

**EAST KOOTENAY
ADDICTION SERVICES SOCIETY
Financial Statements
Year Ended March 31, 2017**

EAST KOOTENAY ADDICTION SERVICES SOCIETY

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Year Ended March 31, 2017

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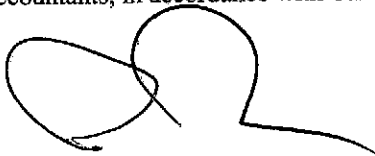
MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The financial statements of East Kootenay Addiction Services Society have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances. These statements include certain amounts based on management's estimates and judgments. Management has determined such amounts on a reasonable basis in order to ensure that the financial statements are presented fairly in all material respects.

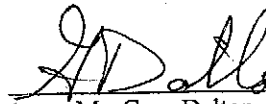
The integrity and reliability of East Kootenay Addiction Services Society's reporting systems are achieved through the use of formal policies and procedures, the careful selection of employees and an appropriate division of responsibilities. These systems are designed to provide reasonable assurance that the financial information is reliable and accurate.

The Board of Directors is responsible for ensuring that management fulfills its responsibility for financial reporting and is ultimately responsible for reviewing and approving the financial statements. The Board meets periodically with management and the members' auditors to review significant accounting, reporting and internal control matters. Following its review of the financial statements and discussions with the auditors, the Board of Directors approves the financial statements. The Board also considers, for approval by the members, the engagement or re-appointment of the external auditors.

The financial statements have been audited on behalf of the shareholders by Adams Wooley, Chartered Professional Accountants, in accordance with Canadian generally accepted auditing standards.



Mr. Dean Nicholson, Executive Director



Mr. Gary Dalton, Chair

Cranbrook, BC
June 12, 2017

INDEPENDENT AUDITOR'S REPORT

To the Members of East Kootenay Addiction Services Society

We have audited the accompanying financial statements of East Kootenay Addiction Services Society, which comprise the statement of financial position as at March 31, 2017 and 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 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 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.

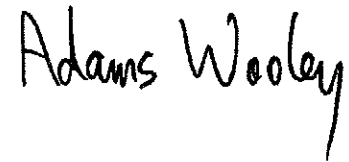
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Independent Auditor's Report to the Members of East Kootenay Addiction Services Society *(continued)*

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of East Kootenay Addiction Services Society as at March 31, 2017 and the results of its operations and its cash flow for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

A handwritten signature in black ink that reads "Adams Wooley". The signature is written in a cursive style with a long, sweeping tail on the letter "y".

Cranbrook, BC
June 12, 2017

Adams Wooley
Chartered Professional Accountants

EAST KOOTENAY ADDICTION SERVICES SOCIETY

Statement of Financial Position

March 31, 2017

	2017	2016
ASSETS		
CURRENT		
Cash (Note 4)	\$ 271,495	\$ 172,755
Short term investments (Notes 4 and 5)	305,587	301,829
Goods and services tax recoverable (Note 2)	2,043	3,447
Prepaid expenses (Note 6)	12,267	12,770
	<u>591,392</u>	490,801
TANGIBLE CAPITAL ASSETS (Notes 2 and 7)	<u>9,363</u>	13,052
	<u>\$ 600,755</u>	\$ 503,853
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities	\$ 7,049	\$ 8,821
Deposits received	738	-
Employee deductions payable (Note 8)	54,082	49,645
Deferred revenue (Notes 4 and 9)	89,760	81,510
	<u>151,629</u>	139,976
EMPLOYEE FUTURE BENEFITS (Notes 4 and 10)	<u>115,730</u>	103,986
	<u>267,359</u>	243,962
FUND BALANCES		
Operating fund	273,634	195,346
Internally restricted fund (Notes 4 and 11)	50,399	51,493
Tangible capital asset fund (Note 12)	9,363	13,052
	<u>333,396</u>	259,891
	<u>\$ 600,755</u>	\$ 503,853

LEASE COMMITMENTS (Note 15)

