

# **PATHWAYS COMMUNITY SERVICES ASSOCIATION**

## **FINANCIAL STATEMENTS** (Audited)

**March 31, 2017**



# PATHWAYS COMMUNITY SERVICES ASSOCIATION

March 31, 2017

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## Independent Auditor's Report

To the Members of  
**Pathways Community Services Association**

I have audited the financial statements of Pathways Community Services Association which include the Statement of Financial Position as at March 31, 2017 and the Statements of Operations, Changes in Net Assets, Cash Flows, and a summary of significant accounting policies and other explanatory notes for the year then ended.

### Management's Responsibility

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 necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

**Opinion**

In my opinion, these financial statements present fairly, in all material respects, the financial position of Pathways Community Services Association as at March 31, 2017 and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Calgary, Alberta

June 15, 2017



Heidi Brauer

Certified Management Accountant

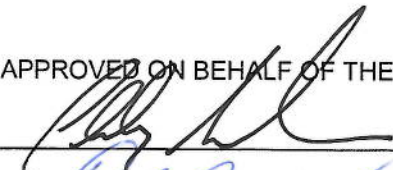
**PATHWAYS COMMUNITY SERVICES ASSOCIATION**  
**STATEMENT OF FINANCIAL POSITION**  
(Audited)


As at March 31, 2017

	2017	2016 (Restated Note 13)
<b>CURRENT ASSETS</b>		
Cash and cash equivalents, unrestricted	\$ 478,900	\$ 444,428
Cash and cash equivalents, externally restricted (Notes 5, 11)	395,386	136,601
Short term investments (Note 3)	214,466	211,944
Accounts receivable	30,991	21,748
Casino proceeds receivable, externally restricted (Note 4)	68,461	-
GST receivable, unrestricted	9,234	8,049
GST receivable, externally restricted (Notes 5, 11)	1,532	1,034
Prepaid expense and deposits	23,393	12,623
	1,222,363	836,427
<b>PROPERTY AND EQUIPMENT</b> (Note 6)	118,903	138,842
	\$ 1,341,266	\$ 975,269
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 378,458	\$ 280,413
Payroll payable	44,380	145,118
Deferred cash contributions (Notes 5, 11)	465,379	137,635
	888,217	563,166
<b>DEFERRED CAPITAL CONTRIBUTIONS</b> (Note 7)	81,590	97,503
<b>NET ASSETS</b>		
Unrestricted	334,146	273,261
Invested in property and equipment	37,313	41,339
	371,459	314,600
	\$ 1,341,266	\$ 975,269

**CONTINGENCY (Note 10)**

APPROVED ON BEHALF OF THE BOARD OF DIRECTORS

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Director

See Notes to the Financial Statements

**PATHWAYS COMMUNITY SERVICES ASSOCIATION**  
**STATEMENT OF CHANGES IN NET ASSETS**  
(Audited)

**For the Year Ended March 31, 2017**

	<b>Unrestricted</b>	<b>Invested in Property and Equipment</b>	<b>Total</b>
Balance, beginning of year, as previously reported	\$ 341,031	\$ 41,339	\$ 382,370
Restatement of prior year (Note 13)	(67,770)	-	(67,770)
Balance, beginning of year, restated	273,261	41,339	314,600
Excess of revenue over expenses	56,859	-	56,859
Investment in capital assets	4,026	(4,026)	-
Unrestricted net assets, end of the year	<u>\$ 334,146</u>	<u>\$ 37,313</u>	<u>\$ 371,459</u>

**For the Year Ended March 31, 2016 (Note 13)**

	<b>Unrestricted</b>	<b>Invested in Property and Equipment</b>	<b>Totals</b>
Balance, beginning of year	\$ 301,790	\$ 43,119	\$ 344,909
Excess (deficiency) of revenue over expenses	(30,309)	-	(30,309)
Investment in capital assets	1,780	(1,780)	-
Unrestricted net assets, end of the year	<u>\$ 273,261</u>	<u>\$ 41,339</u>	<u>\$ 314,600</u>

