

HEALTHY FAMILIES HEALTHY FUTURES SOCIETY
Financial Statements
Year Ended March 31, 2018

HEALTHY FAMILIES HEALTHY FUTURES SOCIETY
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Year Ended March 31, 2018

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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

We have audited the accompanying financial statements of Healthy Families Healthy Futures Society, which comprise the statement of financial position as at March 31, 2018 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 \$25,047, and net income for the period is understated \$11,364. Closing net assets invested in capital assets are understated by \$25,047.

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 \$20,023 of prepaid expenses, resulting in an understatement of prepaid expense assets by \$20,023. In 2017 there were \$15,688 in prepaid expenses relating to 2018 expensed in 2017, therefore there is an understatement of net income for the period of \$4,335. Closing operating net assets are understated by \$20,023.

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, 2018 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 21, 2018



CHARTERED ACCOUNTANTS

HEALTHY FAMILIES HEALTHY FUTURES SOCIETY
Statement of Financial Position
March 31, 2018

	2018	2017
ASSETS		
CURRENT		
Cash	\$ 187,159	\$ 141,584
Cash restricted for specific projects (Note 4)	15,861	16,026
Term deposits	353,843	352,871
Funds held in trust (Note 5)	56,801	48,335
Restricted reserve term deposit (Note 6)	12,861	12,679
Accounts receivable	3,369	26,183
Goods and services tax recoverable	3,406	3,334
Security deposit	1,500	1,500
	<u>\$ 634,800</u>	<u>\$ 602,512</u>
LIABILITIES AND NET ASSETS		
CURRENT		
Funds held in trust (Note 5)	\$ 56,801	\$ 48,335
Accounts payable	68,414	18,806
Wages payable	62,196	80,169
Deferred contributions (Note 7)	190,699	199,841
	<u>378,110</u>	<u>347,151</u>
RESTRICTED RESERVE FUND PAYABLE (Note 6)	<u>12,861</u>	<u>12,679</u>
	<u>390,971</u>	<u>359,830</u>
NET ASSETS		
Accumulated surplus	<u>243,829</u>	<u>242,682</u>
	<u>\$ 634,800</u>	<u>\$ 602,512</u>
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, 2018

	Budget (Unaudited) 2018	2018	2017
REVENUE			
Pembina Gateway funding	\$ 771,213	\$ 776,308	\$ 763,728
Operating - CFS	541,137	515,203	540,677
NWC Alberta FASD Services Network	218,675	218,675	198,480
Family & Community Safety Program	110,830	112,706	244,057
Health Canada funding	94,722	94,722	94,722
Status of Women grant funding	84,826	84,826	-
Alberta Seniors & Housing	73,334	56,095	53,333
Alberta Health Services	34,300	34,659	34,300
Contract Accounting Fees	15,000	15,000	15,000
Interest revenue	6,000	8,547	9,074
Workshops and fundraising	2,000	7,198	4,020
Casino Revenue	29,582	4,165	7,500
Membership and training grants	4,900	9,063	19,197
Donations	29,500	1,627	30,599
	<u>2,016,019</u>	<u>1,938,794</u>	<u>2,014,687</u>
STAFFING EXPENDITURES			
Total staffing	<u>1,096,046</u>	<u>1,019,101</u>	<u>1,080,431</u>
DIRECT CLIENT EXPENDITURES			
Pembina Gateway (PLCs)	565,329	561,342	546,516
Travel and subsistence	112,287	103,504	115,480
Barrhead Family and Community Support Services	42,000	42,000	42,000
Evaluation and monitoring	27,135	22,396	19,783
Staff training - program related	20,750	16,469	20,063
Telephone and communications	16,248	16,209	16,056
Materials and supplies	8,791	15,986	11,602
Education and workshop	7,879	12,224	8,871
Nutritional supplements	10,232	10,687	8,468
Program awareness	5,310	4,945	11,094
Family subsidies	600	414	413
	<u>816,561</u>	<u>806,176</u>	<u>800,346</u>

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HEALTHY FAMILIES HEALTHY FUTURES SOCIETY
Statement of Revenues and Expenditures (continued)
Year Ended March 31, 2018