ON BEHALF OF THE BOARD

 Director

 Director

See notes to financial statements

EAST KOOTENAY ADDICTION SERVICES SOCIETY

**Statement of Operations
Year Ended March 31, 2017**

	2017	2016
REVENUES		
Province of British Columbia <i>(Note 13)</i>	\$ 1,606,632	\$ 1,498,480
Donations	11,779	1,302
Employee benefit reimbursement	7,072	-
Apartment rent	5,534	-
Interest	3,765	1,829
Miscellaneous	1,500	788
Ministry of Children & Family Development (iMinds)	-	5,000
School District #5 <i>(Note 9)</i>	-	4,380
Regional District of East Kootenay	-	3,000
Creston Gleaners <i>(Note 9)</i>	-	1,376
	<u>1,636,282</u>	<u>1,516,155</u>
EXPENSES		
Advertising and promotion	7,265	11,698
Amortization	3,689	3,689
Client recreation	11,530	9,458
Contract relief staff	4,750	2,720
Employee benefits	271,596	253,110
Fees and dues	75	245
Insurance	3,995	4,156
Office	34,517	27,725
Professional fees	15,185	15,733
Program costs	15,964	9,796
Program supplies	954	1,533
Rental	66,622	68,337
Salaries and wages	1,063,621	1,015,164
Telephone	14,443	14,049
Training	10,640	15,218
Travel - accommodations	16,479	14,930
Travel - bus fare	6,651	10,324
Travel - employees	29,002	31,958
Utilities	3,154	1,799
	<u>1,580,132</u>	<u>1,511,642</u>
EXCESS OF REVENUES OVER EXPENSES	<u>\$ 56,150</u>	<u>\$ 4,513</u>

See notes to financial statements

EAST KOOTENAY ADDICTION SERVICES SOCIETY**Statement of Changes in Fund Balances****Year Ended March 31, 2017**

	Operating Fund	Internally Restricted Fund	Tangible Capital Asset Fund	2017	2016
NET ASSETS - BEGINNING OF YEAR	\$ 195,346	\$ 51,493	\$ 13,052	\$ 259,891	\$ 244,800
Excess of revenues over expenses	59,839	-	(3,689)	56,150	4,513
Transfer of internally restricted funds <i>(Note 11)</i>	18,449	(1,094)	-	17,355	10,578
NET ASSETS - END OF YEAR	\$ 273,634	\$ 50,399	\$ 9,363	\$ 333,396	\$ 259,891

See notes to financial statements

EAST KOOTENAY ADDICTION SERVICES SOCIETY**Statement of Cash Flow
Year Ended March 31, 2017**

	2017	2016
OPERATING ACTIVITIES		
Excess of revenues over expenses	\$ 56,150	\$ 4,513
Item not affecting cash:		
Amortization	3,689	3,689
	<u>59,839</u>	<u>8,202</u>
Changes in non-cash working capital:		
Accounts receivable	-	1,500
Accounts receivable from employees	-	876
Accounts payable and accrued liabilities	(1,772)	1,713
Deferred revenue	8,250	(234)
Prepaid expenses	503	(7,236)
Goods and services tax payable	1,404	(1,989)
Employee deductions payable	4,437	(2,427)
Deposits received	738	-
Employee future benefits	11,744	1,099
	<u>25,304</u>	<u>(6,698)</u>
Cash flow from operating activities	<u>85,143</u>	<u>1,504</u>
INVESTING ACTIVITY		
Purchase of tangible capital assets	-	(6,226)
FINANCING ACTIVITY		
Transfer of internally restricted funds	17,355	10,578
INCREASE IN CASH FLOW	<u>102,498</u>	<u>5,856</u>
Cash - beginning of year	<u>474,584</u>	<u>468,728</u>
CASH - END OF YEAR	<u>\$ 577,082</u>	<u>\$ 474,584</u>
CASH CONSISTS OF:		
Cash	\$ 271,495	\$ 172,755
Short term investments	<u>305,587</u>	<u>301,829</u>
	<u>\$ 577,082</u>	<u>\$ 474,584</u>

See notes to financial statements

EAST KOOTENAY ADDICTION SERVICES SOCIETY

Notes to Financial Statements

Year Ended March 31, 2017

1. PURPOSE OF THE SOCIETY

East Kootenay Addiction Services Society (the "society") is incorporated under the Society Act of British Columbia as a not-for-profit organization and is a registered charity under the Income Tax Act of Canada. As such the society is exempt from income taxes and can issue charitable donation receipts. The society's primary activity is to provide addiction counselling services.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

Fund accounting

East Kootenay Addiction Services Society follows the restricted fund method of accounting for contributions.

The Operating fund accounts for revenues and expenses related to program delivery and administrative activities. The fund also reports unrestricted resources and restricted operating grants.

The Internally restricted fund maintains funds to ensure that the longer term obligations or initiatives of the society, as approved by the Board of Directors, are met.

The Tangible capital asset fund accounts for the assets, liabilities, revenues, and expenses related to the society's tangible capital assets and building improvements.

Funds are maintained separately, but reported on a combined basis due to the small nature of the operation.

Cash and short term investments

Cash and cash equivalents consist primarily of commercial paper and deposits with an original maturity date of purchase of three months or less. Because of the short-term maturity of these investments, their carrying amount approximates fair value.

