

Financial Statements of

**KUNUWANIMANO CHILD  
AND FAMILY SERVICES**

Year ended March 31, 2018



KPMG LLP  
Claridge Executive Centre  
144 Pine Street  
Sudbury Ontario P3C 1X3  
Canada  
Telephone (705) 675-8500  
Fax (705) 675-7586

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of the Kuuwanimano Child and Family Services

We have audited the accompanying financial statements of Kuuwanimano Child and Family Services, which comprise the statement of financial position as at March 31, 2018, the statements of operations, changes in net assets (deficiency) and cash flows for the year then ended, and notes, comprising 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 public sector accounting standards, 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.

### *Auditors' 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 our 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, we consider internal control relevant to the entity'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 entity'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 audit opinion.



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*Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Kuuwanimano Child and Family Services as at March 31, 2018, and its results of operations and its cash flows for the year then ended, in accordance with Canadian public sector accounting standards.

*Other Matters*

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information included in the Schedules is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*KPMG LLP*

Chartered Professional Accountants, Licensed Public Accountants

Sudbury, Canada  
October 15, 2018

# KUNUWANIMANO CHILD AND FAMILY SERVICES

## Statement of Financial Position

March 31, 2018, with comparative information for 2017

	2018	2017
<b>Assets</b>		
Current assets:		
Cash and short-term deposits (note 2)	\$ 836,174	\$ 1,142,273
Accounts receivable (note 3)	993,934	445,187
Prepaid expenses and deposits	34,910	47,976
	<u>1,865,018</u>	<u>1,635,436</u>
Capital assets (note 5)	843,714	744,495
	<u>\$ 2,708,732</u>	<u>\$ 2,379,931</u>

## Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities (note 9)	\$ 1,383,314	\$ 1,073,090
Vacation and banked overtime	270,464	225,321
Due to Ministry of Children and Youth Services (note 4)	81,557	274,983
Deferred revenue	288,847	176,063
	<u>2,024,182</u>	<u>1,749,457</u>
Net assets	684,550	630,474
Commitments (note 7)		
Contingent liabilities (note 11)		
	<u>\$ 2,708,732</u>	<u>\$ 2,379,931</u>

See accompanying notes to financial statements.

On behalf of the Board:

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Director

# KUNUWANIMANO CHILD AND FAMILY SERVICES

## Statement of Operations

Year ended March 31, 2018, with comparative information for 2017

	2018			2017
	Operations	Capital	Total	Total
<b>Revenue:</b>				
Ministry of Children and Youth Services (note 8)	\$ 12,382,469	-	12,382,469	\$ 10,017,823
Children's special allowance	591,225	-	591,225	366,712
Child and Family Services Agencies	193,135	-	193,135	127,355
Association of Native Child and Family Service Agencies of Ontario	100,000	-	100,000	-
Ontario Child Benefit Equivalent	61,736	-	61,736	8,699
Other income	12,769	-	12,769	4,623
	13,341,334	-	13,341,334	10,525,212
<b>Expenses:</b>				
Salaries and benefits	7,087,026	-	7,087,026	5,945,622
Boarding rate payment	2,925,398	-	2,925,398	1,931,408
Travel	696,083	-	696,083	622,241
Client personal needs	466,381	-	466,381	233,186
Building occupancy	460,365	-	460,365	370,446
Office and general	282,594	-	282,594	247,854
Professional fees - Client	262,493	-	262,493	288,267
Technology	241,658	-	241,658	192,308
Program costs	164,927	-	164,927	99,803
Professional fees - Non-client	147,928	-	147,928	185,969
Training and recruitment	83,515	-	83,515	58,907
Health and related	79,574	-	79,574	61,822
Insurance	46,463	-	46,463	43,778
Promotion and publicity	40,626	-	40,626	97,771
Membership and miscellaneous	28,711	-	28,711	19,775
Financial assistance	24,984	-	24,984	4,038
Amortization of capital assets	-	248,532	248,532	191,514
	13,038,726	248,532	13,287,258	10,594,709
<b>Excess (deficiency) of revenue over expenses</b>	<b>\$ 302,608</b>	<b>(248,532)</b>	<b>54,076</b>	<b>\$ (69,497)</b>

See accompanying notes to financial statements.

