



**KNOWLES CENTRE INC.**

**Helping Youth Find Their Path: Yesterday, Today, and Tomorrow**

# **ANNUAL REPORT**

**April 1, 2006 - March 31, 2007**



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**K**nowles Centre provides professional services to children, youth and their families who are experiencing difficulties by helping them discover their strengths and fulfill their potential, through a variety of therapeutic and culturally sensitive programs.

## MISSION STATEMENT

**T**hat everyone receiving services through Knowles Centre leave with a greater capacity to meet the world.

## VISION STATEMENT

**K**nowles Centre employs a variety of approaches and through consultation with clients and their families makes every effort to deliver services that are sensitive to their cultural, environmental and developmental needs. Those approaches used will be the safest possible and the least intrusive necessary.

## PHILOSOPHICAL STATEMENT

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Knowles Centre Inc., is a community based, non-profit agency that is governed by a volunteer board, was established in 1907 and incorporated in 1910. It continues its history of services to the City of Winnipeg and other communities in Manitoba and Northwestern Ontario.



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**S**ecluded amongst full and mature trees, alongside a flowing stream but still within the boundaries of our perimeter highway, lies a truly Eden-like place. I am honoured and humbled to be the one to write greetings and message on behalf of the volunteer Board of Directors at Knowles Centre and to express our most sincere appreciation to the real strengths and pillars of our organization. Were it not for the dedication, commitment, and sincerity of our staff and management, each and every one, Knowles Centre would not be the amazing source of training, comfort, support, and caring for those youth in our care. If it were not for the generosity and kindness of those who support Knowles Centre in numerous and often unheralded ways, we would not be able to provide the needed services to youth in our community. To everyone who ultimately helps to make a difference in the lives of children, families, and the community of our care, thank you so very much.



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Accreditation affirms that Knowles Centre has met a set of nationally established requirements that help ensure quality service.

Accreditation also provides assurance that Knowles Centre is performing services that the community needs, conducting its operations effectively and managing its funds wisely.

Often I am asked, “What brought you to Knowles Centre?” or “How did you find yourself on the Board of Directors at Knowles Centre?” I feel it is a story worthy of sharing. My wife and I both sing in the choir at Immanuel United Church. I remember that once a month one of our tenors would be missing, or late on arriving, for the weekly Thursday night practice. We were often reminded that it was his monthly *Knowles Board Meeting*. I don’t think any of us really understood, or knew what or even where this place called ‘Knowles’ was, but once a month he was there. His untimely passing was a great loss for our choir, and we were honoured to sing two anthems at his memorial service. It was at that service that my wife literally bumped into a co-worker

from Seven Oaks General Hospital. The conversation must have gone something like this: “How did you know him?” My wife replied, “He had been one of the tenors in our choir.” “And how did you know him?” my wife probably asked. The Seven Oaks co-worker said: “I was on the Knowles Centre Board with him, and that he would be sorely missed and extremely hard to replace.” Next thing I knew, my wife was introducing me to someone looking to fill a vacancy on the mysterious Knowles Centre Board, with a comment that “Wayne was looking for a volunteer opportunity, and maybe, just maybe, Knowles would fit.” Six months later I was welcomed to the Knowles Centre Board. Now, I don’t ever want to compare myself to the late Judge Jim Smith, but it was his most unfortunate passing that ultimately led to my association with Knowles. Hardly a choir practice goes by without someone thinking of Jim, after all, he was not only a wonderful tenor, but perhaps one of the most respected and loved members of our church. I have been most fortunate to witness and learn how much he was respected and loved here at Knowles as well. Interchange a few words; hardly a Board meeting goes by without someone thinking of or remembering Jim. I think that the late Justice Jim Smith represented the epitome of caring for others, serving others, and giving back to the community that gives so much to many of us. I tell this story often, as I think it describes the oft twists of fate that lead us places we might otherwise never go. Thank you Jim.

