

Aboriginal Mother Centre Society
Financial Statements
For the year ended March 31, 2016

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Independent Auditor's Report

To the Members of:

Aboriginal Mother Centre Society

Report on the Financial Statements

We have audited the accompanying financial statements of Aboriginal Mother Centre Society, which comprise the statement of financial position as at March 31, 2016, and the statements of operations and changes in net assets, and statement of cash flows 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 these financial statements in accordance with Canadian accounting standards for 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 these 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 controls 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 qualified audit opinion.

Basis for Qualified Opinion

As is common with many charitable organizations, the Aboriginal Mother Centre Society derives revenue from general donations of which the completeness is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues were limited to the amounts recorded in the records of the Society and we were not able to determine whether any adjustments might be necessary to donations, surplus of revenues over expenses, and net assets – unrestricted.



Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Aboriginal Mother Centre Society as at March 31, 2016, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Report on Other Legal and Regulatory Requirements

As required by the British Columbia Society Act, we report that, in our opinion, these principles have been applied on a basis consistent with that of the preceding year.

Chartered Professional Accountants

Vancouver, British Columbia
June 20, 2016

Aboriginal Mother Centre Society

Statement of Financial Position


March 31	2016	2015
Assets		
<i>Current</i>		
Cash and cash equivalents	\$ 65,465	\$ 220,279
Term deposits	390,650	161,609
Restricted cash	30,098	97
Accounts receivable	10,747	72,293
Goods and services tax rebate	4,624	-
Government assistance receivable	87,407	60,445
Inventory	-	6,548
Prepays and deposits	10,045	7,900
	599,036	529,171
<i>Non-current</i>		
Capital assets (Note 3)	283,273	231,207
Restricted cash (Note 4)	28,418	16,045
	910,727	776,423
Liabilities, Deferred Contributions and Net Assets		
<i>Current</i>		
Accounts payable and accrued liabilities	\$ 225,556	\$ 157,260
Goods and services tax payable	-	407
Government remittances payable	18,353	18,445
Grant repayable	30,000	-
Demand loan	12,000	12,000
Current portion of long-term loan (Note 5)	14,947	14,947
Deferred contributions (Note 6)	28,701	138,446
	329,557	341,505
<i>Long-term</i>		
Long-term loan (Note 5)	98,403	113,351
Deferred capital contributions (Note 7)	190,683	121,027
	289,086	234,378
Net Assets		
Invested in capital assets	193,180	110,180
Replacement reserve (Note 4)	28,418	16,045
Unrestricted	70,486	74,315
	292,084	200,540
	910,727	776,423

Commitments (Note 8)

Related party transactions (Note 9)

Contingency (Note 11)

Approved on behalf of the Board:

 President

 Treasurer

Aboriginal Mother Centre Society

Statement of Operations

For the year ended March 31

2016

2015

Revenues

Grants	\$ 1,300,065	\$ 850,711
Programs	305,298	385,683
Fundraising	17,780	112,064
Donations	162,908	118,744
Interest and other income	16,630	3,877

1,802,681	1,471,079
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Expenditures

Bank charges, interest, and merchant fees	4,728	2,243
Fundraising	9,531	35,549
Insurance	4,696	4,845
Office and miscellaneous	44,797	28,937
Program expenses	255,911	70,234
Professional	53,859	45,420
Rent and occupancy costs	115,649	145,986
Repairs and maintenance	39,918	101,837
Salaries, employee benefits, and honorariums	1,110,065	905,859
Telephone and utilities	40,242	38,840
Travel	7,355	7,367

1,686,751	1,387,117
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Surplus of revenues over expenses before amortization

\$ 115,930	\$ 83,962
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Amortization of capital assets (Note 3)

55,320	59,612
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Amortization of deferred capital contributions (Note 7)

(30,934)	(31,150)
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Surplus of revenues over expenses

\$ 91,544	\$ 55,500
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Aboriginal Mother Centre Society

Statement of Changes in Net Assets

For the year ended March 31

	Invested in Capital Assets	Replacement Reserve	Unrestricted	Total
Net assets, March 31, 2014	\$ 131,284	\$ 8,031	\$ 5,725	\$ 145,040
Surplus of revenues over expenses	-	-	55,500	55,500
Investment in capital assets	7,358	-	(7,358)	-
Amortization of capital assets	(59,612)	-	59,612	-
Amortization of deferred capital contributions	31,150	-	(31,150)	-
Interfund transfer	-	8,014	(8,014)	-
Net assets, March 31, 2015	\$ 110,180	\$ 16,045	\$ 74,315	\$ 200,540
Surplus of revenues over expenses	-	-	91,544	91,544
Investment in capital assets	107,386	-	(107,386)	-
Amortization of capital assets	(55,320)	-	55,320	-
Amortization of deferred capital contributions	30,934	-	(30,934)	-
Interfund transfer	-	12,373	(12,373)	-
Net assets, March 31, 2016	\$ 193,180	\$ 28,418	\$ 70,486	\$ 292,084

