

PATHWAYS COMMUNITY SERVICES ASSOCIATION

FINANCIAL STATEMENTS (Audited)

March 31, 2018

PATHWAYS COMMUNITY SERVICES ASSOCIATION

March 31, 2018

Contents

	<u>Page</u>
Independent Auditor's Report	1 - 2
Financial Statements	
Statement of Financial Position	3
Statement of Changes in Net Assets	4
Statement of Operations	5
Statement of Cash Flows	6
Notes to the Financial Statements	7 - 11

HEIDI BRAUER

Chartered Professional Accountant

110 720 28TH Street NE, Calgary, AB T2A 6R3

T: 403-244-4111 ext. 209

F: 403-244-4129

E: heidi.brauer@calgarycommunities.com

W: calgarycommunities.com

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, 2018 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, 2018 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 14, 2018



Heidi Brauer

Chartered Professional Accountant

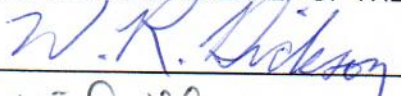
PATHWAYS COMMUNITY SERVICES ASSOCIATION
STATEMENT OF FINANCIAL POSITION
(Audited)

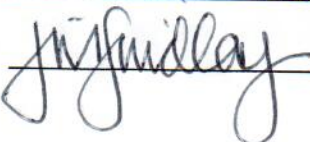
As at March 31, 2018

	2018	2017
CURRENT ASSETS		
Cash and cash equivalents, unrestricted	\$ 250,620	\$ 478,900
Cash and cash equivalents, externally restricted (Notes 5, 11)	378,323	395,386
Short term investments (Note 3)	215,289	214,466
Accounts receivable	44,489	30,991
Casino proceeds receivable, externally restricted (Note 4)	-	68,461
GST receivable, unrestricted	5,516	9,234
GST receivable, externally restricted (Notes 5, 11)	808	1,532
Prepaid expense and deposits	57,348	23,393
	<u>952,393</u>	<u>1,222,363</u>
PROPERTY AND EQUIPMENT (Note 6)	<u>107,177</u>	<u>118,903</u>
	<u>\$ 1,059,570</u>	<u>\$ 1,341,266</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 148,781	\$ 378,458
Payroll payable	68,522	44,380
Deferred cash contributions (Notes 5, 11)	379,131	465,379
	<u>596,434</u>	<u>888,217</u>
DEFERRED CAPITAL CONTRIBUTIONS (Note 7)	<u>79,275</u>	<u>81,590</u>
NET ASSETS		
Unrestricted	355,959	334,146
Invested in property and equipment	27,902	37,313
	<u>383,861</u>	<u>371,459</u>
	<u>\$ 1,059,570</u>	<u>\$ 1,341,266</u>

CONTINGENCY (Note 10)
COMMITMENTS (Note 12)

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, 2018

	Unrestricted	Invested in Property and Equipment	Total
Balance, beginning of year, as previously reported	\$ 334,146	\$ 37,313	\$ 371,459
Excess of revenue over expenses	12,402	-	12,402
Investment in capital assets	9,411	(9,411)	-
Unrestricted net assets, end of the year	<u>\$ 355,959</u>	<u>\$ 27,902</u>	<u>\$ 383,861</u>

For the Year Ended March 31, 2017

	Unrestricted	Invested in Property and Equipment	Totals
Balance, beginning of year	\$ 273,261	\$ 41,339	\$ 314,600
Excess (deficiency) 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>

See Notes to Financial Statements

PATHWAYS COMMUNITY SERVICES ASSOCIATION
STATEMENT OF OPERATIONS
(Audited)

For the Year Ended March 31, 2018

	2018	2017
REVENUE		
Government of Alberta - Children's Services contracts	\$ 2,282,424	\$ 2,167,981
United Way of Calgary and Area	434,920	89,494
City of Calgary - Family and Community Support Services	343,984	171,297
Mahmawi-atoskiwin (Note 9)	162,567	102,339
Government of Alberta - Children's Services fee for service	93,272	86,608
City of Calgary - Crime Prevention Investment Plan	81,376	1,922
Calgary Foundation	70,665	12,775
Government of Alberta - Community Initiatives Program	50,000	-
Collaborative Funders' Table	49,681	69,345
Casino	43,592	31,450
Interest and other revenue	27,048	13,766
Donations and other contributions	26,368	39,169
Calgary Learns	23,215	-
Burns Memorial Fund	11,368	3,632
Rotary Club of Calgary Centennial	-	12,000
Indigenous and Northern Affairs Canada - Urban Partnership Program	-	65,000
Total revenue	3,700,480	2,866,778
EXPENSES		
Salaries, benefits and elder services	2,733,834	2,147,407
Direct client and program	569,915	297,485
Administration	198,574	215,689
Facility	161,387	125,638
Vehicles	14,957	11,674
Total expenses	3,678,667	2,797,893
Excess of revenue over expenses before amortization	21,813	68,885
Amortization of deferred capital contributions (Note 7)	15,875	15,913
Amortization Expense	(25,286)	(27,939)
EXCESS OF REVENUE OVER EXPENSES	\$ 12,402	\$ 56,859

See Notes to Financial Statements

PATHWAYS COMMUNITY SERVICES ASSOCIATION
STATEMENT OF CASH FLOWS
(Audited)

