

**ADOPTIVE FAMILIES ASSOCIATION
OF BRITISH COLUMBIA**

Financial Statements

Year Ended March 31, 2014



HEMING, WYBORN & GREWAL
CHARTERED ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Members of Adoptive Families Association of British Columbia

We have audited the accompanying financial statements of Adoptive Families Association of British Columbia, which comprise the statement of financial position as at March 31, 2014 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.

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A Partnership of Incorporated Professionals



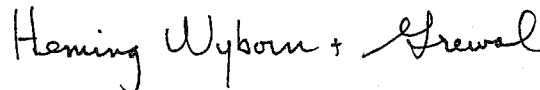
Independent Auditor's Report to the Members of Adoptive Families Association of British Columbia
(continued)

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, 2014 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.




Surrey, BC
June 4, 2014

CHARTERED ACCOUNTANTS

Adoptive Families Association of British Columbia
Statement of Financial Position
As at March 31, 2014

	<i>Unrestricted Funds</i>	<i>Restricted Funds</i>	2014	2013
Current Assets				
Cash and term deposits (Note 5)	\$ 209,499	\$ 659,234	\$ 868,733	\$ 724,864
Portfolio investments (Note 11)	134,874	469,251	604,125	547,495
Accounts receivable (Note 7)	43,672	596,000	639,672	508,328
Goods and services tax receivable	10,553		10,553	27,073
Prepaid expenses	12,492		12,492	9,769
	411,090	1,724,485	2,135,575	1,817,529
Capital Assets (Note 6)	20,768		20,768	9,859
	\$ 431,858	\$ 1,724,485	\$ 2,156,343	\$ 1,827,388
Current Liabilities				
Accounts payable and accrued liabilities	\$ 62,305		\$ 62,305	\$ 37,640
Deferred revenue	129,429	24,415	153,844	113,373
Externally restricted projects (Note 7)		1,214,999	1,214,999	861,421
	191,734	1,239,414	1,431,148	1,012,434
Fund Balances				
Internally restricted (Note 11)		485,071	485,071	565,904
Unrestricted	240,124		240,124	249,050
	240,124	485,071	725,195	814,954
	\$ 431,858	\$ 1,724,485	\$ 2,156,343	\$ 1,827,388

Approved by the Directors:



 Director



 Director

Adoptive Families Association of British Columbia
Statement of Changes in Fund Balances
For the Year Ended March 31, 2014

	2014	2014	2013	2013
	<i>Unrestricted</i>	<i>Restricted</i>	<i>Unrestricted</i>	<i>Restricted</i>
	<i>Funds</i>	<i>Funds</i>	<i>Funds</i>	<i>Funds</i>
<i>Fund Balances, Beginning of Year</i>	\$ 249,050	\$ 565,904	\$ 602,037	\$ 199,871
<i>Excess (Deficiency) of Revenue over Expenditures For the Year - Per Exhibit "C"</i>	(74,913)	(14,846)	(46,186)	59,232
<i>Interfund Transfer</i>	80,987	(80,987)	33,199	(33,199)
<i>Interfund Transfer (Note 11b)</i>			(325,000)	325,000
<i>Interfund Transfer - Bursary Fund</i>	(15,000)	15,000	(15,000)	15,000
	\$ 240,124	\$ 485,071	\$ 249,050	\$ 565,904

The attached notes form an integral part of these financial statements

Adoptive Families Association of British Columbia

Statement of Revenues and Expenditures

For the Year Ended March 31, 2014

	2014	2014	2014		2013
	Unrestricted	Restricted	Operating	%	Operating
	Funds	Funds			
Revenues					
Service contract	\$ 715,812	\$	\$ 715,812	45%	\$ 666,375
Project grants	7,698	262,613	270,311	17%	319,429
Donations	131,609		131,609	8%	81,320
Wendy's Wonderful Kids		160,231	160,231	10%	162,129
Direct Access Gaming	100,405		100,405	6%	100,000
Other income	40,510		40,510	3%	33,503
Member dues	21,562		21,562	1%	28,176
Education and support activities	95,551		95,551	6%	33,136
Interest and investment income (Note 8)	8,192	58,852	67,044	4%	32,605
	1,121,339	481,696	1,603,035	100%	1,456,673
Expenditures					
Program Services					
Regional adoption support	585,301		585,301	35%	482,426
General recruitment and community awareness	86,525		86,525	5%	74,950
Teen adoption recruitment and support	90,631		90,631	5%	50,367
Wendy's Wonderful Kids		161,958	161,958	10%	161,369
Parent information and community engagement	119,934		119,934	7%	143,943
Parent education and training	177,928		177,928	11%	85,044
	1,060,319	161,958	1,222,277	72%	998,099
Project Costs					
Web-site development		91,180	91,180	5%	53,278
Program projects		221,276	221,276	13%	250,548
		312,456	312,456	18%	303,826
Support Services					
Management and general	37,620	22,128	59,748	4%	57,411
Fundraising	98,313		98,313	6%	84,290
	135,933	22,128	158,061	9%	141,701
Total expenditures	1,196,252	496,542	1,692,794	100%	1,443,626
Excess (Deficiency) of Revenues Over Expenditures					
	\$ (74,913)	\$ (14,846)	\$ (89,759)		\$ 13,047