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

Aboriginal Mother Centre Society

Statement of Cash Flows

For the year ended March 31

2016

2015

Cash provided by (used in):

Operating activities

Surplus of revenues over expenses	\$ 91,544	\$ 55,500
Adjustments to reconcile net income to net cash provided by operating activities:		
Amortization of capital assets	55,320	59,612
Amortization of deferred capital contributions	(30,934)	(31,150)
	115,930	83,962
Changes in non-cash working capital items		
Accounts receivable	61,546	46,111
Government assistance receivable	(26,962)	(57,328)
Goods and services tax rebate	(5,031)	10,262
Inventory	6,548	4,107
Prepaid expenses	(2,145)	(5,963)
Accounts payable and accrued liabilities	68,297	(18,965)
Grant payable	30,000	-
Government remittances payable	(92)	2,419
Deferred revenues	-	(18,550)
Deferred contributions	(109,745)	108,399

Net cash (used in) from operating activities

138,345 154,454

Investing activities

Purchase of term deposits	(229,041)	(161,609)
Purchase of capital assets	(107,386)	(7,358)

Net cash (used in) from investing activities

(336,427) (168,967)

Financing activities

Increase in deferred capital contributions	100,590	-
Decrease in loan payable	(14,948)	(14,947)
Changes in restricted cash	(42,374)	(8,005)

Net cash (used in) from financing activities

43,268 (22,952)

Decrease in cash for the year

(154,814) (37,465)

Cash and cash equivalents, beginning of year

220,279 257,744

Cash and cash equivalents, end of year

\$ 65,465 \$ 220,279

Cash and cash equivalents comprised of:

Cash	\$ 29,250	\$ 205,313
Cash held in trust	36,215	14,966
	\$ 65,465	\$ 220,279

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

Aboriginal Mother Centre Society

Notes to Financial Statements

March 31, 2016

1. Nature and Purpose of the Society

Aboriginal Mother Centre Society (the "Society") was incorporated under the Society Act (British Columbia) as a not-for-profit organization. The purpose of the Society is to provide and foster programs of a social, cultural, education, recreational, and economic nature to Aboriginal women and their families. The Society is a charitable organization registered under the Income Tax Act (Canada), and accordingly is exempt from income taxes under section 149 of the Income Tax Act and is authorized to issue donation receipts for income tax purposes.

The Society's main source of revenue is derived from donations and funding received from federal, provincial and municipal governments for the purpose of conducting programs and activities pursuant to its mandate outlined above. Therefore, the Society's ability to conduct programs and activities relevant to its mandate in the future is dependent on the Society being able to continue to receive necessary funding from the various levels of government.

2. Summary of Significant Accounting Policies

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and are in accordance with Canadian generally accepted accounting principles. The Society uses the Canadian accounting standards for not-for-profit organizations ("Part III") of the CPA Canada Handbook.

(a) Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that could affect the reported amounts of assets, liabilities, deferred contributions at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Specific areas of estimates include the rate of amortization of capital assets, accrued liabilities and deferred contributions. Actual results may differ from those estimates.

(b) Revenue recognition

The Society follows the deferral method of accounting for contributions which include donations and grants. Under the deferral method of accounting for contributions, unrestricted contributions are recognized as revenue in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

In addition, the Society generates program revenues which includes rents collected from the residents of the Transformational Housing Program, daycare fees, sales of products from Mama's Wall Street Studio, cafeteria and catering sales, and commercial rent collected from its sub-tenants.

Externally restricted contributions are recognized as revenue when the related and offsetting expenses are incurred. Contributions restricted for the purchase of capital assets are deferred and amortized to revenue, at the corresponding amortization rate for the related capital assets.

(c) Contributed services, materials and assets

Volunteers contributed an indeterminate number of hours to assist the Society in carrying out its activities. Because of the difficulty when determining the fair value of contributed hours, contributed services are not recognized in the financial statements. Non-cash donations of materials not used in the normal course of Society's operations and for which the fair value can not be reasonably estimated are not recognized in the financial statements either.

Contributions of assets, supplies, and services that would otherwise have been purchased are recorded at fair value at the date of contribution provided a fair value can be reasonably determined.