As Knowles Centre celebrates 100 years in 2007, I’m sure there are countless other stories of caring for others, inspiration, and success, since 1907, not unlike those of Jim Smith. More recently, as well as during my brief tenure at Knowles, I have been

fortunate to meet several former residents, some of the ‘old boys’ (and girls), who have shared their stories which inevitably include just how Knowles helped shape their lives as well. Some of these stories are absolutely amazing and wonderful. Knowles Centre will celebrate the 100<sup>th</sup> anniversary throughout this year with a myriad of functions and events, culminating in a Gala Evening in October. I know that many stories will be shared that night, and I for one don’t want to miss any of them. Those of us involved today, building blocks in time might be fortunate one day to sit back and share our stories of a time at Knowles also.

Our Board of Directors this year witnessed several changes. Jacqui Meckling was unable to continue for personal reasons, and will be missed. Kurt Penner, who joined the Board along with me in October of 2001, submitted his resignation due to potential conflict of interest with his employer. Kurt went on later to represent the NDP in River East as a candidate in the Provincial election this spring. Kurt was a wealth of knowledge and a friend to all. Derwin Petri, a most interesting teacher-become-lawyer-become-renovator, moved out of province and also resigned. And finally, our Past President Patty Sudermann Yeo, resigned to further continue her studies towards a Masters Degree. Patty served the Knowles Centre faithfully for eight years, and we wish her nothing but good fortune and well being in her future endeavours. While our Board unfortunately lost four members, we were fortunate to add three new members who bring new and exciting perspectives to our group. Brian Born, Financial Officer with Habitat for Humanity, Richard Petri, Cultural Resource Educator with Winnipeg School Division, and Todd Pennell, Development Manager at Canada’s National History

Society, accepted nominations to the Knowles Centre Board early this year. We are extremely pleased to welcome these three fine individuals to our midst.

Dr. Michael Burdz has been our CEO since 2004, and has been with Knowles Centre since 1996. Michael eagerly accepts the challenges and changing face of the child welfare system with enthusiasm and caring each and every day. We are fortunate to have his experience and knowledge as a part of our team. Michael is supported by a truly wonderful group of people, from the kitchen staff, the maintenance crews, the administrative support, senior management, therapists, coordinators, group youth care workers, and relief staff. I would be remiss if I did not include all of you who really do make a difference in the lives of so many. I know that I speak for all the Board Members when I say that we admire and appreciate you all so very much. Thank you for all your hard work and dedication.

What can we look forward to in 2007 – 2008? Knowles Centre is no different than other similar agencies who must deal with very, very tight budget constraints. Our primary source of funding is the Provincial and Federal governments. It is our challenge to provide the absolute best possible care and treatment while doing so with what monies the government departments can afford. Currently we offer our services to Winnipeg Child and Family Services, the General Authority, the Northern and Southern Aboriginal Authorities, and Métis Child and Family Services. Knowles Centre is actively trying to diversify, within the spectrum of our mandate and vision, into additional

programs, which will subsequently allow us to be stronger overall. The most recent example is our venture into the treatment foster care programming system. Knowles Centre already partners with the United Way for our Sexual Abuse Treatment Program, the River East Transcona School Division for our Day Treatment Program, and with private funders for our Aboriginal Cultural Program. Recently we have also expanded the cultural programming to include the River East Transcona School Division and their cultural program coordinator. Were it not for this broadening of our base, the partnering and the financial assistance of others, we would be hard pressed to provide care to the quality that we do.

Speaking of quality, Knowles Centre is once again commencing the proceedings towards COA Accreditation. In order to keep current with this high level of standard, we must go through the process of accreditation every four years, and the time has come again. It will be a rewarding exercise for many of us to be a part of this worthy evaluation. This recognition is validation that Knowles has attained the highest standard of service available in our sector.

In closing, I would like to once again thank ALL of those individuals and groups, staff, board members, funding partners, stakeholders, volunteers, and donors who have helped Knowles Centre through our past 100 years.

