

HEALTHY FAMILIES HEALTHY FUTURES SOCIETY
Financial Statements
Year Ended March 31, 2019

HEALTHY FAMILIES HEALTHY FUTURES SOCIETY
Index to Financial Statements
Year Ended March 31, 2019

	Page
INDEPENDENT AUDITOR'S REPORT	1 - 3
FINANCIAL STATEMENTS	
Statement of Financial Position	4
Statement of Revenues and Expenditures	5 - 6
Statement of Changes in Net Assets	6 - 7
Statement of Cash Flows	8
Notes to Financial Statements	9 - 14

Shoemaker, Viney & Friesen

CHARTERED ACCOUNTANTS

John S. Shoemaker Professional Corporation

Tina J. Viney Professional Corporation



Timothy J. Friesen Professional Corporation

INDEPENDENT AUDITOR'S REPORT

To the Members of Healthy Families Healthy Futures Society

Qualified Opinion

We have audited the financial statements of Healthy Families Healthy Futures Society (the Society), which comprise the statement of financial position as at March 31, 2019, and the statements of revenues and expenditures, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Society as at March 31, 2019, 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.

Basis for Qualified Opinion

Note 2 describes the accounting policy with respect to the Society's acquisition of property, plant, and equipment. This is not in accordance with Canadian accounting standards for not-for-profit organizations, which would require the capitalization and amortization of the assets over their expected useful lives.

As a result of this departure, property, plant, and equipment is understated \$20,800, and net income for the period is understated \$6,673. Closing net assets invested in capital assets are understated by \$20,800.

Accounting standards for not-for-profit organizations also require that goods and services pre-purchased for use in a subsequent period should be recorded as a prepaid asset to be recognized as an expense when the good or service is utilized. the Society has expensed \$14,296 of prepaid expenses in 2019, resulting in an understatement of prepaid expense assets by \$14,296. In 2018, there were \$20,023 in prepaid expenses relating to 2017 expensed in 2018, therefore there is a net overstatement of net income for the period of \$5,727. Closing operating net assets are understated by \$14,296.

Our audit opinion on the financial statements for the year ended March 31, 2019 was modified because of the effects of this departure from Canadian accounting standards for not-for-profit organizations.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Society in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Society's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Society or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Society's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Society's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Society's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Society to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Independent Auditor's Report to the Members of Healthy Families Healthy Futures Society *(continued)*

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

The engagement partner on the audit resulting in this independent auditor's report is Tina Viney, CA.



Westlock, Alberta
June 17, 2019


CHARTERED ACCOUNTANTS

HEALTHY FAMILIES HEALTHY FUTURES SOCIETY
Statement of Financial Position
March 31, 2019

	2019	2018
ASSETS		
CURRENT		
Cash	\$ 80,058	\$ 187,159
Cash restricted for specific projects (Note 4)	3,188	15,861
Term deposits	504,481	353,843
Term deposits restricted for specific projects	20,130	-
Funds held in trust (Note 5)	50,042	56,801
Restricted reserve term deposit (Note 6)	13,067	12,861
Accounts receivable	6,029	3,369
Goods and services tax recoverable	3,578	3,406
Security deposit	1,500	1,500
	\$ 682,073	\$ 634,800
LIABILITIES AND NET ASSETS		
CURRENT		
Funds held in trust (Note 5)	\$ 50,042	\$ 56,801
Accounts payable	47,036	68,414
Wages payable	59,532	62,196
Deferred contributions (Note 7)	234,855	190,699
	391,465	378,110
RESTRICTED RESERVE FUND PAYABLE (Note 6)	13,067	12,861
	404,532	390,971
NET ASSETS		
Accumulated surplus	277,541	243,829
	\$ 682,073	\$ 634,800
CONTINGENT LIABILITY (Note 8)		
LEASE COMMITMENTS (Note 9)		

ON BEHALF OF THE BOARD

 Director
 Director

HEALTHY FAMILIES HEALTHY FUTURES SOCIETY
Statement of Revenues and Expenditures
Year Ended March 31, 2019