Aboriginal Mother Centre Society

Notes to Financial Statements

March 31, 2016

2. Summary of Significant Accounting Policies (continued)

(d) Cash, cash equivalents and restricted cash

Cash and cash equivalents represent unrestricted funds held in Canadian financial institutions, including term deposits with a maturity greater than 90 days from the date of inception bearing interest between 1.0% per annum and 1.3% per annum. Cash and cash equivalents also include cash held in trust by the property manager.

Restricted cash represents externally restricted funds to be used for specific programs and the reserve fund for future capital building expenditures.

(e) Inventory

Inventory has been valued at the lower of cost and net realizable value and is comprised of finished goods as well as raw materials.

(f) Capital Assets

Capital assets are recorded at cost and amortized. Contributed capital assets are recorded at the fair value at the date of contribution. Amortization is calculated over the asset's estimated useful life as follows:

Computer equipment	- 55% declining balance
Furniture and fixtures	- 20% declining balance
Leasehold improvements	- straight line basis over remaining lease term
Vehicle	- 30% declining balance

(g) Financial Instruments

Fair value of financial Instruments

The fair value of a financial instrument is the estimated amount that the Society would receive or pay to settle a financial asset or financial liability as at the reporting date.

The fair values of amounts receivable and accounts payable and accrued liabilities approximate their carrying values due to their nature or capacity for prompt liquidation.

The fair values of term deposits are determined by the redemption value of the investment at year-end.

Cash flow risk

The Society is exposed to cash flow risk from the possibility that future cash flows associated with monetary financial instruments will fluctuate. The exposure of The Society to cash flow risk arises from certain of its interest bearing assets. The Society has no interest bearing liabilities. The Society's cash includes amounts on deposit with financial institutions that earn interest at market rates. The Society manages its exposure to cash flow risk by maximizing the interest earned on excess funds while maintaining the minimum liquidity necessary to conduct operations on a day to day-to-day basis. Fluctuations in market rates of interest on cash do not have a significant impact on the Society's results of operations.

Liquidity risk

Liquidity risk is the risk that the Society will not be able to meet a demand for cash or fund its obligations as they come due. Liquidity risk also includes the risk of the Society not being able to liquidate assets in a timely manner at a reasonable price.

The Society meets its liquidity requirements by preparing and monitoring detailed forecasts of cash flows from operations, anticipating investing and financing activities, and holding assets that can be readily converted into cash. The Society actively manages its cash flows to ensure sufficient funds are on hand to meet its obligations. The Society does not have a bank facility in place.

Aboriginal Mother Centre Society

Notes to Financial Statements

March 31, 2016

2. Summary of Significant Accounting Policies (continued)

(g) Financial Instruments (continued)

Credit risk

The Society is exposed to credit risk resulting from the possibility that parties may default on their financial obligations, or if there is a concentration of transactions carried out with the same party, or if there is a concentration of financial obligations which have similar economic characteristics such that they could be similarly affected by changes in economic conditions. The Society does not hold directly any collateral as security for its financial obligations.

Cash and restricted cash: Credit risk associated with cash and term deposits is minimized substantially ensuring that these assets are invested financial obligations of a local credit union that have been accorded investment grade ratings by a primary rating agency.

Accounts receivable: Credit risk associated with accounts receivable is minimized by the Society's diverse number of donors and grantors. No allowance is prepared for potential credit losses as payment is required from program participants before it begins and grants are only recorded as receivable once the application has been confirmed and payment assured.

Management believes concentration of credit risk with respect to accounts receivable is limited due to the nature of the grant approval process and the large number of program participants.

Interest rate risk

Interest rate risk refers to the risk that the fair value of financial instruments will fluctuate due to changes in market interest rates. The exposure of the Society to interest rate risk arises from certain of its interest bearing assets. The Society has no interest bearing liabilities.

The primary objective of the Society with respect to its investments in fixed income investments is to ensure the security of principal amounts invested and provide for a high degree of liquidity, while achieving a satisfactory investment return.

3. Capital Assets

	Cost	Accumulated Depreciation	Net 2016
Equipment	\$ 295,285	\$ 151,024	\$ 144,261
Computers	19,217	15,697	3,520
Leasehold improvements	108,966	12,532	96,434
Vehicle	79,709	40,651	39,058
	\$ 503,177	\$ 219,904	\$ 283,273

	Cost	Accumulated Depreciation	Net 2015
Equipment	\$ 242,830	\$ 121,517	\$ 121,313
Computers	16,971	12,767	4,204
Leasehold improvements	56,281	6,387	49,894
Vehicle	79,709	23,913	55,796
	\$ 395,791	\$ 164,584	\$ 231,207

Aboriginal Mother Centre Society

Notes to Financial Statements

March 31, 2016

4. Restricted Cash

As part of the Society's operating agreement with one of its grantors, it is required to properly fund and maintain a replacement reserve fund for future capital repairs and replacements to the premises used by the Transformational Housing Program. During the year, the Society reserved \$12,371 (\$8,014 - 2015).

