THE ADOPTIVE FAMILIES ASSOCIATION OF BRITISH COLUMBIA

Financial Statements

Year Ended March 31, 2013

HEMING, WYBORN & GREWAL
CHARTERED ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Members of the Adoptive Families Association of British Columbia

We have audited the accompanying financial statements of the Adoptive Families Association of British Columbia (the Association), which comprise the statement of financial position as at March 31, 2013 and the statements of revenues and expenditures, changes in fund balances and cash flows 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 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 qualified audit opinion.

(continues)

Basis for Qualified Opinion

In common with many charitable organizations, the Association derives revenue from donations, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Association and we were not able to determine whether any adjustments might be necessary to contributions, excess of revenues over expenses, current assets and net assets.

Qualified Opinion

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of the contributions referred to in the preceding paragraph, the financial statements present fairly, in all material respects, the financial position of the Association as at March 31, 2013 and the results of its operations and its cash flows for the year then ended in accordance with Canadian Accounting Standards for Not-for-Profit Organizations.

Comparative Information

Without modifying our opinion, we draw attention to Note 2 to the financial statements which describes that the Association adopted Canadian Accounting Standards for Not-for-Profit Organizations on April 1, 2012 with a transition date of April 1, 2011. These standards were applied retrospectively by management to the comparative information in these financial statements, including the April 1, 2011statement of changes in fund balances for the year ended March 31, 2012 and related disclosures. We were not engaged to report on the restated comparative information, and as such, it is unaudited.

Heming Wyborn + Grewal

Surrey, BC
June 3, 2013

CHARTERED ACCOUNTANTS

Exhibit "A"

Adoptive Families Association of British Columbia

Statement of Financial Position

As at March 31, 2013

	Unrestricted Funds	*Restricted Funds*	***2013 March 31***	*2012 March 31*	*2011 April 1*
Current Assets					
Cash and term deposits (Note 5)	$ 266,355	$ 458,509	$ **724,864**	$ 603,115	$ 1,003,017
Portfolio investments (Note 11)	73,591	473,904	**547,495**	518,823	382,307
Accounts receivable	8,328	500,000	**508,328**	19,329	211,158
Harmonized sales tax receivable	27,073		**27,073**	23,456	18,697
Prepaid expenses	9,769		**9,769**	8,454	5,087
	385,116	1,432,413	**1,817,529**	1,173,177	1,620,266
Capital Assets *(Note 6)*	9,859		**9,859**	5,843	7,799
	$ 394,975	$ 1,432,413	$ **1,827,388**	$ 1,179,020	$ 1,628,065
Current Liabilities					
Accounts payable and accrued liabilities	$ 37,640	$	$ **37,640**	$ 24,182	$ 17,214
Deferred revenue	108,285	5,088	**113,373**	27,384	13,139
Externally restricted projects (Note 7)		861,421	**861,421**	325,546	891,383
	145,925	866,509	**1,012,434**	377,112	921,736
Fund Balances					
Internally restricted (Note 11)		565,904	**565,904**	199,871	118,251
Unrestricted	249,050		**249,050**	602,037	588,078
	249,050	565,904	**814,954**	801,908	706,329
	$ 394,975	$ 1,432,413	$ **1,827,388**	$ 1,179,020	$ 1,628,065

Approved by the Directors:

Director

Director

The attached notes form an integral part of these financial statements

Exhibit "B"

Adoptive Families Association of British Columbia

Statement of Changes in Fund Balances
For the Year Ended March 31, 2013

	2013 Unrestricted Funds	***2013 Restricted Funds***	*2012 Unrestricted Funds*	*2012 Restricted Funds*
Fund Balances, Beginning of Year	$ **602,037**	$ **199,871**	$ 588,078	$ 118,251
Excess (Deficiency) of Revenue over Expenditures For the Year - Per Exhibit "C"	**(46,186)**	**59,232**	11,090	84,489
Interfund Transfers	**33,199**	**(33,199)**	79,869	(79,869)
Interfund Transfers (Note 11b)	**(325,000)**	**325,000**		
Interfund Transfers (Note 11c)	**(15,000)**	**15,000**	(77,000)	77,000
	$ **249,050**	$ **565,904**	$ 602,037	$ 199,871

The attached notes form an integral part of these financial statements

Exhibit "C"

