
KNOWLES CENTRE INC.
FINANCIAL STATEMENTS

MARCH 31, 2020

INDEPENDENT AUDITORS' REPORT

To the Directors
Knowles Centre Inc.

Opinion

We have audited the accompanying financial statements of Knowles Centre Inc. ("the Centre"), which comprise the statement of financial position as at March 31, 2020, and the statements of revenue and expenditures, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, these financial statements which comprise the statement of financial position of Knowles Centre Inc. as at March 31, 2020, and its financial performance and its cash flows for the year then ended are prepared, in all material respects, in accordance with Canadian accounting standards for not-for-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 report. We are independent of Knowles Centre Inc. 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., 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.

In preparing the financial statements, management is responsible for assessing Knowles Centre Inc.'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 Knowles Centre Inc. or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing Knowles Centre Inc.'s financial reporting process.

(continued.....)

Auditors' Responsibility 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 these 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 Knowles Centre Inc.'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 Knowles Centre Inc.'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 Knowles Centre Inc. to cease to continue as a going concern.
- 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.

We 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.

Baker Tilly HMA LLP

Chartered Professional Accountants

Winnipeg, Manitoba
June 30, 2020

KNOWLES CENTRE INC.

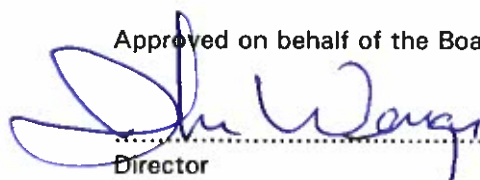
STATEMENT 1

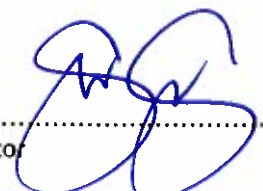
STATEMENT OF FINANCIAL POSITION

MARCH 31

| | Operating Fund | Capital Fund | Scholarship Fund | TOTAL 2020 | TOTAL 2019 <i>(Restated)</i> |
|---------------------------------------|---------------------|---------------------|---------------------|---------------------|------------------------------------|
| ASSETS | | | | | |
| CURRENT | | | | | |
| Cash | \$ | \$ 103,255 | \$ | \$ 103,255 | \$ 62,899 |
| Short term investments | | 110,445 | | 110,445 | |
| Accounts receivable | 887,954 | | | 887,954 | 725,994 |
| Prepaid expenses | | | | | 7,999 |
| Interfund balances | 427,595 | - | 113,187 | 540,782 | 525,990 |
| | <u>1,315,549</u> | <u>213,700</u> | <u>113,187</u> | <u>1,642,436</u> | <u>1,322,882</u> |
| INVESTMENTS | | 286,199 | | 286,199 | 388,934 |
| CAPITAL ASSETS (Note 4) | <u>-</u> | <u>6,919,426</u> | <u>-</u> | <u>6,919,426</u> | <u>7,092,242</u> |
| | <u>\$ 1,315,549</u> | <u>\$ 7,419,325</u> | <u>\$ 113,187</u> | <u>\$ 8,848,061</u> | <u>\$ 8,804,058</u> |
| LIABILITIES | | | | | |
| CURRENT | | | | | |
| Bank indebtedness | \$ 832,350 | \$ | \$ | \$ 832,350 | \$ 590,013 |
| Accounts payable | 426,356 | | | 426,356 | 463,954 |
| Deferred revenue | 218,149 | | | 218,149 | 154,032 |
| Interfund balances | | 540,782 | | 540,782 | 525,990 |
| Current portion of long term debt | - | 151,118 | - | 151,118 | 168,771 |
| | <u>1,476,855</u> | <u>691,900</u> | <u>-</u> | <u>2,168,755</u> | <u>1,902,760</u> |
| LONG TERM DEBT (Note 5) | <u>-</u> | <u>5,248,260</u> | <u>-</u> | <u>5,248,260</u> | <u>5,216,304</u> |
| | <u>1,476,855</u> | <u>5,940,160</u> | <u>-</u> | <u>7,417,015</u> | <u>7,119,064</u> |
| NET ASSETS | | | | | |
| OPERATING FUND (Statement 3) | (161,306) | | | (161,306) | (10,619) |
| CAPITAL FUND (Statement 3) | | 1,479,165 | | 1,479,165 | 1,582,426 |
| SCHOLARSHIP FUND (Statement 3) | <u>-</u> | <u>-</u> | <u>113,187</u> | <u>113,187</u> | <u>113,187</u> |
| | <u>\$ 1,315,549</u> | <u>\$ 7,419,325</u> | <u>\$ 113,187</u> | <u>\$ 8,848,061</u> | <u>\$ 8,804,058</u> |

