

Financial Statements of

**KITCHENER-WATERLOO
EXTEND-A-FAMILY
ASSOCIATION**

(OPERATING AS EXTEND-A-FAMILY
WATERLOO REGION)

And Independent Auditors' Report thereon

Year ended March 31, 2019



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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Kitchener-Waterloo Extend-A-Family Association

Opinion

We have audited the financial statements of Kitchener-Waterloo Extend-A-Family Association (the Entity), which comprise:

- the statement of financial position as at March 31, 2019
- the statement of operations and changes in net assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at March 31, 2019 its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for-not-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "**Auditors' Responsibilities for the Audit of the Financial Statements**" section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations 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.



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In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.



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- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Waterloo, Canada

June 15, 2019

KITCHENER-WATERLOO EXTEND-A-FAMILY ASSOCIATION

(OPERATING AS EXTEND-A-FAMILY WATERLOO REGION)

Statement of Financial Position

March 31, 2019, with comparative information for 2018

	2019	2018
Assets		
Current assets:		
Cash	\$ 1,270,927	\$ 915,042
Short-term investments (note 2)	941,707	640,386
Receivables (note 3)	193,623	300,864
Prepaid expenses	3,158	18,886
	<u>2,409,415</u>	<u>1,875,178</u>
Capital assets (note 4)	496,934	399,980
	<u>\$ 2,906,349</u>	<u>\$ 2,275,158</u>

Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities (note 5)	\$ 1,178,228	\$ 1,204,648
Due to the Central West Region Passport Agency	394,994	78,295
Deferred revenue (note 6)	119,875	89,268
	<u>1,693,097</u>	<u>1,372,211</u>
Long-term liabilities:		
Deferred capital contributions (note 7)	200,000	200,000
	<u>1,893,097</u>	<u>1,572,211</u>
Net assets:		
Unrestricted	386,152	675,847
Internally restricted (note 8)	627,100	27,100
	<u>1,013,252</u>	<u>702,947</u>
Lease commitments (note 10)		
	<u>\$ 2,906,349</u>	<u>\$ 2,275,158</u>

See accompanying notes to financial statements.

On behalf of the Board:

KITCHENER-WATERLOO EXTEND-A-FAMILY ASSOCIATION

(OPERATING AS EXTEND-A-FAMILY WATERLOO REGION)

Statement of Operations and Changes in Net Assets

Year ended March 31, 2019, with comparative information for 2018

	2019	2018
Revenue:		
Province of Ontario - general	\$ 8,652,785	\$ 7,855,596
Central West Region Passport Agency	3,148,098	2,482,138
Program billing and fees	685,323	524,240
Other funding	125,123	224,906
Donations and fundraising (note 9)	79,522	102,904
Waterloo Wellington Local Health Integration Network	134,464	163,968
United Way	13,430	14,581
Investment income	9,392	9,622
Government of Canada	13,440	22,800
	12,861,577	11,400,755
Expenses:		
Salaries, wages and benefits	4,632,063	4,349,405
Direct families and program expenses	7,262,343	6,353,415
Consulting and professional fees	134,218	171,889
Occupancy costs	134,049	157,595
Office	143,884	131,728
Staff training and travel	106,194	69,236
Indirect families and program expenses	84,275	99,474
Computer related expenses	17,353	9,496
Amortization	14,693	10,686
Fundraising expenses	16,905	5,323
Other	5,295	4,407
	12,551,272	11,362,654
Excess of revenue over expenses	310,305	38,101
Net assets, beginning of year	702,947	664,846
Net assets, end of year	\$ 1,013,252	\$ 702,947

See accompanying notes to financial statements.