	Budget (Unaudited) 2019	2019	2018
REVENUE			
Pembina Gateway funding	\$ 771,213	\$ 788,142	\$ 776,308
Operating - CFS	541,136	539,832	515,203
Family & Community Safety Program	241,493	231,673	112,706
NWC Alberta FASD Services Network	252,508	231,041	218,675
Health Canada funding	94,722	94,722	94,722
Alberta Health Services	34,696	35,391	34,659
Contract Accounting Fees	15,250	20,250	15,000
Alberta Seniors & Housing	17,239	17,239	56,095
Casino Revenue	26,500	13,569	4,165
Interest revenue	6,000	11,495	8,547
Membership and training grants	3,400	7,212	9,063
Workshops and fundraising	-	7,184	7,198
Donations	3,000	3,243	1,627
Status of Women grant funding	-	-	84,826
	<u>2,007,157</u>	<u>2,000,993</u>	<u>1,938,794</u>
STAFFING EXPENDITURES			
Total staffing	<u>1,096,512</u>	<u>1,049,082</u>	<u>1,019,101</u>
DIRECT CLIENT EXPENDITURES			
Pembina Gateway (PLCs)	565,829	573,756	561,342
Travel and subsistence	101,064	105,662	103,504
Barrhead Family and Community Support Services	58,000	56,027	42,000
Evaluation and monitoring	27,216	35,940	22,396
Staff training - program related	17,850	15,318	16,469
Telephone and communications	15,720	15,230	16,209
Nutritional supplements	10,132	11,307	10,687
Education and workshop	7,200	5,824	12,224
Materials and supplies	5,381	4,286	15,986
Program awareness	4,067	2,666	4,945
Family subsidies	400	312	414
	<u>812,859</u>	<u>826,328</u>	<u>806,176</u>

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HEALTHY FAMILIES HEALTHY FUTURES SOCIETY
Statement of Revenues and Expenditures (continued)
Year Ended March 31, 2019

	Budget (Unaudited) 2019	2019	2018
FACILITY EXPENDITURES			
Rental of space	\$ 37,798	\$ 36,898	\$ 37,198
Facility insurance	4,100	4,068	3,873
Building maintenance	1,950	1,960	22,080
	<u>43,848</u>	<u>42,926</u>	<u>63,151</u>
ADMINISTRATIVE EXPENDITURES AND TRANSFERS			
Office materials, supplies and postage	9,210	9,933	10,719
Audit fees	10,000	9,943	9,943
Purchase/rental of office equipment	5,134	6,727	6,774
Telephone and communications	5,470	5,845	5,853
Fundraising	2,000	5,661	3,981
Association dues	3,250	3,831	2,209
Liability insurance	3,300	3,287	3,178
Board expenses	2,000	2,005	2,778
Bank charges	1,465	1,187	1,466
Annual General Meeting	1,300	526	1,313
Staff recruitment	500	-	480
IT Support	900	-	226
Miscellaneous	-	-	181
Equipment repairs and maintenance	200	-	118
	<u>44,729</u>	<u>48,945</u>	<u>49,219</u>
TOTAL EXPENDITURES	<u>1,997,948</u>	<u>1,967,281</u>	<u>1,937,647</u>
TOTAL EXCESS OF INCOME OVER EXPENDITURES	<u>\$ 9,209</u>	<u>\$ 33,712</u>	<u>\$ 1,147</u>

HEALTHY FAMILIES HEALTHY FUTURES SOCIETY
Statement of Changes in Net Assets
Year Ended March 31, 2019

	<u>2019</u>	<u>2018</u>
NET ASSETS - BEGINNING OF YEAR	\$ 243,829	\$ 242,682
Excess of revenue over expenditures	<u>33,712</u>	<u>1,147</u>
NET ASSETS - END OF YEAR	<u>\$ 277,541</u>	<u>\$ 243,829</u>

HEALTHY FAMILIES HEALTHY FUTURES SOCIETY
Statement of Cash Flows
Year Ended March 31, 2019

	2019	2018
OPERATING ACTIVITIES		
excess of revenue over facility expenditures	\$ 33,712	\$ 1,147
Changes in non-cash working capital:		
Accounts receivable	(2,660)	22,814
Goods and services tax payable	(172)	(72)
Funds held in trust	(6,759)	8,466
Accounts payable	(21,378)	49,608
Wages payable	(2,664)	(17,973)
Deferred contributions	44,156	(9,142)
	<u>10,523</u>	<u>53,701</u>
Cash flow from operating activities	<u>44,235</u>	<u>54,848</u>
INVESTING ACTIVITY		
Restricted reserve fund payable	<u>206</u>	<u>182</u>
INCREASE IN CASH FLOW	44,441	55,030
CASH - BEGINNING OF YEAR	<u>626,525</u>	<u>571,495</u>
CASH - END OF YEAR	<u>\$ 670,966</u>	<u>\$ 626,525</u>
CASH CONSISTS OF:		
Cash	\$ 80,058	\$ 187,159
Cash restricted for specific projects	3,188	15,861
Term deposits	504,481	353,843
Term deposits restricted for specific projects	20,130	-
Funds held in trust	50,042	56,801
Restricted reserve term deposit	13,067	12,861
	<u>\$ 670,966</u>	<u>\$ 626,525</u>

HEALTHY FAMILIES HEALTHY FUTURES SOCIETY

Notes to Financial Statements

Year Ended March 31, 2019

1. DESCRIPTION OF ACTIVITIES

Healthy Families Healthy Futures Society is a registered charity which is exempt from income tax under Section 149(1)(f) of the Income Tax Act. The Society provides multiple programs to support individuals and families including:

Home Visitation

A preventative early intervention program providing services to families prenatally and continuing up to five years after birth, who have economic and social factors which may increase risk factors for child abuse and neglect.

