

Aboriginal Mother Centre Society

Financial Statements

For the year ended March 31, 2014

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Independent Auditor's Report

To the Members of:

Aboriginal Mothers Centre Society

Report on the Financial Statements

I have audited the accompanying financial statements of Aboriginal Mother Centre Society, which comprise the statement of financial position as at March 31, 2014, 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

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my 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, my verification of these revenues was limited to the amounts recorded in the records of the Society and I was not able to determine whether any adjustments might be necessary to donations, excess of revenues over expenses, and net assets.

Qualified Opinion

In my 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, 2014, 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, I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding year.



Chartered Accountant

Vancouver, British Columbia
June 24, 2014

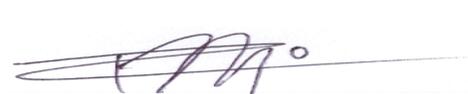
Aboriginal Mother Centre Society

Statement of Financial Position

March 31	2014	2013
Assets		
<i>Current</i>		
Cash	\$ 265,791	\$ 32,159
Restricted cash	90	15,795
Accounts receivable	121,521	101,837
Goods and services tax rebate	9,855	20,251
Inventory	10,655	-
Prepays and deposits	1,937	21,769
	409,849	191,811
<i>Non-current</i>		
Capital assets (Note 3)	274,390	200,768
	\$ 684,239	\$ 392,579
Liabilities, Deferred Contributions and Net Assets		
<i>Current</i>		
Accounts payable and accrued liabilities	\$ 176,230	\$ 286,265
Government remittances payable	16,026	21,658
Current portion of long-term loan (Note 4)	14,947	-
Loan payable	12,000	12,000
Deferred revenues	18,550	7,988
Deferred contributions (Note 5)	30,047	15,795
	267,800	343,706
<i>Long-term</i>		
Loan payable (Note 4)	128,298	-
Deferred capital contributions (Note 6)	143,100	49,677
	271,398	49,677
Net Assets		
Invested in capital assets	131,284	151,088
Replacement reserve (Note)	8,031	-
Unrestricted	5,726	(151,892)
	145,041	(804)
	\$ 684,239	\$ 392,579

Commitment (Note 7)

Approved on behalf of the Board:

 Director

 Director

Aboriginal Mother Centre Society

Statement of Operations

For the year ended March 31	2014	2013
Revenues		
Grants (Note 8)	\$ 1,017,920	\$ 838,940
Programs	349,736	124,519
Fundraising	147,775	718
Donations	47,962	170,626
Interest	425	763
	1,563,818	1,135,566
Expenditures		
Bank charges and interest	1,607	11,073
Fundraising	79,864	-
Insurance	7,587	6,915
Office and miscellaneous	15,635	29,624
Professional	12,300	33,790
Rent	67,467	151,776
Repairs and maintenance	232,394	6,875
Salaries, wages and honorariums	861,366	701,167
Supplies	63,541	64,758
Telephone and utilities	38,121	41,711
Travel	3,427	4,205
	1,383,309	1,051,894
Surplus of revenues over expenses before amortization	\$ 180,509	\$ 83,672
Amortization of capital assets (Note 3)	43,009	48,545
Amortization of deferred capital contributions (Note 5)	(8,345)	(6,945)
Surplus of revenues over expenses	\$ 145,845	\$ 42,072

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

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, December 31, 2012	\$ 186,757	\$ -	\$ (229,633)	\$ (42,876)
Excess of revenues over expenses	-	-	42,072	42,072
Investment in capital assets	5,931	-	(5,931)	-
Amortization of capital assets	(48,545)	-	48,545	-
Amortization of deferred capital contributions	6,945	-	(6,945)	-
Net assets, December 31, 2013	\$ 151,088	\$ -	\$ (151,892)	\$ (804)
Excess of revenues over expenses	-	-	145,845	145,845
Investment in capital assets	14,860	-	(14,860)	-
Amortization of capital assets	(43,009)	-	43,009	-
Amortization of deferred capital contributions	8,345	-	(8,345)	-
Interfund transfer	-	8,031	(8,031)	-
Net assets, December 31, 2014	\$ 131,284	\$ 8,031	\$ 5,726	\$ 145,041