Approved on behalf of the Board


.....
Director


.....
Director

STATEMENT OF REVENUE AND EXPENDITURES

YEAR ENDED MARCH 31

| | Operating Fund | Capital Fund | Scholarship Fund | 2 0 2 0 | 2 0 1 9 <i>(Restated)</i> |
|--|----------------------|----------------------|------------------|----------------------|------------------------------|
| REVENUE | | | | | |
| Foster Care | \$ 3,536,289 | \$ | \$ | \$ 3,536,289 | \$ 3,942,874 |
| Group care treatment | 2,465,213 | | | 2,465,213 | 2,413,264 |
| SAIL Program | 2,227,085 | | | 2,227,085 | 1,989,325 |
| Province of Manitoba grant | 713,800 | | | 713,800 | 715,600 |
| Other income <i>(Schedule 1)</i> | 501,807 | | | 501,807 | 541,586 |
| Fundraising | | 65,836 | | 65,836 | 20 |
| John N. and Patricia D. Knowles Charitable Fund | | 7,739 | | 7,739 | 14,286 |
| Thomas and Beatrice Gilroy Trust | | 6,360 | | 6,360 | 5,975 |
| C.H. Bowie, C.A. Bowie, and A.W. Gibson Memorial Fund | | 5,367 | | 5,367 | 4,754 |
| Brian and Shirley Akins Fund | | 5,000 | | 5,000 | |
| A.R. McNichol Fund | | 2,623 | | 2,623 | 2,583 |
| Investment income | | 2,437 | | 2,437 | 4,296 |
| Marshall Gardner Memorial Fund | - | - | - | - | 200 |
| | <u>9,444,194</u> | <u>95,362</u> | <u>-</u> | <u>9,539,556</u> | <u>9,634,763</u> |
| EXPENDITURES | | | | | |
| Staff remuneration <i>(Schedule 2)</i> | 8,141,703 | | | 8,141,703 | 8,260,592 |
| Maintenance and repairs <i>(Schedule 2)</i> | 334,401 | | | 334,401 | 321,494 |
| Administration and general <i>(Schedule 2)</i> | 287,370 | | | 287,370 | 217,120 |
| Food, clothing, welfare and activities <i>(Schedule 3)</i> | 631,777 | | | 631,777 | 588,482 |
| Amortization | 194,603 | | | 194,603 | 203,733 |
| Interest on long term debt | 199,630 | | | 199,630 | 199,842 |
| Fundraising and public relations | | 4,626 | | 4,626 | |
| Miscellaneous | | 6,808 | | 6,808 | 5,255 |
| Scholarships | - | 295 | - | 295 | 312 |
| | <u>9,789,484</u> | <u>11,729</u> | <u>-</u> | <u>9,801,213</u> | <u>9,796,830</u> |
| EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES | (345,290) | 83,633 | | (261,657) | (162,067) |
| Amortization charge for the year | <u>194,603</u> | <u>(194,603)</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| DECREASE IN NET ASSETS DURING THE YEAR | <u>\$ (150,687)</u> | <u>\$ (110,970)</u> | <u>\$ -</u> | <u>\$ (261,657)</u> | <u>\$ (162,067)</u> |

STATEMENT OF CHANGES IN NET ASSETS

YEAR ENDED MARCH 31

| | Operating Fund | Capital Fund | Scholarship Fund | 2 0 2 0 | 2 0 1 9 <i>(Restated)</i> |
|--|----------------------|---------------------|-------------------|---------------------|------------------------------|
| <i>BALANCE, beginning of year, as previously stated</i> | \$ (10,619) | \$ 1,633,010 | \$ 113,187 | \$ 1,735,578 | \$ 1,841,867 |
| Prior period adjustment <i>(Note 10)</i> | _____ - | (50,584) | _____ - | (50,584) | _____ - |
| <i>BALANCE, beginning of year, as restated</i> | (10,619) | <u>1,582,426</u> | <u>113,187</u> | <u>1,684,994</u> | <u>1,841,867</u> |
| Excess (deficiency) of revenue over expenditures <i>(Statement 2)</i> | (345,290) | 83,633 | | (261,657) | (162,067) |
| Change in fair value of investments and gains realized during the year | _____ - | <u>7,709</u> | _____ - | <u>7,709</u> | <u>5,194</u> |
| | (355,909) | 1,673,768 | 113,187 | 1,431,046 | 1,684,994 |
| TRANSFER BETWEEN NET ASSETS | | | | | |
| Amortization of capital assets | <u>194,603</u> | (194,603) | _____ - | _____ - | _____ - |
| <i>BALANCE, end of year</i> | \$ <u>(161,306)</u> | \$ <u>1,479,165</u> | \$ <u>113,187</u> | \$ <u>1,431,046</u> | \$ <u>1,684,994</u> |