The program is provided in Athabasca, Barrhead, Lac Ste Anne, Mayerthorpe, Morinville, Swan Hills, Westlock, and surrounding areas.

Early Childhood Development Initiatives

Provides support for families with children under six who are not eligible for the Home Visitation Program.

The program is provided in Westlock and surrounding areas.

Parent Link Centre

Provides parent education for the general population, including the Triple P Parenting Program, Love and Logic Parenting Program, drop in play programs and community programs in Westlock and area.

Thrive

Provides direct support for those impacted by abuse. The program works collaboratively within the community to enhance public awareness through workshops and other activities in the communities of Athabasca, Barrhead, and Westlock.

Parent Child Assistance Program (PCAP)

A home visitation intervention program that works with women who abuse alcohol or drugs during pregnancy, with the aim of preventing future alcohol and drug exposed births among these mothers.

PCAP supports mothers in achieving this goal by helping them complete substance abuse treatment and stay in recovery and/or by motivating them to choose effective family planning methods.

The program is available in Whitecourt.

FASD Transitions Program

Provides support for youth and young adults and their caregivers prenatally exposed to alcohol.

The program is available in Athabasca and Whitecourt.

Community Action for Healthy Relationships (CAHR)

A community collaboration project in Athabasca, Barrhead, and Westlock. It provides coordination for the relationship violence group program "Creating Change", supportive outreach services and community awareness and protocols regarding relationship abuse.

Pembina Gateway Parent Link Network

Healthy Families Healthy Futures is the lead agent for the Pembina Gateway PLC Network. The Network offers orientation, mentorship, and leadership to 8 Parent Link Centres including Barrhead, Lac Ste Anne, Mayerthorpe, Smoky Lake, Swan Hills, Thorhild, Westlock, and Whitecourt.

HEALTHY FAMILIES HEALTHY FUTURES SOCIETY
Notes to Financial Statements
Year Ended March 31, 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Significant accounting policies observed in the preparation of the financial statements are summarized below. These policies are in accordance with Canadian accounting standards for not-for-profit organizations unless otherwise noted.

Measurement uncertainty

When preparing financial statements according to Canadian accounting standards for not-for-profit organizations, management makes estimates and assumptions relating to:

- reported amounts of revenues and expenses
- reported amounts of assets and liabilities
- disclosure of contingent assets and liabilities.

Estimates are based on a number of factors including historical experience, current events and actions that the Society may undertake in the future, and other assumptions that management believes are reasonable under the circumstances. By their nature, these estimates are subject to measurement uncertainty and actual results could differ. In particular, estimates are used in accounting for certain items such as revenues and allowance for doubtful accounts.

Financial instruments policy

Initial and subsequent measurement

The Organization initially measures its financial assets and liabilities at fair value. Subsequent measurement of all financial assets and liabilities is at cost or amortized cost.

Financial assets measured at amortized cost on a straight-line basis include cash, cash restricted for specific projects, funds held in trust, term deposits, and the restricted reserve term deposit.

Financial liabilities measured at amortized cost on a straight-line basis include funds held in trust, accounts payable, and wages payable.

Transaction costs

Transaction costs related to financial instruments that will be subsequently measured at fair value are recognized in net income in the period incurred. Transactions costs related to financial instruments subsequently measured at amortized cost are included in the original cost of the assets or liability and recognized in net income over the life of the instrument using the straight-line method.

Impairment

For financial assets measured at cost or amortized cost, the Organization determines whether there are indications of possible impairment. When there is an indication of impairment, and the Organization determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows, a write-down is recognized in net income. A previously recognized impairment loss may be reversed to the extent of the improvement. The carrying amount of the financial asset may not be greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. the amount of the reversal is recognized in net income.

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HEALTHY FAMILIES HEALTHY FUTURES SOCIETY
Notes to Financial Statements
Year Ended March 31, 2019

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(continued)*

Cash and short term investments

Cash and funds held in trust consist of cash and bank accounts.

Short-term guaranteed investment certificates purchased with a maturity of one year or less are classified as cash equivalents, and are reported on the statement of financial position as term deposits and term deposits held for specific projects.

Cash restricted for specific projects and term deposits restricted for specific projects are funds that the Society has received from various sources and are required to spend the monies for specific programming.

The restricted reserve term deposit is a guaranteed investment certificate with a maturity of less than one year. The Society must have approval from Child and Family Services before utilizing these funds.

