

PATHWAYS COMMUNITY SERVICES ASSOCIATION

FINANCIAL STATEMENTS (Audited)

March 31, 2019

A member of



PATHWAYS COMMUNITY SERVICES ASSOCIATION

March 31, 2019

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Independent Auditor's Report

To the Members of
Pathways Community Services Association

Report on the Audit of the Financial Statements

Opinion

I have audited the Statement of Financial Position of Pathways Community Services Association as at March 31, 2019 and the Statements of Operations, Net Assets and Cash Flows and a summary of significant accounting policies and other explanatory notes for the year ended March 31, 2019.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Pathways Community Services Association as at March 31, 2019 and the results of its operations and cash flows for the year ended March 31, 2019 in accordance with Canadian accounting standards for not-for-profit associations.

Basis for Opinion

I am independent of Pathways Community Services Association in accordance with the ethical requirements that are relevant to my audit and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial statements of the current period. These matters were addressed in the context of my audit of the financial statements as a whole in forming my opinion thereon and I do not provide a separate opinion on these matters. During the course of our audit we did not identify key audit matters which need to be disclosed.

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 associations 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.

In preparing the financial statements, management is responsible for assessing the Pathways Community Services Association ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting.

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 judgement, 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, concluding on the appropriateness of management's use of the going concern basis of accounting as well as evaluating the overall presentation of the financial statements.

I communicate with those charged with governance regarding the planned scope and timing of the audit and significant audit findings including any significant deficiencies in internal control that I identify during my audit.

Calgary, Alberta
August 1, 2019


Heidi Brauer
Chartered Professional Accountant

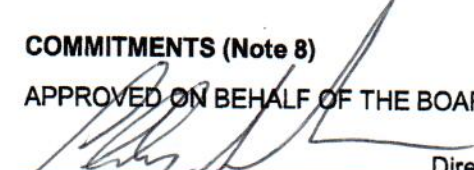
PATHWAYS COMMUNITY SERVICES ASSOCIATION
STATEMENT OF FINANCIAL POSITION
(Audited)

As at March 31, 2019

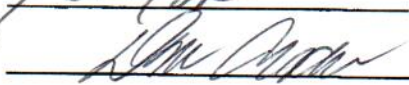
	2019	2018
CURRENT ASSETS		
Cash and cash equivalents, unrestricted	\$ 460,971	\$ 250,620
Cash and cash equivalents, externally restricted (Note 4)	446,362	378,323
Short term investments (Note 3)	158,302	215,289
Accounts receivable	135,060	44,489
GST receivable, unrestricted	11,843	5,516
GST receivable, externally restricted (Note 4)	1,020	808
Prepaid expense and deposits	34,173	57,348
	<u>1,247,731</u>	<u>952,393</u>
LONG TERM INVESTMENTS (Note 3)	61,150	-
	<u>61,150</u>	<u>-</u>
PROPERTY AND EQUIPMENT (Note 5)	84,091	107,177
	<u>84,091</u>	<u>107,177</u>
	<u>\$ 1,392,972</u>	<u>\$ 1,059,570</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 307,439	\$ 148,781
Payroll payable	136,441	68,522
Deferred cash contributions (Note 4)	447,382	379,131
	<u>891,262</u>	<u>596,434</u>
DEFERRED CAPITAL CONTRIBUTIONS (Note 6)	63,085	79,275
	<u>63,085</u>	<u>79,275</u>
NET ASSETS		
Unrestricted	417,619	355,959
Invested in property and equipment	21,006	27,902
	<u>438,625</u>	<u>383,861</u>
	<u>\$ 1,392,972</u>	<u>\$ 1,059,570</u>

COMMITMENTS (Note 8)

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, 2019

	Unrestricted	Invested in Property and Equipment	Total
Balance, beginning of year, as previously reported	\$ 355,959	\$ 27,902	\$ 383,861
Excess of revenue over expenses	54,764	-	54,764
Investment in capital assets	6,896	(6,896)	-
Unrestricted net assets, end of the year	<u>\$ 417,619</u>	<u>\$ 21,006</u>	<u>\$ 438,625</u>

For the Year Ended March 31, 2018

	Unrestricted	Invested in Property and Equipment	Totals
Balance, beginning of year	\$ 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>

See Notes to Financial Statements

PATHWAYS COMMUNITY SERVICES ASSOCIATION
STATEMENT OF OPERATIONS
(Audited)

For the Year Ended March 31, 2019

	<u>2019</u>	<u>2018</u>
REVENUE		
Government of Alberta - Children's Services contracts	\$ 4,712,975	\$ 2,444,991
United Way of Calgary and Area	585,971	434,920
City of Calgary - Family and Community Support Services	313,498	343,984
City of Calgary - Crime Prevention Investment Plan	153,164	81,376
Government of Alberta - Children's Services fee for service	143,632	93,272
Interest and other revenue	90,992	27,048
Calgary Foundation	75,000	70,665
Donations and other contributions	60,385	26,368
Canadian Heritage	59,659	-
Casino	49,487	43,592
Calgary Learns	38,540	23,215
Burns Memorial Fund	17,000	11,368
Collaborative Funders' Table	9,035	49,681
Government of Alberta - Community Initiatives Program	7,160	50,000
Total revenue	<u>6,316,498</u>	<u>3,700,480</u>
EXPENSES		
Salaries, benefits and elder services	4,338,411	2,733,834
Direct client and program	1,153,358	569,915
Facility	403,147	161,387
Administration	323,469	198,574
Vehicles	36,453	14,957
Total expenses	<u>6,254,838</u>	<u>3,678,667</u>
Excess of revenue over expenses before amortization	61,660	21,813
Amortization of deferred capital contributions (Note 7)	16,190	15,875
Amortization Expense	<u>(23,086)</u>	<u>(25,286)</u>
EXCESS OF REVENUE OVER EXPENSES	<u>\$ 54,764</u>	<u>\$ 12,402</u>