Adoptive Families Association of British Columbia

Statement of Revenues and Expenditures
For the Year Ended March 31, 2013

	2013 Unrestricted Funds	2013 Restricted Funds	**2013 Operating**	**%**	2012 Operating
Revenues					
Service contract	$ 666,375	$	$ **666,375**	**46%**	$ 645,375
Project grants	18,228	301,201	**319,429**	**22%**	438,266
Donations	80,520	800	**81,320**	**6%**	91,276
Wendy's Wonderful Kids		162,129	**162,129**	**11%**	157,801
Direct Access Gaming	100,000		**100,000**	**7%**	142,550
Other income	33,503		**33,503**	**2%**	31,033
Member dues	28,175		**28,175**	**2%**	21,815
Education and support activities	27,095	6,041	**33,136**	**2%**	35,187
Interest and investment income (Note 8)	6,572	26,033	**32,605**	**2%**	23,173
	960,468	496,204	**1,456,672**	**100%**	1,586,476
Expenditures					
Program Services					
Regional adoption support	482,426		**482,426**	**33%**	461,403
General recruitment and community awareness	74,950		**74,950**	**5%**	64,223
Teen adoption recruitment and support	50,367		**50,367**	**3%**	91,061
Wendy's Wonderful Kids		161,369	**161,369**	**11%**	157,887
Parent information and community engagement	143,943		**143,943**	**10%**	145,236
Parent education and training	85,044		**85,044**	**6%**	55,506
	836,730	161,369	**998,099**	**69%**	975,316
Project Costs					
Web-site development	53,278		**53,278**	**4%**	
Program projects		250,548	**250,548**	**17%**	323,571
	53,278	250,548	**303,826**	**21%**	323,571
Support Services					
Management and general	32,356	25,055	**57,411**	**4%**	67,715
Fundraising	84,290		**84,290**	**6%**	124,295
	116,646	25,055	**141,701**	**10%**	192,010
Total expenditures	1,006,654	436,972	**1,443,626**	**100%**	1,490,897
Excess (Deficiency) of Revenues Over Expenditures	$ (46,186)	$ 59,232	$ **13,046**		$ 95,579

The attached notes form an integral part of these financial statements

Adoptive Families Association of British Columbia

Statement of Cash Flows

For the Year Ended March 31, 2013

		2013		2012
Operating Activities				
Excess of revenues over expenditures for the year - per Exhibit "C"	$	**13,046**	$	95,579
Item not affecting cash				
Amortization		**7,102**		7,589
Change in non-cash working capital balances				
Portfolio investments		**(28,672)**		(136,516)
Accounts receivable		**(488,999)**		191,829
Harmonized sales tax receivable		**(3,617)**		(4,759)
Prepaid expenses		**(1,315)**		(3,367)
Accounts payable and accrued liabilities		**13,458**		6,968
Deferred revenue		**85,421**		14,245
Externally restricted projects		**536,443**		(565,837)
		132,867		(394,269)
Investing Activity				
Purchase of capital assets		**(11,118)**		(5,633)
Change in Cash Position During the Year		**121,749**		(399,902)
Cash Position, Beginning of Year		**603,115**		1,003,017
Cash Position, End of Year (Note 5)	$	**724,864**	$	603,115

The accompanying notes form an integral part of these financial statements.

Adoptive Families Association of British Columbia

Notes to the Financial Statements

For the Year Ended March 31, 2013

NOTE 1: PURPOSE OF THE ORGANIZATION

The Association was incorporated under the Society Act of British Columbia and is a registered charity under the Income Tax Act. The Association is a province-wide not-for-profit society which offers information, education and support to families and individuals involved in adoption.

NOTE 2: FIRST TIME ADOPTION OF ACCOUNTING STANDARDS FOR NOT-FOR-PROFIT ORGANIZATIONS

During the year the Association adopted Canadian Accounting Standards for Not-for-Profit Organizations (ASNFPO). These financial statements are the first prepared in accordance with these standards. The adoption of ASNFPO had no impact on fund balances as at April 1, 2012 or operations or cash flows for the year ended March 31, 2012 as previously reported in accordance with pre-changeover Canadian generally accepted accounting principles.

NOTE 3: SIGNIFICANT ACCOUNTING POLICIES

(a) FUND ACCOUNTING

Revenue and expenses related to externally restricted projects and programs are reported in Restricted Funds. Internally Restricted Funds, segregated funds established by the Board of Directors, and related investment incomes are also reported in Restricted Funds (Note 11). All other revenues and expenses including those related to ongoing programs and services are reported in Unrestricted Funds.

(b) REVENUE RECOGNITION

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.

Member dues are recorded as revenue in the year to which they relate.

Unrestricted donations are recorded as revenue when received.

Contributions of materials and services for which tax receipts are issued are recorded at the fair market value at the date of the contribution and are included in donations revenue.

Investment income includes dividend and interest income and realized and unrealized investment gains and losses.

NOTE 3: SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) CAPITAL ASSETS

Purchased capital assets are recorded at cost. Amortization is provided over the estimated useful life of each capital asset on a straight-line basis at the following rates per annum:

Office equipment and computers	3 years straight-line method
Database software	3 years straight-line method
Leasehold improvements	3 years straight-line method

(d) USE OF ESTIMATES

The preparation of financial statements in conformity with Canadian Accounting Standards for Not-for-Profit Organizations requires management to make estimates that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates as additional information becomes available in the future.