See Notes to Financial Statements



**PATHWAYS COMMUNITY SERVICES ASSOCIATION**  
**STATEMENT OF OPERATIONS**  
(Audited)

**For the Year Ended March 31, 2017**

	<b>2017</b>	<b>2016</b> <b>(Restated</b> <b>Note 13)</b>
<b>REVENUE</b>		
Government of Alberta - Children's Services contracts	\$ 2,167,981	\$ 2,116,819
City of Calgary - Family and Community Support Services	171,297	-
Mahmawi-atoskiwin (Note 9)	102,339	93,894
United Way of Calgary and Area	89,494	-
Government of Alberta - Children's Services fee for service	86,608	66,727
Collaborative Funders' Table	69,345	32,140
Indigenous and Northern Affairs Canada - Urban Partnership Program	65,000	-
Donations and other contributions	39,169	11,744
Casino	31,450	42,526
Calgary Foundation	12,775	-
Rotary Club of Calgary Centennial	12,000	-
Interest and other revenue	19,320	19,740
	<b>2,866,778</b>	<b>2,383,590</b>
<b>Total revenue</b>		
<b>EXPENSES</b>		
Salaries, benefits and elder services	2,147,407	1,856,886
Direct client and program	297,485	258,617
Administration	215,689	190,301
Facility	125,638	92,115
Vehicles	11,674	5,526
	<b>2,797,893</b>	<b>2,403,445</b>
<b>Total expenses</b>		
Excess (deficiency) of revenue over expenses before amortization	<b>68,885</b>	<b>(19,855)</b>
Amortization of deferred capital contributions (Note 7)	15,913	18,840
Amortization Expense	(27,939)	(29,294)
	<b>\$ 56,859</b>	<b>\$ (30,309)</b>
<b>EXCESS OF REVENUE (DEFICIENCY) OVER EXPENSES</b>		

See Notes to Financial Statements

**PATHWAYS COMMUNITY SERVICES ASSOCIATION**  
**STATEMENT OF CASH FLOWS**  
(Audited)

For the Year Ended March 31, 2017

	<u>2017</u>	<u>2016</u> <u>(Restated</u> <u>Note 13)</u>
<b>FUNDS PROVIDED BY (USED IN) OPERATIONS</b>	\$ 56,859	\$ (30,309)
<b>Charges not requiring cash outlay:</b>		
Amortization	27,939	29,294
Amortization of deferred capital contributions	<u>(15,913)</u>	<u>(18,840)</u>
	<u>68,885</u>	<u>(19,855)</u>
<b>Changes in non-cash operating working capital:</b>		
Accounts receivable	(9,243)	(18,064)
Casino proceeds receivable	(68,461)	-
GST receivable	(1,683)	455
Prepaid expense and deposits	(10,770)	1,401
Accounts payable and accrued liabilities	98,045	74,304
Salaries and benefits payable	<u>(100,738)</u>	<u>122,869</u>
Cash flows from operating activities	<u>(23,965)</u>	<u>161,110</u>
<b>FINANCING ACTIVITIES</b>		
Deferred cash contributions	327,744	73,065
Deferred capital contributions	<u>-</u>	<u>19,369</u>
Cash flows from financing activities	<u>327,744</u>	<u>92,434</u>
<b>INVESTING ACTIVITIES</b>		
Purchase of capital assets	(8,000)	(28,043)
Investments	<u>(2,522)</u>	<u>(100,566)</u>
Cash flows from investing activities	<u>(10,522)</u>	<u>(128,609)</u>
<b>INCREASE IN CASH AND CASH EQUIVALENTS</b>	293,257	124,935
Cash and cash equivalents, beginning of the year	<u>581,029</u>	<u>456,094</u>
<b>CASH AND CASH EQUIVALENTS, END OF THE YEAR</b>	<u>\$ 874,286</u>	<u>\$ 581,029</u>
<b>Consisting of:</b>		
Cash and cash equivalents, unrestricted	\$ 478,900	\$ 444,428
Cash and cash equivalents, externally restricted (Note 5)	<u>395,386</u>	<u>136,601</u>
	<u>\$ 874,286</u>	<u>\$ 581,029</u>

See Notes to Financial Statements



**PATHWAYS COMMUNITY SERVICES ASSOCIATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
(Audited)

**For the Year Ended March 31, 2017**

**1. NATURE OF THE ORGANIZATION**

Pathways Community Services Association (the "Association") is guided by Indigenous teachings and provides evidence-informed supportive services to all people in the Calgary area in order to strengthen their circle of self, family, community and culture.