STATEMENT OF CASH FLOWS

YEAR ENDED MARCH 31

| | Operating Fund | Capital Fund | Scholarship Fund | 2020 | 2019 |
|--|---------------------|-------------------|---------------------|---------------------|---------------------|
| CASH FLOWS FROM | | | | | |
| <i>OPERATING ACTIVITIES</i> | | | | | |
| Cash received from funding sources | \$ 9,346,351 | \$ 95,361 | \$ - | \$ 9,441,712 | \$ 9,738,501 |
| Cash paid to employees/suppliers | (9,424,850) | (11,729) | - | (9,436,579) | (9,402,939) |
| Interest paid on long-term debt | (199,630) | - | - | (199,630) | (199,842) |
| | <u>(278,129)</u> | <u>83,632</u> | <u>-</u> | <u>(194,497)</u> | <u>135,720</u> |
| <i>FINANCING ACTIVITIES</i> | | | | | |
| Transfers from (to) other funds - net | 35,792 | (35,792) | - | - | - |
| Proceeds from long term debt | - | 200,000 | - | 200,000 | - |
| Repayment of long term debt | - | (185,697) | - | (185,697) | (164,519) |
| | <u>35,792</u> | <u>(21,489)</u> | <u>-</u> | <u>14,303</u> | <u>(164,519)</u> |
| <i>INVESTING ACTIVITIES</i> | | | | | |
| Purchase of capital assets | - | (21,787) | - | (21,787) | (11,348) |
| Proceeds on disposal of investments | - | 110,445 | - | 110,445 | 83,291 |
| Purchase of investments | - | (110,445) | - | (110,445) | (87,101) |
| | <u>-</u> | <u>(21,787)</u> | <u>-</u> | <u>(21,787)</u> | <u>(15,158)</u> |
| NET CHANGE IN CASH POSITION DURING YEAR | (242,337) | 40,356 | - | (201,981) | (43,957) |
| CASH (BANK INDEBTEDNESS), beginning of year | (590,013) | 62,899 | - | (527,114) | (483,157) |
| CASH (BANK INDEBTEDNESS), <i>end of year</i> | <u>\$(832,350)</u> | <u>\$ 103,255</u> | <u>\$ -</u> | <u>\$(729,095)</u> | <u>\$(527,114)</u> |

KNOWLES CENTRE INC.

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2020

1. NATURE OF OPERATIONS

Knowles Centre Inc. ("the Centre") is a private, not-for-profit agency established in 1907 and incorporated in 1910. The Centre is a registered charity under the provisions of the Income Tax Act, Canada.

The Centre serves as a community resource for children and families in Manitoba and Northwestern Ontario who require intensive therapeutic intervention to reach their personal and social potential.

The set of criteria applied by management in preparing these financial statements is outlined in the paragraph below.

The figures presented in these summarized financial statements agree with or can be recalculated from the figures presented in the complete audited financial statements. Management believes that the summarized financial statements contain the necessary information and are at an appropriate level of aggregation so as not to be misleading to the users.

2. SIGNIFICANT ACCOUNTING POLICIES

REVENUE RECOGNITION

Knowles Centre Inc. follows the deferral method of accounting for contributions from government and other funding agencies.

Contributions from government and other funding agencies restricted for particular purposes are deferred and recognized as revenue within the Operating Fund when the related eligible expenditures are incurred.

Contributions restricted for particular purposes, fundraising and donations within the Capital Fund are recognized as revenue when received.

Interest and investment income within both the Capital Fund and the Arthur Prior Estate Scholarship Fund are recorded on the accrual basis.

FUND ACCOUNTING

In order to ensure observance of limitations and restrictions placed on the use of resources available to Knowles Centre Inc., the accounts are maintained on a fund accounting basis. Fund accounting is a concept whereby a self-balancing group of accounts is used for each fund established by the Centre. These funds are held in accordance with the objectives specified by the members or in accordance with the directives issued by the Board of Directors.

