

HEALTHY FAMILIES HEALTHY FUTURES SOCIETY
Financial Statements
Year Ended March 31, 2020

HEALTHY FAMILIES HEALTHY FUTURES SOCIETY
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Year Ended March 31, 2020

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Shoemaker, Viney & Friesen

CHARTERED PROFESSIONAL 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, 2020, 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, 2020, 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 \$15,835, and net income for the period is overstated by \$4,965. Closing net assets invested in capital assets are understated by \$15,835.

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 \$7,209 of prepaid expenses in 2020, resulting in an understatement of prepaid expense assets by \$7,209. In 2020, there were \$14,296 in prepaid expenses relating to 2020 expensed in 2019, therefore there is a net overstatement of net income for the period of \$7,087. Closing operating net assets are understated by \$7,209.

Our audit opinion on the financial statements for the year ended March 31, 2020 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.

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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 22, 2020

CHARTERED PROFESSIONAL ACCOUNTANTS

HEALTHY FAMILIES HEALTHY FUTURES SOCIETY
Statement of Financial Position
March 31, 2020

	2020	2019
ASSETS		
CURRENT		
Cash	\$ 107,637	\$ 80,058
Cash restricted for specific projects (<i>Note 4</i>)	4,329	3,188
Term deposits	409,378	504,481
Term deposits restricted for specific projects	20,104	20,130
Funds held in trust (<i>Note 5</i>)	52,836	50,042
Restricted reserve term deposit (<i>Note 6</i>)	13,369	13,067
Accounts receivable	15,333	6,029
Goods and services tax recoverable	2,392	3,578
Security deposit	1,500	1,500
	\$ 626,878	\$ 682,073
LIABILITIES AND NET ASSETS		
CURRENT		
Funds held in trust (<i>Note 5</i>)	\$ 52,836	\$ 50,042
Accounts payable	39,719	47,035
Wages payable	44,318	59,441
Employee deductions payable	9,337	92
Deferred contributions (<i>Note 7</i>)	145,147	234,855
	291,357	391,465
RESTRICTED RESERVE FUND PAYABLE (<i>Note 6</i>)	13,369	13,067
	304,726	404,532
NET ASSETS		
Accumulated surplus	322,152	277,541
	\$ 626,878	\$ 682,073
CONTINGENT LIABILITY (<i>Note 8</i>)		
LEASE COMMITMENTS (<i>Note 9</i>)		

ON BEHALF OF THE BOARD

Director

Director

HEALTHY FAMILIES HEALTHY FUTURES SOCIETY
Statement of Revenues and Expenditures
Year Ended March 31, 2020

	Budget (Unaudited) 2020	2020	2019
REVENUE			
Pembina Gateway funding	\$ 786,637	\$ 787,712	\$ 788,142
Operating - CFS	545,375	538,662	539,832
NWC Alberta FASD Services Network	268,810	263,922	231,041
Health Canada funding	94,722	94,722	94,722
Alberta Health Services	34,696	35,391	35,391
Community Initiatives Program	60,000	60,000	-
Contract Accounting Fees	20,000	20,000	20,250
Workshops and fundraising	-	17,836	7,184
Interest revenue	6,000	13,080	11,495
Donations	-	10,103	3,243
Casino Revenue	40,092	970	13,569
Membership and training grants	400	3,408	7,212
Family & Community Safety Program	-	-	231,673
Alberta Seniors & Housing	-	-	17,239
	<hr/>	<hr/>	<hr/>
	1,856,732	1,845,806	2,000,993
STAFFING EXPENDITURES			
Total staffing	1,029,209	1,007,588	1,049,082
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DIRECT CLIENT EXPENDITURES			
Pembina Gateway (PLCs)	574,074	574,079	573,756
Travel and subsistence	95,592	77,783	105,662
Telephone and communications	14,520	14,091	15,230
Evaluation and monitoring	12,920	10,431	35,940
Staff training - program related	18,320	9,403	15,318
Nutritional supplements	9,620	9,549	11,307
Education and workshop	7,200	5,813	5,824
Barrhead Family and Community Support Services	-	3,100	56,027
Materials and supplies	4,831	2,821	4,286
Program awareness	2,900	2,360	2,666
Family subsidies	500	290	312
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	740,477	709,720	826,328

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HEALTHY FAMILIES HEALTHY FUTURES SOCIETY
Statement of Revenues and Expenditures (*continued*)
Year Ended March 31, 2020

	Budget (Unaudited) 2020	2020	2019
FACILITY EXPENDITURES			
Rental of space	\$ 33,315	\$ 37,402	\$ 36,898
Facility insurance	4,305	4,477	4,068
Building maintenance	1,350	980	1,960
	<hr/>	<hr/>	<hr/>
	38,970	42,859	42,926
 ADMINISTRATIVE EXPENDITURES AND TRANSFERS			
Audit fees	10,000	9,943	9,943
Office materials, supplies and postage	8,550	7,201	9,933
Telephone and communications	5,729	4,757	5,845
Purchase/rental of office equipment	5,134	3,949	6,727
Liability insurance	3,420	3,516	3,287
Fundraising	-	3,144	5,661
Association dues	2,805	2,508	3,831
IT Support	900	2,131	-
Bank charges	1,579	1,537	1,187
Annual General Meeting	1,300	1,124	526
Board expenses	2,000	1,061	2,005
Miscellaneous	-	122	-
Equipment repairs and maintenance	200	35	-
Legal fees	500	-	-
Staff recruitment	150	-	-
	<hr/>	<hr/>	<hr/>
	42,267	41,028	48,945
TOTAL EXPENDITURES	<hr/>	<hr/>	<hr/>
TOTAL EXCESS OF INCOME OVER EXPENDITURES	<hr/>	<hr/>	<hr/>
	\$ 5,809	\$ 44,611	\$ 33,712