The Association was previously incorporated March 27, 2001 under the Companies Act of the Province of Alberta, and received non-profit charitable private foundation status effective April 1, 2001. The Association received re-designation as a not-for-profit charitable organization pursuant to the Canadian Income Tax Act effective April 1, 2004.

The Association approved a reorganization and was reincorporated under the Societies Act of the Province of Alberta effective June 26, 2007. Thus, the original corporation that was operating under the Companies Act was dissolved and continued operations under the Society's Act. In addition, the Association approved a name change from Spectrum Youth and Family Services Association to Pathways Community Services Association and received re-designation as a registered charity effective July 1, 2008. The Association is a registered not for profit charitable organization and it is exempt from income taxes as long as it maintains its charitable status.

**2. SIGNIFICANT ACCOUNTING POLICIES**

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. The significant accounting policies are as follows:

**(a) Revenue recognition**

The Association follows the deferral method of accounting for contributions, which include grants and donations. Externally restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Restricted contributions for the purchase of capital assets are deferred and recognized as revenue on the same basis as the amortization expenses related to the acquired capital assets.

Unrestricted contributions are recognized as revenue when received or receivable.

Restricted and unrestricted contributions receivable are recorded if the amount can be reasonably estimated and collection is reasonably assured.

**(b) Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, balances with banks and short term deposits with original maturities of three months or less.

# PATHWAYS COMMUNITY SERVICES ASSOCIATION

## Notes to the Financial Statements

(Audited)

For the Year Ended March 31, 2017

### 2. SIGNIFICANT ACCOUNTING POLICIES Continued

#### (c) Capital Assets

Purchased capital assets of \$5,000 and over are recorded at cost and contributed capital assets are recorded at fair market value at the date of acquisition. Amortization on capital assets is provided using the following methods and annual rates.

	<u>Method</u>	<u>Rate</u>
Computer equipment	Declining balance	55%
Furniture and fixtures	Declining balance	20%
Leasehold improvements	Straight line	10 years
Vehicles	Declining balance	30%

The Association amortizes capital assets using the half-year rule in the year of acquisition. Also included in capital assets is art work, which is not amortized (Note 6).

#### (d) Donated goods and services

Goods and services donated to the Association are recorded in these financial statements if they are used in the normal course of operations, if a fair value can be reasonably determined and if they would have otherwise been purchased.

Volunteers have contributed a variety of services to assist the Association in carrying out its objectives. The fair value of these services are not recognized in these financial statements.

#### (e) Financial instruments

##### Measurement of Financial Instruments

The Association initially measures its financial assets and financial liabilities at fair value. The Association subsequently measures all its financial assets and financial liabilities at cost or amortized cost. Changes in fair value of these financial instruments are recognized in net income. Financial instruments measured at amortized cost include cash, short-term investments, accounts receivable and accounts payable.

##### Financial Risk

It is management's opinion that the Association is not exposed to significant interest, currency, price, market or credit risks arising from these financial instruments.

#### (f) Use of Estimates

The preparation of financial statements in accordance 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, the disclosure of contingent assets and liabilities at the statement of financial position date and the reported amounts of revenues and expenses for the periods covered. The main estimates relate to the collectability of receivables, the useful life of property and



# PATHWAYS COMMUNITY SERVICES ASSOCIATION

## Notes to the Financial Statements

(Audited)

For the Year Ended March 31, 2017

equipment and the amounts recorded as accrued liabilities.

### 3. SHORT TERM INVESTMENTS

The Association held the following short term investments with TD Canada Trust on March 31, 2017:

\$ 60,063	Maturing January 13, 2019 @ 0.90%
53,630	Maturing May 14, 2017 @ 0.58%
100,773	Maturing April 19, 2017 @ 0.68%
<u>\$ 214,466</u>	

### 4. CASINO PROCEEDS RECEIVABLE

In February 2017, the Association raised funds via the Alberta Gaming and Liquour Commission (AGLC) fundraising programs and received the proceeds subsequent to the fiscal year-end. These funds may only be used for specific purposes as approved by the AGLC.