# KUNUWANIMANO CHILD AND FAMILY SERVICES

## Statement of Changes in Net Assets (Deficiency)

Year ended March 31, 2018, with comparative information for 2017

	March 31, 2018				
	Operating	Unrestricted		Capital	Total
		Employment related	Total Unrestricted		
Net assets (deficiency), beginning of year	\$ 111,300	(225,321)	(114,021)	744,495	630,474
Excess (deficiency) of revenue over expenses	347,751	(45,143)	302,608	(248,532)	54,076
Net change in investment in capital assets	(347,751)	-	(347,751)	347,751	-
<b>Net assets (deficiency), end of year</b>	<b>\$ 111,300</b>	<b>(270,464)</b>	<b>(159,164)</b>	<b>843,714</b>	<b>684,550</b>

	March 31, 2017				
	Operating	Unrestricted		Capital	Total
		Employment related	Total Unrestricted		
Net assets (deficiency), beginning of year	\$ 111,300	(211,553)	(100,253)	800,224	699,971
Excess (deficiency) of revenue over expenses	135,785	(13,768)	122,017	(191,514)	(69,497)
Net change in investment in capital assets	(135,785)	-	(135,785)	135,785	-
<b>Net assets (deficiency), end of year</b>	<b>\$ 111,300</b>	<b>(225,321)</b>	<b>(114,021)</b>	<b>744,495</b>	<b>630,474</b>

See accompanying notes to financial statements.

# KUNUWANIMANO CHILD AND FAMILY SERVICES

## Statement of Cash Flows

Year ended March 31, 2018, with comparative information for 2017

	2018	2017
Cash flows from operating activities:		
Excess (deficiency) of revenue over expenses	\$ 54,076	\$ (69,497)
Adjustment for:		
Amortization of capital assets	248,532	191,514
	302,608	122,017
Change in non-cash working capital:		
Increase in accounts receivable	(548,747)	(313,627)
Decrease (increase) in prepaid expenses and deposits	13,066	(11,241)
Increase in accounts payable and accrued liabilities	310,224	333,541
Increase in vacation and banked overtime	45,143	13,768
Increase in deferred revenue	112,784	110,447
Decrease in due to Ministry of Children and Youth Services	(193,426)	(237,870)
	41,652	17,035
Cash flows from capital activities:		
Capital asset additions	(347,751)	(135,785)
Decrease in cash	(306,099)	(118,750)
Cash and short-term deposits, beginning of year	1,142,273	1,261,023
Cash and short-term deposits, end of year	\$ 836,174	\$ 1,142,273

See accompanying notes to financial statements.

# KUNUWANIMANO CHILD AND FAMILY SERVICES

Notes to Financial Statements

Year ended March 31, 2018

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Kunuwanimano Child and Family Services (the "Organization") is incorporated as a non-profit entity without share capital. The Organization administers funds and performs services as contracted with various funding bodies pursuant to the terms and conditions of the applicable contribution agreements.

## 1. Significant accounting policies:

### (a) Basis of presentation:

The financial statements have been prepared by management in accordance with Canadian public sector accounting standards including the 4200 standards for government not-for-profit organizations. A statement of remeasurement gains and losses has not been included as there are no matters to report therein.

### (b) Revenue recognition:

The Organization accounts for contributions, which include donations and government grants, under the deferral method of accounting as follows:

- Operating grants are recorded as revenue in the period to which they relate.
- Grants and donations relating to future periods are deferred and recognized in the subsequent period when the related activity occurs.
- Grants approved but not received are accrued.
- Unrestricted contributions are recognized as revenue when received or receivable if the amounts can be reasonably estimated and collection is reasonably assured.
- Externally restricted contributions are recognized as revenue in the period in which the related expenses are recognized.
- Contributions restricted for the purchase of capital assets are deferred and amortized into revenue at rates corresponding to those of the related capital assets.

### (c) Capital assets:

Capital assets are recorded at cost less accumulated amortization. Amortization is provided on a straight-line basis to amortize the assets over their estimated useful lives as follows:

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Asset	Useful Life - Years
Furniture and equipment	5 to 10 years
Computers	5 years
Leasehold improvements	5 years
Vehicles	5 years

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# KUNUWANIMANO CHILD AND FAMILY SERVICES

Notes to Financial Statements

Year ended March 31, 2018

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## 1. Significant accounting policies (continued):

### (d) Pension plan:

The Organization provides a pension plan for all its full-time employees through the Ontario Municipal Employees Retirement System (OMERS). OMERS is a multi-employer pension plan which operates as the Ontario Municipal Employees Retirement Fund (the Fund), and provides pension for employees of Ontario municipalities, local boards and public utilities. The Fund is a contributory defined pension plan, which is financed by equal contributions from participating employers and employees, and by the investment earnings of the Fund. To the extent that the Fund finds itself in an under-funded position, additional contribution rates may be assessed to participating employers and members.

