

**GENERAL CHILD AND FAMILY  
SERVICES AUTHORITY  
FINANCIAL STATEMENTS  
MARCH 31, 2016**



The General Child  
and Family Services  
Authority

## Management's Responsibility for Financial Reporting

The accompanying financial statements are the responsibility of management of the General Child and Family Services Authority and have been prepared in accordance with Canadian public sector accounting standards for government not-for-profit organizations. In management's opinion, the financial statements have been properly prepared within reasonable limits of materiality, incorporating management's best judgments regarding all necessary estimates and all other data available as at May 24, 2016.

Management maintains internal controls to properly safeguard the assets of the General Child and Family Services Authority and to provide reasonable assurance that the books and records from which the financial statements are derived accurately reflect all transactions and that established policies and procedures are followed.

The financial statements of the General Child and Family Services Authority have been audited by Magnus Chartered Accountants LLP, independent external auditors. The responsibility of the auditor is to express an independent opinion on whether the financial statements of the General Child and Family Services Authority are fairly presented, in all material respects, in accordance with Canadian public sector accounting standards for government not-for-profit organizations. The Independent Auditor's Report outlines the scope of the audit examination and provides the audit opinion on the financial statements.

On behalf of Management of the General Child and Family Services Authority.

Laura Crookshanks  
*Board Chair*

Debbie Besant  
*Chief Executive Officer*

301-180 King Street  
Winnipeg, Manitoba  
R3B 3G8  
Canada

Phone: (204) 984-9360  
Toll Free: 1-866-803-2814  
Fax: (204) 984-9366

Debbie Besant  
Chief Executive Officer

Janice Rees  
Chief Financial Officer

JR/kmb

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of the  
General Child and Family Services Authority

### Report on the Financial Statements

We have audited the accompanying financial statements of the General Child and Family Services Authority, which comprise the statement of financial position as at March 31, 2016, the statements of operations, changes in fund balances and cash flow 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 the financial statements in accordance with Canadian public sector accounting standards for government 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 the 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 audit opinion.

### Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the General Child and Family Services Authority as at March 31, 2016 and the results of its operations and its cash flows for the year then ended in accordance with the Canadian public sector accounting standards for government not-for-profit organizations.

May 24, 2016  
Winnipeg, Canada



Magnus Chartered Accountants LLP

# GENERAL CHILD AND FAMILY SERVICES AUTHORITY

Statement of Financial Position

March 31, 2016

	Operating Fund	Agency Fund	Total 2016	Total 2015
<b>Assets</b>				
Current assets:				
Cash and cash equivalents	\$ 840,662	\$ -	\$ 840,662	\$ 90,154
Accounts receivable (Note 4)	73,460	321,632	395,092	22,388
Advances receivable (Note 5)	-	116,600	116,600	116,600
Portfolio investments (Note 6)	320,113	-	320,113	1,135,557
Prepaid expenses	18,307	-	18,307	35,015
Interfund balances	(552,934)	552,934	-	-
	699,608	991,166	1,690,774	1,399,714
Capital assets (Note 7)	106,172	-	106,172	130,212
	\$ 805,780	\$ 991,166	\$ 1,796,946	\$ 1,529,926

## Liabilities and Fund Balances

Current liabilities:

Accounts payable and accrued liabilities (Note 8)	\$ 264,906	\$ 321,632	\$ 586,538	\$ 297,794
Working capital advances (Note 5)	-	116,600	116,600	116,600
Deferred contributions (Note 9)	56,018	-	56,018	133,962
	320,924	438,232	759,156	548,356

Fund balances:

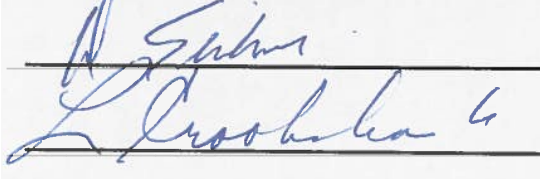
Unrestricted (Note 10)	484,856	552,934	1,037,790	981,570
------------------------	---------	---------	-----------	---------

Commitments (Note 14)

\$ 805,780 \$ 991,166 \$ 1,796,946 \$ 1,529,926

See accompanying notes to financial statements.

