

# **Closer to Home Community Services Society**

Financial Statements  
**March 31, 2016**



June 29, 2016

## **Independent Auditor's Report**

### **To the Directors of Closer to Home Community Services Society**

We have audited the accompanying financial statements of Closer to Home Community Services Society (the "Society"), which comprise the balance sheet as at March 31, 2016 and the statements of operations and changes in deficiency of net assets and cash flows for the year then ended, and the related notes including 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 our 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.

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*PricewaterhouseCoopers LLP  
111 5 Avenue SW, Suite 3100, Calgary, Alberta, Canada T2P 5L3  
T: +1 403 509 7500, F: +1 403 781 1825*



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

**Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Society as at March 31, 2016, 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.

*PricewaterhouseCoopers LLP*

**Chartered Professional Accountants**

# Closer to Home Community Services Society

## Balance Sheet

As at March 31, 2016

	2016 \$	2015 \$
<b>Assets</b>		
<b>Current assets</b>		
Cash	59,947	353,407
Short-term investments	303,346	300,000
Accounts receivable	43,795	44,772
Prepaid expenses	47,572	64,474
	<u>454,660</u>	<u>762,653</u>
<b>Asset held for sale</b> (note 4)	217,843	-
<b>Capital assets</b> (note 3)	<u>712,964</u>	<u>954,072</u>
	<u>1,385,467</u>	<u>1,716,725</u>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities (note 12)	279,707	510,962
Deferred revenue	6,008	33,461
Current portion of mortgages payable (note 6)	64,692	62,370
	<u>350,407</u>	<u>606,793</u>
<b>Mortgages payable</b> (note 6)	1,062,771	1,128,194
<b>Deferred capital contributions</b> (note 7)	127,233	121,252
<b>Deferred contributions</b> (note 8)	<u>125,448</u>	<u>68,869</u>
	<u>1,665,859</u>	<u>1,925,108</u>
<b>Deficiency of net assets</b>		
Unrestricted	<u>(280,392)</u>	<u>(208,383)</u>
	<u>1,385,467</u>	<u>1,716,725</u>
<b>Contingencies and commitments</b> (notes 10 and 11)		

### Approved by the Board of Directors

(Signed) "Kate Andrews", Director

(Signed) "Justin Senft", Director

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

**Closer to Home Community Services Society**  
**Statement of Operations and Changes in Deficiency of Net Assets**  
**For the year ended March 31, 2016**

	2016 \$	2015 \$
<b>Revenue</b>		
Contract	4,210,825	4,330,452
Service fees	156,394	380,004
Grants, donations and donations in kind	355,138	260,213
Interest	5,340	4,920
	<u>4,727,697</u>	<u>4,975,589</u>
<b>Program expenses</b>		
Salaries and benefits	3,068,204	3,026,397
Counsellor per diems	426,197	457,654
Individualized supports	3,438	130,561
Service delivery	377,148	353,449
Facility	254,512	255,429
	<u>4,129,499</u>	<u>4,223,490</u>
<b>Administrative expenses</b>		
Salaries and benefits	385,037	428,117
Other administration	122,228	89,496
Vehicle	47,386	57,985
Office	51,061	60,594
	<u>605,712</u>	<u>636,192</u>
<b>Other</b>		
Amortization of capital assets	78,502	90,886
Amortization of deferred capital contributions	(14,007)	(15,606)
Capital campaign expenditures	-	95,096
	<u>64,495</u>	<u>170,376</u>
<b>Total expenses</b>	<u>4,799,706</u>	<u>5,030,058</u>
<b>Deficiency of revenue over expenses</b>	(72,009)	(54,469)
<b>Deficiency of net assets – Beginning of year</b>	<u>(208,383)</u>	<u>(153,914)</u>
<b>Deficiency of net assets – End of year</b>	<u>(280,392)</u>	<u>(208,383)</u>