*Respectfully submitted*  
*Wayne Benson*  
*President*

## BOARD OF DIRECTORS

### EXECUTIVE COMMITTEE

**Wayne Benson**----- **PRESIDENT/CHAIR**  
-----Chair, Services Committee  
-----Board Representative -  
-----Critical Incident Stress Debriefing

**Brett Carter**----- **ACTING 1<sup>ST</sup> VP**  
-----Member, Finance/Property Committee  
-----Member, Services Committee

**Gerri Wiebe**----- **2<sup>nd</sup> VP**  
-----Chairperson, Personnel Committee

**Terry Lazark** ----- **TREASURER**  
-----Chairperson, Finance/Property Committee  
-----Chairperson, Prior Scholarship Committee

**Jennifer Dundas**----- **ACTING SECRETARY**  
-----Member, Board Nominating Committee

### MEMBERS OF THE BOARD

**Brian Born** ----- **New Member**

**Bruce Gammon** ----- Fund Raising Committee  
-----Capital Project Centennial Committee

**Mark Lubosch**----- Chairperson, Fund Raising Committee  
-----Chairperson, Board Nominating Committee  
-----Capital Project Centennial Committee

**Todd Pennell**----- **New Member**

**Richard Petri** ----- **New Member**

**Bev Wiebe** ----- Centennial Committee

**Gerri Zacharias** ----- Personnel Committee

## CHIEF EXECUTIVE OFFICER'S REPORT



Dr. Michael Burdz

The report writing outline that I have used for my AGM report is to identify three key themes during the past 12 months:

- 1) the positive developments,
- 2) the challenges incurred, and
- 3) the future goals identified for the next 12 months.

*There were many positive developments during the past year:*

- 1) Developing and implementing the Treatment Foster Care Program, which addresses an unmet need in the larger child welfare system and allows Knowles Centre to diversify significantly its revenue stream.
- 2) Networking with various provincial departments and CFS agencies on Knowles Centre's desire to diversify its range of services.
- 3) Having a special ceremony to name the Aboriginal cultural area after the Lount Foundation in appreciation of its donation of approximately \$25,000 to the Aboriginal Cultural Program. This money allowed Troy Fontaine to take a group of clients to Churchill to see polar bears.
- 4) Having Knowles Centre and MGEU reach an agreement on a three-year contract, commencing April 2006.
- 5) Surveying Knowles Centre's five key stakeholders (funders, board members, staff, clients' guardians, and the clients) in the various programs, as part of continuous quality improvement. Knowles Centre also re-established the Utilization Review Committee; that is, clients' files were reviewed in the various programs and assessed on key variables (e.g., effectiveness of treatment, efficiency of resource management, presence or absence of reports).

- 6) Converting the four units from co-ed to unisex. It is anticipated that this change will help with transitioning clients from the secure units to the open units.
- 7) Updating the entire Knowles Centre policy manual.
- 8) Developing and implementing technology policies.
- 9) Celebrating centennial events during the year 2007, including: staff social; Knowles Centre picnic; creating a special t-shirt; painting a mural; producing a video; creating new letterhead, envelopes, and brochures; and having a memorial service for former superintendent Charles Hawkins.
- 10) Establishing a weekly reporting mechanism with the various Authorities and CFS agencies in order to make them aware of any open beds or spaces in our various programs. This development has resulted in an increase in the number of referrals to our various programs.

*Although there were many positive developments during the past year, there were also some challenges:*

- 1) Experiencing a significant deficit in the Group Care Treatment Program, despite being at 97% occupancy during the fiscal year.
- 2) Experiencing a low number of referrals to the Sexual Abuse Treatment Program. However, the program has recently reached double digit for the number of clients in the program for the first time in awhile, and there are a number of additional referrals that will be processed. The program hopes to be consistently near its ceiling of 15 clients going forward.
- 3) Having to lay-off one staff member in March 2007.
- 4) Coping for the entire school year (September 2006 to May 2007) without our outreach worker, resulting in consistently higher monthly AWOL numbers. However, the outreach worker returned on June 1 from medical leave, and Knowles Centre has already seen a decline in AWOLs.