### 5. DEFERRED CONTRIBUTIONS AND EXTERNALLY RESTRICTED ASSETS

Deferred contributions represent unspent grants, fundraising and donations that have been externally restricted and designated for a specific purposes

	<u>2017</u>	<u>2016</u>
Grants	\$ 349,672	\$ 14,861
Casino	97,356	60,408
Donations	-	27,000
Fiscal agent (Note 11)	18,351	35,366
Total externally restricted assets	<u>\$ 465,379</u>	<u>\$ 137,635</u>

#### Externally Restricted Assets

The deferred contributions have been allocated as follows:

Cash and cash equivalents, externally restricted	\$ 395,386	\$ 136,601
Casino proceeds receivable, externally restricted	68,461	-
Casino GST receivable, externally restricted	769	1,035
Fiscal agent GST receivable, externally restricted (Note 11)	763	-
	<u>\$ 465,379</u>	<u>\$ 137,636</u>

# PATHWAYS COMMUNITY SERVICES ASSOCIATION

## Notes to the Financial Statements (Audited)

For the Year Ended March 31, 2017

### 6. PROPERTY AND EQUIPMENT

	Cost	Accumulated Amortization	Net 2017	Net 2016
Leasehold improvements	\$ 133,193	\$ 53,650	\$ 79,543	\$ 92,862
Computer equipment	45,496	40,262	5,234	11,632
Furniture and equipment	43,435	30,105	13,330	16,663
Vehicles	28,625	11,679	16,946	13,835
Artwork	3,850	-	3,850	3,850
	<u>\$ 254,599</u>	<u>\$ 135,696</u>	<u>\$ 118,903</u>	<u>\$ 138,842</u>

### 7. DEFERRED CAPITAL CONTRIBUTIONS

Deferred contributions related to capital assets are comprised of the unamortized portion of contributed capital assets and contributions from government and community donors restricted for the purchase of capital assets.

	2017	2016
Balance, beginning of the year	\$ 97,503	\$ 96,974
Contributed capital assets	-	19,369
Amount amortized to income during the year	(15,913)	(18,840)
Balance at the end of the year	<u>\$ 81,590</u>	<u>\$ 97,503</u>

### 8. ECONOMIC DEPENDENCE

The Association receives its revenue in the form of grants from a variety of sources. In management's opinion, the Association's continued operations are dependent on the continuance of these grants.

### 9. MAHMAWI-ATOSKIWIN: 'a group of people coming together to work as one' - Cree

Mahmawi-atoskiwin is an alliance of three agencies: Boys and Girls Club of Calgary, Enviro, and Pathways Community Services Association working in partnership with Government of Alberta-Children's Services.

### 10. CONTINGENCY

Accounts payable contains a contingency of \$35,500 regarding an employment matter.

# PATHWAYS COMMUNITY SERVICES ASSOCIATION

## Notes to the Financial Statements (Audited)

For the Year Ended March 31, 2017

### 11. FISCAL AGENT

The Association acts as a fiscal agent for the Aboriginal Awareness Week Calgary Advisory Committee. \$ 18,351 (2016 - \$35,366) belonging to this committee at fiscal year end has been recorded as deferred contributions, cash and cash equivalents externally restricted and GST receivable externally restricted (Note 5).

### 12. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.

### 13. RESTATEMENT OF PRIOR YEAR FINANCIAL STATEMENTS

During the year, it was determined that in prior years, the unspent amount of funding refundable to the Government of Alberta - Children's Services was incorrectly recorded. This affects accounts payable and accrued liabilities, net assets and revenue amounts.

The impact of this adjustment on 2016 is as follows:

	<u>As previously reported</u>	<u>Adjustment</u>	<u>Restated</u>
Accounts payable and accrued liabilities	\$ 212,643	\$ 67,770	\$ 280,413
Unrestricted net assets	341,031	(67,770)	273,261
Revenue: Government of Alberta - Children's Services contracts	2,184,589	(67,770)	2,116,819
Excess (deficiency) of revenue over expenses	37,461	(67,770)	(30,309)

In addition, on the statement of cash flows, the 2016 amount for changes in non-cash accounts payable and accrued liabilities changed from an increase of \$6,534 to an increase of \$74,304.