

Closer to Home Community Services Society

Financial Statements
March 31, 2019



Independent auditor's report

To the Directors of Closer to Home Community Services Society

Our opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Closer to Home Community Services Society (the Society) as at March 31, 2019 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.

What we have audited

The Society's financial statements comprise:

- the balance sheet as at March 31, 2019;
- the statement of operations and changes in net assets for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

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

Independence

We are independent of the Society in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

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.

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



In preparing the financial statements, management is responsible for assessing the Society's ability to continue as a going concern, disclosing, as applicable, matters related 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.



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.

PricewaterhouseCoopers LLP

Chartered Professional Accountants

Calgary, Alberta

June 26, 2019

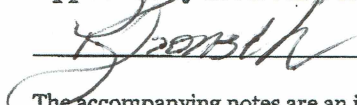
Closer to Home Community Services Society

Balance Sheet

As at March 31, 2019

	2019 \$	2018 \$
Assets		
Current assets		
Cash	319,214	139,152
Short-term investments	579,118	614,986
Accounts receivable	86,334	95,760
Refundable deposit on Bow Trail land (note 12)	50,000	-
Prepaid expenses	51,083	32,382
	<u>1,085,749</u>	<u>882,280</u>
Capital assets (note 3)	<u>613,972</u>	<u>635,035</u>
	<u>1,699,721</u>	<u>1,517,315</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (note 11)	359,855	302,908
Deferred contract revenue	36,466	36,466
Deferred donation contributions (note 7)	251,307	81,860
Current portion of mortgages payable (note 5)	65,214	56,649
	<u>712,842</u>	<u>477,883</u>
Mortgages payable (note 5)	<u>628,971</u>	<u>692,595</u>
Deferred capital contributions (note 6)	<u>195,256</u>	<u>193,402</u>
	<u>1,537,069</u>	<u>1,363,880</u>
Net assets		
Unrestricted	<u>162,652</u>	<u>153,435</u>
	<u>1,699,721</u>	<u>1,517,315</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, 2019

	2019 \$	2018 \$
Revenue		
Contract	4,342,596	4,229,052
Grants, donations and donations in kind	651,389	499,471
Service fees	310,508	285,124
Interest	11,357	4,679
	<u>5,315,850</u>	<u>5,018,326</u>
Program expenses		
Salaries and benefits	3,380,900	3,226,457
Service delivery	624,618	577,762
Counsellor per diems	414,810	411,347
Facility	255,292	242,760
	<u>4,675,620</u>	<u>4,458,326</u>
Administrative expenses		
Salaries and benefits	413,293	367,969
Other administration	124,772	102,364
Office	48,437	59,526
	<u>586,502</u>	<u>529,859</u>
Other		
Amortization of capital assets	59,165	63,503
Amortization of deferred capital contributions	(14,654)	(11,291)
Capital campaign revenue	(22,941)	-
Capital campaign expenditures	22,941	-
	<u>44,511</u>	<u>52,212</u>
	<u>5,306,633</u>	<u>5,040,397</u>
Excess (deficiency) of revenue over expenses	9,217	(22,071)
Net assets – Beginning of year	<u>153,435</u>	<u>175,506</u>
Net assets – End of year	<u>162,652</u>	<u>153,435</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, 2019

	2019 \$	2018 \$
Cash provided by (used in)		
Operating activities		
Excess (deficiency) of revenue over expenses	9,217	(22,071)
Adjustments for		
Amortization of capital assets	59,165	63,503
Amortization of deferred capital contributions	(14,654)	(11,291)
Capital campaign revenue	(22,941)	-
	30,787	30,141
Changes in non-cash working capital		
Accounts receivable	9,426	(34,470)
Prepaid expenses	(18,701)	23,130
Accounts payable and accrued liabilities	56,947	(8,429)
Deferred revenue	-	(9,000)
Deferred contributions	169,447	449
	247,906	1,821
Investing activities		
Purchase of capital assets	(38,103)	(38,830)
Sale (purchase) of short-term investments – net	35,868	(11,134)
Refundable deposit	(50,000)	-
	(52,235)	(49,964)
Financing activities		
Deferred capital contributions	39,450	104,500
Repayment of mortgages payable	(55,059)	(55,068)
	(15,609)	49,432
Increase in cash for the year	180,062	1,289
Cash – Beginning of year	139,152	137,863
Cash – End of year	319,214	139,152

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

Closer to Home Community Services Society

Notes to Financial Statements

March 31, 2019

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 (Canada) 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 (the Act) and has considered all required disclosures under Section 7(2) of the Act in preparing these financial statements.

2 Summary of significant accounting policies

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.

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.

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.

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 is recognized as revenue when earned.

Closer to Home Community Services Society

Notes to Financial Statements

March 31, 2019

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 \$45,631 (2018 – \$23,637).

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.