OMERS is a defined benefit plan. However, as OMERS does not segregate its pension asset and liability information by individual employers, there is insufficient information available to enable the Organization to directly account for the plan. Consequently, the plan has been accounted for as a defined contribution plan. Obligations for contributions to defined contributions pension plans are recognized as an employee benefits expense in net income when they are due.

### (e) Vacation and banked overtime:

Vacation and banked overtime are accrued for as entitlements are earned.

### (f) Deferred capital contributions:

Externally restricted contributions for depreciable capital assets are deferred and amortized over the life of the related capital asset. Unexpended and unamortized capital asset contributions are recorded as deferred capital contributions on the statement of financial position.

### (g) Funding settlements:

The Organization receives the majority of its funding from the Ministry of Children and Youth Services. The operations of the Organization are therefore subject to audit by the Ministry with possible audit adjustments repayable to the Ministry.

Any adjustments required as a result of these audits will be made in the current year by adjusting revenue.

# KUNUWANIMANO CHILD AND FAMILY SERVICES

Notes to Financial Statements

Year ended March 31, 2018

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## 1. Significant accounting policies (continued):

### (h) Financial instruments:

All financial instruments are initially recorded on the statement of financial position at fair value.

All investments held in equity instruments that trade in an active market would be recorded at fair value. Management has elected to record investments at fair value as they are managed and evaluated on a fair value basis.

Unrealized changes in fair value would be recognized in the statement of remeasurement gains and losses until they are realized, when they would be transferred to the statement of operations.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred.

Where a decline in fair value is determined to be other than temporary, the amount of the loss is removed from accumulated remeasurement gains and losses and recognized in the statement of operations. On sale, the amount held in accumulated remeasurement gains and losses associated with that instrument is removed from net assets and recognized in the statement of operations.

Financial instruments are classified into fair value hierarchy Levels 1, 2 or 3 for the purposes of describing the basis of the inputs used to determine the fair market value of those amounts recorded a fair value, as described below:

Level 1	Fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2	Fair value measurements are those derived market-based inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly
Level 3	Fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data

The Organization has selected to account for transactions at the trade date.

### (i) Use of estimates:

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting periods. Actual results could differ from those estimates. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the year in which they become known.

# KUNUWANIMANO CHILD AND FAMILY SERVICES

Notes to Financial Statements

Year ended March 31, 2018

## 2. Short-term deposits:

The term deposits consist of cashable guaranteed investment certificates bearing interest at the rate of 0.375 percent and maturing in December 2018. The balance of the guaranteed investment certificate is \$200,000. (2017- \$600,000).

## 3. Accounts receivable:

	2018	2017
Ministry of Children and Youth Services	\$ 817,184	\$ 311,226
HST	156,427	103,440
Other	20,323	30,521
	<u>\$ 993,934</u>	<u>\$ 445,187</u>

## 4. Due to Ministry of Children and Youth Services:

The amounts due to the Ministry of Children and Youth Services are comprised of:

	2018	2017
2011 - Foster	\$ -	\$ 15,372
2012 - Capacity	-	18,527
2012 - Foster	-	19,033
2013 - Foster	-	134,785
2014 - Foster	-	12,424
2015 - Capacity	-	8,156
2015 - Prevention	-	8,668
2016 - Child Welfare	46,728	46,728
2017 - Prevention	11,290	11,290
2018 - Re-Integration	23,539	-
	<u>\$ 81,557</u>	<u>\$ 274,983</u>

# KUNUWANIMANO CHILD AND FAMILY SERVICES

Notes to Financial Statements

Year ended March 31, 2018

## 5. Capital assets:

2018	Cost	Accumulated Amortization	Net book value
Vehicles	\$ 293,956	126,350	167,606
Furniture and equipment	618,790	221,114	397,676
Computers	410,031	236,372	173,659
Leasehold improvements	300,960	196,187	104,773
	\$ 1,623,737	780,023	843,714

2017	Cost	Accumulated Amortization	Net book value
Vehicles	\$ 96,512	67,559	28,953
Furniture and equipment	575,652	159,235	416,417
Computers	302,862	163,805	139,057
Leasehold improvements	300,960	140,892	160,068
	\$ 1,275,986	531,491	744,495

## 6. Demand line of credit:

The Organization has an approved credit facility of up to \$225,000 (2017 - \$225,000) bearing interest at the bank prime lending rate plus 1.25%, secured by a general security agreement. The balance on the demand line of credit at fiscal year-end is \$Nil. (2017 - \$Nil).

