

Financial Statements of

**ABORIGINAL MOTHER
CENTRE SOCIETY**

Year ended March 31, 2012



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INDEPENDENT AUDITORS' REPORT

To the Board of Aboriginal Mother Centre Society

We have audited the accompanying financial statements of Aboriginal Mother Centre Society, which comprise the statement of financial position as at March 31, 2012, the statements of operations, changes in net assets and cash flows for the year then ended, and notes, comprising 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 generally accepted accounting principles, 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.

Auditors' 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 our 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, we consider 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 in our audit is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Qualified Opinion

In common with many charitable organizations, the Society derives revenue from cash donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Society. Therefore, we were not able to determine whether, as at and for the year ended March 31, 2012, any adjustments might be necessary to grants and donations and excess of revenues over expenses reported in the statement of operations, excess of revenues over expenses reported in the statement of cash flows and current assets and unrestricted net assets reported in the statement of financial position. This caused us to qualify our audit opinion on the financial statements as at and for the year ended March 31, 2012.

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 the Society as at March 31, 2012, and its results of 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 Society Act (British Columbia), we report that, in our opinion, these principles have applied on a basis consistent with that of the preceding year.



Chartered Accountants

November 20, 2012
Vancouver, Canada

ABORIGINAL MOTHER CENTRE SOCIETY

Statement of Financial Position

March 31, 2012, with comparative information for 2011

	2012	2011
Assets		
Current assets:		
Cash	\$ 4,693	\$ 47,661
Restricted cash	100,001	-
Accounts receivable	134,455	23,964
	239,149	71,625
Capital assets (note 2)	218,228	129,323
	<u>\$ 457,377</u>	<u>\$ 200,948</u>
Liabilities and Fund Balances		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 323,933	\$ 191,362
Deferred contributions (note 3)	123,731	-
Deferred capital contributions (note 4)	31,471	-
Deposits	9,118	-
Due to related parties (note 7)	12,000	12,000
	500,253	203,362
Net assets:		
Unrestricted	(261,104)	(131,737)
Net assets invested in capital assets	218,228	129,323
	(42,876)	(2,414)
	<u>\$ 457,377</u>	<u>\$ 200,948</u>

See accompanying notes to financial statements.

Approved on behalf of the Board:

 Members

 Members

ABORIGINAL MOTHER CENTRE SOCIETY

Statement of Operations

Year ended March 31, 2012, with comparative information for 2011

	2012	2011
Revenue:		
Grants and donations	\$ 347,915	\$ 175,046
Daycare and rental income	39,951	-
	387,866	175,046
Expenses:		
Administrative fees	106,868	91,595
Program expenses (note 8)	367,367	18,201
Amortization of capital assets	13,418	-
	487,653	109,796
Excess (deficiency) of revenue over expenses before contributions	(99,787)	65,250
Contribution of capital assets	59,325	86,621
Excess (deficiency) of revenue over expenses	\$ (40,462)	\$ 151,871

See accompanying notes to financial statements.

ABORIGINAL MOTHER CENTRE SOCIETY

Statement of Changes in Net Assets

Year ended March 31, 2012, with comparative information for 2011

	Capital assets	Unrestricted	2012 Total	2011 Total
Balance, beginning of year	\$ 129,323	\$ (131,737)	\$ (2,414)	\$ (154,285)
Excess (deficiency) of revenue over expenses	(13,418)	(27,044)	(40,462)	151,871
Investment in capital assets	102,323	(102,323)	-	-
Balance, end of year	\$ 218,228	\$ (261,104)	\$ (42,876)	\$ (2,414)

See accompanying notes to financial statements.

ABORIGINAL MOTHER CENTRE SOCIETY

Statement of Cash Flows

Year ended March 31, 2012, with comparative information for 2011

	2012	2011
Cash provided by (used in):		
Operations:		
Excess (deficiency) of revenue over expenses	\$ (40,462)	\$ 151,871
Items not involving cash:		
Amortization	13,418	-
Contributed capital assets	(59,325)	(86,621)
	(86,369)	65,250
Changes in non-cash operating working capital:		
Accounts receivable	(110,491)	(9,282)
Accounts payable and accrued liabilities	132,571	26,232
Deferred contributions	123,731	-
Deferred capital contributions	31,471	-
Deposits	9,118	-
	100,031	82,200
Investing activities:		
Restricted cash contribution	(100,001)	-
Purchase of capital assets	(42,998)	(42,702)
	(142,999)	(42,702)
Increase (decrease) in cash	(42,968)	39,498
Cash, beginning of year	47,661	8,163
Cash, end of year	\$ 4,693	\$ 47,661

See accompanying notes to financial statements.

ABORIGINAL MOTHER CENTRE SOCIETY

Notes to Financial Statements

Year ended March 31, 2012

Nature of operations:

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 as such is exempt from income taxes 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 as outlined above. Therefore, its 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.

1. Significant accounting policies:

The Company's significant accounting policies are as follows:

(a) Basis of presentation:

These financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles ("GAAP").

(b) Revenue recognition:

The Society follows the deferral method of accounting for contributions which include donations and grants.

Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably established and collection is reasonably assured.

Externally restricted contributions are recognized as revenue in the year in which the related expenses are recognized. Contributions restricted for the purchase of capital assets are deferred and amortized to revenue, at a rate corresponding with the amortization rate for the related capital assets.