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
Computer equipment and software	3 years
Furniture and fixtures	5 years
Leasehold improvements	over the term of the lease

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, short-term investments and refundable deposits. 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 long-term 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, 2019

3 Capital assets

	2019		
	Cost \$	Accumulated amortization \$	Net \$
Land	393,795	-	393,795
Buildings	1,133,931	932,878	201,053
Computer equipment	61,923	48,512	13,411
Computer software	40,050	40,050	-
Furniture and fixtures	62,056	56,343	5,713
Leasehold improvements	118,299	118,299	-
	<u>1,810,054</u>	<u>1,196,082</u>	<u>613,972</u>
	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>

4 Available demand loan

The Society has a revolving line of credit of \$50,000 (2018 – \$50,000) of which \$nil (2018 – \$nil) was drawn as at March 31, 2019. 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 request.

Closer to Home Community Services Society

Notes to Financial Statements

March 31, 2019

5 Mortgages payable

	2019 \$	2018 \$
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 \$156,569 (2018 – \$168,815). Subsequent to year-end, the loan was refinanced and will mature in 2023	240,905	249,558
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 \$264,788 (2018 – \$280,845). Subsequent to year-end, the loan was refinanced and will mature in 2023	106,021	120,598
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 \$94,219 (2018 – \$105,999). Subsequent to year-end, the loan was refinanced and will mature in 2023	173,629	189,544
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 \$79,272 (2018 – \$52,112). Subsequent to year-end, the loan was refinanced and will mature in 2023	173,630	189,544
	694,185	749,244
Current portion	(65,214)	(56,649)
	<u>628,971</u>	<u>692,595</u>

Expected principal repayments, considering the terms of the new agreements negotiated subsequent to year-end, due in the next five years and thereafter, are as follows:

	\$
2020	65,214
2021	68,728
2022	72,328
2023	74,777
2024	47,431
Thereafter	365,707

Closer to Home Community Services Society

Notes to Financial Statements

March 31, 2019

6 Deferred capital contributions

	2019 \$	2018 \$
Balance – Beginning of year	193,402	100,193
Contributions received during the year	39,451	104,500
	232,853	204,693
Amounts recognized as revenue in the year Amortized to revenue	(37,597)	(11,291)
Balance – End of year	195,256	193,402

7 Deferred donation contributions

	2019 \$	2018 \$
Balance – Beginning of year	81,860	81,411
Contributions received during the year	518,550	225,439
	600,410	306,850
Amounts recognized as revenue in the year	(349,103)	(224,990)
Balance – End of year	251,307	81,860

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 Ministry of Children's Services. It receives 77% (2018 – 77%) of its revenue from this source in the form of contracts and fees for services.

9 Contingencies

As of March 31, 2019, 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 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.

Closer to Home Community Services Society

Notes to Financial Statements

March 31, 2019

10 Commitments

The Society has lease commitments under an operating leases for office space. Future minimum lease payments due until the end of the contract are as follows:

	\$
Fiscal 2020	104,960
Fiscal 2021	35,260

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, \$34,774 (2018 – \$39,117) is included in accounts payable and accrued liabilities.

12 Subsequent event

Subsequent to year-end, the Society was notified that it was eligible for a secured loan from the Calgary Foundation in the amount of \$2,600,000. The loan is to be used to complete the purchase of the Bow Trail land from the City of Calgary. Both the loan agreement and the purchase agreement for the land are currently under negotiation.

Closer to Home Community Services Society

Service Delivery Expenses

(Schedule 1)

Supplementary Financial Information – For Additional Information Only

(Unaudited)

For the year ended March 31, 2019

	2019 \$	2018 \$
Fund development initiatives	117,149	99,817
Family assistance	110,520	76,461
Travel and subsistence	99,424	88,560
Food	83,241	76,796
Materials and supplies	59,074	37,140
Vehicle	34,272	57,654
Telecommunications	33,142	38,101
Education conferences and workshops	15,389	27,588
Client training	14,603	8,916
Clothing	13,294	19,990
Recreation	13,076	17,028
Spending money	12,309	11,279
Computer supplies	11,054	8,575
Personal incidentals	4,667	5,389
Gifts	1,981	3,137
Drugs and medical	1,423	1,331
	<hr/> 624,618	<hr/> 577,762

Closer to Home Community Services Society

Facility Expenses

(Schedule 2)

Supplementary Financial Information – For Additional Information Only

(Unaudited)

For the year ended March 31, 2019

	2019 \$	2018 \$
Rent*	102,345	103,481
Maintenance and repairs	52,674	56,401
Interest on mortgages payable	23,973	23,943
Utilities	48,083	37,625
Facility supplies	18,931	12,887
Insurance	9,286	8,423
	<u>255,292</u>	<u>242,760</u>

*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 Information Only

(Unaudited)

For the year ended March 31, 2019

	2019 \$	2018 \$
Professional fees	25,748	27,333
Staff and board liability insurance	25,348	22,226
Staff and board travel and expense	22,854	13,116
Advertising	19,302	14,828
Legal fees	17,089	2,379
Staff recruitment	5,079	3,847
Staff training	4,968	11,656
Telephone	3,796	5,020
Consulting	588	1,959
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	124,772	102,364

Closer to Home Community Services Society

Office Expenses

(Schedule 4)

Supplementary Financial Information – For Additional Information Only

(Unaudited)

For the year ended March 31, 2019

	2019 \$	2018 \$
Office supplies and postage	19,529	18,741
IT support and software	12,931	14,486
Bank charges	11,272	10,042
Association dues	4,060	14,314
Foreign exchange	645	1,943
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	48,437	59,526
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