Accordingly, resources are classified for accounting and financial reporting purposes into the following funds. The activities carried out by each fund are as follows:

Operating Fund - reports the assets, liabilities, net assets, revenue and expenditures related to the Centre's program delivery and administration activities. This Operating Fund reports unrestricted resources and operating grants.

Capital Fund - reports the assets, liabilities, net assets, revenue and expenditures related to the Centre's capital assets. All expenditures of a capital nature, including facility construction and expansion and vehicle purchases are funded through the Capital Fund.

Scholarship Fund - reports the assets, liabilities, net assets, revenue and expenditures related to the Centre's provision of scholarships. The Arthur Prior Estate Scholarship Fund was established as a result of a bequest to provide scholarships for the further education of The Centre's graduates or students.

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2020

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

CAPITAL ASSETS

Replacement of furnishings and equipment and ground improvements are recognized as operating expenses. New additions of fixed assets are capitalized and are funded by the capital fund at cost less government assistance.

Capital assets are amortized annually and charged to operations with a corresponding reduction in net assets of the Capital Fund. Assets are amortized on a declining balance basis at the following rates:

| | | |
|-------------------------|--------|--------------------------|
| Buildings | 2-1/2% | declining balance method |
| Ground improvements | 2-1/2% | declining balance method |
| Campsite conservation | 10% | declining balance method |
| Furniture and equipment | 20% | declining balance method |
| Vehicles | 20% | declining balance method |

FINANCIAL INSTRUMENTS

Knowles Centre Inc. initially measures assets and liabilities at fair value, except for certain non-arm's length transactions. Subsequent measurement of assets and liabilities is dependent upon their classification as described below which is further dependent on the purpose for which the financial instruments were acquired or issued and the characteristics and the Centre's designation of such instruments. Settlement date accounting is used.

Classification

| | |
|----------------------------------|-----------------------|
| Cash | Held for trading |
| Investment in money market funds | Available-for-sale |
| Investment in bonds | Available-for-sale |
| Accounts receivable | Loans and receivables |
| Bank indebtedness | Other liabilities |
| Accounts payable | Other liabilities |

Held for trading

Assets held for trading are measured at fair value at the balance sheet date. Fair value fluctuations including interest earned, interest accrued, gains and losses realized on disposal and unrealized gains and losses are included in investment income.

Available-for-sale

Assets available for sale are carried at fair value with unrealized gains and losses recorded directly in the Statement of Changes in Net Assets until realized when the cumulative gain or loss is transferred to investment income.

The effective interest method is used for interest-bearing assets available for sale.

Loans and receivables

Loans and receivables are accounted for at amortized cost using the effective interest method.

Other liabilities

Other liabilities are recorded at amortized cost using the effective interest method and include all liabilities, other than derivative instruments.

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2020

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

USE OF ESTIMATES

The preparation of financial statements in accordance with the Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of certain assets and liabilities at the date of the financial statements and the reported amounts of certain revenue and expenditures during the reporting year.

Accounts receivable are stated after estimates as to their collectibility and an appropriate allowance for doubtful accounts is provided where considered necessary.

Amortization is based on the estimated useful lives of capital assets.

These estimates are reviewed periodically and, as adjustments become necessary, they are reported in the statement of revenue and expenditures in the year in which they become known.

CONTRIBUTED MATERIALS AND SERVICES

Knowles Centre Inc. acknowledges the substantial amount of materials and services provided by volunteers in assisting the organization with carrying out its activities. Due to the difficulty in determining their value, contributed materials and services are not reported in these financial statements.

3. BANK INDEBTEDNESS

The Centre has a maximum credit facility of \$800,000 (March 31, 2019 - \$600,000) available for use which bears interest at 3.95% (March 31, 2019 - 4.95%).

4. CAPITAL ASSETS

| | Cost | Accumulated Amortization | Net Book Value | |
|-------------------------|---------------------|-----------------------------|---------------------|---------------------|
| | | | 2 0 2 0 | 2 0 1 9 |
| Land | \$ 17,719 | \$ | \$ 17,719 | \$ 17,719 |
| Buildings | 8,536,617 | 1,806,116 | 6,730,501 | 6,881,011 |
| Ground improvements | 125,262 | 36,993 | 88,269 | 90,532 |
| Campsite conservation | 179,869 | 174,887 | 4,982 | 5,536 |
| Furniture and equipment | 472,126 | 415,435 | 56,691 | 70,864 |
| Camp equipment | 64,100 | 57,734 | 6,366 | 7,958 |
| Vehicles | <u>208,420</u> | <u>193,522</u> | <u>14,898</u> | <u>18,622</u> |
| | <u>\$ 9,604,113</u> | <u>\$ 2,684,687</u> | <u>\$ 6,919,426</u> | <u>\$ 7,092,242</u> |

Land was revalued by directors' resolution in 1955. The stated amount of \$17,719 consists of \$7,650 cost and \$10,069 appraisal increase.