Goods and Services Tax

Goods and services tax is recoverable at a rate of 50% of the tax paid. The remaining 50% unrecoverable portion is included in the expense or asset balance, as applicable.

Tangible capital assets

Tangible capital assets are stated at cost less accumulated amortization. Tangible capital assets are amortized over their estimated useful lives on a straight-line basis at the following rates and methods:

Equipment	5 years
Leasehold improvements	5 years

The society regularly reviews its tangible capital assets to eliminate obsolete items.

Tangible capital assets acquired during the year but not placed into use are not amortized until they are placed into use.

(continues)

EAST KOOTENAY ADDICTION SERVICES SOCIETY

Notes to Financial Statements

Year Ended March 31, 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Impairment of Long Lived Assets

The society tests for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Recoverability is assessed by comparing the carrying amount to the projected future net cash flows the long-lived assets are expected to generate through their direct use and eventual disposition. When a test for impairment indicates that the carrying amount of an asset is not recoverable, an impairment loss is recognized to the extent the carrying value exceeds its fair value.

Accrued Sick and Severance Pay

Employees accumulate sick leave and severance pay benefits in accordance with their collective agreement, as provided in *Note 10*.

Revenue recognition

East Kootenay Addiction Services Society follows the restricted fund method of accounting for contributions.

Restricted contributions related to general operations are recognized as revenue of the Operating fund in the year in which the related expenses are incurred. All other restricted contributions are recognized as revenue of the appropriate restricted fund.

Unrestricted contributions are recognized as revenue of the Operating fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Investment income earned on building resources is recognized as revenue of the Tangible capital asset fund. Other investment income is recognized as revenue of the Operating fund when earned.

Certain government contracts require surplus repayment, reallocation or retention at the option of the funding agency. The society records revenue from these contracts as deferred revenue when received and allocates the funds to revenue when expenses related to the contract are incurred.

Contributed services

The operations of the organization depend on both the contribution of time by volunteers and donated materials from various sources. The fair value of donated materials and services cannot be reasonably determined and are therefore not reflected in these financial statements.

Measurement uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

3. FINANCIAL INSTRUMENTS

The society is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the society's risk exposure and concentration as of March 31, 2017.

(continues)

EAST KOOTENAY ADDICTION SERVICES SOCIETY

Notes to Financial Statements

Year Ended March 31, 2017

3. FINANCIAL INSTRUMENTS *(continued)*

(a) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The society is exposed to this risk mainly in respect of its receipt of funds from its funders and other related sources, leases payable, contributions to the pension plan, and accounts payable.

(b) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the society manages exposure through its normal operating and financing activities. The society is exposed to interest rate risk primarily through its floating interest rate investments.

Unless otherwise noted, it is management's opinion that the society is not exposed to significant risks arising from these financial instruments.

4. CASH

	2017	2016
Cash	\$ 271,495	\$ 172,755
Short term investments <i>(Note 5)</i>	305,587	301,829
Total cash	577,082	474,584
Cash held for deferred revenue <i>(Note 9)</i>	(89,760)	(81,510)
Cash held for employee future benefits <i>(Note 10)</i>	(115,730)	(103,986)
Cash held for internally restricted fund <i>(Note 11)</i>	(50,399)	(51,493)
Cash available for operations	\$ 321,193	\$ 237,595

5. SHORT TERM INVESTMENTS

	2017	2016
EKCCU 1.50% GIC maturing April 19, 2017	\$ 101,265	\$ -
EKCCU 1.50% GIC maturing October 16, 2017	102,202	100,686
EKCCU 1.55% GIC maturing October 16, 2017	102,120	-
EKCCU 1.10% GIC maturing April 16, 2016	-	100,502
EKCCU 1.40% GIC maturing October 16, 2016	-	100,641
	\$ 305,587	\$ 301,829

EAST KOOTENAY ADDICTION SERVICES SOCIETY

Notes to Financial Statements

Year Ended March 31, 2017

6. PREPAID EXPENSES

	2017	2016
Prepaid rent	\$ 11,158	\$ 6,846
Prepaid storage	1,075	1,074
Other	34	977
Prepaid insurance	-	3,873
	<u>\$ 12,267</u>	<u>\$ 12,770</u>

7. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated amortization	2017 Net book value	2016 Net book value
Equipment	\$ 145,212	\$ 135,849	\$ 9,363	\$ 13,052
Leasehold improvements	89,391	89,391	-	-
	<u>\$ 234,603</u>	<u>\$ 225,240</u>	<u>\$ 9,363</u>	<u>\$ 13,052</u>

