

THE KINSHIP & FOSTER FAMILY NETWORK OF MANITOBA

Financial Statements

Year Ended March 31, 2019

INDEPENDENT AUDITOR'S REPORT

To the Members of The Kinship & Foster Family Network of Manitoba

Qualified Opinion

We have audited the financial statements of The Kinship & Foster Family Network of Manitoba (the Organization), which comprise the statement of financial position as at March 31, 2019, and the statements of revenues and expenditures, 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, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization 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.

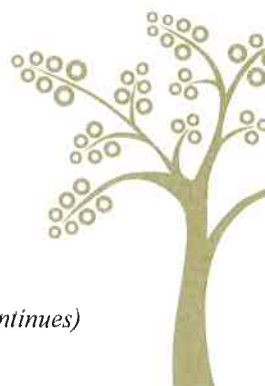
Basis for Qualified Opinion

In common with many not-for-profit organizations, the Organization derives revenue from donations 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 the Organization. Therefore, we were not able to determine whether any adjustments might be necessary to donations revenue, excess of revenues over expenses, and cash flows from operations for the year ended March 31, 2019 and 2018, current assets and net assets as at April 1 and March 31 for both the 2019 and 2018 years. Our audit opinion on the financial statements for the year ended March 31, 2018 was modified accordingly because of the possible effects of this limitation in scope.

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 Organization 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 qualified audit 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.



Independent Auditor's Report to the Members of The Kinship & Foster Family Network of Manitoba *(continued)*

In preparing the financial statements, management is responsible for assessing the Organization'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 Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

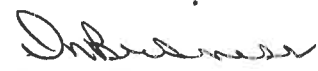
Auditor's Responsibilities for the Audit of the Financial Statements

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 Organization'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 Organization'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 Organization 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.

Winnipeg, Manitoba
June 7, 2019


Chartered Professional Accountants Inc.

THE KINSHIP & FOSTER FAMILY NETWORK OF MANITOBA

Statement of Financial Position

March 31, 2019

| | 2019 | 2018 |
|--|------------|------------|
| ASSETS | | |
| CURRENT | | |
| Cash | \$ 127,778 | \$ 86,336 |
| Term deposits (Note 3) | 54,970 | - |
| Accounts receivable | 36,952 | 38,515 |
| Prepaid expenses | 7,613 | 7,589 |
| | 227,313 | 132,440 |
| TERM DEPOSITS (Note 3) | - | 54,970 |
| FIXED ASSETS (Note 4) | 6,082 | 7,972 |
| | \$ 233,395 | \$ 195,382 |
| LIABILITIES AND NET ASSETS | | |
| CURRENT | | |
| Accounts payable and accrued liabilities | \$ 47,243 | \$ 36,651 |
| NET ASSETS | | |
| Program fund | 82,258 | 82,258 |
| Invested in fixed assets | 6,082 | 7,972 |
| Unrestricted | 97,812 | 68,501 |
| | 186,152 | 158,731 |
| | \$ 233,395 | \$ 195,382 |

ON BEHALF OF THE BOARD

 Director

 Director

THE KINSHIP & FOSTER FAMILY NETWORK OF MANITOBA

Statement of Revenues and Expenditures

Year Ended March 31, 2019

| | 2019 | 2018 |
|---|------------------|------------------|
| REVENUES | | |
| Province of Manitoba - core funding | \$ 558,500 | \$ 558,500 |
| Province of Manitoba - other funding | 56,696 | 60,435 |
| Donation and other income | 241 | 4,312 |
| | 615,437 | 623,247 |
| EXPENSES | | |
| Accommodations | 11,969 | 13,532 |
| Administration | 337 | 3,955 |
| Advertising and promotion | 5,979 | 11,479 |
| Amortization | 1,890 | 2,448 |
| Donations | 100 | 100 |
| Education and courses | 898 | 475 |
| Equipment rentals | - | 250 |
| Facility rental | 2,484 | 3,503 |
| Honorarium | 368 | 520 |
| Insurance | 4,005 | 4,195 |
| Interest and bank charges | 1,757 | 1,627 |
| Meals and entertainment | 14,205 | 15,286 |
| Meeting | - | 1,000 |
| Memberships | 9,781 | 2,119 |
| Office | 46,547 | 40,363 |
| Printing | 7,527 | 9,218 |
| Professional fees | 28,752 | 21,422 |
| Rent | 58,066 | 60,560 |
| Respite | 8,814 | 13,742 |
| Salaries and wages | 366,334 | 377,709 |
| Staff and volunteer appreciation | 432 | 858 |
| Travel | 17,771 | 24,370 |
| | 588,016 | 608,731 |
| EXCESS OF REVENUES OVER EXPENSES | \$ 27,421 | \$ 14,516 |

