

BOUNDARY FAMILY SERVICES SOCIETY

Financial Statements

Year Ended March 31, 2019

BOUNDARY FAMILY SERVICES SOCIETY

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Year Ended March 31, 2019

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KH BURCH KIENTZ INC.

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INDEPENDENT AUDITOR'S REPORT

To the Members of Boundary Family Services Society

Report on the Financial Statements

Opinion

We have audited the financial statements of Boundary Family Services Society (the Society), which comprise the statement of financial position as at March 31, 2019, and the statements of operations, changes in net assets and cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Society as at March 31, 2019, and the results of its operations and its cash flow for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

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 are independent of the Society in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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.

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

(continues)

Independent Auditor's Report to the Members of Boundary Family Services Society (continued)

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.

Report on Other Legal and Regulatory Requirements

As required by the British Columbia Societies Act, we report that, in our opinion, the accounting principles in Canadian accounting standards for not-for-profit organizations have been applied on a basis consistent with that of the preceding year.

Grand Forks, British Columbia
August 19, 2019

KH Burch Kientz Inc.
CHARTERED PROFESSIONAL ACCOUNTANTS

BOUNDARY FAMILY SERVICES SOCIETY**Statement of Operations****Year Ended March 31, 2019**

	2019	2018
REVENUES <i>(Note 3)</i>		
Program funding and fees for service	\$ 1,174,565	\$ 1,150,825
Grants	287,673	118,029
Transfer from (to) deferred contributions <i>(Schedule 2)</i>	<u>(86,904)</u>	<u>(52,910)</u>
	<u>1,375,334</u>	<u>1,215,944</u>
OTHER INCOME		
Donations	11,651	16,292
Miscellaneous and interest income	3,756	3,735
Sublease of rented facilities	3,000	900
Expense recoveries	<u>1,014</u>	<u>4,656</u>
	<u>19,421</u>	<u>25,583</u>
	<u>1,394,755</u>	<u>1,241,527</u>
EXPENSES		
Advertising and promotion	684	967
Amortization	14,819	17,333
Audit and legal	10,209	9,903
Bank charges	1,608	1,357
Client expenses and development	61,384	53,612
Community donations	3,322	3,112
Insurance	7,810	7,097
Memberships	2,935	2,322
Professional contracts and honoraria	70,969	47,397
Program supplies and resources	26,588	23,265
Rent, maintenance and occupancy costs	52,117	48,778
Staff development	26,550	18,248
Telephone	11,483	14,762
Travel	31,155	35,428
Wages and benefits	<u>1,025,932</u>	<u>942,909</u>
	<u>1,347,565</u>	<u>1,226,490</u>
EXCESS OF REVENUES OVER EXPENSES	<u>\$ 47,190</u>	<u>\$ 15,037</u>

See accompanying notes to financial statements

BOUNDARY FAMILY SERVICES SOCIETY**Statement of Changes in Net Assets****Year Ended March 31, 2019**

	Unrestricted Fund	Internally Restricted Fund (Note 4)	2019	2018
NET ASSETS - BEGINNING OF YEAR	\$ -	\$ 196,861	\$ 196,861	\$ 181,824
EXCESS OF REVENUES OVER EXPENSES	47,190	-	47,190	15,037
Transfer to internally restricted funds	(47,190)	47,190	-	-
NET ASSETS - END OF YEAR	\$ -	\$ 244,051	\$ 244,051	\$ 196,861

BOUNDARY FAMILY SERVICES SOCIETY**Statement of Financial Position****March 31, 2019**

	2019	2018
ASSETS		
CURRENT		
Cash	\$ 599,502	\$ 400,131
Term deposits (Note 5)	375,749	372,316
Accounts receivable	27,114	33,876
Goods and services tax recoverable	5,725	2,910
Prepaid expenses	16,071	4,991
	1,024,161	814,224
TANGIBLE CAPITAL ASSETS (Note 6)	56,584	50,128
	\$ 1,080,745	\$ 864,352
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable	\$ 40,785	\$ 27,137
Wages payable	75,709	74,274
Employee deductions payable	38,579	25,540
Deferred contributions (Schedule 2)	681,621	540,540
	836,694	667,491
NET ASSETS (Note 4)	244,051	196,861
	\$ 1,080,745	\$ 864,352

LEASE COMMITMENTS (Note 7)

ON BEHALF OF THE BOARD_____
Director_____
Director

BOUNDARY FAMILY SERVICES SOCIETY**Statement of Cash Flow****Year Ended March 31, 2019**

