

**ADOPTIVE FAMILIES ASSOCIATION
OF BRITISH COLUMBIA**

Financial Statements

Year Ended March 31, 2015



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 (the "Association"), which comprise the statement of financial position as at March 31, 2015 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)

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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, 2015 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 3, 2015

CHARTERED ACCOUNTANTS

Adoptive Families Association of British Columbia
Statement of Financial Position
As at March 31, 2015

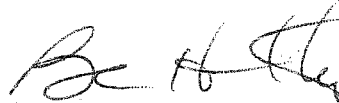
	<i>Unrestricted Funds</i>	<i>Restricted Funds</i>	2015	2014
Current Assets				
Cash and term deposits (Note 5)	\$ 227,113	\$ 596,131	\$ 823,244	\$ 868,733
Portfolio investments (Note 11a & b)	119,564	528,692	648,256	604,125
Accounts receivable	4,314	950,000	954,314	639,672
Goods and services tax receivable	11,514	-	11,514	10,553
Prepaid expenses	10,666	-	10,666	12,492
	373,171	2,074,823	2,447,994	2,135,575
Capital Assets (Note 6)	14,041		14,041	20,768
	\$ 387,212	\$ 2,074,823	\$ 2,462,035	\$ 2,156,343
Current Liabilities				
Accounts payable and accrued liabilities	\$ 24,542	\$ -	\$ 24,542	\$ 62,305
Deferred revenue	118,495	31,829	150,324	153,844
Externally restricted projects (Note 7)	-	1,489,322	1,489,322	1,214,999
	143,037	1,521,151	1,664,188	1,431,148
Fund Balances				
Internally restricted (Note 11)	-	553,672	553,672	485,071
Unrestricted	244,175	-	244,175	240,124
	244,175	553,672	797,847	725,195
	\$ 387,212	\$ 2,074,823	\$ 2,462,035	\$ 2,156,343

Lease Commitments - Note 9

Approved by the Directors:



Director



Director

Adoptive Families Association of British Columbia
Statement of Changes in Fund Balances
For the Year Ended March 31, 2015

	2015	2015	2014	2014
	Unrestricted	Restricted	Unrestricted	Restricted
	Funds	Funds	Funds	Funds
Fund Balances, Beginning of Year	\$ 240,124	\$ 485,071	\$ 249,050	\$ 565,904
Excess (Deficiency) of Revenue over Expenditures For the Year - Per Exhibit "C"	13,211	59,441	(74,913)	(14,846)
Interfund Transfer (Note 11d)	(4,160)	4,160	(15,000)	15,000
Interfund Transfer (Note 11e)	(5,000)	5,000	80,987	(80,987)
Fund Balances, End of Year	\$ 244,175	\$ 553,672	\$ 240,124	\$ 485,071

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, 2015

	2015	2015	2015		2014
	Unrestricted	Restricted	Operating	%	Operating
	Funds	Funds			
Revenues					
Service contract	\$ 714,725	\$ -	\$ 714,725	35%	\$ 715,812
Project grants	6,242	550,478	556,720	28%	270,311
Donations	117,820	13,284	131,104	6%	131,609
Wendy's Wonderful Kids	-	151,182	151,182	8%	160,231
Direct Access Gaming	100,488	-	100,488	5%	100,405
Other income	38,812	5,817	44,629	2%	40,510
Member dues	17,722	-	17,722	1%	21,562
Special events	12,821	-	12,821	1%	-
Education and support activities	230,981	-	230,981	11%	95,551
Interest and investment income (Note 8)	11,347	42,357	53,704	3%	67,044
	1,250,958	763,118	2,014,076	100%	1,603,035
Expenditures					
Program Services					
Regional adoption support	548,231	-	548,231	28%	585,301
General recruitment and community awareness	92,025	-	92,025	5%	86,525
Teen adoption recruitment and support	73,389	-	73,389	4%	90,631
Wendy's Wonderful Kids	-	153,199	153,199	8%	161,958
Parent information and community engagement	112,328	-	112,328	6%	119,934
Parent adoption and support services	24,707	-	24,707	1%	-
Parent education and training	254,016	-	254,016	13%	177,928
	1,104,696	153,199	1,257,895	65%	1,222,277
Project Costs					
Web-site development	-	-	-	0%	91,180
Event costs	9,751	-	9,751	1%	-
Program projects	-	511,573	511,573	26%	221,276
	9,751	511,573	521,324	27%	312,456
Support Services					
Management and general	26,593	38,905	65,498	3%	59,748
Fundraising	96,707	-	96,707	5%	98,313
	123,300	38,905	162,205	8%	158,061
Total expenditures	1,237,747	703,677	1,941,424	100%	1,692,794
Excess (Deficiency) of Revenues Over Expenditures	\$ 13,211	\$ 59,441	\$ 72,652		\$ (89,759)