ABORIGINAL MOTHER CENTRE SOCIETY

Notes to Financial Statements

Year ended March 31, 2012

1. Significant accounting policies (continued):

(c) Capital assets:

Purchased capital assets are stated at cost. Contributed capital assets are recorded at the fair value at the date of contribution. Amortization is provided over the estimated useful life using the following methods and annual rates:

Asset	Basis	Rate
Computers	Declining balance	55%
Furniture and fixtures	Declining balance	20%

The Society assesses the carrying amount of long-lived assets initially based on the net recoverable amounts determined on an undiscounted cash flow basis. If the carrying amount of an asset exceeds its net recoverable amount, an impairment loss is recognized to the extent that fair value is below the asset's carrying amount. Fair value is determined based on quoted market prices when available, otherwise on the discounted cash flows over the life of the asset. The assets are not amortized during the year as the assets are not in use.

(d) Contributed services and assets:

Volunteers contributed an indeterminate number of hours to assist the Society in carrying out its activities. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

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.

(e) Financial instruments:

The Society's financial instruments consist of cash, restricted cash, accounts receivable, accounts payable and accrued liabilities, and due to related parties.

The Society's financial instruments are classified as follows:

- Cash and restricted cash are classified as held-for-trading;
- Accounts receivable is classified as loans and receivables;
- Accounts payable and accrued liabilities are classified as other financial liabilities; and
- Due to related parties are classified as other financial liabilities.

ABORIGINAL MOTHER CENTRE SOCIETY

Notes to Financial Statements

Year ended March 31, 2012

1. Significant accounting policies (continued):

(e) Financial instruments (continued):

Financial assets and financial liabilities classified as held-for-trading are measured at fair value with changes in those fair values recognized in the Statement of Operations and Changes in net assets. Loans and receivables and financial liabilities classified as other financial liabilities are initially recorded at fair value and subsequently measured at amortized cost.

Cash and restricted cash are recorded at fair value. Accounts receivable, accounts payable and accrued liabilities, and due to related parties are initially recorded at fair value and subsequently measured at amortized cost.

The Society has elected not to adopt CICA Handbook Section 3862 *Financial Instruments Disclosures* and Section 3863 *Financial Instruments - Presentation*, and instead has continued to disclose its financial instruments as required under Section 3861 - *Financial Instruments - Disclosure and Presentation*.

The Society has a risk management framework to monitor, evaluate and manage the principal risks assumed with financial instruments. The risks that arise from transacting financial instruments include credit risk and liquidity risk.

It is management's opinion that the Society is not exposed to significant interest, currency, liquidity, or credit risks arising from these financial instruments.

(f) Use of estimates:

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

(g) Future accounting pronouncements:

Changes in accounting framework:

In December 2010 the CICA in conjunction with the Accounting Standards Board ("AcSB") issued Part III - Accounting Standards for Not-for-Profit Organizations ("Part III") of the CICA Handbook. Part III is effective for fiscal years commencing on or after January 1, 2012 and provides Canadian private sector not-for-profit organizations with a new financial reporting framework. The Society has the option to apply International Financial Reporting Standards ("IFRS") or the newly approved accounting standards for Not-for-Profit Organizations. The Society will adopt Part III of the CICA handbook for the year commencing April 1, 2012.

ABORIGINAL MOTHER CENTRE SOCIETY

Notes to Financial Statements

Year ended March 31, 2012

2. Capital assets:

			2012	2011
	Cost	Accumulated depreciation	Net book value	Net book value
Computers	\$ 9,939	\$ 1,320	\$ 8,619	\$ -
Furniture and fixtures	221,707	12,098	209,609	129,323
	\$ 231,646	\$ 13,418	\$ 218,228	\$ 129,323

3. Deferred contributions:

Deferred contributions related to expenses of future periods represent unspent externally restricted grants and donations for specific programs.

	2012	2011
Balance, beginning of year	\$ -	\$ -
Add amount received related to future periods	123,731	-
Balance, end of year	\$ 123,731	\$ -

\$100,001 (2011 – nil) of the deferred contributions are included in restricted cash.

4. Deferred capital contributions:

Deferred capital contributions related to capital assets represent the unamortized amount and unspent amount of donations and grants received for the purchase of capital assets. The amortization of capital contributions is recorded as revenue in the statement of operations.

	2012	2011
Balance, beginning of year	\$ -	\$ -
Additional contributions received	31,516	-
Less amortization of deferred capital contributions	45	-
Balance, end of year	\$ 31,471	\$ -

ABORIGINAL MOTHER CENTRE SOCIETY

Notes to Financial Statements

Year ended March 31, 2012

5. Fair value of financial instruments:

The carrying value of cash, accounts receivable, accounts payable and accrued liabilities and due to related parties approximate their fair value due to the relatively short periods to maturity of these items. The Society is not exposed to significant interest or credit risks arising from these financial instruments.

6. Capital disclosures:

The Society receives its principal source of capital through grant funding and donations. The Society defines capital to be net assets.

7. Due to related parties:

Included in due to related parties is an amount of \$12,000 (2011 - \$12,000) due to a member of the Board of Directors of the Society, which is non-interest bearing, unsecured, and has no specific repayment terms.

8. Program expenses:

There are six 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 counseling, advocacy, education, training and social support.
- (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. The daycare program is fully in operation as of November 1, 2011.
- (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 and tote bags and high quality machine knitted scarves and mittens.
- (5) Transformative 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.
- (6) West coast feast - The main objective of this program is raise funds for programs that assist mothers and children through methods of providing traditional foods and meals to the Aboriginal and local community. As at March 31, 2012, the program is no longer in operation.

ABORIGINAL MOTHER CENTRE SOCIETY

Notes to Financial Statements

Year ended March 31, 2012

8. Program expenses (continued):

For the years ended March 31, 2012 and 2011, the following expenses are incurred by the various programs:

	2012	2011
Community kitchen program	\$ 27,905	\$ 10,018
Day programming	7,807	-
Daycare program	109,430	1,517
Social entrepreneurship program	39,669	4,858
Transformative housing program	177,864	1,808
West coast feast	4,692	-
	\$ 367,367	\$ 18,201