

**HEALTHY FAMILIES HEALTHY FUTURES SOCIETY**  
**Financial Statements**  
**Year Ended March 31, 2016**

**HEALTHY FAMILIES HEALTHY FUTURES SOCIETY**  
**Index to Financial Statements**  
**Year Ended March 31, 2016**

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# *Shoemaker, Viney & Friesen*

CHARTERED ACCOUNTANTS

John S. Shoemaker Professional Corporation

Tina J. Viney Professional Corporation



Timothy J. Friesen Professional Corporation

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## INDEPENDENT AUDITOR'S REPORT

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To the Members of Healthy Families Healthy Futures Society

We have audited the accompanying financial statements of Healthy Families Healthy Futures Society, which comprise the statement of financial position as at March 31, 2016 and the statements of revenues and expenditures, changes in net assets and cash flow 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.

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

*(continues)*

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

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 \$13,627, and net income for the period is understated \$2,375. Closing net assets invested in capital assets are understated by \$13,627.

Accounting standards for not-for-profit organizations also requires 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 services is utilized. The Society has expensed \$23,851 of prepaid expenses, resulting in an understatement of prepaid expense assets by \$23,851, and an understatement of net income for the period of \$23,851. Closing operating net assets are understated by \$23,851.

Qualified Opinion

In our opinion, except for the effects of the failure to capitalize and amortize property, plant and equipment and record prepaid expenses as assets as described in the preceding paragraphs, these financial statements present fairly, in all material respects, the financial position of the Healthy Families Healthy Futures Society at March 31, 2016 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.

Westlock, Alberta  
June 20, 2016

CHARTERED ACCOUNTANTS

**HEALTHY FAMILIES HEALTHY FUTURES SOCIETY**  
**Statement of Financial Position**  
**March 31, 2016**

	<b>2016</b>	<b>2015</b> <i>Revised (Note 9)</i>
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	\$ 684,459	\$ 159,833
Cash restricted for specific projects	23,527	1,230
Term deposits	257,710	398,375
Term deposits restricted for specific projects	-	20,104
Funds held in trust (Note 4)	32,852	32,141
Restricted reserve term deposit (Note 5)	12,516	12,404
Accounts receivable	23,401	6,663
Goods and services tax recoverable	5,279	5,272
Security deposit	1,500	1,600
	<b>\$ 1,041,244</b>	<b>\$ 637,622</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT</b>		
Funds held in trust (Note 4)	\$ 32,852	\$ 32,141
Accounts payable	7,052	56,206
Wages payable	67,271	96,605
Deferred contributions (Note 7)	714,043	247,434
	<b>821,218</b>	<b>432,386</b>
RESTRICTED RESERVE FUND PAYABLE (Note 5)	<b>12,516</b>	<b>12,404</b>
	<b>833,734</b>	<b>444,790</b>
<b>NET ASSETS</b>		
Accumulated surplus	<b>207,510</b>	<b>192,832</b>
	<b>\$ 1,041,244</b>	<b>\$ 637,622</b>
<b>LEASE COMMITMENTS (Note 8)</b>		

**ON BEHALF OF THE BOARD**

\_\_\_\_\_ Director

\_\_\_\_\_ Director

**HEALTHY FAMILIES HEALTHY FUTURES SOCIETY**  
**Statement of Revenues and Expenditures**  
**Year Ended March 31, 2016**