## 7. Commitments:

Lease and service agreements:

The Organization has entered into various lease and service agreements. Minimum payments (including taxes excluding tax rebates) for the remainder period of the lease agreements is as follows:

2019	\$ 303,845
2020	267,138
2021	108,406
2022	-
2023	-

# KUNUWANIMANO CHILD AND FAMILY SERVICES

Notes to Financial Statements

Year ended March 31, 2018

## 8. Ministry of Children and Youth Services:

	2018	2017
Funding per agreement:		
Child Welfare:	\$ 11,338,985	\$ 9,204,800
Prevention	1,321,468	1,321,468
Re-integration	70,500	74,000
Aboriginal health and wellness	8,000	7,013
Education liaison	20,400	—
Partner facility	—	35,200
Funding recovery:		
Child Welfare	(353,345)	(613,368)
Prevention	—	(11,290)
Re-integration	(23,539)	—
	\$ 12,382,469	\$ 10,017,823

## 9. Accounts payable and accrued liabilities:

The Organization receives Universal Child Care Benefit (UCCB) payments from the Canadian Revenue Agency on behalf of children in their care. Per direction from the Ministry of Children and Youth Services, the UCCB funds are used to establish Registered Education Savings Plans (RESPs) on behalf of these children. During the current year, the Organization received payments in the amount of \$170,860 (2017 - \$121,669) from the Canada Revenue Agency. As at March 31, 2018, the Organization has an amount of \$264,848 (2017 - \$216,349) to be deposited to the individuals RESPs which is included as accounts payable and accrued liabilities.

## 10. Pension plan contributions:

The Organization provides a pension plan for its employees through Great West Life. The plan is a multi-employer, contributory defined pension plan with equal contributions by employer and its employees (excludes additional voluntary contributions made by members). In 2018, the Organization made employer contributions of \$194,164 (2017 - \$186,817).

The Organization provides an additional pension plan for some of its employees through OMERS. The plan is a multi-employer, contributory defined pension plan with equal contributions by the employer and its employees. In 2018, the Organization made employer contributions of \$237,812 (2017 - \$Nil)

## 11. Contingent liabilities:

The Organization is involved in certain legal matters and litigation, the outcome of which is not presently determinable. The loss, if any, from these contingencies will be accounted for in the period in which the matter is resolved.

# KUNUWANIMANO CHILD AND FAMILY SERVICES

Notes to Financial Statements

Year ended March 31, 2018

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## 12. Financial risks:

(a) Credit:

The Organization has no significant exposure to credit or market risks.

(b) Liquidity risk:

Liquidity risk is the risk that the Organization will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Organization manages its liquidity risk by monitoring its operating requirements. The Organization prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations. There has been no change to the risk exposures from 2017.

# KUNUWANIMANO CHILD AND FAMILY SERVICES

Schedule of Operations by Program

Year ended March 31, 2018

	Child Welfare	Prevention	Re-Integration	Ontario Child Benefit Equivalent	Education Liaison	Mental Health	Cultural	2018
<b>Revenue:</b>								
Ministry of Children and Youth Services	\$ 11,336,985	1,321,468	70,500	-	20,400	8,000	-	12,759,363
Children's special allowance	591,225	-	-	-	-	-	-	591,225
Child and Family Services Agencies	193,135	-	-	-	-	-	-	193,135
Association of Native Child and Family Service Agencies of Ontario	-	-	-	-	-	-	100,000	100,000
Ontario Child Benefit Equivalent	-	-	-	61,736	-	-	-	61,736
Other income	12,769	-	-	-	-	-	-	12,769
	12,136,114	1,321,468	70,500	61,736	20,400	8,000	100,000	13,718,218
<b>Expenses:</b>								
Salaries and wages	5,205,791	528,510	22,638	-	-	-	-	5,756,939
Benefits	1,192,798	128,519	8,770	-	-	-	-	1,330,087
Travel	634,401	98,028	1,596	-	-	2,058	-	696,083
Training and recruitment	48,529	3,676	-	-	-	5,408	25,902	83,515
External legal service costs	248,990	-	-	-	-	-	-	248,990
Program expense	4,248	155,069	-	-	1,360	534	3,726	164,927
Professional services - client	12,503	-	-	-	-	-	-	12,503
Client personal needs	404,645	-	-	61,736	-	-	-	466,381
Financial assistance	24,984	-	-	-	-	-	-	24,984
Health and related	79,574	-	-	-	-	-	-	79,574
Building occupancy	388,581	109,971	5,518	-	-	-	-	504,070
Professional services - non client	130,655	17,273	-	-	-	-	-	147,928
Promotion and publicity	24,992	15,634	-	-	-	-	-	40,626
Office administration	219,402	39,349	-	-	1,553	-	26,048	285,352
Membership and other fees	28,711	-	-	-	-	-	-	28,711
Society Foster, kinship and other care	1,555,117	-	-	-	-	-	-	1,555,117
Purchased foster and group care	1,370,281	35,589	-	-	-	-	-	1,370,281
Technology	202,354	138,756	7,350	-	3,715	-	-	352,815
Administration chargebacks	(146,105)	-	-	-	-	-	-	241,658
	11,631,450	1,229,364	45,872	61,736	6,628	8,000	55,676	13,038,726
<b>Excess (deficiency) of revenue over expenses before undemoted items</b>	504,664	92,104	24,628	-	13,772	-	44,324	679,492
Repayable to funding agency	(353,345)	-	(23,539)	-	-	-	-	(376,884)
<b>Excess (deficiency) of revenue over expenses before undemoted items</b>	151,319	92,104	1,089	-	13,772	-	44,324	302,608
<b>Adjustment to expenses:</b>								
Transfer for capital purchases	(196,162)	(90,493)	-	-	(13,772)	-	(44,324)	(347,751)
Change in vacation entitlement and banked overtime	47,843	(1,611)	(1,069)	-	-	-	-	45,143
<b>Excess of revenue over expenses</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