THE KINSHIP & FOSTER FAMILY NETWORK OF MANITOBA

Statement of Changes in Net Assets

Year Ended March 31, 2019

| | Program Fund | Invested in Fixed Assets | Unrestricted | 2019 | 2018 |
|------------------------------------|--------------|-----------------------------|--------------|-------------------|------------|
| NET ASSETS - | | | | | |
| BEGINNING OF | | | | | |
| YEAR | \$ 82,258 | \$ 7,972 | \$ 68,501 | \$ 158,731 | \$ 144,215 |
| Excess of expenses over revenue | - | (1,890) | 29,311 | 27,421 | 14,516 |
| NET ASSETS - END OF | | | | | |
| YEAR | \$ 82,258 | \$ 6,082 | \$ 97,812 | \$ 186,152 | \$ 158,731 |

THE KINSHIP & FOSTER FAMILY NETWORK OF MANITOBA

Statement of Cash Flow

Year Ended March 31, 2019

| | 2019 | 2018 |
|--|-------------------|------------------|
| OPERATING ACTIVITIES | | |
| Excess of revenues over expenses | \$ 27,421 | \$ 14,516 |
| Item not affecting cash: | | |
| Amortization of fixed assets | 1,890 | 2,448 |
| | 29,311 | 16,964 |
| Changes in non-cash working capital: | | |
| Accounts receivable | 1,563 | 27,473 |
| Prepaid expenses | (24) | 5,500 |
| Accounts payable and accrued liabilities | 10,592 | 5,746 |
| | 12,131 | 38,719 |
| INCREASE IN CASH FLOW | 41,442 | 55,683 |
| CASH - BEGINNING OF YEAR | 86,336 | 30,653 |
| CASH - END OF YEAR | \$ 127,778 | \$ 86,336 |

THE KINSHIP & FOSTER FAMILY NETWORK OF MANITOBA

Notes to Financial Statements

Year Ended March 31, 2019

1. PURPOSE OF THE ORGANIZATION

The objective of The Kinship & Foster Family Network of Manitoba (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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THE KINSHIP & FOSTER FAMILY NETWORK OF MANITOBA

Notes to Financial Statements

Year Ended March 31, 2019

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 Program 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 The Kinship & Foster Family Network of Manitoba's fixed assets.

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

Revenue recognition

The Kinship & Foster Family Network of Manitoba 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.

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

Interest and other income is recognized when earned.

3. TERM DEPOSITS

Term deposits consist of two deposits, earning interest at 0.25%, maturing in March 2020.

THE KINSHIP & FOSTER FAMILY NETWORK OF MANITOBA

Notes to Financial Statements

Year Ended March 31, 2019

4. FIXED ASSETS

| | Cost | Accumulated amortization | 2019 Net book value |
|-------------------------|-----------|-----------------------------|---------------------------|
| Computer equipment | \$ 21,013 | \$ 20,584 | \$ 429 |
| Furniture and equipment | 23,040 | 18,728 | 4,312 |
| Leasehold improvements | 4,674 | 3,333 | 1,341 |
| | \$ 48,727 | \$ 42,645 | \$ 6,082 |

| | Cost | Accumulated amortization | 2018 Net book value |
|-------------------------|-----------|-----------------------------|---------------------------|
| Computer equipment | \$ 21,013 | \$ 20,232 | \$ 781 |
| Furniture and equipment | 23,040 | 17,650 | 5,390 |
| Leasehold improvements | 4,674 | 2,873 | 1,801 |
| | \$ 48,727 | \$ 40,755 | \$ 7,972 |

5. OPERATING LINE OF CREDIT

The Network has an operating line of credit available to them of \$10,000 (2018 - \$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 (2018 - nil).

6. ECONOMIC DEPENDENCE

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

7. LEASE COMMITMENT

The Network leases its office premises under a long term operating lease with the current lease term ending February 2022 and includes 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 to the end of the lease terms (exclusive of occupancy charges) are as follows:

| | |
|------|-----------|
| 2020 | \$ 36,374 |
| 2021 | 27,521 |
| 2022 | 27,521 |

THE KINSHIP & FOSTER FAMILY NETWORK OF MANITOBA

Notes to Financial Statements

Year Ended March 31, 2019

8. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.