	Budget (Unaudited) 2016	2016	2015
<b>REVENUE</b>			
Operating - CFS	\$ 541,137	\$ 541,137	\$ 541,137
Pembina Gateway funding	535,213	549,713	371,213
NWC Alberta FASD Services Network	219,675	220,493	215,074
Family & Community Safety Program	-	114,244	-
Health Canada funding	94,722	94,722	94,722
Membership and training grants	29,170	37,390	11,376
Alberta Health Services	34,078	33,247	34,078
Casino Revenue	43,988	23,280	-
Donations	17,000	20,481	4,644
Contract Accounting Fees	14,000	14,000	14,000
Alberta Seniors & Housing	40,000	13,333	-
Workshops and fundraising	6,400	14,593	11,192
Interest revenue	3,000	5,395	5,709
Safe Communities Innovation Fund	-	-	268,977
Status of Women grant funding	-	-	72,547
	<u>1,578,383</u>	<u>1,682,028</u>	<u>1,644,669</u>
<b>STAFFING EXPENDITURES</b>			
Total staffing	<u>931,050</u>	<u>978,191</u>	<u>1,003,077</u>
-			
<b>DIRECT CLIENT EXPENDITURES</b>			
Pembina Gateway (PLCs)	378,633	360,395	230,375
Travel and subsistence	92,510	109,997	105,860
Materials and supplies	10,730	28,390	7,388
Barrhead Family and Community Support Services	-	21,000	48,760
Staff training - program related	22,560	21,457	28,402
Evaluation and monitoring	13,475	14,338	31,981
Hope Resource Centre	-	-	30,570
Education and workshop	15,250	13,225	10,779
Telephone and communications	10,800	13,166	13,799
Program awareness	1,500	10,759	11,963
Nutritional supplements	12,050	9,533	10,903
Family subsidies	1,750	593	2,065
	<u>559,258</u>	<u>602,853</u>	<u>532,845</u>

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**HEALTHY FAMILIES HEALTHY FUTURES SOCIETY**  
**Statement of Revenues and Expenditures (continued)**  
**Year Ended March 31, 2016**

	Budget (Unaudited) 2016	2016	2015
<b>FACILITY EXPENDITURES</b>			
Rental of space	\$ 36,982	\$ 36,571	\$ 33,039
Building maintenance	6,750	5,785	10,722
Facility insurance	5,400	5,504	5,432
	<u>49,132</u>	<u>47,860</u>	<u>49,193</u>
<b>ADMINISTRATIVE EXPENDITURES AND TRANSFERS</b>			
Office materials, supplies and postage	7,550	10,071	8,865
Purchase/rental of office equipment	6,600	7,449	14,309
Audit fees	6,300	6,800	6,867
Telephone and communications	6,700	6,003	5,248
Board expenses	3,900	2,316	2,052
Annual General Meeting	915	1,420	1,949
Association dues	1,300	1,180	1,625
Liability insurance	1,400	1,100	1,100
Bank charges	1,000	1,314	933
Staff recruitment	950	364	1,330
IT Support	1,550	325	-
Equipment repairs and maintenance	950	77	785
Miscellaneous	550	27	35
Legal fees	1,000	-	878
	<u>40,665</u>	<u>38,446</u>	<u>45,976</u>
<b>TOTAL EXPENDITURES</b>	<u>1,580,105</u>	<u>1,667,353</u>	<u>1,631,091</u>
<b>TOTAL EXCESS OF INCOME OVER EXPENDITURES</b>	<u>\$ (1,722)</u>	<u>\$ 14,678</u>	<u>\$ 13,578</u>

**HEALTHY FAMILIES HEALTHY FUTURES SOCIETY**  
**Statement of Changes in Net Assets**  
**Year Ended March 31, 2016**

	<b>2016</b>	<b>2015</b>
<b>NET ASSETS - BEGINNING OF YEAR</b>	<b>\$ 192,832</b>	<b>\$ 179,254</b>
Excess of revenue over expenditures	<u><b>14,678</b></u>	<u><b>13,578</b></u>
<b>NET ASSETS - END OF YEAR</b>	<u><b>\$ 207,510</b></u>	<u><b>\$ 192,832</b></u>