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2020

5. LONG TERM DEBT

| | 2 0 2 0 | 2 0 1 9 |
|---|---------------------|---------------------------|
| Commercial mortgage, 2.950%, repayable in monthly installments of \$2,416, secured by a promissory note in the amount of \$435,650 and a first charge on the property located at 2065 Henderson Highway, due on demand. | \$ 185,149 | \$ 206,349 |
| Commercial mortgage, 4.311%, repayable in monthly installments of \$2,467, secured by land and buildings, a general security agreement and an assignment of fire and liability insurance, fully retired. | | 43,248 |
| Commercial mortgage, 4.056%, repayable in monthly installments of \$1,235, secured by a promissory note in the amount of \$200,000 and a first charge on the property located at 2065 Henderson Highway, due on demand. | 197,464 | |
| Commercial loan, 3.366%, repayable in monthly installments of \$15,446, secured by a fixed rate term promissory note in the amount of \$2,695,000, renews December 1, 2021, matures December 1, 2036. | 2,370,705 | 2,474,108 |
| Commercial mortgage, 3.908%, repayable in monthly installments of \$9,692, secured by a promissory note in the amount of \$2,675,000, renews December 1, 2022, matures December 1, 2040. | 2,646,060 | 2,658,398 |
| Commercial loan, 5.950%, repayable in monthly installments of \$253, secured by a promissory note in the amount of \$13,500, fully retired. | <u>5,399,378</u> | <u>2,972</u> 5,385,075 |
| Less: current portion | <u>151,118</u> | <u>168,771</u> |
| | <u>\$ 5,248,260</u> | <u>\$ 5,216,304</u> |

The scheduled principal payments required within the next five years to meet retirement provisions assuming long term debt subject to refinancing is renewed, are estimated to be as follows:

| | |
|------|-------------------|
| 2021 | \$ 151,118 |
| 2022 | 156,305 |
| 2023 | 161,672 |
| 2024 | 167,223 |
| 2025 | <u>172,967</u> |
| | <u>\$ 809,285</u> |

NOTES TO FINANCIAL STATEMENTS**MARCH 31, 2020**

6. PENSION PLAN

The employees of Knowles Centre Inc. are members of the Community Agencies Benefit Plan, a multi-employer, defined benefit pension plan, which is accounted for as a defined benefit plan.

The plan is registered under the Pension Benefits Act of Manitoba and is funded by employee and agency matching contributions. The contributions are based on each employee's salary. An actuarial valuation is performed every year to determine if the contributions are adequate to finance the benefits accruing under the Plan and finance the amortization of any unfunded liabilities. Should contributions on a matching basis prove to be inadequate, then special payments are required to be made by the agencies.

The matching contributions by Knowles Centre Inc. for the year were \$274,072 (March 31, 2019 - \$265,146) and have been expensed.

7. FINANCIAL INSTRUMENTS

The financial instruments of Knowles Centre Inc. consist of cash, short term investments, accounts receivable, investments, bank indebtedness, accounts payable, deferred revenue and both current and non-current portions of long-term debt. Short term investments and investments are recorded at fair value. The fair values of cash, accounts receivable, bank indebtedness, accounts payable and deferred revenue approximate their carrying values due to their short term nature.

The Centre is exposed to interest rate risk and credit risk and the impact of these risks is as follows:

Interest rate risk

Interest rate risk is the risk to the Centre's earnings that arise from fluctuations in interest rates and the degree of volatility of those rates. The Centre does not use derivative instruments to reduce its exposure to interest rate risk.

Credit risk

Credit risk arises from the potential that a counterparty will fail to perform its obligations. However, due to the nature of its accounts receivables and the composition of its investment portfolio, this risk is minimized.

8. ECONOMIC DEPENDENCE

Knowles Centre Inc. receives a major portion of its program revenue pursuant to arrangements with the Province of Manitoba and various federal government funding agencies.

