

**GENERAL CHILD AND FAMILY
SERVICES AUTHORITY**

FINANCIAL STATEMENTS

MARCH 31, 2017

May 23, 2017

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 23, 2017.

Laura Crookshanks
Board Chair

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.

Debbie Besant
Chief Executive Officer

The financial statements of the General Child and Family Services Authority have been audited by Magnus LLP, Chartered Professional Accountants, 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.

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On behalf of Management of the
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Debbie Besant
Chief Executive Officer



Janice Rees
Chief Financial Officer

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, 2017, 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, 2017 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 23, 2017
Winnipeg, Canada



Chartered Professional Accountants

GENERAL CHILD AND FAMILY SERVICES AUTHORITY

Statement of Financial Position

March 31, 2017

	Operating Fund	Agency Fund	Special Projects Fund	Total 2017	Total 2016
Assets					
Current assets:					
Cash and cash equivalents	\$ 1,429,060	\$ -	\$ -	\$ 1,429,060	\$ 840,662
Accounts receivable (Note 4)	34,039	192,123	695	226,857	395,092
Advances receivable (Note 5)	-	116,600	-	116,600	116,600
Portfolio investments (Note 6)	-	-	-	-	320,113
Prepaid expenses	6,578	-	-	6,578	18,307
Interfund balances	(727,284)	479,464	247,820	-	-
	742,393	788,187	248,515	1,779,095	1,690,774
Capital assets (Note 7)	91,270	-	-	91,270	106,172
	\$ 833,663	\$ 788,187	\$ 248,515	\$ 1,870,365	\$ 1,796,946

Liabilities and Fund Balances

Current liabilities:

Accounts payable and accrued liabilities (Note 8)	\$ 445,507	\$ 192,123	\$ 96,562	\$ 734,192	\$ 586,538
Working capital advances (Note 5)	-	116,600	-	116,600	116,600
Deferred contributions (Note 9)	68,961	-	151,953	220,914	56,018
	514,468	308,723	248,515	1,071,706	759,156

Fund balances:


Unrestricted (Note 10)	319,195	479,464	-	798,659	1,037,790
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Commitments (Note 14)

\$ 833,663 \$ 788,187 \$ 248,515 \$ 1,870,365 \$ 1,796,946

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, 2017

	Operating Fund	Agency Fund	Special Projects Fund	Total 2017	Total 2016
Revenue:					
Province of Manitoba:					
Operating grant (Note 11)	\$ 2,555,303	\$ -	\$ -	\$ 2,555,303	\$ 2,376,699
Agency grants (Notes 11 and 12)	-	12,068,030	-	12,068,030	12,241,312
Brandon Friendship Centre (Note 11)	57,500	-	-	57,500	57,500
Other grants	-	-	-	-	31,200
Office of the Standing Committee	-	-	-	-	95,734
David Thomas Foundation	84,779	-	-	84,779	82,859
Children's Aid Foundation (Note 9)	68,857	-	-	68,857	70,061
Until the Last Child (Note 9)	-	-	348,047	348,047	6,174
Public Health Agency of Canada	12,250	-	-	12,250	15,875
Other revenue and recoveries	62,094	-	27,906	90,000	16,848
Investment income	14,601	-	-	14,601	14,310
	2,855,384	12,068,030	375,953	15,299,367	15,008,572
Expenses:					
Agency allocations (Note 12)	-	12,141,500	-	12,141,500	12,241,312
Agency support	11,979	-	-	11,979	25,621
Amortization	44,422	-	-	44,422	43,817
Board meetings and expenses	30,662	-	-	30,662	40,442
Grant expenses (Note 13)	357,232	-	-	357,232	289,316
Insurance	5,712	-	-	5,712	6,636
Interest and bank charges	1,138	-	-	1,138	1,740
Legal and audit	50,965	-	-	50,965	24,275
Mileage and parking	24,145	-	2,459	26,604	24,097
Office and supplies	49,927	-	22,888	72,815	44,870
Professional services	44,768	-	17,161	61,929	62,583
Rent	119,758	-	-	119,758	121,306
Telephone	31,775	-	-	31,775	25,535
Training and development	271,924	-	46,021	317,945	213,495
Travel	15,246	-	114	15,360	28,063
Utilities	3,797	-	-	3,797	3,320
Wages and benefits	1,957,595	-	287,310	2,244,905	1,755,924
	3,021,045	12,141,500	375,953	15,538,498	14,952,352
(Deficiency) excess of revenue over expenses	\$ (165,661)	\$ (73,470)	\$ -	\$ (239,131)	\$ 56,220

See accompanying notes to financial statements.

GENERAL CHILD AND FAMILY SERVICES AUTHORITY

Statement of Changes in Fund Balances

Year ended March 31, 2017

	Operating Fund	Agency Fund	Special Projects Fund	Total 2017	Total 2016
Balance, beginning of year	\$ 484,856	\$ 552,934	\$ -	\$ 1,037,790	\$ 981,570
(Deficiency) excess of revenue over expenses	(165,661)	(73,470)	-	(239,131)	56,220
Balance, end of year	\$ 319,195	\$ 479,464	\$ -	\$ 798,659	\$ 1,037,790

See accompanying notes to financial statements.