KITCHENER-WATERLOO EXTEND-A-FAMILY ASSOCIATION

(OPERATING AS EXTEND-A-FAMILY WATERLOO REGION)

Statement of Cash Flows

Year ended March 31, 2019, with comparative information for 2018

	2019	2018
Cash provided by (used in):		
Operations:		
Excess of revenue over expenses	\$ 310,305	\$ 38,101
Item not involving cash:		
Amortization	14,693	10,686
Changes in non-cash operating working capital:		
Receivables	107,241	(159,510)
Prepaid expenses	15,728	(10,097)
Accounts payable and accrued liabilities	(26,420)	430,418
Due to the Province of Ontario	-	(233,477)
Due to the Central West Region Passport Agency	316,699	78,295
Deferred revenue	30,607	6,904
	<u>768,853</u>	<u>161,320</u>
Financing:		
Funding received for capital assets	-	200,000
Investing:		
Purchase of capital assets	(111,647)	(373,646)
Net purchase of short-term investments	(301,321)	(2,715)
	<u>(412,968)</u>	<u>(376,361)</u>
Increase (decrease) in cash	355,885	(15,041)
Cash, beginning of year	915,042	930,083
Cash, end of year	<u>\$ 1,270,927</u>	<u>\$ 915,042</u>

See accompanying notes to financial statements.

KITCHENER-WATERLOO EXTEND-A-FAMILY ASSOCIATION

(OPERATING AS EXTEND-A-FAMILY WATERLOO REGION)

Notes to Financial Statements

Year ended March 31, 2019

Kitchener-Waterloo Extend-A-Family Association operating as Extend-A-Family Waterloo Region (the "Organization") is incorporated, without share capital, under the laws of Ontario. The Organization is committed to enhancing the well-being of individuals who are developmentally and/or physically disabled and their families, by promoting an inclusive community through the fostering of relationships and partnerships. The Organization is a registered charity under the Income Tax Act and accordingly is exempt from income taxes, provided certain requirements of the Income Tax Act are met.

1. Significant accounting policies:

These financial statements are prepared in accordance with the Chartered Professional Accountants of Canada Handbook Part III - Canadian accounting standards for not-for-profit organizations.

(a) Revenue recognition:

Revenue is recognized following the deferral method of accounting for contributions.

Unrestricted contributions are recognized as revenue when 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 into revenue on a straight line basis, at a rate corresponding with the amortization rate for the related capital assets.

Revenue from program billing and fees are recognized when the services are provided. Revenue from fundraising is recognized when the fundraising event has taken place.

(b) Capital assets:

Capital assets are stated at cost, less accumulated amortization. Amortization is provided using the following methods and annual rates:

Asset	Basis	Rate
Furniture and fixtures	Declining balance	20%
Vehicles	Straight-line	4 years
Computer equipment	Straight-line	4 years
Computer software	Straight-line	5 years

KITCHENER-WATERLOO EXTEND-A-FAMILY ASSOCIATION

(OPERATING AS EXTEND-A-FAMILY WATERLOO REGION)

Notes to Financial Statements (continued)

Year ended March 31, 2019

1. Significant accounting policies (continued):

(b) Capital assets (continued):

Leasehold improvements are amortized on a straight-line basis over the lease term.

The carrying amount of an item of capital assets is tested for recoverability whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized when the asset's carrying amount is not recoverable and exceeds its fair value.

(c) Donations in-kind:

Donated material and services which would otherwise be paid for by the Organization, are recorded at fair value when provided. The Organization received donations in-kind of \$21,583 (2018 - \$9,793) for the various program offerings which are not reflected in the financial statements.

(d) Contributed services:

A substantial number of volunteers contribute a significant amount of their time each year. Because of the difficulty of determining the fair value, contributed services are not recognized in the financial statements.

(e) Financial instruments:

Financial instruments carried by the Organization are recorded at fair value on initial recognition and are subsequently recorded at amortized cost. Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment.

(f) Use of estimates:

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Significant items subject to such estimates and assumptions include the carrying amounts of capital assets and accruals. Actual results could differ from those estimates.