	2019	2018
OPERATING ACTIVITIES		
Cash receipts from contributions	\$ 1,538,842	\$ 1,279,926
Cash paid to suppliers and employees	(1,315,704)	(1,201,607)
Interest received	3,756	3,735
Goods and services tax	(2,814)	2,108
	<hr/>	<hr/>
Cash flow from operating activities	224,080	84,162
INVESTING ACTIVITIES		
Purchase of tangible capital assets	(21,276)	(16,362)
Increase in term deposits	(3,433)	(3,733)
	<hr/>	<hr/>
Cash flow used by investing activities	(24,709)	(20,095)
INCREASE IN CASH FLOW		
	199,371	64,067
Cash - beginning of year	400,131	336,064
	<hr/>	<hr/>
CASH - END OF YEAR	\$ 599,502	\$ 400,131

BOUNDARY FAMILY SERVICES SOCIETY

Notes to Financial Statements

Year Ended March 31, 2019

I. PURPOSE OF THE SOCIETY

Boundary Family Services Society (the "Society") is a not-for-profit organization incorporated provincially, November 24, 1976 under the Societies Act of British Columbia. As a registered charity the Society is exempt from the payment of income tax under Section 149(1) of the Income Tax Act.

The Society operates to provide services that promote healthy families and healthy communities in the Boundary area.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPPO).

Revenue recognition

Boundary Family Services Society follows the deferral method of accounting for contributions.

- (a) Program funding, fees for service and grants are recognized as revenues in the year in which related expenditures are incurred. Restricted contributions which are not expended are recorded as deferred contributions.
- (b) Donations received with the purpose restricted by the donor, are recognized as revenue in the year in which the related expenditures are incurred. Unrestricted donations and fundraising are recognized as revenue when received or receivable if the amount can be reasonably estimated and collection is reasonably assured.
- (c) Expense recoveries, sublease, interest and other miscellaneous types of income are recognized as revenue as earned.

Contributed services

The operations of the organization depend on both the contribution of time by volunteers. The fair value of donated services cannot be reasonably determined and are therefore not reflected in these financial statements.

Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and the reported amounts of revenues and expenses during the period, including related disclosures. The main estimates related to the expected useful life of tangible capital assets. Actual results could differ from these estimates.

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BOUNDARY FAMILY SERVICES SOCIETY

Notes to Financial Statements

Year Ended March 31, 2019

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

Tangible capital assets

Tangible capital assets is stated at cost or deemed cost less accumulated amortization. Tangible capital assets is amortized over its estimated useful life on a straight-line basis at the following rates and methods:

Furniture and equipment	5 years
Computer equipment	10 years
Leasehold improvements	10 years

The Society regularly reviews its tangible capital assets to eliminate obsolete items. Tangible capital assets acquired during the year but not placed into use are not amortized until they are placed into use.

Financial instruments policy

Financial assets include cash, term deposits and accounts receivable and are measured at amortized cost as presented on the balance sheet. Financial liabilities include accounts payable and are measured at amortized costs as presented on the balance sheet.

3. REVENUES

The activities of the Society are dependent on the renewal of funding contracts, grants and continued receipt for provision of fees for service with other non-profit organizations. Primary funders are shown below.

	<u>2019</u>	<u>2018</u>
Province of BC	\$ 875,264	\$ 713,777
School District #51	246,116	230,341
Government of Canada	91,258	94,366
Non-profit community services organizations, fees for service	82,546	71,606
United Way/Phoenix Foundation of the Boundary Communities	45,710	105,854
Regional District of Kootenay Boundary	34,440	-
	<u>\$ 1,375,334</u>	<u>\$ 1,215,944</u>

BOUNDARY FAMILY SERVICES SOCIETY

Notes to Financial Statements

Year Ended March 31, 2019

4. INTERNALLY RESTRICTED NET ASSETS

	2019	2018
Administration	\$ 30,501	\$ 16,797
Building Reserve	-	900
Family Centre insurance	5,893	5,893
Information technology	25,834	4,869
Investment in tangible capital assets	56,584	50,127
Legal reserves	33,804	33,004
Personal damage	3,770	3,020
Professional development	15,739	13,189
Society	44,853	48,740
Strategic Barrier Removal	6,689	6,689
Strategic Priority Area	9,176	8,925
Succession planning	11,208	4,708
	<u>\$ 244,051</u>	<u>\$ 196,861</u>

Internally restricted net assets are amounts designated by the Board of Directors for future purposes. These restrictions can be changed by the Board of Directors.