APPROVED ON BEHALF OF THE BOARD OF DIRECTORS:



Director

Director

# GENERAL CHILD AND FAMILY SERVICES AUTHORITY

Statement of Operations

Year ended March 31, 2016

	Operating Fund	Agency Fund	Total 2016	Total 2015
Revenue:				
Province of Manitoba:				
Operating grant (Note 11)	\$ 2,376,699	\$ -	\$ 2,376,699	\$ 2,181,706
Agency grants (Notes 11 and 12)	-	12,241,312	12,241,312	12,432,726
Brandon Friendship Centre (Note 11)	57,500	-	57,500	57,500
Other grants (Note 11)	31,200	-	31,200	4,445
Office of the Standing Committee (Note 9)	95,734	-	95,734	9,835
David Thomas Foundation (Note 9)	82,859	-	82,859	90,142
Children's Aid Foundation (Note 9)	70,061	-	70,061	87,278
Public Health Agency of Canada	15,875	-	15,875	-
Pilot Project - Until The Last Child	6,174	-	6,174	-
Investment income	14,310	-	14,310	31,367
Miscellaneous revenue and recoveries	16,848	-	16,848	15,833
	2,767,260	12,241,312	15,008,572	14,910,832
Expenses:				
Agency allocations (Note 12)	-	12,241,312	12,241,312	11,879,792
Agency support	25,621	-	25,621	91,539
Amortization	43,817	-	43,817	44,989
Board meetings and expenses	40,442	-	40,442	35,397
Grant expenses (Note 13)	289,316	-	289,316	368,338
Insurance	6,636	-	6,636	7,208
Interest and bank charges	1,740	-	1,740	794
Legal and audit	24,275	-	24,275	21,208
Mileage and parking	24,097	-	24,097	31,226
Office and supplies	44,870	-	44,870	41,653
Professional services	114,828	-	114,828	74,150
Rent	121,306	-	121,306	124,232
Telephone	25,535	-	25,535	24,589
Training and development	161,250	-	161,250	176,231
Travel	28,063	-	28,063	24,114
Utilities	3,320	-	3,320	2,717
Wages and benefits	1,755,924	-	1,755,924	1,867,496
	2,711,040	12,241,312	14,952,352	14,815,673
Excess of revenue over expenses	\$ 56,220	\$ -	\$ 56,220	\$ 95,159

See accompanying notes to financial statements.

# GENERAL CHILD AND FAMILY SERVICES AUTHORITY

Statement of Changes in Fund Balances

Year ended March 31, 2016

---

	Operating Fund	Agency Fund	Total 2016	Total 2015
Balance, beginning of year	\$ 428,636	\$ 552,934	\$ 981,570	\$ 886,411
Excess of revenue over expenses	56,220	-	56,220	95,159
Balance, end of year	\$ 484,856	\$ 552,934	\$ 1,037,790	\$ 981,570

---

See accompanying notes to financial statements.

# GENERAL CHILD AND FAMILY SERVICES AUTHORITY

## Statement of Cash Flow

Year ended March 31, 2016

	2016	2015
Cash provided by (applied to)		
Operating activities:		
Excess of revenue over expenses	\$ 56,220	\$ 95,159
Adjustments for:		
Amortization	43,817	44,989
Recognition of deferred contributions	(248,654)	(806,177)
	(148,617)	(666,029)
Changes in the following:		
Accounts receivable	(372,704)	10,181
Prepaid expenses	16,708	21,393
Accounts payable and accrued liabilities	288,745	53,395
Cash (applied to) operating activities	(215,868)	(581,060)
Investing activities:		
Net changes in portfolio investments	815,444	486,438
Cash provided by investing activities	815,444	486,438
Financing activities:		
Deferred contributions received	170,710	146,506
Cash provided by financing activities	170,710	146,506
Capital activities:		
Purchases of capital assets	(19,778)	(16,181)
Proceeds on disposal of capital assets	-	600
Cash (applied to) capital activities	(19,778)	(15,581)
Change in cash and cash equivalents	750,508	36,303
Cash and cash equivalents, beginning of year	90,154	53,851
Cash and cash equivalents, end of year	\$ 840,662	\$ 90,154

See accompanying notes to financial statements.

# GENERAL CHILD AND FAMILY SERVICES AUTHORITY

Notes to Financial Statements

Year ended March 31, 2016

---

## 1. Nature of organization

The General Child and Family Services Authority (the "Authority") was established on November 24, 2003 pursuant to *The Child and Family Services Authorities Act*. The Authority is a Government not-for-profit organization within the Department of Family Services responsible for the administration and provision of child and family services by the agencies under its jurisdiction, being Child and Family Services of Western Manitoba, Child and Family Services of Central Manitoba, Jewish Child and Family Service, and Winnipeg Rural and Northern Child and Family Services (Winnipeg Regional Office and Interlake, Eastman, Parkland and Northern Regions).

