

MANITOBA FOSTER FAMILY NETWORK INC.

Financial Statements

Year Ended March 31, 2016

INDEPENDENT AUDITOR'S REPORT

To the Members of Manitoba Foster Family Network Inc.

We have audited the accompanying financial statements of Manitoba Foster Family Network Inc., which comprise the statement of financial position as at March 31, 2016 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 Network'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 Network'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.



Basis for Qualified Opinion

In common with many not-for-profit organizations, Manitoba Foster Family Network Inc. derives revenue from fundraising activities the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of Manitoba Foster Family Network Inc. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising revenue, excess of revenues over expenses, and cash flows from operations for the year ended March 31, 2016, current assets and net assets as at March 31, 2016.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Manitoba Foster Family Network Inc. as at March 31, 2016 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.

Winnipeg, Manitoba
May 25, 2016

OnBusiness
Chartered Professional Accountants Inc.



MANITOBA FOSTER FAMILY NETWORK INC.

Statement of Financial Position

March 31, 2016

	2016	2015
ASSETS		
CURRENT		
Cash	\$ 62,691	\$ 79,389
Accounts receivable	21,864	7,180
Prepaid expenses	11,718	14,953
	96,273	101,522
FIXED ASSETS (Note 3)	13,728	16,545
TERM DEPOSITS (Note 4)	51,037	50,658
	\$ 161,038	\$ 168,725
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities	\$ 30,586	\$ 20,816
Deferred revenue	150	3,000
	30,736	23,816
DEFERRED CONTRIBUTIONS RELATED TO FIXED ASSETS (Note 6)	-	47
	30,736	23,863
NET ASSETS		
Program fund	82,258	82,258
Invested in fixed assets	13,728	16,496
Unrestricted	34,316	46,108
	130,302	144,862
	\$ 161,038	\$ 168,725

ON BEHALF OF THE BOARD

 Director
 Director

MANITOBA FOSTER FAMILY NETWORK INC.**Statement of Revenues and Expenditures****Year Ended March 31, 2016**

	2016	2015
REVENUES		
Province of Manitoba - core funding	\$ 558,500	\$ 558,500
Province of Manitoba - other funding	30,550	50,038
Conference and workshop fees	8,375	13,410
Grants and donations	5,468	13,066
Other	2,011	2,031
Fundraising	1,145	1,133
Interest income	379	234
	606,428	638,412
EXPENSES		
Administration committees	6,880	6,826
Amortization	4,140	5,413
Board of directors	36,257	31,531
Direct service programming	88,394	85,637
Office	44,428	48,470
Provincial conference	13,997	20,482
Rent and building maintenance	53,693	56,743
Wages	373,199	378,730
	620,988	633,832
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	\$ (14,560)	\$ 4,580

MANITOBA FOSTER FAMILY NETWORK INC.

Statement of Changes in Net Assets

Year Ended March 31, 2016

	Program Fund	Invested in Fixed Assets	Unrestricted	2016	2015
NET ASSETS -					
BEGINNING OF					
YEAR	\$ 82,258	\$ 16,496	\$ 46,108	\$ 144,862	\$ 140,282
Deficiency of revenues over expenses	-	(4,093)	(10,467)	(14,560)	4,580
Purchase of fixed assets	-	1,325	(1,325)	-	-
NET ASSETS - END OF					
YEAR	\$ 82,258	\$ 13,728	\$ 34,316	\$ 130,302	\$ 144,862

MANITOBA FOSTER FAMILY NETWORK INC.**Statement of Cash Flow****Year Ended March 31, 2016**

	2016	2015
OPERATING ACTIVITIES		
Excess (deficiency) of revenues over expenses	\$ (14,560)	\$ 4,580
Items not affecting cash:		
Amortization	4,140	5,413
Amortization of deferred contributions related to fixed assets	(47)	(38)
	(10,467)	9,955
Changes in non-cash working capital:		
Term deposits	(379)	(234)
Accounts receivable	(14,684)	(2,253)
Prepaid expenses	3,235	(3,568)
Accounts payable and accrued liabilities	9,772	(14,091)
Deferred revenue	(2,850)	2,285
	(4,906)	(17,861)
Cash flow used by operating activities	(15,373)	(7,906)
INVESTING ACTIVITY		
Purchase of fixed assets	(1,325)	-
FINANCING ACTIVITY		
Obligation under capital lease	-	(729)
DECREASE IN CASH FLOW	(16,698)	(8,635)
CASH - BEGINNING OF YEAR	79,389	88,024
CASH - END OF YEAR	\$ 62,691	\$ 79,389

MANITOBA FOSTER FAMILY NETWORK INC.