HEALTHY FAMILIES HEALTHY FUTURES SOCIETY
Statement of Changes in Net Assets
Year Ended March 31, 2020

	2020	2019
NET ASSETS - BEGINNING OF YEAR	\$ 277,541	\$ 243,829
Excess of revenue over expenditures	<u>44,611</u>	<u>33,712</u>
NET ASSETS - END OF YEAR	\$ 322,152	\$ 277,541

HEALTHY FAMILIES HEALTHY FUTURES SOCIETY
Statement of Cash Flows
Year Ended March 31, 2020

	2020	2019
OPERATING ACTIVITIES		
excess of revenue over facility expenditures	\$ 44,611	\$ 33,712
Changes in non-cash working capital:		
Accounts receivable	(9,304)	(2,660)
Goods and services tax payable	1,186	(172)
Funds held in trust	2,794	(6,759)
Accounts payable	(7,316)	(21,378)
Wages payable	(15,123)	(2,755)
Deferred contributions	(89,708)	44,156
Employee deductions payable	9,245	92
	<u>(108,226)</u>	10,524
Cash flow from (used by) operating activities	<u>(63,615)</u>	44,236
INVESTING ACTIVITY		
Restricted reserve fund payable	<u>302</u>	206
INCREASE (DECREASE) IN CASH FLOW	(63,313)	44,442
CASH - BEGINNING OF YEAR	<u>670,966</u>	626,525
CASH - END OF YEAR	\$ 607,653	\$ 670,967
CASH CONSISTS OF:		
Cash	\$ 107,637	\$ 80,058
Cash restricted for specific projects	4,329	3,188
Term deposits	409,378	504,481
Term deposits restricted for specific projects	20,104	20,130
Funds held in trust	52,836	50,042
Restricted reserve term deposit	13,369	13,067
	<u>\$ 607,653</u>	<u>\$ 670,966</u>

HEALTHY FAMILIES HEALTHY FUTURES SOCIETY
Notes to Financial Statements
Year Ended March 31, 2020

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, 2020

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. Transaction 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, 2020

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, 2020

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, 2020.

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.

	2020	2019
Prevention of Relationship Abuse Action Committee	\$ 52,836	\$ 50,042

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, 2020

7. DEFERRED CONTRIBUTIONS

	2020	2019
Prevention of Relationship Abuse Action Committee (Thrive Program) donations	\$ 30,000	\$ 30,000
Home Visitation grants	29,988	46,198
Casino funds	24,341	23,207
NWC Alberta FASD Services Network grant funding	17,888	34,467
Pembina Gateway Network funding	14,221	15,295
Westlock Parent Link Centre donations and fundraising amounts	14,015	9,886
Thrive Program donations and grants	12,488	13,681
FASD programming donations	2,206	2,121
Community Initiatives Program grant	-	60,000
	\$ 145,147	\$ 234,855

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, 2020, the employees of the Society had banked \$55,743 (2019 - \$84,724) of sick time.

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

9. LEASE COMMITMENTS

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.

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, 2020

10. SUBSEQUENT EVENTS

On March 31, 2020 Pembina Gateway Parent Link Network and all Westlock Parent Link funding ended. Home Visitation and Early Childhood Development contracts also ended at the same date.

Due to a successful granting process, the Society was awarded a grant for Westlock Family Connection (family programming ages 0-18 and parent education). Home Visitation grant funding was also awarded for all areas covered previously with the exception of Sturgeon County (Edmonton region funding) and expanded Home Visitation services to Lac La Biche, Smoky Lake, Vilna and Waskateneau. Through the same process the Society was awarded two hub locations in Westlock and Whitecourt.

The Society's Home Visitation and other Child Services funding will fall under three separate grants covering three Family Resource Network geographic areas. Grant funding awarded was for contracts through to March 31, 2023 with the possibility of three one year extensions.

Healthy Families Healthy Futures was also awarded grant funding to be the hubs for Family Resource Networks in both the Westlock and Whitecourt regions. These hubs will provide a physical space that is the first point of contact direct service, referrals, collection of data, and communications for the Networks. These hubs will be responsible for the collection, roll up, and reporting of Family Resource Network data to the provincial funders.

Effective April 1, 2020 management has been reorganized and the organizational chart updated as a response to the new funding format.

The Society has leased a premises in Westlock commencing June 2020 and terminating March 2023. Base monthly lease payments are \$2,116 plus GST for the duration of the lease. Within the agreement is an option to renew the lease for one year after the lease expires with a renegotiation of the monthly lease amount.

The Society has leased a premises in Whitecourt commencing May 2020 and terminating July 2023. Monthly lease payments are \$949.76 plus GST, with the exclusion of May 2020 and May 2021 in which there is no lease payment required. Within the agreement is an option to renew the lease for an additional thirty six months with a renegotiation of the monthly lease amount.

11. ECONOMIC DEPENDENCE

The Society has had no indication that funding sources confirmed for the 2020-2021 fiscal year will be limited or reduced due to the COVID-19 pandemic.