KITCHENER-WATERLOO EXTEND-A-FAMILY ASSOCIATION

(OPERATING AS EXTEND-A-FAMILY WATERLOO REGION)

Notes to Financial Statements (continued)

Year ended March 31, 2019

2. Short-term investments:

Guaranteed investment certificates held yield interest between the range of 2.0% to 2.25% (2018 - 1.4% to 2.25%), and have maturity dates from November 2019 to December 2019.

	2019	2018
High interest savings account	\$ 244,160	\$ -
Guaranteed investment certificates	697,547	640,386
	<u>\$ 941,707</u>	<u>\$ 640,386</u>

3. Receivables:

	2019	2018
Accounts receivable	\$ 153,483	\$ 267,980
HST receivable	40,140	32,884
	<u>\$ 193,623</u>	<u>\$ 300,864</u>

No allowance for impairment of receivables has been recorded at March 31, 2019 and 2018.

KITCHENER-WATERLOO EXTEND-A-FAMILY ASSOCIATION

(OPERATING AS EXTEND-A-FAMILY WATERLOO REGION)

Notes to Financial Statements (continued)

Year ended March 31, 2019

4. Capital assets:

			2019		2018	
	Cost	Accumulated amortization	Net book value		Net book value	
Furniture and fixtures	\$ 162,998	\$ 152,205	\$ 10,794	\$	12,439	
Vehicles	27,873	27,873	-		-	
Computer equipment	372,943	319,054	53,889		44,557	
Computer software	432,251	-	432,251		342,984	
Leasehold improvements	412,318	412,318	-		-	
	\$ 1,408,383	\$ 911,450	\$ 496,934	\$	399,980	

Included in capital assets is computer software of \$432,251 (2018 - \$342,984) that is currently not being amortized until the use of the asset has commenced.

5. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$71,129 (2018 - \$25,952), which includes amounts payable for payroll related taxes.

6. Deferred revenue:

	2019		2018	
Hallman Family Donation	\$ 30,742	\$	32,771	
Neighbourhood Connections	34,016		22,442	
Prepaid Program Billings	32,069		13,256	
United Way	-		930	
Library of Things	22,548		19,869	
Other	500		-	
	\$ 119,875	\$	89,268	

KITCHENER-WATERLOO EXTEND-A-FAMILY ASSOCIATION

(OPERATING AS EXTEND-A-FAMILY WATERLOO REGION)

Notes to Financial Statements (continued)

Year ended March 31, 2019

7. Deferred capital contributions:

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

	2019	2018
Balance, beginning of year	\$ 200,000	\$ -
Capital contributions received	-	200,000
Balance, end of year	\$ 200,000	\$ 200,000

8. Internally restricted net assets:

	2019	2018
Operating	\$ 600,000	\$ -
Training	10,600	10,600
Education	16,500	16,500
	\$ 627,100	\$ 27,100

9. Donations and fundraising:

Donations are financial gifts made by an organization or an individual to the Organization. Fundraising relates to events which are held for the specific purpose of raising money for the Organization.

	2019	2018
Donations	\$ 45,981	\$ 50,765
Fundraising	33,541	22,098
Grants	-	30,041
	\$ 79,522	\$ 102,904

KITCHENER-WATERLOO EXTEND-A-FAMILY ASSOCIATION

(OPERATING AS EXTEND-A-FAMILY WATERLOO REGION)

Notes to Financial Statements (continued)

Year ended March 31, 2019

10. Lease commitments:

The Organization rents premises and equipment under long-term operating leases. The annual future minimum lease payments are as follows:

2020	\$	137,713
2021		142,247
2022		60,067
	\$	340,027

11. Financial risks:

The Organization believes that it is not exposed to significant interest-rate, foreign currency, market, credit or cash flow risk arising from its financial instruments.

Additionally, the Organization believes it is not exposed to significant liquidity risk as all investments are held in guaranteed investments certificates that are highly liquid and can be disposed of to settle commitments. The fixed income securities yield interest at 2.0% to 2.25% and have a maturities ranging from November 2019 to December 2019.