(e) FINANCIAL INSTRUMENTS

All financial instruments are classified into one of the following five categories: held-for-trading, held-to-maturity, loans and receivables, available-for-sale financial assets or other financial liabilities. All financial instruments are included on the balance sheet and are initially measured at fair value. Loans and receivables, held-to-maturity investments and other financial liabilities are subsequently measured at amortized cost. Held-for-trading financial instruments are subsequently measured at fair value and all gains and losses are included in net income in the period which they arise. Available-for-sale financial instruments are subsequently measured at fair value.

The Association has classified its cash and term deposits and portfolio investments as held-for-trading. Accounts receivable are classified as loans and receivables. Accounts payable and accrued liabilities are classified as other financial liabilities.

(f) INCOME TAXES

The Association is a registered charity within the meaning of the Income Tax Act (Canada) and is exempt from federal and provincial income taxes.

(g) RISKS

The Association is not exposed to significant currency or credit risks.

NOTE 4: OBJECTIVES, POLICIES, AND PROCESSES FOR MANAGING CAPITAL

The Association defines its capital as the amounts included in its fund balances. The Association's objective when managing capital is to safeguard the Association's ability to operate as a going concern so that it can continue to provide its programs and services to the community.

Management develops annual budgets that are submitted to the Board of Directors for review. The budgets are developed to ensure the Association has the proper cash flow to fund operations and capital expenditures. Management compares actual results to these budgets and reports these results to the Board of Directors.

NOTE 5: CASH AND TERM DEPOSITS

	2013	2012
Cash	$ 488,870	$ 118,523
Term Deposits	235,994	484,592
	$ 724,864	$ 603,115

NOTE 6: CAPITAL ASSETS

	Cost	Accumulated Amortization	Net Book Value 2013	Net Book Value 2012
Office equipment and computers	$ 40,737	$ 35,764	$ 4,973	$ 5,443
Database software	36,222	36,222		
Leasehold improvements	7,629	2,743	4,886	400
	$ 84,588	$ 74,729	$ 9,859	$ 5,843

NOTE 7: EXTERNALLY RESTRICTED PROJECTS

The Association received externally restricted funds to carry out specific projects. The balance at March 31, 2013 represents amounts that will be spent in a future period. The projects relate to the following programs:

	2013	2012
Education	$ 219,346	$ 124,096
Youth	522,009	76,597
Recruitment	82,000	53,691
Family Support	38,066	71,162
	$ 861,421	$ 325,546

NOTE 8: INTEREST AND INVESTMENT INCOME

	2013	2012
Interest	$ 3,933	$ 6,061
Investment income (See Note 3b)	28,672	17,112
	$ 32,605	$ 23,173

NOTE 9: COMMITMENTS

The Association has two leases for its premises expiring on February 28, 2014 and February 28, 2018. The minimum rent during the next five years is:

2014	$ 62,538
2015	51,736
2016	51,736
2017	51,736
2018	47,425

NOTE 10: ECONOMIC DEPENDENCE

The Association receives its service contract revenue from the Province of British Columbia, Ministry of Children and Family Development. A client services agreement was signed with this Ministry effective April 1, 2011 and is set to expire March 31, 2014, however, an extension has been granted for two additional one-year terms.

NOTE 11: INTERNALLY RESTRICTED FUNDS

As at March 31, 2013, Internally Restricted Funds comprised of: $148,904 (2012 - $122,871) segregated for the purpose of establishing an endowment fund; $92,000 (2012 - $77,000) segregated for website development; and $325,000 (2012 - $NIL) restricted for operating contingency.

a) Funds were restricted for the purpose of an endowment fund and are held in portfolio investments

April 2010	Transfer	$ 112,130
March 2011	Transfer	5,000
March 2011	Investment income	1,121
March 2012	Investment income	4,620
March 2013	Investment income	26,033
		148,904

b) Funds were restricted for an operating contingency fund and are held in portfolio investments

March 2013	325,000
	$ 473,904

c) Funds were restricted for the purpose of website development

March 2012	Transfer	$ 77,000
March 2013	Transfer	15,000
		$ 92,000

NOTE 12: CONTRIBUTED SERVICES AND MATERIALS

During the year ended March 31, 2013, the Association received certain contributed services and materials from various suppliers in the community, which were not recorded in the financial statements. The estimated value of services and materials received are as follows:

Silent auction items for fundraiser events	$ 7,657
Printing	4,010

In addition, the Association received 1,405 volunteer hours for various committee meetings and various projects during the year.