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

# Closer to Home Community Services Society

## Statement of Cash Flows

For the year ended March 31, 2016

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	2016 \$	2015 \$
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Deficiency of revenue over expenses	(72,009)	(54,469)
Items not affecting cash		
Amortization of capital assets	78,502	90,886
Amortization of deferred capital contributions	(14,007)	(15,606)
	<hr/>	<hr/>
	(7,514)	20,811
Changes in non-cash working capital		
Accounts receivable	977	178,881
Prepaid expenses	16,902	(24,842)
Accounts payable and accrued liabilities	(231,255)	(10,349)
Deferred revenue	(27,453)	-
Deferred contributions	56,579	(112,275)
	<hr/>	<hr/>
	(191,764)	52,226
<b>Investing activities</b>		
Purchase of capital assets	(55,237)	(10,435)
Purchase of short-term investments, net	(3,346)	(300,000)
	<hr/>	<hr/>
	(58,583)	(310,435)
<b>Financing activities</b>		
Deferred capital contributions	19,988	9,988
Repayment of mortgages payable	(63,101)	(60,290)
	<hr/>	<hr/>
	(43,113)	(50,302)
<b>Decrease in cash for the year</b>	(293,460)	(308,511)
<b>Cash – Beginning of year</b>	353,407	661,918
	<hr/>	<hr/>
<b>Cash – End of year</b>	59,947	353,407
	<hr/>	<hr/>
<b>Supplemental information</b>		
Interest paid	36,518	38,298
Interest received	5,340	4,920

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

# Closer to Home Community Services Society

## Notes to Financial Statements

March 31, 2016

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### 1 Purpose of organization

Closer to Home Community Services Society (the “Society”) is a not-for-profit organization incorporated under the Societies Act of the Province of Alberta. The Society is also a registered charity under the Income Tax Act and therefore is not subject to income taxes. The Society provides social services for at-risk children and families, including counselling, support and education. The Society is also registered under the Charitable Fundraising Act of Alberta and has considered all required disclosures under Section 7(2) of the Act in preparing these financial statements.

### 2 Significant accounting policies

#### a) Basis of presentation

The Society prepares its financial statements in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO) as issued by the Canadian Accounting Standards Board.

#### b) Measurement uncertainty

The preparation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosures of contingent assets and liabilities, at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from these estimates, and differences could be material. Significant estimates include the estimated useful lives of capital assets, the collectability of accounts receivable and measurement of accrued liabilities.

#### c) Short-term investments

Short term investments consist of highly liquid guaranteed investment certificates with terms less than one year to maturity, bearing interest at 1.00% per annum.

#### d) Revenue recognition

The 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. Contributions restricted for capital asset expenditures are deferred and recognized as revenue as the related capital assets are amortized. 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.

# Closer to Home Community Services Society

## Notes to Financial Statements

March 31, 2016

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Contract revenue is recorded as contract requirements and obligations are completed. Any amounts received in advance of contractual requirements being met are recorded as deferred revenue. Service fee revenues are recorded when the related services are rendered, collection of any receivable is probable and the amount to be recorded is determinable.

Investment income and rental income are recognized as revenue when earned.

### e) Donated goods and services

Donations in kind are recorded at fair market value only when fair market can be reasonably estimated and when the donated goods and services would normally otherwise be purchased and paid for by the Society. The value of donations in kind recorded during the year was \$18,520 (2015 - \$18,826).

Volunteers contribute their services to assist the Society in carrying out its activities, but because of the difficulty of determining their fair value, contributed services are not recognized in these financial statements.

### f) Capital assets

Capital assets are stated at historical cost less accumulated amortization. Amortization is recorded using a straight-line basis over their estimated useful lives at the following rates:

Buildings	20 years
Motor vehicles	5 years
Computer equipment and software	3 years
Furniture and fixtures	5 years
Leasehold improvements	Over the term of the lease

Asset held for sale is stated at historical cost less amortization up to the date where the asset is determined to be held for sale.

### g) Financial instruments

The Society initially measures financial assets and financial liabilities at their fair value. It subsequently measures its financial assets and financial liabilities at amortized cost. The financial assets subsequently measured at amortized cost include cash, accounts receivable and short-term investments. The financial liabilities measured at amortized cost include accounts payable and accrued liabilities and mortgages payable.



# Closer to Home Community Services Society

## Notes to Financial Statements

March 31, 2016

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### i) Credit risk

The Society does not have a concentration of credit exposure with any one donor or member. The Society does not consider that it is exposed to undue credit risk.

### ii) Liquidity risk

Liquidity risk is the risk that the Society is not able to meet its financial obligations as they become due. The Society is able to sufficiently maintain appropriate levels of liquidity by monitoring operating cash flow requirements, following a detailed program and administrative budget, and by using short-term and long-term borrowings where and when necessary.

### iii) Interest rate risk

The Society is not exposed to significant interest rate risk.

## 3 Capital assets

	<b>2016</b>		
	<b>Cost</b>	<b>Accumulated</b>	<b>Net</b>
	<b>\$</b>	<b>amortization</b>	<b>\$</b>
		<b>\$</b>	
Land	393,795	-	393,795
Buildings	1,083,512	775,764	307,748
Motor vehicles	42,026	42,026	-
Computer equipment	35,932	25,979	9,953
Computer software	40,050	40,050	-
Furniture and fixtures	48,352	46,884	1,468
Leasehold improvements	118,299	118,299	-
	<b>1,761,966</b>	<b>1,049,002</b>	<b>712,964</b>

  

	<b>2015</b>		
	<b>Cost</b>	<b>Accumulated</b>	<b>Net</b>
	<b>\$</b>	<b>amortization</b>	<b>\$</b>
		<b>\$</b>	
Land	473,795	-	473,795
Buildings	1,325,820	863,277	462,543
Motor vehicles	42,026	42,026	-
Computer equipment	32,715	19,631	13,084
Computer software	40,050	40,050	-
Furniture and fixtures	53,104	48,454	4,650
Leasehold improvements	118,299	118,299	-
	<b>2,085,809</b>	<b>1,131,737</b>	<b>954,072</b>

# Closer to Home Community Services Society

## Notes to Financial Statements

March 31, 2016

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### 4 Assets held for sale

			2016	2015
	Cost \$	Accumulated amortization \$	Net \$	Net \$
Land	80,000	-	80,000	-
Buildings	289,080	155,737	133,343	-
Furniture and fixtures	10,000	5,500	4,500	-
	379,080	161,237	217,843	-

During the year, it was determined that the Society no longer needed a property used for programs. As such, the Society is actively seeking a buyer for the property.

### 5 Available demand loan

The Society has a demand revolving line of credit of \$150,000 (2015 – \$150,000) of which \$nil (2015 – \$nil) was drawn as at March 31, 2016. The loan revolves in increments of \$5,000, bears interest at 1.50% over the bank's prime lending rate, payable monthly and is secured by substantially all of the Society's assets. The Society is required to provide an audited financial statement within 3 months of the fiscal year end, monthly company prepared financial statements within 30 days and a monthly debt service ratio calculation. Minimum requirement is 1:1. As at March 31, 2016, the Society did not meet this debt service ratio. Accordingly, the credit facility is not available until such time as this ratio is met.

# Closer to Home Community Services Society

## Notes to Financial Statements

March 31, 2016

### 6 Mortgages payable

	2016 \$	2015 \$
Royal Bank of Canada loan bearing interest at bank prime rate plus 0.25% per annum, repayable in monthly blended payments of \$1,532. The loan matures on April 15, 2019 and is secured by a collateral mortgage covering land and a building with a carrying value of \$198,261.	270,147	280,238
Royal Bank of Canada loan bearing interest at 2.99% per annum, repayable in monthly blended payments of \$1,497. The loan matures on June 12, 2019 and is secured by a collateral mortgage covering land and a building with a carrying value of \$331,787.	148,486	161,822
Royal Bank of Canada loan bearing interest at 3.14% per annum, repayable in monthly blended payments of \$1,726. The loan matures on April 30, 2020 and is secured by a collateral mortgage covering land and a building with a carrying value of \$207,782.	268,846	279,402
Royal Bank of Canada loan bearing interest at 2.99% per annum, repayable in monthly blended payments of \$1,778. The loan matures on June 12, 2019 and is secured by a collateral mortgage covering land and a building with a carrying value of \$132,183.	219,992	234,551
Royal Bank of Canada loan bearing interest at 2.99% per annum, repayable in monthly blended payments of \$1,778. The loan matures on June 12, 2019 and is secured by a collateral mortgage covering land and a building with a carrying value of \$79,135.	219,992	234,551
	<u>1,127,463</u>	<u>1,190,564</u>
Current portion	(64,692)	(62,370)
	<u>1,062,771</u>	<u>1,128,194</u>

Expected principal repayments to the end of loan maturity, due in each of the next four years are as follows:

	\$
2017	64,692
2018	68,608
2019	762,759
2020	231,404
	<u>1,127,463</u>

# Closer to Home Community Services Society

## Notes to Financial Statements

March 31, 2016

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### 7 Deferred capital contributions

	2016 \$	2015 \$
Balance – Beginning of year	121,252	126,870
Contributions received during the year	19,988	9,988
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Amounts recognized as revenue in the year	141,240 (14,007)	136,858 (15,606)
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Balance – End of year	127,233	121,252

### 8 Deferred contribution

	2016 \$	2015 \$
Balance – Beginning of year	68,869	181,144
Contributions received during the year	350,598	98,083
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Amounts recognized as revenue in the year	419,467 (294,019)	279,227 (210,358)
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Balance – End of year	125,448	68,869

Contributions are deferred when a donor restricts the usage of the contribution to a specific purpose. The majority relates to amounts received for programs run by the Society.

### 9 Economic dependence

The Society is economically dependent on the Calgary and Area Child and Family Services Authority. It receives substantially all of its revenue from this source in the form of contracts and fees for services.

### 10 Contingencies

As of March 31, 2016, the Society was subject to one lawsuit. An action was brought against the Society in fiscal 2003 by a former client, who alleges he was left unsupervised by his foster parents who were in the employment of the Society. The plaintiff maintains the actions of the Society have caused him bodily and mental injuries and has thereby suffered loss and damages.

Management has been advised by its solicitors that the outcome of this claim cannot be determined at this time. Nevertheless, management believes they have adequate liability insurance to cover any loss resulting from this action so there will be no material impact on the financial position of the Society. No provision with respect to these claims has been made in the financial statements.

An action was brought against the Society in fiscal 2011 by a former employee for constructive dismissal from her employment. This action was released on October, 22 2015 and a \$10,000 pay out was made by Closer to Home.

# Closer to Home Community Services Society

Notes to Financial Statements

March 31, 2016

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## 11 Commitments

The Society has lease commitments under operating leases for office space, vehicles and office equipment. Future minimum lease payments due until the end of the contracts are as follows:

	\$
2017	123,608
2018	122,850
2019	125,193
2020	107,457

## 12 Government remittances

Government remittances consist of amounts (such as sales taxes and payroll withholding taxes) required to be paid to government authorities and are recognized when the amounts become due. In respect of government remittances, \$39,530 (2015 – \$36,802) is included in accounts payable and accrued liabilities.

# Closer to Home Community Services Society

Service Delivery Expenses

(Schedule 1)

Supplementary Financial Information – For Additional Analysis Only

(Unaudited)

For the year ended March 31, 2016

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	2016	2015
	\$	\$
Materials and supplies	84,541	83,937
Travel and subsistence	71,579	72,607
Food	88,912	71,176
Pagers and cellular phones	53,085	49,614
Recreation	12,518	12,152
Spending money	6,893	8,189
Education conferences and workshops	22,526	22,436
Clothing	14,384	12,233
Family assistance	839	2,876
Personal incidentals	3,459	2,703
Gifts	2,081	1,285
Drugs and medical	2,024	923
Computer supplies	14,307	13,318
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	377,148	353,449

# Closer to Home Community Services Society

Facility Expenses

(Schedule 2)

Supplementary Financial Information – For Additional Analysis Only

(Unaudited)

For the year ended March 31, 2016

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	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Rent*	99,235	105,743
Maintenance and repairs	60,651	47,898
Interest on mortgages payable	36,518	38,298
Utilities	37,873	41,072
Facility supplies	11,383	13,578
Insurance	8,852	8,840
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	254,512	255,429
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\*Includes office space which is used for programs and administration.

# Closer to Home Community Services Society

Other Administration

(Schedule 3)

Supplementary Financial Information – For Additional Analysis Only

(Unaudited)

For the year ended March 31, 2016

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	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Professional fees	30,359	24,329
Staff liability insurance	26,872	26,694
Staff and board travel and expense	13,971	12,558
Consulting	28,681	10,258
Staff training	6,116	6,309
Staff recruitment	5,069	4,571
Legal fees	225	-
Telephone	4,109	3,737
Advertising	6,826	1,040
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	122,228	89,496
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# Closer to Home Community Services Society

Office Expenses

(Schedule 4)

Supplementary Financial Information – For Additional Analysis Only

(Unaudited)

For the year ended March 31, 2016

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	2016	2015
	\$	\$
Office supplies and postage	19,010	21,891
Office equipment lease	12,839	18,724
Bank charges	8,512	9,885
Association dues	11,232	11,687
Bad debts	-	381
Foreign exchange	(532)	(1,974)
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	51,061	60,594
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