5. TERM DEPOSITS

	2019	2018
Grand Forks Credit Union		
Non-redeemable, interest earned at 1.25%, 18 month term maturing September 28, 2019	\$ 51,539	\$ 50,900
Non-redeemable, interest earned at 1.25%, 2 year term maturing April 29, 2020	161,724	-
Non-redeemable, interest earned at 1.25%, 2 year term maturing August 29, 2020	162,486	-
Matured on April 28, 2018	-	161,525
Matured on April 28, 2018	-	159,891
	<u>\$ 375,749</u>	<u>\$ 372,316</u>

6. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated amortization	2019 Net book value	2018 Net book value
Furniture and equipment	\$ 141,844	\$ 119,341	\$ 22,503	\$ 24,271
Computer equipment	48,021	21,752	26,269	15,717
Leasehold improvements	251,333	243,521	7,812	10,140
	<u>\$ 441,198</u>	<u>\$ 384,614</u>	<u>\$ 56,584</u>	<u>\$ 50,128</u>

BOUNDARY FAMILY SERVICES SOCIETY

Notes to Financial Statements

Year Ended March 31, 2019

7. LEASE COMMITMENTS

The Society has a long term lease with respect to its location at the Glanville Centre, Grand Forks BC until June 30, 2022 in the amount of \$26,800 annually, including heat, electricity, water and sewer. Upon written delivered request to the Landlord at least three month's prior to the expiry of the term, the Landlord may consider renewing the lease on terms and conditions to be negotiated.

8. REMUNERATION

As required by the BC Societies Act, the Society paid the Executive Director total remuneration of salaries and benefits of \$88,670.

9. FINANCIAL INSTRUMENTS

The Society is exposed to various risks through its financial instruments. The following analysis provides information about the Society's risk exposure and concentration as of March 31, 2019.

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 funders and other related sources and accounts payable.

Unless otherwise noted, it is management's opinion that the Society is not exposed to significant other price risks arising from these financial instruments.

BOUNDARY FAMILY SERVICES SOCIETY**Five Year Schedule of Operations***(Schedule I)***Year Ended March 31, 2019**

	2019	2018	2017	2016	2015
REVENUES	\$ 1,375,334	\$ 1,215,944	\$ 1,205,008	\$ 1,164,212	\$ 1,128,782
OTHER INCOME					
Donations	11,651	16,292	17,003	22,109	10,922
Miscellaneous and interest income	3,756	3,735	4,535	5,126	2,929
Sublease of rented facilities	3,000	900	10,151	24,482	23,702
Expense recoveries	1,014	4,656	14,076	1,580	4,244
Gains (losses) on disposal of equipment	-	-	(1,602)	-	(415)
	19,421	25,583	44,163	53,297	41,382
	1,394,755	1,241,527	1,249,171	1,217,509	1,170,164
EXPENSES					
Advertising and promotion	684	967	1,400	5,263	621
Amortization	14,819	17,333	26,115	28,805	29,186
Audit and legal	10,209	9,903	10,071	11,420	10,031
Bank charges	1,608	1,357	700	934	912
Client expenses and development	61,384	53,612	62,310	56,369	49,057
Community donations	3,322	3,112	400	2,450	3,740
Insurance	7,810	7,097	9,675	9,731	8,863
Memberships	2,935	2,322	2,206	980	2,231
Professional contracts and honoraria	70,969	47,397	52,040	63,003	37,427
Program supplies and resources	26,588	23,265	20,113	21,131	19,291
Rent, maintenance and occupancy costs	52,117	48,778	47,908	50,531	51,340
Staff development	26,550	18,248	17,526	23,623	22,306
Telephone	11,483	14,762	10,236	12,735	12,358
Travel	31,155	35,428	39,672	33,365	29,736
Wages and benefits	1,025,932	942,909	958,653	924,919	912,320
	1,347,565	1,226,490	1,259,025	1,245,259	1,189,419
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	\$ 47,190	\$ 15,037	\$ (9,854)	\$ (27,750)	\$ (19,255)

See accompanying notes to financial statements

BOUNDARY FAMILY SERVICES SOCIETY**Schedule of Deferred Contributions****(Schedule 2)****Year Ended March 31, 2019**

	2019	Additions (Expended)	2018
Counselling and support services for children, youth and families	\$ 127,324	\$ 11,944	\$ 115,380
Early years development and capacity building	28,568	759	27,809
Early years services	67,747	3,821	63,926
Family resource centre operations	130,431	17,773	112,658
Flood recovery	6,589	6,589	-
Grants received for the subsequent period	63,862	63,862	-
Integrated services	71,727	(5,405)	77,132
Pregnancy outreach and community action plan for children's services	25,206	8,690	16,516
Services for aboriginal children and families	14,155	535	13,620
Services for children and youth with disabilities	28,645	6,327	22,318
Services for victims and prevention of violence against women and children	31,909	(5,759)	37,668
Services for youth	62,597	31,976	30,621
Tangible capital asset acquisitions and improvements	22,861	(31)	22,892
	\$ 681,621	\$ 141,081	\$ 540,540

Deferred contributions are restricted to purposes determined by the funder or donor, including as follows:

1. Community Futures Boundary
2. Health Canada
3. Donations by individuals
4. Kootenay Boundary Community Services Cooperative
5. Kootenay Family Place
6. Kootenay Kids
7. Province of BC, Community Gaming grant
8. Province of BC, Department of Justice
9. Province of BC, Ministry of Children and Families
10. School District #51
11. United Way / Phoenix Foundation of the Boundary Communities
12. University of Victoria