# KUNUWANIMANO CHILD AND FAMILY SERVICES

Schedule of Operations - Child Welfare

Year ended March 31, 2018

	Non-Residential Services	Residential Services	Permanency Services	Legal Services	Travel	Boarding Rates	Infrastructure & Admin Support Services	Technology	2018
<b>Revenue:</b>									
Ministry of Children and Youth Services	\$ 2,769,540	2,568,957	6,487	432,582	329,466	2,851,321	2,113,892	266,740	11,338,885
Children's special allowance	-	591,225	-	-	-	-	-	-	591,225
Child and Family Services Agencies	-	193,135	-	-	-	-	-	-	193,135
Other income	-	6,891	-	-	-	-	5,878	-	12,769
	2,769,540	3,360,208	6,487	432,582	329,466	2,851,321	2,119,770	266,740	12,136,114
<b>Expenses:</b>									
Salaries and wages	2,303,175	1,726,425	5,088	152,883	-	-	984,596	53,824	5,205,791
Benefits	496,783	412,092	1,568	41,147	-	-	225,836	15,372	1,192,798
Travel	-	-	-	-	338,025	-	296,376	-	634,401
Training and recruitment	-	11,641	-	-	-	-	36,888	-	48,529
External legal service costs	-	-	-	249,990	-	-	-	-	249,990
Program expense	-	4,248	-	-	-	-	-	-	4,248
Professional services - client	931	11,572	-	-	-	-	-	-	12,503
Client personal needs	15,619	389,026	-	-	-	-	-	-	404,645
Financial assistance	24,984	-	-	-	-	-	-	-	24,984
Health and related	-	79,574	-	-	-	-	-	-	79,574
Building occupancy	-	-	-	-	-	-	388,581	-	388,581
Professional services - non client	-	-	-	-	-	-	130,655	-	130,655
Promotion and publicity	-	1,120	-	-	-	-	23,872	-	24,992
Office administration	-	-	-	-	-	-	219,402	-	219,402
Membership and other fees	-	-	-	-	-	-	28,711	-	28,711
Society Foster, Kinship and other care	-	-	-	-	-	1,555,117	-	-	1,555,117
Purchased foster and group care	-	-	-	-	-	1,370,281	-	-	1,370,281
Technology	-	-	-	-	-	-	-	202,354	202,354
Administration chargebacks	-	-	-	-	-	-	(146,106)	-	(146,106)
	2,841,492	2,635,698	6,656	443,820	338,025	2,925,398	2,168,811	271,550	11,631,450
Excess (deficiency) of revenue over expenses before undemoted items	(71,952)	724,510	(169)	(11,238)	(8,559)	(74,077)	(49,041)	(4,810)	504,664
Transfer for capital purchases	-	-	-	-	-	-	(141,500)	(57,662)	(199,162)
Change in vacation entitlement and banked overtime	19,669	22,600	286	(1,442)	-	-	6,730	-	47,843
Excess (deficiency) of revenue over expenses	(52,283)	747,110	117	(12,680)	(8,559)	(74,077)	(183,811)	(62,472)	353,345
Funding (recovery)	52,283	(747,110)	(117)	12,680	8,559	74,077	183,811	62,472	(353,345)
Excess of revenue over expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -