

**Closer to Home Community
Services Society**

Financial Statements
March 31, 2018



July 3, 2018

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, 2018 and the statements of operations and changes in 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.

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

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PwC refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.



Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Society as at March 31, 2018, and the results of its operations and changes in net assets 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, 2018

	2018 \$	2017 \$
Assets		
Current assets		
Cash	139,152	137,863
Short-term investments	614,986	603,852
Accounts receivable	95,760	61,290
Prepaid expenses	32,382	55,512
	<u>882,280</u>	<u>858,517</u>
Capital assets (note 3)	<u>635,035</u>	<u>659,708</u>
	<u>1,517,315</u>	<u>1,518,225</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (note 11)	302,908	311,337
Deferred contract revenue	36,466	45,466
Deferred donation contributions (note 7)	81,860	81,411
Current portion of mortgages payable (note 5)	56,649	55,822
	<u>477,883</u>	<u>494,036</u>
Mortgages payable (note 5)	692,595	748,490
Deferred capital contributions (note 6)	<u>193,402</u>	<u>100,193</u>
	1,363,880	1,342,719
Net assets		
Unrestricted	<u>153,435</u>	<u>175,506</u>
	<u>1,517,315</u>	<u>1,518,225</u>
Contingencies and commitments (notes 9 and 10)		

Approved by the Board of Directors



Director



Director

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

Closer to Home Community Services Society

Statement of Operations and Changes in Net Assets

For the year ended March 31, 2018

	2018 \$	2017 \$
Revenue		
Contract	4,229,052	4,115,447
Service fees	285,124	106,590
Grants, donations and donations-in-kind	499,471	516,183
Interest	4,679	5,455
	<hr/>	<hr/>
Total revenue	5,018,326	4,743,675
Program expenses		
Salaries and benefits	3,226,457	3,011,856
Counsellor per diems	411,347	425,550
Service delivery	577,762	416,799
Facility	242,760	231,988
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	4,458,326	4,086,193
Administrative expenses		
Salaries and benefits	367,969	387,974
Other administration	102,364	122,389
Office	59,526	58,717
	<hr/>	<hr/>
	529,859	569,080
Other		
Amortization of capital assets	63,503	61,988
Amortization of deferred capital contributions	(11,291)	(12,540)
Capital campaign revenue	-	(10,000)
Capital campaign expenditures	-	10,000
	<hr/>	<hr/>
	52,212	49,448
Total expenses	<hr/>	<hr/>
	5,040,397	4,704,721
(Deficiency) excess of revenue over expenses	(22,071)	38,954
Gain on sale of capital asset	-	416,944
	<hr/>	<hr/>
(Deficiency) excess of revenue over expenses	(22,071)	455,898
Net assets (liabilities) – Beginning of year	175,506	(280,392)
	<hr/>	<hr/>
Net assets – End of year	153,435	175,506

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, 2018

	2018 \$	2017 \$
Cash provided by (used in)		
Operating activities		
(Deficiency) excess of revenue over expenses	(22,071)	455,898
Adjustments for		
Gain on sale of capital asset	–	(416,942)
Amortization of capital assets	63,503	61,988
Amortization of deferred capital contributions	(11,291)	(12,540)
Capital campaign revenue	–	(10,000)
	<u>30,141</u>	<u>78,404</u>
Changes in non-cash working capital		
Accounts receivable	(34,470)	(17,495)
Prepaid expenses	23,130	(7,940)
Accounts payable and accrued liabilities	(8,429)	31,630
Deferred revenue	(9,000)	39,458
Deferred contributions	449	(44,037)
	<u>1,821</u>	<u>80,020</u>
Investing activities		
(Purchase) proceeds from sale of capital assets	(38,830)	621,553
Purchase of short-term investments, net	(11,134)	(300,506)
	<u>(49,964)</u>	<u>321,047</u>
Financing activities		
Deferred capital contributions	104,500	–
Repayment of mortgages payable	(55,068)	(323,151)
	<u>49,432</u>	<u>(323,151)</u>
Increase in cash for the year	1,289	77,916
Cash – Beginning of year	137,863	59,947
Cash – End of year	139,152	137,863

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

Closer to Home Community Services Society

Notes to Financial Statements

March 31, 2018

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 Summary of 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 greater than 90 days but less than one year to maturity, bearing interest at 0.50% per annum which are measured on a fair value basis.

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.

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.

Closer to Home Community Services Society

Notes to Financial Statements

March 31, 2018

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 \$23,637 (2017 – \$23,536).

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

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.

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 longterm borrowings where and when necessary.

iii) Interest rate risk

The Society is not exposed to significant interest rate risk.