GENERAL CHILD AND FAMILY SERVICES AUTHORITY

Statement of Cash Flow

Year ended March 31, 2017

	2017	2016
Cash provided by (applied to)		
Operating activities:		
(Deficiency) excess of revenue over expenses	\$ (239,131)	\$ 56,220
Adjustment for:		
Amortization	44,422	43,817
	(194,709)	100,037
Changes in the following:		
Accounts receivable	168,235	(372,704)
Prepaid expenses	11,729	16,708
Accounts payable and accrued liabilities	147,654	288,745
Deferred contributions	164,896	(77,944)
Cash provided by (applied to) operating activities	297,805	(45,158)
Investing activities:		
Change in portfolio investments	320,113	815,444
Cash provided by investing activities	320,113	815,444
Capital activities:		
Purchases of capital assets	(29,520)	(19,778)
Cash (applied to) capital activities	(29,520)	(19,778)
Change in cash and cash equivalents	588,398	750,508
Cash and cash equivalents, beginning of year	840,662	90,154
Cash and cash equivalents, end of year	\$ 1,429,060	\$ 840,662

See accompanying notes to financial statements.

GENERAL CHILD AND FAMILY SERVICES AUTHORITY

Notes to Financial Statements

Year ended March 31, 2017

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 Families 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 records the assets, liabilities, revenues and expenses relating to the primary activities and operations 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. Pursuant to *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. Amounts relating to the agencies under its jurisdiction are recorded in the Agency Fund.

(iii) Special Projects Fund

The Authority established a Special Projects Fund during the year to be used for special projects as approved by the Board of Directors. This fund is used to record the assets, liabilities, revenues and expenses relating to special projects in order to ensure these amounts are segregated from the primary operations of the Authority and its agencies. Currently, the Special Projects Fund is used to record amounts relating to the Bringing Families Together Pilot Project Funding Agreement between the Province of Manitoba and the Northern Authority, Southern Network of Care, Métis Authority, the General Authority and the funder - Until the Last Child ("UTLC").

(iv) Interfund transfers

Any interfund transfers require approval by the Board of Directors and/or by the Department of Families.

GENERAL CHILD AND FAMILY SERVICES AUTHORITY

Notes to Financial Statements

Year ended March 31, 2017

3. Summary of significant accounting policies (continued)

(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.

(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. Portfolio 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.

GENERAL CHILD AND FAMILY SERVICES AUTHORITY

Notes to Financial Statements

Year ended March 31, 2017

3. Summary of significant accounting policies (continued)

(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. These estimates are reviewed periodically and adjustments are recognized in the period they become known. Actual results may differ from these estimates.

4. Accounts receivable

Accounts receivable at March 31 is comprised of the following:

	2017	2016
Operating Fund:		
Interest receivable	\$ 843	\$ 5,238
Province of Manitoba - expense recoveries	12,624	31,200
Other receivables	20,572	37,022
Total Operating Fund	34,039	73,460
Agency Fund:		
Province of Manitoba - Agency stabilization funding	192,123	321,632
Total Agency Fund	192,123	321,632
Special Projects Fund:		
Province of Manitoba - expense recoveries - UTLC	695	-
Total Special Projects Fund	695	-
	\$ 226,857	\$ 395,092

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 the Department of Families for child maintenance. These 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 as at March 31, 2017 are \$116,600 (2016 - \$116,600).

6. Portfolio investments

As at March 31, 2017, the fair value of the Authority's portfolio investments is \$nil (2016 - \$324,896).

GENERAL CHILD AND FAMILY SERVICES AUTHORITY

Notes to Financial Statements

Year ended March 31, 2017

7. Capital assets

	2017		
	Cost	Accumulated amortization	Net book value
Computer software	\$ 63,835	\$ 54,509	\$ 9,326
Furniture and fixtures	116,546	98,417	18,129
Leasehold improvements	286,305	222,490	63,815
	\$ 466,686	\$ 375,416	\$ 91,270

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

8. Accounts payable and accrued liabilities

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

	2017	2016
Operating Fund:		
Trade payables and accrued liabilities	\$ 43,124	\$ 106,696
Vacation pay accrual	7,103	7,798
Due to the Province of Manitoba	395,280	150,412
Total Operating Fund	445,507	264,906
Agency Fund:		
Due to Agencies - CFS Central Manitoba	192,123	321,632
Total Agency Fund	192,123	321,632
Special Projects Fund:		
Trade payables and accrued liabilities - UTLC	93,704	-
Vacation pay accrual - UTLC	2,858	-
Total Special Projects Fund	96,562	-
	\$ 734,192	\$ 586,538