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	2014	2013
Cash provided by (used in):		
Operating activities		
Excess of revenues over expenses	\$ 145,845	\$ 42,072
Adjustments to reconcile net income to net cash provided by operating activities:		
Amortization of capital assets	43,009	48,545
Amortization of deferred capital contributions	(8,345)	(6,945)
	180,509	83,672
Changes in non-cash working capital items		
Accounts receivable	(19,684)	13,808
Goods and services tax rebate	10,396	(1,441)
Inventory	(10,655)	-
Prepaid expenses	19,832	(21,769)
Accounts payable and accrued liabilities	(110,038)	(40,392)
Government remittances	(5,632)	15,261
Deferred revenues	10,562	7,988
Deferred contributions	14,252	(107,936)
Net cash (used in) from operating activities	89,542	(50,809)
Investing activities		
Purchase of capital assets	(14,860)	(5,931)
Financing activities		
Increase in loan payable	143,245	-
Changes in restricted cash	15,705	84,206
Net cash (used in) from financing activities	158,950	84,206
Increase in cash for the year	233,632	27,466
Cash, beginning of year	32,159	4,693
Cash, end of year	\$ 265,791	\$ 32,159

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, 2014

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. There, 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.

2. Summary of Significant Accounting Policies

(a) Basis of presentation

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 accounting standards for not-for-profit organizations ("Part III") of the CICA Handbook effective for the year ending March 31, 2013.

The Society did not take any elections under the transition rules, but retrospectively applied the accounting standards for not-for-profit organizations.

(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 including program fees, rents, and sales 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.

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.

(c) 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.

Aboriginal Mother Centre Society

Notes to Financial Statements

March 31, 2014

2. Summary of Significant Accounting Policies (continued)

(d) Restricted cash and term deposit

Restricted cash and term deposit represent externally restricted funds to be used for specific programs and includes a term deposit with a maturity greater than 90 days from the date of inception.

(e) Inventory

Inventory has been valued at the lower of cost and net realizable value and are comprised of raw materials will be used in the production of goods to meet contractual obligations to the customers of Mama Wall Street Studio.

(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 using the following methods and annual rates:

Computers & office equipment	- 55% declining balance
Furniture and fixtures	- 20% declining balance
Leasehold improvements	- 15 years straight line

(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.

Risk management

The Society manages its exposure to the risks associated with financial instruments that have the potential to affect its operating and financial performance in accordance with its Risk Management Policy. The objective of this policy is to reduce volatility in cash flow and earnings. The Board of Directors monitors compliance with risk management policies and procedures on an annual basis.

The Society does not use derivative financial instruments to manage its risks.

Aboriginal Mother Centre Society

Notes to Financial Statements

March 31, 2014

2. Summary of Significant Accounting Policies (continued)

(f) Financial Instruments (continued)

Cash flow risk

The Society is exposed to cash flow risk from the possibility that future cash flows associated with a monetary financial instrument will fluctuate in that amount. 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 of its cash 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.

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.

The maximum exposure of The Society to credit risk is as follows:

Cash	\$ 265,791	\$ 32,159
Restricted cash and term deposit	90	15,795
Accounts receivable	121,521	101,837
	<hr/>	
	\$ 387,402	\$ 149,791

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.

Aboriginal Mother Centre Society

Notes to Financial Statements

March 31, 2014

2. Summary of Significant Accounting Policies (continued)

(f) Financial Instruments (continued)

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 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 flow to ensure sufficient funds are on hand to meet its obligations. The Society does not have a bank facility in place.

Price risk

The Society is exposed to price risk in the form of currency risk, interest rate risk and market risk.