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, 2015

	2015	2014
Operating Activities		
Excess (deficiency) of revenues over expenditures for the year - per Exhibit "C"	\$ 72,652	\$ (89,759)
Item not affecting cash		
Amortization	15,227	14,555
Change in non-cash working capital balances		
Portfolio investments	(44,131)	(56,630)
Accounts receivable	(314,642)	(131,344)
Goods and services tax receivable	(961)	16,520
Prepaid expenses	1,826	(2,723)
Accounts payable and accrued liabilities	(37,763)	24,665
Deferred revenue	(3,520)	40,471
Externally restricted projects	274,323	353,578
	(36,989)	169,333
Investing Activity		
Purchase of capital assets	(8,500)	(25,464)
Change in Cash Position During the Year	(45,489)	143,869
Cash Position, Beginning of Year	868,733	724,864
Cash Position, End of Year (Note 5)	\$ 823,244	\$ 868,733

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, 2015

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 (ASNFPPO).

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>2015</u>	<u>2014</u>
Cash	\$ 203,543	\$ 27,885
Term deposits	<u>619,701</u>	<u>840,848</u>
	<u>\$ 823,244</u>	<u>\$ 868,733</u>

NOTE 6: CAPITAL ASSETS

	Accumulated		Net Book	Net Book
	Cost	Amortization	Value	Value
			2015	2014
Office equipment and computers	\$ 62,093	\$ 51,855	\$ 10,238	\$ 10,220
Database software	36,222	36,222	-	-
Leasehold improvements	<u>20,237</u>	<u>16,434</u>	<u>3,803</u>	<u>10,548</u>
	<u>\$ 118,552</u>	<u>\$ 104,511</u>	<u>\$ 14,041</u>	<u>\$ 20,768</u>

NOTE 7: EXTERNALLY RESTRICTED PROJECTS

The Association received externally restricted funds to carry out specific projects of which \$950,000 was received subsequent to year end. The balance at March 31, 2015 represents amounts that will be spent in a future period. The projects relate to the following programs:

	<u>2015</u>	<u>2014</u>
Education	\$ 354,608	\$ 275,915
Youth, including former youth in care services	183,837	371,054
Recruitment	579,750	171,000
Family support	229,272	221,246
Family home studies	141,855	175,784
	<u>\$ 1,489,322</u>	<u>\$ 1,214,999</u>

NOTE 8: INTEREST AND INVESTMENT INCOME

	<u>2015</u>	<u>2014</u>
Interest	\$ 9,572	\$ 10,414
Investment income (See Note 3b)	44,132	56,630
	<u>\$ 53,704</u>	<u>\$ 67,044</u>

NOTE 9: COMMITMENTS

The Association has two leases for its premises expiring on February 28, 2016 and February 28, 2018. The minimum rent during the next three years is:

2016	\$ 63,112
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 on March 31, 2014, however, an extension has been granted for two additional one-year terms.

NOTE 11: INTERNALLY RESTRICTED FUNDS

As at March 31, 2015, Internally Restricted Funds is comprised of:

- 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
March 2015	Investment income	9,441
		<u>153,692</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	325,000
March 2015	Restricted funds income allocated	50,000
		<u>375,000</u>

- 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	(91,180)
		<u>820</u>

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

March 2014	Transfer	15,000
March 2015	Transfer	4,160
		<u>19,160</u>

- e) Funds were restricted for future camps and are held in term deposits

March 2015	Transfer	5,000
		<u>5,000</u>
		<u>\$ 553,672</u>

NOTE 12: CONTRIBUTED SERVICES AND MATERIALS

During the year ended March 31, 2015, 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	\$	9,758
Internet cloud services		8,600
Printing		4,219

In addition, the Association received 1,464 volunteer hours for various program areas during the year.
