

THE KINSHIP & FOSTER FAMILY NETWORK OF MANITOBA

Financial Statements

Year Ended March 31, 2021

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 Network), which comprise the statement of financial position as at March 31, 2021, 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, 2021 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, 2021 and 2020, as well as current assets and net assets as at April 1 and March 31 for both the 2021 and 2020 years. Our audit opinion on the financial statements for the year ended March 31, 2020 was modified accordingly because of the possible effects of this limitation of scope. Our audit opinion on the financial statements for the year ended March 31, 2021 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.

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 3, 2021


Chartered Professional Accountants Inc.

THE KINSHIP & FOSTER FAMILY NETWORK OF MANITOBA
Statement of Financial Position
March 31, 2021

	2021	2020
ASSETS		
CURRENT		
Cash	\$ 134,342	\$ 166,911
Term deposits <i>(Note 3)</i>	15,000	15,000
Accounts receivable	52,890	30,746
Prepaid expenses	12,371	7,156
	214,603	219,813
FIXED ASSETS <i>(Note 4)</i>	11,401	4,565
	\$ 226,004	\$ 224,378
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities	\$ 36,504	\$ 36,934
NET ASSETS		
Program fund	120,588	120,588
Invested in fixed assets	11,401	4,565
Unrestricted	57,511	62,291
	189,500	187,444
	\$ 226,004	\$ 224,378

ON BEHALF OF THE BOARD

Sean Kiely Director
Mark Brady Director

THE KINSHIP & FOSTER FAMILY NETWORK OF MANITOBA
Statement of Revenues and Expenditures
Year Ended March 31, 2021

	2021	2020
REVENUES		
Province of Manitoba - core funding	\$ 558,500	\$ 558,500
Province of Manitoba - other funding	40,365	51,058
Donation and other income	1,012	5,700
	599,877	615,258
EXPENSES		
Accommodations	-	5,988
Administration	613	98
Advertising and promotion	-	643
Amortization	3,607	1,516
Donations	500	-
Education and courses	757	1,171
Equipment rentals	-	250
Facility rental	-	1,710
Honorarium	-	297
Insurance	3,617	3,853
Interest and bank charges	2,065	2,955
Meals and entertainment	268	10,492
Meeting	661	799
Memberships	375	3,542
Office	46,191	62,281
Printing	5,659	7,653
Professional fees	30,018	29,125
Rent	48,121	54,530
Respite	3,159	5,992
Salaries and wages	448,390	402,417
Staff and volunteer appreciation	3,239	2,485
Travel	581	16,170
	597,821	613,967
EXCESS OF REVENUES OVER EXPENSES	\$ 2,056	\$ 1,291

THE KINSHIP & FOSTER FAMILY NETWORK OF MANITOBA

Statement of Changes in Net Assets

Year Ended March 31, 2021

	Program Fund	Invested in Fixed Assets	Unrestricted	2021	2020
NET ASSETS - BEGINNING OF YEAR	\$ 120,588	\$ 4,565	\$ 62,291	\$ 187,444	\$ 186,153
Excess of expenses over revenue	-	(3,607)	5,663	2,056	1,291
Purchase of fixed assets	-	10,443	(10,443)	-	-
NET ASSETS - END OF YEAR	\$ 120,588	\$ 11,401	\$ 57,511	\$ 189,500	\$ 187,444

THE KINSHIP & FOSTER FAMILY NETWORK OF MANITOBA**Statement of Cash Flow****Year Ended March 31, 2021**

	2021	2020
OPERATING ACTIVITIES		
Excess of revenues over expenses	\$ 2,056	\$ 1,291
Item not affecting cash:		
Amortization of fixed assets	3,607	1,517
	5,663	2,808
Changes in non-cash working capital:		
Accounts receivable	(22,144)	6,206
Prepaid expenses	(5,215)	457
Accounts payable and accrued liabilities	(430)	(10,308)
	(27,789)	(3,645)
Cash flow used by operating activities	(22,126)	(837)
INVESTING ACTIVITIES		
Purchase of fixed assets	(10,443)	-
Term deposits	-	39,970
Cash flow from (used by) investing activities	(10,443)	39,970
INCREASE (DECREASE) IN CASH FLOW	(32,569)	39,133
CASH - BEGINNING OF YEAR	166,911	127,778
CASH - END OF YEAR	\$ 134,342	\$ 166,911

THE KINSHIP & FOSTER FAMILY NETWORK OF MANITOBA

Notes to Financial Statements

Year Ended March 31, 2021

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.

(continues)

THE KINSHIP & FOSTER FAMILY NETWORK OF MANITOBA

Notes to Financial Statements

Year Ended March 31, 2021

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 excess income from Provincial funding in the prior years for reporting purposes, that has been designated for future support to the Foster Family Network of Manitoba.

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 one deposit, earning interest at 2.45%, maturing in May 2021.

THE KINSHIP & FOSTER FAMILY NETWORK OF MANITOBA

Notes to Financial Statements

Year Ended March 31, 2021

4. FIXED ASSETS

	Cost	Accumulated amortization	2021 Net book value
Computer equipment	\$ 31,456	\$ 23,236	\$ 8,220
Furniture and equipment	23,040	20,280	2,760
Leasehold improvements	4,674	4,253	421
	\$ 59,170	\$ 47,769	\$ 11,401

	Cost	Accumulated amortization	2020 Net book value
Computer equipment	\$ 21,013	\$ 20,778	\$ 235
Furniture and equipment	23,040	19,591	3,449
Leasehold improvements	4,674	3,793	881
	\$ 48,727	\$ 44,162	\$ 4,565

5. ECONOMIC DEPENDENCE

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

6. 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 December 1, 2024.

Minimum lease payments to the end of the lease terms (exclusive of occupancy charges) are as follows:

2022	\$ 33,130
2023	5,609
2024	5,609
2025	5,609

THE KINSHIP & FOSTER FAMILY NETWORK OF MANITOBA

Notes to Financial Statements

Year Ended March 31, 2021

7. COVID-19

During the fiscal year the COVID-19 virus was present in Manitoba causing the province to take actions that impacted the Network. The staff of the organization were able to continue their work using virtual platforms rather than physically seeing their clients which resulted in some large one-time costs. The Network continued to receive their funding during the year but was limited in the expenses that could be reimbursed from the Province resulting in both a reduction in revenue and expenses. The Network did not apply for any funding other than what they would normally receive from the Province. There is no indication that COVID-19 will impact the Network's future operations in a material manner.