For the Year Ended March 31, 2018

	2018	2017
FUNDS PROVIDED BY (USED IN) OPERATIONS	\$ 12,402	\$ 56,859
Charges not requiring cash outlay:		
Amortization	25,286	27,939
Amortization of deferred capital contributions	(15,875)	(15,913)
	21,813	68,885
Changes in non-cash operating working capital:		
Accounts receivable	(13,498)	(9,243)
Casino proceeds receivable	68,461	(68,461)
GST receivable	4,442	(1,683)
Prepaid expense and deposits	(33,955)	(10,770)
Accounts payable and accrued liabilities	(229,677)	98,045
Salaries and benefits payable	24,142	(100,738)
Cash flows from operating activities	(158,272)	(23,965)
FINANCING ACTIVITIES		
Deferred cash contributions	(86,248)	327,744
Deferred capital contributions	13,560	-
Cash flows from financing activities	(72,688)	327,744
INVESTING ACTIVITIES		
Purchase of capital assets	(13,560)	(8,000)
Investments	(823)	(2,522)
Cash flows from investing activities	(14,383)	(10,522)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(245,343)	293,257
Cash and cash equivalents, beginning of the year	874,286	581,029
CASH AND CASH EQUIVALENTS, END OF THE YEAR	\$ 628,943	\$ 874,286
Consisting of:		
Cash and cash equivalents, unrestricted	\$ 250,620	\$ 478,900
Cash and cash equivalents, externally restricted (Note 5)	378,323	395,386
	\$ 628,943	\$ 874,286

See Notes to Financial Statements

PATHWAYS COMMUNITY SERVICES ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

(Audited)

For the Year Ended March 31, 2018

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, 2018

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 equipment and the amounts recorded as accrued liabilities.

PATHWAYS COMMUNITY SERVICES ASSOCIATION

Notes to the Financial Statements

(Audited)

For the Year Ended March 31, 2018

3. SHORT TERM INVESTMENTS

The Association held the following short term investments with TD Canada Trust on March 31, 2018:

	\$ 60,063	Maturing January 13, 2019 @ 0.90%
	53,887	Maturing February 2, 2019 @ 1.67%
	<u>101,339</u>	Maturing January 5, 2019 @ 1.70%
	<u>\$ 215,289</u>	

March 31, 2017:	\$ 60,063	Maturing January 13, 2019 @ 0.90%
	53,630	Maturing May 14, 2017 @ 0.58%
	<u>100,773</u>	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>2018</u>	<u>2017</u>
Grants	\$ 325,367	\$ 349,672
Casino	53,764	97,356
Fiscal agent (Note 11)	-	18,351
Total externally restricted assets	<u>\$ 379,131</u>	<u>\$ 465,379</u>

Externally Restricted Assets

The deferred contributions have been allocated as follows:

Cash and cash equivalents, externally restricted	\$ 378,323	\$ 395,386
Casino proceeds receivable, externally restricted	-	68,461
Casino GST receivable, externally restricted	808	769
Fiscal agent GST receivable, externally restricted (Note 11)	-	763
	<u>\$ 379,131</u>	<u>\$ 465,379</u>

PATHWAYS COMMUNITY SERVICES ASSOCIATION

Notes to the Financial Statements

(Audited)

For the Year Ended March 31, 2018

6. PROPERTY AND EQUIPMENT

	Cost	Accumulated Amortization	Net 2018	Net 2017
Leasehold improvements	\$ 133,193	\$ 66,970	\$ 66,223	\$ 79,543
Computer equipment	45,496	43,141	2,355	5,234
Furniture and equipment	49,995	33,427	16,568	13,330
Vehicles	35,625	17,444	18,181	16,946
Artwork	3,850	-	3,850	3,850
	<u>\$ 268,159</u>	<u>\$ 160,982</u>	<u>\$ 107,177</u>	<u>\$ 118,903</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.

	2018	2017
Balance, beginning of the year	\$ 81,590	\$ 97,503
Contributed capital assets	13,560	-
Amount amortized to income during the year	(15,875)	(15,913)
Balance at the end of the year	<u>\$ 79,275</u>	<u>\$ 81,590</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, Enviros, and Pathways Community Services Association working in partnership with Government of Alberta-Children's Services.

10. CONTINGENCY

Accounts payable contains a contingency of \$Nil (2017 \$35,500) regarding an employment matter.

PATHWAYS COMMUNITY SERVICES ASSOCIATION

Notes to the Financial Statements

(Audited)

For the Year Ended March 31, 2018

11. FISCAL AGENT

The Association acts as a fiscal agent for the Aboriginal Awareness Week Calgary Advisory Committee. 2018 \$NIL (2017 - \$18,351) belonging to this committee at fiscal year end had been recorded as deferred contributions, cash and cash equivalents externally restricted and GST receivable externally restricted (Note 5). After March 31, 2018 the Association will not be acting as a fiscal agent for the AAWC.

12. COMMITMENTS

The Association has entered into a lease for program and office premises which expires September 30, 2019. Future minimum annual commitments, including an estimate of operating expenses for the program and office premises are as follows:

	<u>2018</u>	<u>2017</u>
Within one year	\$ 113,778	\$ -
After one year but not more than five years	56,889	-
	<u>\$ 170,667</u>	<u>\$ -</u>