Property, plant and equipment

Property, plant and equipment costing less than \$5,000 are expensed in the year of acquisition. Items costing more than \$5,000 are capitalized but not amortized. This follows the accounting policy set out by the Alberta Ministry of Children's Services. This policy is not in agreement with Canadian accounting standards for not-for-profit organizations whereby property, plant, and equipment purchased would be capitalized and amortized over their estimated useful life.

Revenue recognition

Healthy Families Healthy Futures Society follows the deferral method of accounting for contributions.

Restricted contributions including government grants are recognized as revenue in the year in which the related expenses are incurred and there is a reasonable assurance that the Society has complied with and will continue to comply with all the necessary conditions to obtain the grants.

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. Endowment contributions are recognized as direct increases in net assets.

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

Seminar fees are recognized as revenue when the seminars are held.

Contributed services

Volunteers including board members contribute a significant amount of their time each year. Because of the difficulty in determining their fair value, contributed services are not recognized in the financial statements.

HEALTHY FAMILIES HEALTHY FUTURES SOCIETY
Notes to Financial Statements
Year Ended March 31, 2019

3. 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 provides information about the Society's risk exposure as of March 31, 2019.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Society is exposed to this risk mainly in respect of its receipt of funds from its grantors.

4. CASH RESTRICTED FOR SPECIFIC PROJECTS

Cash restricted for specific projects relates to funds raised from a casino that are restricted as to its use.

5. FUNDS HELD IN TRUST

Healthy Families Healthy Futures Society holds funds in trust for the following organizations.

	2019	2018
Prevention of Relationship Abuse Action Committee	\$ 50,042	\$ 46,712
Conex	-	10,089
	\$ 50,042	\$ 56,801

6. RESTRICTED RESERVE FUND PAYABLE

The financial statements of the Society are reviewed annually by the Alberta Corporate Service Centre. On the completion of the statement analysis the actual surplus and amount that can be retained is determined. Since there is a delay between the end of the funding period and the determination of the annual surplus, the determined surplus transfer relates to the prior year's activity. Funds from the reserve may be applied for purposes approved by North Central Alberta Child & Family Services.

HEALTHY FAMILIES HEALTHY FUTURES SOCIETY
Notes to Financial Statements
Year Ended March 31, 2019

7. DEFERRED CONTRIBUTIONS

	2019	2018
Community Initiatives Program	\$ 60,000	\$ 60,000
Home Visitation grants	46,198	30,398
NWC Alberta FASD Services Network	36,588	13,825
Prevention of Relationship Abuse Action Committee (Thrive Program)	30,000	15,000
Casino funds	23,207	15,861
Pembina Gateway Network funding	15,295	15,295
Donations and grants for Thrive Program	13,681	11,931
Westlock Parent Link Centre	9,886	7,157
Alberta Seniors & Housing	-	17,239
Family & Community Safety Program	-	3,993
	\$ 234,855	\$ 190,699

8. CONTINGENT LIABILITY

The employees of the Healthy Families Healthy Futures Society can bank up to 60 days to utilize in the event of an extended absence from employment due to health related issues. Days are banked at 1.5 per month based on the employees full time equivalent rate. The amount accumulated for sick days has not been recorded in the financial statements given the benefit is not paid out upon termination of employment and typically the Society would not replace an employee that is away on sick leave.

At March 31, 2019, the employees of the Society had banked \$84,724 (2018 - \$76,536) of sick time.

The Society has a Visa card with a \$10,000 limit.

9. LEASE COMMITMENTS

In the 2015 fiscal year the Society entered into a lease and maintenance agreement for a photocopier and fax machine. The lease term is for 66 months at \$1,008 per quarter plus a per copy cost.

The Society has a three year lease that commenced September 1, 2017 for office space in Westlock. The rent terms are \$2,125 including GST per month to August 31, 2018, then \$2,168 per month to August 31, 2019, then \$2,211 per month to August 31, 2020. Provided the Society is not in default at the time of lease renewal, they may exercise an option to renew for a further 36 month term.

The Society currently leases office space in Athabasca at a rate of \$1,000 per month. The lease does not have a predetermined term, as it is a month to month lease.

HEALTHY FAMILIES HEALTHY FUTURES SOCIETY

Notes to Financial Statements

Year Ended March 31, 2019

10. ECONOMIC DEPENDENCE

The Society receives approximately 38% of its annual revenue, excluding the Pembina Gateway Funding it forwards on to other Parent Link Centres, from Child and Family Services for the Home Visitation Program. Should the funding for this program substantially change, management is of the opinion that continued viable operations would be doubtful.

11. SUBSEQUENT EVENTS

For the 2019/2020 fiscal year, Healthy Families Healthy Futures Society was not awarded grant funds from the Safe Communities Innovation Fund. The Society had previously been awarded \$712,500 that was utilized in the 2017-2019 fiscal years. As a result, Community Action for Healthy Relationships programming has been reduced for the 2020 fiscal year.