*Some of the major goals anticipated during the next 12 months:*

- 1) Reaching the first increment of 12 clients in the Treatment Foster Care Program. Knowles Centre will then work on developing the next increment of 12 licensed foster care beds and fill them. These beds should produce a significant new revenue



stream for Knowles Centre. Knowles Centre will also be actively pursuing other expansion opportunities.

- 2) Having all four Authorities represented in our weekly reporting mechanism concerning any open beds or spaces at Knowles Centre.
- 3) Developing and implementing a separate funding stream for Knowles Centre camp.
- 4) Developing and implementing a Knowles Centre web page.
- 5) Making gains on controlling some significant expenses. Knowles Centre has already made some gains on this issue since entering the new fiscal year on April 1, 2007 (e.g., pension plan, health and benefit premiums, and camp).
- 6) Completing the remaining Knowles Centre centennial celebrations (i.e., Wilfred Knowles Feast in September and gala dinner in October).
- 7) Starting the fundraising campaign for the centennial capital project.
- 8) Developing and implementing a new three-year plan, commencing in the fall of 2007.

In closing, Knowles Centre experienced a wide range of events during the past 12 months from entering its centennial year to incurring a significant deficit. Consequently, Knowles Centre found itself at a crossroads. It has taken many steps that I believe have strengthened the organization and improved significantly its long-term financial position. I anticipate there will be more positive development during the upcoming year.

*Respectfully submitted*  
*Dr. Michael Burdz, C. Psych.*  
*Chief Executive Officer*

## Finance & Property Committee

### BOARD STANDING COMMITTEE REPORTS

**K**nowles Centre experienced one of its most fiscally challenging periods in its history as the operating fund recorded a loss of \$108,680 for the fiscal year ending March 31, 2007.

Examination of the operating fund statements show that revenues for the year increased slightly by \$3,318 over the previous year resulting in total revenues of \$3,316,490. The Centre budgeted revenues that were a significantly higher amount. The disappointing revenue numbers are the result of our vacant bed days. For the 12 months ending March 31, 2007, the Centre experienced a drop of 466 Provincial days care which translated into \$31,000 of lost revenues. The flat revenue numbers further strengthen the resolve that the Centre needs to expand its revenue base, steps that have been initiated in the fall of 2006 with the implementation of the Treatment Foster Care Program.

Operating expenses have increased by \$33,591 over the previous year. Total operating expenses of \$3,425,170 (of which 83% represent staff remuneration costs) highlight that discretionary expenses make up a very small part of total operations. The challenge for Management is to analyze these expenses and put a plan in place to reduce the expenses without impacting the care of the clients.

The capital fund statements show that net assets declined by \$23,630 for this fiscal period to \$1,766,487. Although a conservative investment approach is used, we were able to generate \$28,244 in investment income. It is through our fund raising efforts and conservative investments that we have been able to expand and upgrade our facilities on a consistent basis with very little or no government support.

The hard working and dedicated finance team consisting of the Finance Committee (Terry Lazark, Brett Carter, and Grant Obirek), the Board of Directors and Management put a lot of time and effort into this difficult fiscal year.

*Terry Lazark*  
Treasurer

## Fund-Raising Committee

**A**s Knowles Centre begins its 100<sup>th</sup> year, we are reflecting on the events and activities that have brought us to the present. While the institution began, as most do, with little more than the compassion of a few dedicated people, today we have evolved into a dynamic social service agency that serves children and youth and their families from across Manitoba and Northwestern Ontario.

We welcomed Maureen Britton as the Community Relations Coordinator at Knowles Centre in March. She has been tasked with increasing funding for our programs through private donations. To meet this goal, we are placing greater emphasis on aligning our organizational priorities with our fundraising activities, expanding our donor base, and increasing our profile within the community. We hope to update our database to help us more effectively manage information and better communicate with friends of Knowles Centre.

While our basic operating costs are funded by grants and fees-for-service paid by provincial and federal governments, we depend on the generosity of the community to cover the costs of support services, special projects and capital expenses.

More than one hundred people responded generously to our direct mail fundraising campaign in 2006/2007. The thoughtful gifts received directly benefited the young people in our care. As in the past few years, we continued to seek support for recreation programs, including a concentrated focus on creating a wellness facility on our campus.

We also are grateful to the businesses, foundations and service clubs that responded to our request for specific projects. Over the past year, we were able to replace an aging passenger van, send three clients to learn from the polar bears in Churchill, update our accounting software, and upkeep facilities as well as invest in our Aboriginal cultural program and recreation program. I encourage you to read the Major Donor summary included later in this report for more information on the support we received.

Each selfless gift helps to strengthen the foundation of caring at Knowles Centre; one that not only supports recovery but creates an environment where clients can learn to thrive. As we begin our second century of service, donor support will be even more important to the lives of the young people receiving treatment here.

On behalf of the clients, staff, volunteers, and Board of Directors, I extend my sincerest appreciation for your support and invite you to be part of our future.

*Mark Lubosch*  
*Chairperson*

## MAJOR DONORS

**K**nowles Centre continued to value and benefit from the tremendous support of foundations, corporations and individuals from the community during 2006/2007.

Knowles Centre's Group Care Program is funded through the provincial and federal governments. Our Sexual Abuse Treatment Program is supported through the generous support of local citizens through the **United Way of Winnipeg**, and our day treatment program is offered in partnership with the **River East Transcona School Division**. The cost of running the **Biimautaziiwin** Aboriginal Cultural Program and Recreation Program, maintaining and upgrading our equipment and infrastructure, and program development relies on the generous contributions of individuals, businesses, community groups and public and private funding sources.

The combined contributions of **The Winnipeg Foundation**, **Variety - the children's charity**, and the **Kiwanis Club of Winnipeg Foundation** helped to get us on the road again in a new, eight-passenger van. Safe and reliable transportation is vital to the services at Knowles Centre. It allows us not only to ensure the children and youth in our care can attend their counseling and healthcare appointments in the community, but also can take part in positive recreation and leisure activities that contribute to their successful treatment.

Once again, Winnipeg students supported their peers at Knowles Centre with a grant for children's programming, facilities upgrades and operating costs. We were honored to receive a generous donation from **Vincent Massey Collegiate** through The Winnipeg Foundation's Youth in Philanthropy program. The program, funded by the Foundation, introduces local high school students to philanthropy and community development while providing support to local charities.

With the generous support of the **Graham C. Lount Family Foundation**, three clients, a youth care worker, and our First Nations Cultural Coordinator journeyed to Churchill, Manitoba in October 2006. The group observed polar bears – highly adaptable animals of great strength, patience, and intelligence. Like the polar bears, the clients learned that they too can thrive despite the harsh environment around them. They returned from their journey with a renewed sense of hope for their own futures and an increased ability to face challenges in life. The Foundation's grant also supported Centre-based activities of the **Biimautaziiwin** Program.

**TD Canada Trust** contributed funds for the purchase of educational computers and software material for the children and youth in care. Like their peers in the community, Knowles Centre clients must be computer literate as they continue their education and enter into the workforce.

Recreation remains one of the most popular and effective support programs for Knowles Centre clients. We are grateful to **E.H. Price** and **Kitchen Craft Cabinetry** for their unrestricted gifts that were used to support recreation activities. As well, the **Manitoba Community Services Council** allocated funds raised through bingo events held at Manitoba two largest casinos to Knowles Centre for the John G. Stewart Camp in the Whiteshell. The grant helped to offset the

costs of running the camp for Knowles Centre clients and to upkeep the facility.

**The Rotary Club of West Winnipeg** recognizes the value of administrative support to operating an efficient and financially responsible organization. Through their generous gift, Knowles Centre was able to purchase a new accounting software program.

Knowles Centre is especially grateful to the dozens of individuals, families and local businesses who make a donation annually. We look forward to celebrating the contributions of these loyal donors at an event in the Fall of 2007.

Whether their gifts are directed to one of our support programs, program development or facilities, they are helping to change and improve the lives of the young people receiving treatment and care at Knowles Centre.

## Friends of Knowles Centre

The **ladies** from the **Oaks of Henderson** next door to Knowles Centre once again assembled trays of Christmas baking to set the mood for the holidays.

**Share Christmas** provided a gift for every child in care at Knowles Centre again at Christmas.

For the 11<sup>th</sup> year, **Kathy Friesen** created beautiful centre pieces to adorn the dining table for Christmas dinner.

The **Arnaud Mennonite Church** collected and donated Easter baskets for the children in care. Each basket was bursting with tasty treats, toys, and a disposable camera.

Clients of Knowles Centre also enjoyed a special outing to the Safeway We Care Fair held at Tinkertown. The free event, hosted by **Canada Safeway**, gave many Knowles Centre children and their families a chance to enjoy an evening of activities, rides and food. As well, two children boarded a flight provided by **Air Canada employees' Dreams Take Flight** for a whirlwind day at Disney World.

## Nominating Committee

**T**he Nominating Committee screens candidates for the Board of Directors, and makes recommendations to the full Board as to suitability of those candidates as Board members. The full Board then votes on accepting or declining those nominees as Board Members.

Board members undergo an intensive orientation to their responsibilities and the Centre’s policies, programs and services, including on-site tours.

Under the provisions of the Centre’s by-laws, directors’ first terms commence on the first day of July immediately following their election. Directors may serve a maximum term of ten successive years.

I would like to thank the members of the Board for their commitment to attract people from the Aboriginal community to sit on Knowles Centre’s Board of Directors. My deep thanks to committee members Jennifer Dundas and Michael Burdz (CEO) for their immense support and dedication through this process.

On behalf of the Board of Directors, I would like to extend our gratitude to Jacqui Meckling, Kurt Penner, Derwin Petri, and Patty Sudermann Yeo who retired from the Board this past year. We wish them much success in their future endeavours.

*Mark Lubosch*  
 Chairperson

<b>BOARD MEMBER</b>	<b>DATE ELECTED</b>	<b>YEARS SERVED TO JUNE 2007</b>
Wayne Benson .....	October 4, 2001 .....	5 <sup>th</sup> year
Brian Born.....	January 25, 2007.....	new member
Brett Carter.....	April 28, 2005.....	2 <sup>nd</sup> year
Jennifer Dundas .....	April 28, 2005.....	2 <sup>nd</sup> year
Bruce Gammon .....	October 26, 2000 .....	6 <sup>th</sup> year
Terry Lazark.....	October 23, 2003 .....	3 <sup>rd</sup> year
Mark Lubosch .....	May 15, 1997.....	10 <sup>th</sup> year
Todd Pennell .....	February 22, 2007.....	new member
Richard Petri .....	January 25, 2007.....	new member
Bev Wiebe.....	October 26, 2000 .....	6 <sup>th</sup> year
Gerri Wiebe.....	April 28, 2005.....	2 <sup>nd</sup> year
Gerri Zacharias.....	May 26, 2005 .....	1 <sup>st</sup> year

## Personnel Committee Report

There was one meeting of the Personnel Committee during the fiscal year, which occurred on March 20, 2007, and was attended by Michael Burdz (CEO) and Marshall Gardner (Clyde Road supervisor). The committee reviewed Sections 5.0 (Personnel Committee and Policies), 5.1 (Employment Categories and Job Descriptions), and 5.2 (Hiring to Non-Disciplinary Termination). These sections were last reviewed in 2003. The committee made only minor editorial changes to a few policies. At this time, all of Chapter 5, which is the largest chapter in the Knowles Centre Policy Manual, has been reviewed during the 2005-07 period. The task of updating all of the job descriptions will be identified as a goal on the next three year-plan for Knowles Centre, as we need to determine the best mechanism to have staff input on their respective job descriptions.