Closer to Home Community Services Society

Notes to Financial Statements

March 31, 2018

3 Capital assets

	2018		
	Cost \$	Accumulated amortization \$	Net \$
Land	393,795	—	393,795
Buildings	1,099,244	885,268	213,976
Computer equipment	58,509	38,948	19,561
Computer software	40,050	40,050	-
Furniture and fixtures	62,056	54,353	7,703
Leasehold improvements	118,299	118,299	-
	<u>1,771,953</u>	<u>1,136,918</u>	<u>635,035</u>

	2017		
	Cost \$	Accumulated amortization \$	Net \$
Land	393,795	—	393,795
Buildings	1,083,512	829,614	253,898
Motor vehicles	42,026	42,026	-
Computer equipment	41,432	32,775	8,657
Computer software	40,050	40,050	-
Furniture and fixtures	56,034	52,676	3,358
Leasehold improvements	118,299	118,299	-
	<u>1,775,148</u>	<u>1,115,440</u>	<u>659,708</u>

4 Available demand loan

The Society has a revolving line of credit of \$50,000 (2017 – \$50,000) of which \$nil (2017 – \$nil) was drawn as at March 31, 2018. The loan revolves in increments of \$5,000, bears interest at 1.50% per annum 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 120 days of the fiscal year end and such other financial and operations statements and reports as and when the bank may reasonably require.

Closer to Home Community Services Society

Notes to Financial Statements

March 31, 2018

5 Mortgages payable

	2018 \$	2017 \$
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 \$168,815 (2017 – \$178,817).	249,558	259,575
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 \$280,845 (2017 – \$297,824)	120,598	134,749
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 \$105,999 (2017 – \$115,527)	189,544	204,994
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 \$52,112 (2017 – \$55,523)	189,544	204,994
	<u>749,244</u>	<u>804,312</u>
Current portion	(56,649)	(55,822)
	<u>692,595</u>	<u>748,490</u>

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

	\$
2019	56,649
2020	59,080
Thereafter	<u>633,515</u>
	<u>749,244</u>

Closer to Home Community Services Society

Notes to Financial Statements

March 31, 2018

6 Deferred capital contributions

	2018 \$	2017 \$
Balance – Beginning of year	100,193	127,233
Contributions received during the year	104,500	–
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Amounts recognized as revenue in the year	204,693	127,233
Amortized to revenue	(11,291)	(22,540)
Related to assets sold	–	(4,500)
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Balance – End of year	193,402	100,193

7 Deferred donation contributions

	2018 \$	2017 \$
Balance – Beginning of year	81,411	125,448
Contributions received during the year	225,439	367,711
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Amounts recognized as revenue in the year	306,850	493,159
	(224,990)	(411,748)
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Balance – End of year	81,860	81,411

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.

8 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.

9 Contingencies

As of March 31, 2018, 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 under contract with the Society. The plaintiff maintains the actions of the Society have caused him bodily and mental injuries and has thereby suffered loss and damages.

The matter remains outstanding, and at this time a reasonable estimate can not be made of the financial impact to the Society. No provision with respect to these claims has been made in the financial statements.

Closer to Home Community Services Society

Notes to Financial Statements

March 31, 2018

10 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:

	\$
2019	232,574
2020	217,415

11 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, \$39,117 (2017 – \$54,305) 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, 2018

	2018	2017
	\$	\$
Fund development initiatives	99,817	87,284
Travel and subsistence	88,560	79,078
Food	76,796	70,541
Family assistance	76,461	796
Vehicle	57,654	51,731
Telecommunications	38,101	35,389
Materials and supplies	37,140	17,753
Education conferences and workshops	27,588	13,446
Clothing	19,990	14,218
Recreation	17,028	10,157
Spending money	11,279	10,349
Client training	8,916	4,666
Computer supplies	8,575	11,826
Personal incidentals	5,389	4,773
Gifts	3,137	2,335
Drugs and medical	1,331	2,457
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	577,762	416,799

Closer to Home Community Services Society

Facility Expenses

(Schedule 2)

Supplementary Financial Information – For Additional Analysis Only

(Unaudited)

For the year ended March 31, 2018

	2018	2017
	\$	\$
Rent*	103,481	101,744
Maintenance and repairs	56,401	47,738
Utilities	37,625	33,398
Interest on mortgages payable	23,943	29,077
Facility supplies	12,887	11,406
Insurance	8,423	8,625
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	242,760	231,988
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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, 2018

	2018	2017
	\$	\$
Professional fees	27,333	28,210
Staff liability insurance	22,226	24,119
Advertising	14,828	18,975
Staff and board travel and expense	13,116	13,351
Staff training	11,656	8,864
Telephone	5,020	3,775
Staff recruitment	3,847	4,866
Legal fees	2,379	378
Consulting	1,959	19,851
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	102,364	122,389

Closer to Home Community Services Society

Office Expenses

(Schedule 4)

Supplementary Financial Information – For Additional Analysis Only

(Unaudited)

For the year ended March 31, 2018

	2018	2017
	\$	\$
Office supplies and postage	18,741	16,972
Office equipment lease	14,486	18,182
Association dues	14,314	13,153
Bank charges	10,042	9,688
Foreign exchange	1,943	722
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	59,526	58,717
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