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, 2014

	2014	2013
Operating Activities		
Excess (deficiency) of revenues over expenditures for the year - per Exhibit "C"	\$ (89,759)	\$ 13,047
Item not affecting cash		
Amortization	14,555	7,102
Change in non-cash working capital balances		
Portfolio investments	(56,630)	(28,672)
Accounts receivable	(131,344)	(488,999)
Goods and services tax receivable	16,520	(3,617)
Prepaid expenses	(2,723)	(1,315)
Accounts payable and accrued liabilities	24,665	13,457
Deferred revenue	40,471	85,421
Externally restricted projects	353,578	536,443
	169,333	132,867
Investing Activity		
Purchase of capital assets	(25,464)	(11,118)
Change in Cash Position During the Year	143,869	121,749
Cash Position, Beginning of Year	724,864	603,115
Cash Position, End of Year (Note 5)	\$ 868,733	\$ 724,864

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, 2014

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: BASIS OF PRESENTATION

These financial statements are prepared in accordance with Canadian Accounting Standards for Not-for-Profit Organizations (ASNFPO).

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

	<u>2014</u>	<u>2013</u>
Cash	\$ 27,885	\$ 488,870
Term deposits	<u>840,848</u>	<u>235,994</u>
	<u>\$ 868,733</u>	<u>\$ 724,864</u>

NOTE 6: CAPITAL ASSETS

	Accumulated		Net Book	Net Book
	Cost	Amortization	Value	Value
			2014	2013
Office equipment and computers	\$ 53,593	\$ 43,373	\$ 10,220	\$ 4,973
Database software	36,222	36,222		
Leasehold improvements	<u>20,237</u>	<u>9,689</u>	<u>10,548</u>	<u>4,886</u>
	<u>\$ 110,052</u>	<u>\$ 89,284</u>	<u>\$ 20,768</u>	<u>\$ 9,859</u>

NOTE 7: EXTERNALLY RESTRICTED PROJECTS

The Association received externally restricted funds to carry out specific projects of which \$596,000 was received subsequent to year end. The balance at March 31, 2014 represents amounts that will be spent in a future period. The projects relate to the following programs:

	<u>2014</u>	<u>2013</u>
Education	\$ 275,915	\$ 219,346
Youth, including former youth in care services	371,054	522,009
Recruitment	171,000	82,000
Family support	221,246	38,066
Family homestudies	175,784	
	<u>\$ 1,214,999</u>	<u>\$ 861,421</u>

NOTE 8: INTEREST AND INVESTMENT INCOME

	<u>2014</u>	<u>2013</u>
Interest	\$ 10,414	\$ 3,933
Investment income (See Note 3b)	56,630	28,672
	<u>\$ 67,044</u>	<u>\$ 32,605</u>

NOTE 9: COMMITMENTS

The Association has two leases for its premises expiring on February 28, 2015 and February 28, 2018. The minimum rent during the next four years is:

2015	\$ 62,538
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 was 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, 2014, Internally Restricted Funds is comprised of: \$144,251 (2013 - \$148,904) segregated for the purpose of establishing an endowment fund and \$325,000 (2013 - \$325,000) 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	6,583
March 2014	Investment income	14,797
		<u>144,251</u>

In February, 2014 the board of directors approved to restrict the endowment funds for a further three year term.

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

March 2013	Transfer	<u>325,000</u>
		469,251

- c) Funds were restricted for web development and are held in term deposits

March 2012	Transfer	\$ 77,000
March 2013	Transfer	15,000
March 2014	Expenses realized	<u>-91,180</u>
		820

- d) Funds were restricted for future bursary awards and are held in term deposits

March 2014	Transfer	<u>15,000</u>
		<u>\$ 485,071</u>

NOTE 12: CONTRIBUTED SERVICES AND MATERIALS

During the year ended March 31, 2014, 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	\$	9,759
Printing		3,518

In addition, the Association received 2,338 volunteer hours for various committee meetings and various projects during the year.