The Authority is a not-for-profit organization and is exempt from income taxes pursuant to *The Income Tax Act* (Canada).

## 2. Basis of accounting

These financial statements have been prepared in accordance with Canadian public sector accounting standards as issued by the Public Sector Accounting Board, including the standards available to government not-for-profit organizations (PS 4200 - PS 4270).

## 3. Summary of significant accounting policies

These financial statements have been prepared in accordance with Canadian public sector standards for government not-for-profit organizations using the following significant accounting policies:

### (a) Fund accounting

The Authority records its activities in the following funds:

(i) Operating Fund

The operating fund accounts for the activities relating to the primary activity of the Authority as described in Note 1.

(ii) Agency Fund

The Province of Manitoba provides the Authority with grant payments for the private mandated child and family services agencies under its jurisdiction. As set out in Section 19 of *The Child and Family Services Authorities Act*, the Authority is responsible for determining funding allocations among its mandated agencies. The mandated agencies include both private agencies and government offices, which have different funding arrangements with the Authority. Private agencies receive all of their funding from the Authority (excluding child maintenance), while government offices receive funding directly from the government based on the approval of allocations by the Authority.

(iii) Interfund transfers

Interfund transfers can only be made with approval from the Department of Family Services.

### (b) Revenue recognition

The Authority follows the deferral method of accounting for contributions. Externally restricted contributions are deferred and recognized as revenue in the applicable fund in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue in the applicable fund when received or receivable. Externally restricted contributions for the purchase of capital assets are deferred and recognized as revenue on the same basis as the amortization expense related to the acquired capital assets.

Investment income and all other revenue is recognized on the accrual basis.



# GENERAL CHILD AND FAMILY SERVICES AUTHORITY

Notes to Financial Statements

Year ended March 31, 2016

---

## 3. Summary of significant accounting policies (continued)

### (c) Expenses

All expenses incurred are recognized on the accrual basis when the related goods or services are received.

### (d) Cash and cash equivalents

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

### (e) Portfolio investments

Portfolio investments include term deposits with original maturities greater than three months. These investments are recorded at cost.

### (f) Capital assets

Capital assets are recorded at cost. Cost includes the purchase price and other acquisition costs. The costs of capital assets, less any residual value, are amortized over their estimated useful lives as follows:

	<u>Rate</u>	<u>Method</u>
Computer software	3 years	Straight-line
Furniture and fixtures	5 years	Straight-line
Leasehold improvements	5 years	Straight-line

### (g) Financial instruments - measurement

Financial instruments are classified into one of two measurement categories: (a) fair value; or (b) cost or amortized cost.

The Authority records its financial assets at cost, which include cash and cash equivalents, accounts receivable, portfolio investments and advances receivable. The Authority also records its financial liabilities at cost, which include accounts payable and accrued liabilities and working capital advances.

Gains and losses on financial instruments measured at cost or amortized cost are recognized in the statement of operations in the period the gain or loss occurs. Gains and losses on any financial instruments measured at fair value are recorded in accumulated surplus as remeasurement gains and losses until realized; upon disposition of the financial instruments, the cumulative remeasurement gains and losses are reclassified to the statement of operations.

### (h) Measurement uncertainty

The preparation of financial statements in accordance with Canadian public sector accounting standards for government not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingencies at the date of the financial statements, and the reported amount of revenues and expenses during the reported period. Actual results may differ from these estimates.

# GENERAL CHILD AND FAMILY SERVICES AUTHORITY

Notes to Financial Statements

Year ended March 31, 2016

## 4. Accounts receivable

Accounts receivable at March 31 is comprised of the following:

	2016	2015
Interest receivable	\$ 5,238	\$ 16,040
Province of Manitoba - Operating	31,200	190
Province of Manitoba - Agency stabilization funding	321,632	-
Other receivables	37,022	6,158
	\$ 395,092	\$ 22,388

## 5. Working capital advances and advances receivable

Working capital advances are provided to the Authority's agencies through the Province of Manitoba. The Province has approved the advances based on two twelfths of the annual expenditures an agency invoices Family Services and Housing for child maintenance. The advances are non-interest bearing and are repayable at the time the agency is no longer providing services on behalf of the department. Total working capital advances to agencies at March 31, 2016 are \$116,600 (2015 - \$116,600).

## 6. Portfolio investments

As at March 31, 2016, the fair value of the Authority's portfolio investments is \$324,896 (2015 - \$1,151,598).