*Dr. Michael Burdz, C. Psych.  
Committee Member*

## Arthur E. Prior Memorial Scholarship Fund Committee

The Board of Directors established the Fund in 1987 with a bequest of approximately \$70,000 received from the estate of the late Arthur E. Prior. Subsequent donations and unused interest income have increased the size of the Fund over the years.

The Fund uses interest income to support former clients of the Knowles Centre in the pursuit of their further education. Fund activity for the year is detailed in the annual financial statements.

Scholarship applications are accepted throughout the year, and are available by calling Tiffany Waite or Stewart Halper at 339-1951.

*Terry Lazark  
Chairperson*



## Services Committee

**K**nowles Centre provides numerous essential services which are reviewed regularly by a committee of Board Members and Management. It is prudent that we keep current in our policies, and a system of evaluation and discussion ensures that the policies that govern our conduct are current given the continually changing environment of our business. It is hoped that every policy is considered at minimum, within a two-year interval. The Services Committee met this past year for half-day sessions to make maximum use of our time together. Numerous revisions and amendments were vetted through various affected groups before secondary review by the committee, and then on to the full Board for ratification and/or information as per policy and procedure.

The current committee consists of three senior management employees and two Board Members. Members of the Services Committee this year included: Wayne Benson (Board Member & Chair), Patty Sudermann Yeo (Board Member), Rik Skelton (Group Care Program Director), Lauren Hershfield (Group Care Program Therapist), and Dave Purpur (Unit II Supervisor).

On behalf of the Board of Directors, I would like to thank all those involved in the Services review process for their time and input into this sometimes mundane but extremely valuable exercise.

*Wayne Benson  
Chairperson*

## Administration Department



**DEPARTMENT/  
PROGRAM  
REPORTS**

**K**nowles Centre's administration and maintenance staff offer wonderful support to Knowles Centre's programs and the upkeep of Knowles' facilities.

Our Executive Assistant Gerry Nytepchuk does an outstanding job of keeping both management and board updated and informed. Being our Centennial year Gerry was kept very busy as a member of the Centennial Events Committee. Please see the list of events under the CEO Report. Cathy Gamble is our

Accountant who has had another busy year. Besides changing our benefit provider, the Centre also updated the accounting software at the end of the year. We welcomed Tina Case this year as our Receptionist. Tina is extremely efficient and helpful to everyone who comes through our doors.

The Maintenance Department consists of Coordinator Felice Pingitore and maintenance workers Ryan Haworth and Lee Thomas. They work hard to keep on top of the many jobs that require attention every single day. They have numerous skills among them that allow most of the maintenance to be done in-house. Some of the improvements this last year included a new roof, fascia, and soffits for Unit I. They laid new carpet in some bedrooms and the downstairs office of Unit II. At Respect House they laid new carpet on the 2<sup>nd</sup> floor and stairs and replaced the vinyl floor at Clyde Road.

My thanks to both the administration and maintenance staff for your efficiency and dedication.

*Grant Obirek  
Director of Finance & Administration*



## Group Care Treatment Program

**T**his past year in the Group Care Treatment Program was much the same as previous years: numerous challenges, great times, stressful times, new ideas and changes. Above all the clients in the Group Care Treatment Program received excellent care by staff in the program. I thank each and every staff for their dedication and hard work.

*Here are some of the highlights of the past year.*

- All four units have now completed their program descriptions and treatment philosophies.
  - Numerous renovations were completed in Unit I.
  - We have eliminated the word “residential” from our work environment and have replaced it with “Group Care.” This applies to all our written material as well.
  - We have redesigned our Cultural Program enabling our coordinator to be closer to the clients in his day-to-day work with them. We have just recently formed a partnership with the River East Transcona School Division whereby we will be offering our Cultural teachings and facilities to any of the 42 schools in its catchment area.
  - Our Quality Assurance process was re-established during this past year which helps us keep on top of all the important client information and reports.
- We continued to review all policies in our Policy & Procedure Manual on a regular basis.
  - Union negotiations were successfully completed resulting in a three-year collective bargaining agreement.
  - Our Recreation Program was re-designed resulting in more individual work and group programming.
  - Most, if not all staff have received Non-Violent Crisis Intervention training from our two in-house instructors. This training is now being accessed by external agencies as well.
  - The biggest change of course is switching the two on-site units from co-ed to unisex. As we all know, change is not easy but our staff were extremely professional and caring during the transition stages, allowing for a very smooth and successful process.