GENERAL CHILD AND FAMILY SERVICES AUTHORITY

Notes to Financial Statements

Year ended March 31, 2017

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 relates to funding from the following sources:

	2017	2016
<i>Children's Aid Foundation:</i>		
Balance, beginning of year	56,018	38,228
Add: contributions received or receivable	81,800	87,851
Less: amounts recognized as revenue	68,857	70,061
Balance, end of year	68,961	56,018
Total Operating Fund	\$ 68,961	\$ 56,018

(b) Deferred contributions - Special Projects Fund

Deferred contributions in the Special Projects Fund relates to funding from the following sources:

	2017	2016
<i>Until the Last Child:</i>		
Balance, beginning of year	-	-
Add: contributions received or receivable	500,000	-
Less: amounts recognized as revenue	348,047	-
Balance, end of year	151,953	-
Total Special Projects Fund	\$ 151,953	\$ -

10. Fund balances

As at March 31, 2017 and 2016, all of the Authority's fund balances are unrestricted. Any internally restricted fund balances represent amounts that have been internally designated for specific purposes as approved by the Board of Directors and/or by the Department of Families. Internally restricted funds may not be established with funding provided by the Department of Families without approval by the Department.

GENERAL CHILD AND FAMILY SERVICES AUTHORITY

Notes to Financial Statements

Year ended March 31, 2017

11. Province of Manitoba - funding reconciliation

A reconciliation of the funding received and/or receivable from the Province of Manitoba during the year to the amounts recognized as revenue is as follows:

		Cash Withheld for Secondments	Current Year Revenue
Funding received/receivable:			
Total 2016/17 amounts per Province of Manitoba confirmation	\$13,155,438		
Less: Prior year receivable from the Province of Manitoba	(31,200)		
Less: Overpayment during the year returned subsequent to year end	(14,375)		
Less: Miscellaneous expense recoveries	(29,030)		
Total current year funding	<u>\$13,080,833</u>		
Funding applied to:			
Agency grants	\$12,068,030	\$ -	\$12,068,030
Operating grant	955,303	1,600,000	2,555,303
Brandon Friendship Centre	57,500	-	57,500
	<u>\$13,080,833</u>	<u>\$ 1,600,000</u>	<u>\$14,680,833</u>

See Note 4 for amounts included above receivable from the Province of Manitoba as at year end.

12. Agency grants

During the year ended March 31, 2017, the Authority received funding from the Province of Manitoba in the amount of \$12,068,030 for total funding recognized of \$12,068,030 (2016 - \$12,241,312) to be allocated to the agencies under its jurisdiction. Agency grants were allocated as follows:

Agency	<u>Child and Family Services Division</u>			
	Funding Model	Differential Response	Total 2017	Total 2016
Child and Family Services of Central Manitoba	\$ 3,896,496	\$ 367,650	\$ 4,264,146	\$ 4,585,776
Child and Family Services of Western Manitoba	7,429,932	-	7,429,932	7,113,578
Jewish Child and Family Service	447,422	-	447,422	541,958
Total	\$11,773,850	\$ 367,650	\$12,141,500	\$12,241,312

For the year ended March 31, 2017, the total amount allocated to agencies exceeded the funding received by \$73,470 (2016 - \$nil). 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, 2017

13. Grant expenses

The Authority made the following grant expenditures during the year:

	2017	2016
Children's Aid Foundation - CIBC Miracle Fund	\$ 18,527	\$ 22,379
Children's Aid Foundation - FC Transition & Comfort Kits	31,999	22,450
Children's Aid Foundation - Scotia Capital Stay in School Fund	18,331	25,199
Children's Aid Foundation - RBC Diversity Fund	-	32
Islamic Social Services Association	54,826	55,000
New Canadian Awareness Education Initiative	20,795	36,150
Post Secondary Education and Support	-	9,396
SOS - Brandon Friendship Centre	57,500	57,500
Vision Catchers	32,308	32,999
Youth Initiatives including Building Futures	122,946	28,211
	\$ 357,232	\$ 289,316

14. Commitments

The Authority has signed a lease renewal agreement for 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, 2018 are estimated to be \$120,180 (2017 actual - \$119,758).

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 (2016 - \$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 primarily 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:

	2017	2016
Cash and cash equivalents	\$ 1,429,060	\$ 840,662
Accounts receivable	226,857	395,092
Portfolio investments	-	320,113
Advances receivable	116,600	116,600
	\$ 1,772,517	\$ 1,672,467

GENERAL CHILD AND FAMILY SERVICES AUTHORITY

Notes to Financial Statements

Year ended March 31, 2017

15. Financial instruments and financial risk management (continued)

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 exposure to credit risk.

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, 2017 is \$nil (2016 - \$nil).

As at March 31, 2017, the aging of accounts receivable is \$226,857 current (2016 - \$390,586 current and \$4,506 60-90 days).

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.

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, 2016 have been reclassified to conform to the financial statement presentation adopted in the current year.