## 7. Capital assets

	Cost	Accumulated amortization	Net book value	
			2016	2015
Computer software	\$ 53,775	\$ 49,828	\$ 3,947	\$ 8,870
Furniture and fixtures	114,260	88,825	25,435	32,677
Leasehold improvements	269,130	192,340	76,790	88,665
	\$ 437,165	\$ 330,993	\$ 106,172	\$ 130,212

## 8. Accounts payable and accrued liabilities

Accounts payable and accrued liabilities at March 31 is comprised of the following:

	2016	2015
Trade payables and accrued liabilities	\$ 106,696	\$ 46,393
Wages payable	-	13,740
Vacation pay accrual	7,798	3,015
Due to Agencies - CFS Central Manitoba	321,632	-
Due to Province of Manitoba	150,412	234,646
	\$ 586,538	\$ 297,794

# GENERAL CHILD AND FAMILY SERVICES AUTHORITY

Notes to Financial Statements

Year ended March 31, 2016

## 9. Deferred contributions

Deferred contributions are externally restricted for specific purposes as determined by the funders and will be recognized as revenue in the appropriate fund in the period the specific expenditures are incurred. Changes in deferred contributions during the year are as follows:

### (a) Deferred contributions - Operating Fund

Deferred contributions in the Operating Fund relate to grants from various sources as follows:

	2016	2015
<b>Office of the Standing Committee:</b>		
Balance, beginning of year	95,734	105,569
Less: amounts recognized as revenue	95,734	9,835
Balance, end of year	-	95,734
<b>David Thomas Foundation:</b>		
Balance, beginning of year	-	21,386
Add: contributions received, net of repayments	82,859	68,756
Less: amounts recognized as revenue	82,859	90,142
Balance, end of year	-	-
<b>Children's Aid Foundation:</b>		
Balance, beginning of year	38,228	47,756
Add: contributions received	87,851	77,750
Less: amounts recognized as revenue	70,061	87,278
Balance, end of year	56,018	38,228
<b>Other:</b>		
Balance, beginning of year	-	3,600
Less: amounts recognized as revenue	-	3,600
Balance, end of year	-	-
Total Operating Fund	\$ 56,018	\$ 133,962

## 10. Fund balances

As at March 31, 2016 and 2015, all of the Authority's fund balances are unrestricted. Internally restricted fund balances, if any, represent amounts that have been internally designated for specific purposes as approved by the Board of Directors. Internally restricted funds may not be established with funding provided by the Department of Family Services without approval by the Department.

# GENERAL CHILD AND FAMILY SERVICES AUTHORITY

Notes to Financial Statements

Year ended March 31, 2016

## 11. Province of Manitoba - funding reconciliation

The Authority received the following funding from the Province of Manitoba during the year:

		Cash Withheld for Secondments	Current Year Revenue
<b>Funding received:</b>			
Total per Province of Manitoba confirmation (see (i) below)	\$13,083,560		
Plus: Receivable from the Province of Manitoba at year end	31,200		
Less: Prior year receivable from the Province of Manitoba	(190)		
Less: Miscellaneous expense recoveries from Winnipeg Child and Family Services	(7,859)		
Total current year funding	<u>\$13,106,711</u>		
<b>Funding applied to:</b>			
Agency grants	\$12,241,312	\$ -	\$12,241,312
Operating grant	776,699	1,600,000	2,376,699
Brandon Friendship Centre	57,500	-	57,500
Other funding - Foster Home Reviews	31,200	-	31,200
	<u>\$13,106,711</u>	<u>\$ 1,600,000</u>	<u>\$14,706,711</u>

(i) Funding from the Province of Manitoba for the year ended March 31, 2016 includes \$321,632 for stabilization funding receivable as at March 31, 2016 (see Note 4).

## 12. Agency grants

During the year ended March 31, 2016, the Authority received funding from the Province of Manitoba in the amount of \$12,241,312 for total funding recognized of \$12,241,312 (2015 - \$12,432,726) to be allocated to the agencies under its jurisdiction. Agency grants were allocated as follows:

Agency	<u>Child and Family Services Division</u>			
	Child Protection Branch	Differential Response	Total 2016	Total 2015
Child and Family Services of Central Manitoba	\$ 4,218,126	\$ 367,650	\$ 4,585,776	\$ 4,585,775
Child and Family Services of Western Manitoba	7,113,578	-	7,113,578	6,799,307
Jewish Child and Family Service	541,958	-	541,958	494,710
Total	<u>\$11,873,662</u>	<u>\$ 367,650</u>	<u>\$12,241,312</u>	<u>\$11,879,792</u>

Child maintenance is paid directly to the above agencies from the Province of Manitoba and is not included in the accounts of the Authority.