Notes to Financial Statements

Year Ended March 31, 2016

1. PURPOSE OF THE ORGANIZATION

The objective of the Network is to provide support to Manitoba foster families. The Network is a registered charity and is incorporated under the laws of Manitoba as a not-for-profit organization and is therefore not subject to income taxes.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. The financial statements include the following significant accounting policies:

Financial instruments policy

Measurement of financial instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

Financial instruments measured at amortized cost include term deposits, accounts receivable, accounts payable and accrued liabilities.

It is management's opinion that the Network is not exposed to significant liquidity risks, credit risks or market risks arising from the financial instruments noted.

Measurement uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates include providing for amortization of fixed assets. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

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MANITOBA FOSTER FAMILY NETWORK INC.

Notes to Financial Statements

Year Ended March 31, 2016

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

Fixed assets

Fixed assets are stated at cost or deemed cost less accumulated amortization. The estimated useful lives, residual values and amortization methods are reviewed if events or changes in circumstances indicate the carrying amount may not be recoverable. Fixed assets are amortized over their estimated useful lives on a declining balance basis at the following rates:

Computer equipment	45%
Furniture and equipment	20%

Fixed assets acquired during the year are not amortized until they are placed into use. Fixed assets are amortized at one-half of the normal rate in the year of acquisition.

Leasehold improvements are amortized on a straight line basis over the remaining term of the applicable lease.

Fund accounting

The Restricted fund reports the income allocated to the continued operations of the Network should there be a change in funding.

The Invested in Fixed Assets fund reports the assets, liabilities, revenues, and expenses related to Manitoba Foster Family Network Inc.'s fixed assets.

Revenues and expenses related to program delivery and administrative activities are reported in the Unrestricted fund.

Revenue recognition

Manitoba Foster Family Network Inc. 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.

Province of Manitoba funding and grants are recognized as revenue in the period specified by the grant terms.

Conference and workshop fees, interest income and other income are recognized as revenue when earned.

Donations are recognized into revenue when received. Fundraising income is recognized as revenue when the fundraising activities are held.

MANITOBA FOSTER FAMILY NETWORK INC.

Notes to Financial Statements

Year Ended March 31, 2016

3. FIXED ASSETS

	Cost	Accumulated amortization	2016 Net book value
Computer equipment	\$ 21,013	\$ 18,427	\$ 2,586
Furniture and equipment	23,040	14,618	8,422
Leasehold improvements	4,674	1,954	2,720
	\$ 48,727	\$ 34,999	\$ 13,728

	Cost	Accumulated amortization	2015 Net book value
Computer equipment	\$ 19,689	\$ 16,851	\$ 2,838
Furniture and equipment	23,040	12,513	10,527
Leasehold improvements	4,674	1,494	3,180
	\$ 47,403	\$ 30,858	\$ 16,545

4. TERM DEPOSITS

Term deposits consist of two deposits, earning interest at 0.66%, maturing in March 2017.

5. OPERATING LINE OF CREDIT

The Network has an operating line of credit available to them of \$10,000 (2015 - \$10,000). The operating line of credit is due on demand and bears interest at the bank prime rate plus 1% and is secured by a \$10,000 term deposit. At the balance sheet date, the amount outstanding was nil (2015 - nil).

6. DEFERRED CONTRIBUTIONS RELATED TO FIXED ASSETS

Deferred contributions related to fixed assets represent externally restricted funding received. These amounts are recognized as income as the related assets are amortized.

	2016	2015
Beginning balance	\$ 47	\$ 85
Amortization of deferred contributions related to fixed assets	(47)	(38)
Ending balance	\$ -	\$ 47



MANITOBA FOSTER FAMILY NETWORK INC.

Notes to Financial Statements

Year Ended March 31, 2016

7. ECONOMIC DEPENDENCE

The Network is dependent on the Province of Manitoba for funding which is essential to its continuing operations.

8. LEASE COMMITMENT

The Network leases its office premises under a long term operating lease. The lease commenced January 1, 2012 and expires February 28, 2017, with an option to renew for an additional five years. In addition, the Network leases a copier under a long term operating lease expiring March 1, 2020.

Minimum lease payments (exclusive of occupancy charges) are as follows:

2017	\$ 32,067
2018	9,658
2019	9,658
2020	8,853
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	<u>\$ 60,236</u>