The ability of Knowles Centre to continue operations is dependent upon the continued financial commitments as guaranteed by their funding agreements.

9. COMPARATIVE FIGURES

Certain figures for comparison have been reclassified to conform with current financial statement presentation.

10. PRIOR PERIOD ADJUSTMENT

During the year, Knowles Centre Inc. determined that prior year fundraising revenue of \$50,584 should have been presented as deferred revenue at March 31, 2019. As a result of applying the adjustment retroactively, deferred revenue at March 31, 2019 increased by \$50,584 from \$103,448 to \$154,032, net assets at March 31, 2019 decreased by \$50,584 from \$1,735,578 to \$1,684,994 and revenue for the year ended March 31, 2019 decreased by \$50,584 from \$9,685,347 to \$9,634,763.

SCHEDULE OF OTHER INCOME

YEAR ENDED MARCH 31

| | 2020 | 2019 |
|----------------------------------|-------------------|-------------------|
| OTHER INCOME | | |
| River East School Division | \$ 230,519 | \$ 227,947 |
| Sexual abuse treatment program | 76,191 | 73,972 |
| Outreach program | 64,862 | 64,685 |
| Donations | 5,836 | 5,370 |
| Miscellaneous | 55,252 | 54,718 |
| Meals | 5,229 | 6,574 |
| Special needs/clothing allowance | 1,666 | 1,845 |
| Rentals | <u>62,252</u> | <u>106,475</u> |
| | <u>\$ 501,807</u> | <u>\$ 541,586</u> |

SCHEDULE OF OPERATING FUND EXPENSES

YEAR ENDED MARCH 31

| | 2020 | 2019 |
|-----------------------------------|----------------------------|----------------------------|
| STAFF REMUNERATION | | |
| Canada Pension Plan | \$ 233,108 | \$ 220,387 |
| Community Agencies Benefit Plan | 274,072 | 265,146 |
| Employee group insurance benefits | 165,857 | 203,845 |
| Employment insurance | 102,343 | 104,368 |
| Foster Care | 1,915,462 | 2,167,819 |
| Manitoba payroll tax | 113,745 | 111,992 |
| Salaries | 5,306,565 | 5,132,282 |
| Workers compensation | <u>30,551</u> | <u>54,753</u> |
| | <u>\$ 8,141,703</u> | <u>\$ 8,260,592</u> |
| MAINTENANCE AND REPAIRS | | |
| Autopac and insurance | \$ 88,763 | \$ 88,718 |
| Municipal taxes | 48,293 | 34,215 |
| Repairs and maintenance | 121,226 | 121,093 |
| Utilities | <u>76,119</u> | <u>77,468</u> |
| | <u>\$ 334,401</u> | <u>\$ 321,494</u> |
| ADMINISTRATION AND GENERAL | | |
| Accreditation | \$ 8,310 | \$ 20,000 |
| Advertising and miscellaneous | 715 | 1,709 |
| Bank charges and interest | 27,300 | 22,786 |
| Dues and subscriptions | 4,875 | 6,738 |
| Meetings | 1,136 | 2,888 |
| Miscellaneous | 92,065 | 12,537 |
| Office supplies | 34,031 | 32,680 |
| Payroll service charge | 960 | 960 |
| Postage | 3,530 | 4,698 |
| Professional fees | 57,298 | 51,860 |
| Public relations | 3,476 | 1,090 |
| Staff development | 10,291 | 10,523 |
| Telephone/Cable | <u>43,383</u> | <u>48,651</u> |
| | <u>\$ 287,370</u> | <u>\$ 217,120</u> |

SCHEDULE OF OPERATING FUND EXPENSES

YEAR ENDED MARCH 31

| | 2 0 2 0 | 2 0 1 9 |
|---|-------------------|-------------------|
| FOOD, CLOTHING, WELFARE AND ACTIVITIES | | |
| Bedding and clothing | \$ 26,661 | \$ 29,247 |
| Food | 167,418 | 146,501 |
| Medical, dental and optical | 1,002 | 1,166 |
| Program activities | 84,655 | 66,211 |
| Program supplies | 24,893 | 20,302 |
| Residents' transportation | 39,945 | 41,499 |
| SAIL Stage 2 - client living expenses | 221,865 | 217,478 |
| Spending allowances | 19,380 | 19,166 |
| Transportation - general | <u>45,958</u> | <u>46,912</u> |
| | <u>\$ 631,777</u> | <u>\$ 588,482</u> |