**HEALTHY FAMILIES HEALTHY FUTURES SOCIETY**  
**Statement of Cash Flow**  
**Year Ended March 31, 2016**

	2016	2015
<b>OPERATING ACTIVITIES</b>		
Excess of revenue over expenditures	\$ 14,678	\$ 13,578
Changes in non-cash working capital:		
Accounts receivable	(16,738)	(2,524)
GST payable (recoverable)	(7)	9
Security deposit	100	-
Funds held in trust	711	8,314
Accounts payable	(49,154)	(70,150)
Wages payable	(29,334)	19,895
Deferred contributions	466,609	(113,943)
	<u>372,187</u>	<u>(158,399)</u>
Cash flow from (used by) operating activities	<u>386,865</u>	<u>(144,821)</u>
<b>INVESTING ACTIVITY</b>		
Increase in Restricted Reserve Fund payable	112	110
<b>INCREASE (DECREASE) IN CASH FLOW</b>	<b>386,977</b>	<b>(144,711)</b>
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>624,087</u>	<u>768,798</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<b>\$ 1,011,064</b>	<b>\$ 624,087</b>
<b>CASH CONSISTS OF:</b>		
Cash	\$ 684,459	\$ 159,833
Cash restricted for specific projects	23,527	1,230
Funds held in trust	32,852	32,141
Term deposits	257,710	398,375
Term deposits restricted for specific projects	-	20,104
Restricted reserve term deposit	12,516	12,404
	<u>\$ 1,011,064</u>	<u>\$ 624,087</u>

**HEALTHY FAMILIES HEALTHY FUTURES SOCIETY**  
**Notes to Financial Statements**  
**March 31, 2016**

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1. DESCRIPTION OF ACTIVITIES

Healthy Families Healthy Futures Society is a registered charity which is exempt from income tax. 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 Whitecourt, Mayerthorpe, Barrhead, Westlock, Athabasca, Morinville, Swan Hills and surrounding areas.

**Early Childhood Development Initiatives**

Provides support for families with children under 6 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 Triple P Parenting Program, Seeds to Sunshine Early Child Development Workshop, 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 community activities.

**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 Westlock, Barrhead, and Athabasca. 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, Swan Hills, Thorhild, Westlock, Whitecourt, and Smoky Lake.

**HEALTHY FAMILIES HEALTHY FUTURES SOCIETY**  
**Notes to Financial Statements**  
**March 31, 2016**

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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.

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**HEALTHY FAMILIES HEALTHY FUTURES SOCIETY**  
**Notes to Financial Statements**  
**March 31, 2016**

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

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, term deposits restricted for specific projects, and the restricted reserve term deposit..

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

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.

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**HEALTHY FAMILIES HEALTHY FUTURES SOCIETY**  
**Notes to Financial Statements**  
**March 31, 2016**

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

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 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. 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 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.

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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, 2016.

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.

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**HEALTHY FAMILIES HEALTHY FUTURES SOCIETY**  
**Notes to Financial Statements**  
**March 31, 2016**

4. FUNDS HELD IN TRUST

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

	<b>2016</b>	<b>2015</b>
Prevention of Relationship Abuse Action Committee	\$ <b>31,829</b>	\$ 31,118
Drug Task Force	<b>1,023</b>	1,023
	<b>\$ 32,852</b>	<b>\$ 32,141</b>

5. 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.

6. EMPLOYEE BENEFITS

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, 2016, the employees of the Society had banked \$84,506 (2015 - \$83,317) of sick time.

7. DEFERRED CONTRIBUTIONS

	<b>2016</b>	<b>2015</b>
Family & Community Safety Program	\$ <b>360,756</b>	\$ -
Pembina Gateway Network funding	<b>263,305</b>	187,606
Alberta Seniors & Housing	<b>26,667</b>	-
Casino funds	<b>23,526</b>	21,181
Donations and registration fees for specified programs	<b>19,708</b>	19,455
Westlock Parent Link Centre	<b>11,157</b>	4,849
Home Visitation grant	<b>5,167</b>	5,167
NWC Alberta FASD Services Network	<b>3,757</b>	9,176
	<b>\$ 714,043</b>	<b>\$ 247,434</b>

**HEALTHY FAMILIES HEALTHY FUTURES SOCIETY**  
**Notes to Financial Statements**  
**March 31, 2016**

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8. 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 commencing September 1, 2014 for office space in Westlock. The rent terms are \$1,981 including GST per month to August 31, 2015, then \$2,022 per month to August 31, 2016, then \$2,083 per month to August 31, 2017.

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.

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9. PRIOR YEAR REVISED STATEMENT OF FINANCIAL POSITION

The prior year statement of financial position has been revised to include funds that were previously recorded as deferred contributions as funds held in trust, with a corresponding equivalent allocation of cash. The details of the funds held in trust are outlined in Note 4.

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