5. Long-term loan

The Society entered into a non-interest bearing, long-term debt arrangement on June 28, 2013, in which the Society promised to make 119 monthly installments of \$1,245.62 plus a final installment of \$1,244.56, payable on the first day of every month commencing November 2013, totaling the sum of \$149,473.34. The entire debt becomes due and owing should any payment be in arrears in excess of 10 days.

2017	\$	14,947
2018		14,947
2019		14,947
2020		14,947
Thereafter		<u>53,562</u>
	\$	<u>113,350</u>

6. Deferred Contributions

Deferred contributions represent program expenditures to be incurred in future years. These externally restricted donations and grants are to be expended for specific program purposes.

	<u>2016</u>	<u>2015</u>
Balance, beginning of year	\$ 138,446	\$ 30,047
Contributions received during the year	28,701	179,583
Expenditures incurred	<u>(138,446)</u>	<u>(76,184)</u>
Balance, end of year	<u>\$ 28,701</u>	<u>\$ 138,446</u>

7. Deferred Capital Contributions

Deferred capital contributions represent the unamortized amount of deferred contributions specified for the purchase of capital assets. The amortization of deferred capital contributions is recorded as revenue in the statement of operations.

	<u>2016</u>	<u>2015</u>
Balance, beginning of year	\$ 121,027	\$ 143,100
Capital contributions received during the year	130,590	(14,293)
Amortization of deferred capital contributions	<u>(30,934)</u>	<u>(31,150)</u>
Balance, end of year	<u>\$ 190,683</u>	<u>\$ 121,027</u>

Aboriginal Mother Centre Society

Notes to Financial Statements

March 31, 2016

8. Commitments

The Society entered into a head lease agreement for its operating premises until July 2028. The minimum annual lease payment is \$1 for the term paid on the lease commencement date plus additional rent on a triple net basis, including general and property taxes and utilities.

The Society entered into a five year operating lease agreement for its photocopier. The future minimum lease payments are \$1,458 up to December 31, 2016.

9. Related Party Transactions

During the year, the Society received a \$1,000 donation from a member of its Board of Directors. In addition, the Society incurred \$1,098 in catering costs to celebrate the anniversary of one of its Directors. There are no amounts receivable from or payable to related parties as of March 31, 2016.

10. Program expenses

There are five different programs in operation during the year which include:

1). Community kitchen program - the main objective of this program is to provide food services to the other programs provided by the Society and to provide on the job training.

2). Day programming - the main objective of this program is to deliver on-site programming for both mothers in residence and in the local Aboriginal community, with traditional Indigenous knowledge-centered approach. The approach includes knowledge to spiritual, physical, and emotional health through counselling, advocacy, education, training and social support. Included in day programming is Outreach program focused on providing services to Aboriginal people who are homeless or at risk of becoming homeless.

3). Daycare program - the main objective of this program is to provide a safe and accessible childcare facility that has culturally appropriate programming and services.

4). Social entrepreneurship program - the main objective of this program is to create entry level jobs for mothers in need through the production of high quality sewn products such as handbags, tote bags, and high quality machine knitted scarves and mittens.

5). Transformational housing program - the main objective of this program is to provide temporary housing to pregnant or early parenting mothers who are at risk of homelessness or require child welfare intervention.

The following expenditures are incurred by the various programs:

	<u>2016</u>	<u>2015</u>
Community kitchen program	\$ 205,627	\$ 55,558
Day program	316,941	184,255
Daycare program	199,909	239,768
Social entrepreneurship program	103,746	83,050
Transformational housing program	580,024	601,486
	<u>\$ 1,406,247</u>	<u>\$ 1,164,117</u>

These expenses are reported by the respective programs and include both program and administrative overhead costs. The Society's management allocates administrative and overhead costs based on a complex formula that considers staff headcount, wages, staff time, square footage and program spending.

Aboriginal Mother Centre Society

Notes to Financial Statements

March 31, 2016

11. Contingency

Subsequent to year-end, the Society received notice from the BC Human Rights Tribunal of an unjust dismissal claim filed by an former employee demanding \$50,000 in lost wages. The cost of this contingent liability is not determinable at this time, and is not reflected in these financial statements.

12. Community Gaming Grant

During the year, the Society received \$30,000 (2015 - \$38,750) from the BC Community Gaming Grant.

13. Comparative numbers

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