally from the organization's cash and receivables. The cash is exposed to concentration risk as it is held with one institution and is in excess of the Canadian Deposit Insurance Corporation limits, however the cash is held at a reputable institution from which management believes the risk of loss to be remote. The organization is also exposed to credit risk resulting from the possibility that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Interest rate risk

Interest rate risk arises principally from the organization's credit facility. It is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The credit facility has a variable interest rate. Changes in the bank's prime lending rate can cause fluctuations in interest payments and cash flows. The organization does not use derivative financial instruments to alter the effect of this risk.

15. Comparative figures

Comparative figures have been reclassified to conform to the financial statement presentation adopted in the current year.