8. EMPLOYEE BENEFITS PAYABLE

	2017	2016
Employee deductions payable	\$ 26,960	\$ 26,136
Municipal pension plan	16,149	15,047
Health and long-term disability	7,460	5,814
Union dues	1,680	1,554
WorkSafe BC	1,833	1,094
	<u>\$ 54,082</u>	<u>\$ 49,645</u>

9. DEFERRED REVENUE

The deferred revenue reported in the operating fund represents restricted operating funding received in the current period that is related to a subsequent period. Changes to deferred revenue are as follows:

	Opening balance	Funds received or receivable during the year	Transferred to revenue	Ending balance
IHA - bus fare program (Note 13)	\$ 38,397	\$ 9,491	\$ 6,651	\$ 41,237
IHA - accommodation program (Note 13)	43,113	21,889	16,479	48,523
	<u>\$ 81,510</u>	<u>\$ 31,380</u>	<u>\$ 23,130</u>	<u>\$ 89,760</u>

EAST KOOTENAY ADDICTION SERVICES SOCIETY

Notes to Financial Statements

Year Ended March 31, 2017

10. EMPLOYEE FUTURE BENEFITS

The Society accumulates sick leave and severance pay benefits for employees who are covered by the Provincial Agreement between The Health Science Professionals Bargaining Association and Health Employers Association of BC, as follows:

Sick Leave

Employees receive 40% of their accumulated sick leave credits based on their existing salary upon retirement or on voluntarily leaving the workforce after the employee's 55th birthday.

Severance Allowance

Employees with ten years of service will be entitled to one week's pay for every two years of service to a maximum of twenty weeks pay, subject to certain exclusions.

This liability includes only the actual amounts payable to eligible employees at the date of the Statement of Financial Position. In addition to this amount, an internally restricted fund for sick and severance pay expected to accrue over the ensuing 5 years provides for additional payouts beyond the time period covered by the liability reported here (*Note 11*).

	<u>2017</u>	<u>2016</u>
Sick leave	\$ 86,142	\$ 68,180
Severance allowance	29,588	35,806
	<u>\$ 115,730</u>	<u>\$ 103,986</u>

EAST KOOTENAY ADDICTION SERVICES SOCIETY

Notes to Financial Statements

Year Ended March 31, 2017

11. INTERNALLY RESTRICTED FUND BALANCES

The society maintains internally restricted funds to ensure that the longer term obligations or initiatives of the society are met. Internally restricted funds are increased (decreased) by an allocation from (to) the operating fund. These internally restricted amounts are not available for unrestricted purposes without approval of the Board of Directors. At year end, the balances of the society's internally restricted funds consisted of:

	Opening balance	Transfers from (to) operating fund	Ending balance
Future sick and severance pay	\$ 26,821	\$ 17,355	\$ 44,176
IMinds program	5,000	-	5,000
Breakfast club program	1,623	(400)	1,223
STARS program	18,049	(18,049)	-
	<u>\$ 51,493</u>	<u>\$ (1,094)</u>	<u>\$ 50,399</u>

The Future sick and severance pay fund provides for the amount of sick and severance pay that is expected to accrue in addition to the actual liability (*Note 10*), over the next 5 years, discounted to the present value of the expected payout.

The IMinds program is a research project initiated by the Centre for Addiction Research of BC. The funds are to be used for community development initiatives to start pilot projects in local schools.

The Breakfast club program provides a healthy breakfast on Friday mornings for street involved adults in Cranbrook. The funds are used for food purchases and rental costs.

The STARS program is monies received from SDS to provide activity based emotional regulation group programming for identified youth. These funds will be used for contract staff hiring and/or program supplies as needed. In 2017 the funds were returned to general surplus.

12. TANGIBLE CAPITAL ASSET FUND

	2017	2016
Balance - beginning of year	\$ 13,052	\$ 10,515
Purchase of tangible capital assets	-	6,226
Amortization	<u>(3,689)</u>	<u>(3,689)</u>
Balance - end of year	<u>\$ 9,363</u>	<u>\$ 13,052</u>

13. PROVINCE OF BRITISH COLUMBIA

	2017	2016
Operating grant (Interior Health Authority)	\$ 1,503,310	\$ 1,387,289
Operating grant (Ministry of Children & Family Development)	80,192	85,937
Interior Health Authority - Accommodation fee funding used (<i>Note 9</i>)	16,479	10,324
Interior Health Authority - Bus fare funding used (<i>Note 9</i>)	<u>6,651</u>	<u>14,930</u>
	<u>\$ 1,606,632</u>	<u>\$ 1,498,480</u>