See Notes to Financial Statements

PATHWAYS COMMUNITY SERVICES ASSOCIATION
STATEMENT OF CASH FLOWS
(Audited)

For the Year Ended March 31, 2019

	<u>2019</u>	<u>2018</u>
FUNDS PROVIDED BY (USED IN) OPERATIONS	\$ 54,764	\$ 12,402
Charges not requiring cash outlay:		
Amortization	23,086	25,286
Amortization of deferred capital contributions	<u>(16,190)</u>	<u>(15,875)</u>
	<u>61,660</u>	<u>21,813</u>
Changes in non-cash operating working capital:		
Accounts receivable	(90,571)	(13,498)
Casino proceeds receivable	-	68,461
GST receivable	(6,539)	4,442
Prepaid expense and deposits	23,175	(33,955)
Accounts payable and accrued liabilities	158,658	(229,677)
Salaries and benefits payable	<u>67,919</u>	<u>24,142</u>
Cash flows from operating activities	<u>214,302</u>	<u>(158,272)</u>
FINANCING ACTIVITIES		
Deferred cash contributions	68,251	(86,248)
Deferred capital contributions	<u>-</u>	<u>13,560</u>
Cash flows from financing activities	<u>68,251</u>	<u>(72,688)</u>
INVESTING ACTIVITIES		
Purchase of capital assets	-	(13,560)
Investments	<u>(4,163)</u>	<u>(823)</u>
Cash flows from investing activities	<u>(4,163)</u>	<u>(14,383)</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	278,390	(245,343)
Cash and cash equivalents, beginning of the year	<u>628,943</u>	<u>874,286</u>
CASH AND CASH EQUIVALENTS, END OF THE YEAR	<u>\$ 907,333</u>	<u>\$ 628,943</u>
Consisting of:		
Cash and cash equivalents, unrestricted	\$ 460,971	\$ 250,620
Cash and cash equivalents, externally restricted (Note 5)	446,362	378,323
	<u>\$ 907,333</u>	<u>\$ 628,943</u>

See Notes to Financial Statements

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

For the Year Ended March 31, 2019

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 in the process of a name change from Pathways Community Services Association to Miskanawah Community Service Association. 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, 2019

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, 2019

equipment and the amounts recorded as accrued liabilities.

3. INVESTMENTS

The Association held the following short term investments with TD Canada Trust on March 31, 2019:

\$ 54,942	Maturing April 5, 2020 @ 2.10%
<u>103,360</u>	Maturing March 8, 2020 @ 2.25%
<u>\$ 158,302</u>	

The Association held the following long term investment on March 31, 2019:

<u>\$ 61,150</u>	Maturing January 14, 2021 @ 1.60%
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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>	

4. 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

	2019	2018
Grants	\$ 441,931	\$ 325,367
Casino	5,451	53,764
Total externally restricted assets	<u>\$ 447,382</u>	<u>\$ 379,131</u>

Externally Restricted Assets

The deferred contributions have been allocated as follows:

Cash and cash equivalents, externally restricted	\$ 446,362	\$ 378,323
Casino GST receivable, externally restricted	1,020	808
	<u>\$ 447,382</u>	<u>\$ 379,131</u>

PATHWAYS COMMUNITY SERVICES ASSOCIATION

Notes to the Financial Statements (Audited)

For the Year Ended March 31, 2019

5. PROPERTY AND EQUIPMENT

	Cost	Accumulated Amortization	Net 2019	Net 2018
Leasehold improvements	\$ 133,194	\$ 80,289	\$ 52,905	\$ 66,223
Computer equipment	45,496	44,436	1,060	2,355
Furniture and equipment	49,995	36,741	13,254	16,568
Vehicles	35,625	22,603	13,022	18,181
Artwork	3,850	-	3,850	3,850
	<u>\$ 268,160</u>	<u>\$ 184,069</u>	<u>\$ 84,091</u>	<u>\$ 107,177</u>

6. 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.

	2019	2018
Balance, beginning of the year	\$ 79,275	\$ 81,590
Contributed capital assets	-	13,560
Amount amortized to income during the year	(16,190)	(15,875)
Balance at the end of the year	<u>\$ 63,085</u>	<u>\$ 79,275</u>

7. 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.

8. COMMITMENTS

The Association has entered into two leases for premises which expire September 30, 2019 and May 31, 2020.

The Association also has entered into an equipment lease which expires April 2023.

Future minimum annual commitments for premises and equipment, and including an estimate of operating expenses for the premises, are as follows:

	2019	2018
Within one year	\$ 435,622	\$ 113,778
After one year but not more than five years	78,668	56,889
	<u>\$ 514,290</u>	<u>\$ 170,667</u>

PATHWAYS COMMUNITY SERVICES ASSOCIATION

Notes to the Financial Statements

(Audited)

For the Year Ended March 31, 2019

9. COMPARATIVE FIGURES

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