	Budget (Unaudited) 2018	2018	2017
FACILITY EXPENDITURES			
Rental of space	\$ 38,400	\$ 37,198	\$ 36,581
Building maintenance	23,350	22,080	6,067
Facility insurance	3,650	3,873	3,688
	<u>65,400</u>	<u>63,151</u>	<u>46,336</u>
ADMINISTRATIVE EXPENDITURES AND TRANSFERS			
Office materials, supplies and postage	11,250	10,719	11,472
Audit fees	7,000	9,943	7,243
Purchase/rental of office equipment	5,500	6,774	8,868
Telephone and communications	5,950	5,853	5,818
Fundraising	2,000	3,981	2,666
Liability insurance	3,100	3,178	3,075
Board expenses	2,350	2,778	3,747
Association dues	1,300	2,209	2,408
Bank charges	1,300	1,466	1,381
Annual General Meeting	1,315	1,313	1,902
Staff recruitment	1,350	480	3,443
IT Support	900	226	266
Miscellaneous	271	181	-
Equipment repairs and maintenance	600	118	113
	<u>44,186</u>	<u>49,219</u>	<u>52,402</u>
TOTAL EXPENDITURES	<u>2,022,193</u>	<u>1,937,647</u>	<u>1,979,515</u>
TOTAL EXCESS OF INCOME OVER EXPENDITURES	<u>\$ (6,174)</u>	<u>\$ 1,147</u>	<u>\$ 35,172</u>

HEALTHY FAMILIES HEALTHY FUTURES SOCIETY
Statement of Changes in Net Assets
Year Ended March 31, 2018

	<u>2018</u>	<u>2017</u>
NET ASSETS - BEGINNING OF YEAR	\$ 242,682	\$ 207,510
Excess of revenue over expenditures	<u>1,147</u>	<u>35,172</u>
NET ASSETS - END OF YEAR	<u>\$ 243,829</u>	<u>\$ 242,682</u>

HEALTHY FAMILIES HEALTHY FUTURES SOCIETY
Statement of Cash Flow
Year Ended March 31, 2018

	2018	2017
OPERATING ACTIVITIES		
Excess of revenue over expenditures	\$ 1,147	\$ 35,172
Changes in non-cash working capital:		
Accounts receivable	22,814	(2,782)
GST payable (recoverable)	(72)	1,945
Funds held in trust	8,466	15,483
Accounts payable	49,608	11,754
Wages payable	(17,973)	12,898
Deferred contributions	(9,142)	(514,202)
	<u>53,701</u>	<u>(474,904)</u>
Cash flow from (used by) operating activities	<u>54,848</u>	<u>(439,732)</u>
INVESTING ACTIVITY		
Increase in Restricted Reserve Fund payable	182	163
INCREASE (DECREASE) IN CASH FLOW	55,030	(439,569)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	571,495	1,011,064
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 626,525	\$ 571,495
CASH CONSISTS OF:		
Cash	\$ 187,159	\$ 141,584
Cash restricted for specific projects	15,861	16,026
Funds held in trust	56,801	48,335
Term deposits	353,843	352,871
Restricted reserve term deposit	12,861	12,679
	<u>\$ 626,525</u>	<u>\$ 571,495</u>

HEALTHY FAMILIES HEALTHY FUTURES SOCIETY
Notes to Financial Statements
March 31, 2018

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 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
March 31, 2018

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
March 31, 2018

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 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.

HEALTHY FAMILIES HEALTHY FUTURES SOCIETY
Notes to Financial Statements
March 31, 2018

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, 2018.

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.

	2018	2017
Prevention of Relationship Abuse Action Committee	\$ 46,711	\$ 42,812
Conex	10,089	5,523
	\$ 56,800	\$ 48,335

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
March 31, 2018

7. DEFERRED CONTRIBUTIONS

	2018	2017
Community Initiatives Program	\$ 60,000	\$ -
Home Visitation grant	30,398	4,543
Alberta Seniors & Housing	17,239	13,334
Casino funds	15,861	16,026
Pembina Gateway Network funding	15,295	13,305
Prevention of Relationship Abuse Action Committee (Thrive Program)	15,000	-
NWC Alberta FASD Services Network	13,825	23,951
Donations and grants for Thrive Program	11,931	826
Westlock Parent Link Centre	7,157	11,157
Family & Community Safety Program	3,993	116,699
	\$ 190,699	\$ 199,841

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, 2018, the employees of the Society had banked \$76,536 (2017 - \$85,934) 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.