# GENERAL CHILD AND FAMILY SERVICES AUTHORITY

Notes to Financial Statements

Year ended March 31, 2016

---

## 13. Grant expenses

Grant payments and expenses for the year include the following:

	2016	2015
Children's Aid Foundation - CIBC Miracle Fund	\$ 22,379	\$ 5,500
Children's Aid Foundation - FC Transition & Comfort Kits	22,450	37,648
Children's Aid Foundation - Scotia Capital Stay in School Fund	25,199	35,856
Children's Aid Foundation - RBC Diversity Fund	32	-
Islamic Social Services Association	55,000	-
New Canadian Awareness Education Initiative	36,150	36,963
Post Secondary Education and Support	9,396	42,882
SOS - Brandon Friendship Centre	57,500	57,500
Vision Catchers	32,999	9,028
Youth Initiatives including Building Futures	28,211	142,961
	<hr/>	<hr/>
	\$ 289,316	\$ 368,338

---

## 14. Commitments

The Authority has entered into a lease agreement to lease space on the third and sixth floors at 180 King Street. The agreement pertaining to the space on the third floor is for a ten year term expiring on November 30, 2022. The agreement pertaining to the space on the sixth floor is for a five year term expiring on November 30, 2017 with a five year renewal option. Occupancy charges for the year ending March 31, 2017 are estimated to be \$120,180 (2016 actual - \$121,306).

# GENERAL CHILD AND FAMILY SERVICES AUTHORITY

Notes to Financial Statements

Year ended March 31, 2016

## 15. Financial instruments and financial risk management

The Authority does not have any significant financial instruments subsequently measured at fair value or denominated in a foreign currency therefore did not incur any remeasurement gains or losses during the year (2015 - \$nil).

### Financial risk management - overview

The Authority has exposure to the following risks resulting from its financial instruments: credit risk, liquidity risk, market risk, interest rate risk; and foreign currency risk.

### Credit risk

Credit risk is the risk that one party to a financial instrument fails to discharge an obligation and causes financial loss to another party. Financial instruments which potentially subject the Authority to credit risk consist principally of cash and cash equivalents, accounts receivable, portfolio investments and advances receivable.

The maximum exposure of the Authority to credit risk at March 31 is:

	2016	2015
Cash and cash equivalents	\$ 840,662	\$ 90,154
Accounts receivable	395,092	22,388
Portfolio investments	320,113	1,135,557
Advances receivable	116,600	116,600
	\$ 1,672,467	\$ 1,364,699

Cash and cash equivalents and portfolio investments: The Authority is not exposed to significant credit risk as the cash and cash equivalents and portfolio investments are held by a reputable Canadian financial institution.

Accounts receivable and advances receivable: The Authority is not exposed to significant credit risk as the nature of the accounts receivable and advances receivable are primarily with the Province of Manitoba resulting in minimal credit exposure.

The Authority establishes an allowance for doubtful accounts that represents its estimate of potential credit losses. The allowance for doubtful accounts is based on management's estimates and assumptions regarding current economic conditions and historical funding and payment trends. These factors are considered when determining whether past due accounts are allowed for or written off. The balance in the allowance for doubtful accounts at March 31, 2016 is \$nil (2015 - \$nil).

As at March 31, 2016, the aging of accounts receivable is \$390,586 current and \$4,506 60-90 days (2015 - \$22,388 current).

### Liquidity risk

Liquidity risk is the risk that the Authority will not be able to meet its financial obligations as they come due.

The Authority manages liquidity risk by maintaining adequate cash balances and by review from the Province of Manitoba to ensure adequate funding will be received to meet its obligations.

# GENERAL CHILD AND FAMILY SERVICES AUTHORITY

Notes to Financial Statements

Year ended March 31, 2016

---

## 15. Financial instruments and financial risk management (continued)

### Market risk

Market risk is the risk that changes in market prices, such as interest rates and foreign exchange rates, will affect the Authority's income or the fair values of its financial instruments. The significant market risk the Authority is exposed to is interest rate risk.

#### Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The interest rate exposure relates to cash and cash equivalents and portfolio investments.

The interest rate risk on cash and cash equivalents is considered to be low because of their short term nature. The interest rate risk on portfolio investments is considered to be low because the original deposits and investments are reinvested at similar rates with similar terms and conditions.

#### Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Authority is not exposed to significant foreign currency risk as it does not have any significant financial instruments denominated in a foreign currency.

## 16. Comparative information

Certain of the amounts for the year ended March 31, 2015 have been reclassified to conform to the financial statement presentation adopted in the current year.