Market risk

Market risk refers to the the risk that the fair value of financial instruments will fluctuate because of changes in market prices whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market.

(h) 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.

Aboriginal Mother Centre Society

Notes to Financial Statements

March 31, 2014

3. Capital Assets

	Cost	Accumulated Depreciation	Net 2014
Equipment	\$ 239,854	\$ 91,518	\$ 148,336
Computers	12,589	10,307	2,282
Leasehold improvements	47,210	3,147	44,063
Bus	79,709	-	79,709
	\$ 379,362	\$ 104,972	\$ 274,390

	Cost	Accumulated Depreciation	Net 2013
Equipment	\$ 224,988	\$ 54,445	\$ 170,543
Computers	12,589	7,518	5,071
Leasehold improvements	25,154	-	25,154
	\$ 262,731	\$ 61,963	\$ 200,768

On Feb. 1, 2013, the Society entered into an agreement with the Greater Vancouver Regional District ("Metro Vancouver"), where Metro Vancouver agreed to provide a funding contribution to the Society to a maximum of \$150,083 for the renovation of a 16-unit transitional housing facility targeted for Aboriginal women and children fleeing abuse. The agreement was amended on February 4, 2014 and changed the total amount of funding to \$149,010 and extended the project period to March 31, 2014. The Society completed the project within the time required and incurred total actual expenditures of \$144,967, of which \$47,210 were capitalized.

4. Loan payable

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 on the first day of every month commencing November 2013, totalling the sum of \$149,473.34. The entire debt becomes due and owing should any payment be in arrears in excess of 10 days.

2015	\$ 14,947
2016	14,947
2017	14,947
2018	14,947
2019	14,947
Thereafter	68,510
	\$ 143,245

Aboriginal Mother Centre Society

Notes to Financial Statements

March 31, 2014

5. Deferred contributions

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

	<u>2014</u>	<u>2013</u>
Balance, beginning of year	\$ 15,795	\$ 123,731
Contributions received during the year	30,645	838,941
Expenditures incurred	<u>(15,693)</u>	<u>(946,877)</u>
Balance, end of year	<u>\$ 30,047</u>	<u>\$ 15,795</u>

6. 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>2014</u>	<u>2013</u>
Balance, beginning of year	\$ 49,677	\$ 31,471
Contributions received during the year	101,767	25,151
Amortization of deferred capital contributions	<u>(8,345)</u>	<u>(6,945)</u>
Balance, end of year	<u>\$ 143,100</u>	<u>\$ 49,677</u>

During the year, the Society entered into a capital funding agreement with Metro Vancouver. The Society incurred \$25,151 in capital expenditures under this program.

7. Commitment

In October 2011, the Society entered into a sub-lease agreement for its operating premises until September 2021. In the first two years of the lease, the minimum annual lease payment is \$1 plus expenses, triple net. In the third, fourth, and fifth years, the minimum annual lease payment would be equal to the prevailing private market rent for similar premises plus expenses, triple net. In the sixth to tenth years, the minimum annual lease commitment would be renegotiated to equal the prevailing private market rent for similar premises plus expenses, triple net.

Subsequent to year-end, the Society entered into a new lease agreement for its operating premises until June 2028. The minimum annual lease commitment is \$nil plus expenses, triple net.

Aboriginal Mother Centre Society

Notes to Financial Statements

March 31, 2014

8. Community Gaming Grant

During the year, the Society received \$38,750 (\$30,000 - 2013) from the BC Community Gaming Grant.

9. 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.
- 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). 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.

The following expenditures are incurred by the various programs:

	2014	2013
Community kitchen program	\$ 76,715	\$ 75,759
Day program	132,832	92,341
Daycare program	187,768	177,006
Social entrepreneurship program	61,777	118,802
Tranformative housing program	553,379	382,381
	\$ 1,012,471	\$ 846,289

10. Comparative numbers

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