To all staff in the Group Care Treatment Program thank you for going above and beyond the call of duty on a regular basis.

*Rik Skelton  
Group Care Program Director*

## **Biimautaziwin Cultural Program**

**T**he foundation of the program remains the ceremonies, the sacred fire, drumming and singing, feasts and the land. The youth continue to participate at their comfort level and on a voluntary basis. Aboriginal culture allows the individual to exercise his or her free will. No pressure can be placed on an individual to do something he or she is not comfortable doing.

There are two events I wish to highlight from this year beginning with the *Igniting the Fire Gathering* in the Whiteshell Provincial Park and also an amazing once-in-a-lifetime trip north to see polar bears in Churchill, Manitoba.

The *Igniting the Fire Gathering* took place September 5-8, 2006 at the sacred site of *Manitou Api* also known as the Bannock Point Petroforms. It was initiated and organized by Dave Courchene Jr. from the Turtle Lodge in Sagkeeng, Manitoba and Don Cardinal an elder from Seven Sisters, Manitoba. Approximately 400 people from many different backgrounds attended this historic event that was inclusive to all people. Four clients were present from Knowles Centre. Since time immemorial First Nation people have gathered in sacred sites like *Manitou Api* to share knowledge, medicines, ceremonies and prophecies. It's been a very long time since a large number of people have gathered at this site. It was an exciting time for all who were in attendance. The 2<sup>nd</sup> annual gathering will be September 11-14, 2007 at the same location in the Whiteshell. It's anticipated there will be close to a thousand people attending the 2007 event. Knowles Centre

generously donated the use of Knowles' camp to the organizers and volunteer workers of this gathering. Knowles Centre's generosity helped make this gathering a success. The Knowles camp has been kindly donated once again for the 2007 event as well.

In early October six people from Knowles Centre embarked on a very long journey to Churchill, Manitoba to experience polar bears in their natural environment. It began with a sweat lodge ceremony and a feast at Knowles Centre. Next, was a ten-hour drive to Thompson, Manitoba and from there it took 14½ hours on a train to finally arrive in Churchill. We were an hour from Churchill when one of the boys noticed something off in the distance. He said, "Hey! Look there's a man on the lake ice fishing. No, it's a polar bear!" Right at that moment the bear plopped down on four legs and began to run across the frozen lake. This was a very exciting moment in our journey when we saw our first polar bear in the wild from the safety of our train.

The purpose of this trip was to show the youth an animal that is highly adaptable, strong and intelligent. The intent was to inspire them and help them believe in themselves by observing the polar bear and the harsh environment it survives in on a daily basis. The bear always moves forward in search of life no matter how hard things become. We embarked on this journey to receive courage and spiritual strength. With each passing day today's youth are faced with more and more uncertainty of their future, they are in need of a lot of courage to overcome the challenges they face.

Along the way we stopped to enjoy the sights and sounds of Pisew Falls south of Thompson. It was there we spotted a beautiful bald eagle below the falls. It is considered a blessing and a sign from the Creator you are on the right path when you see an eagle. It was a memorable trip for all - and for many different reasons.

I would like to express my heartfelt gratitude to the Graham C. Lount Family Foundation for their continued support of the Biimautaziiwin Program. It is through their generosity we are able to venture to Churchill, attend gatherings and ceremonies

and to purchase much needed supplies for the day-to-day programming. It is truly an honour and a privilege to have their support.

On behalf of the youth and myself, I would like to thank the Great Spirit, everyone at Knowles Centre and in the community for their continued support.

Gitche Miigwetch! (big thank you!)

*Troy Fontaine*  
*Cultural Program Coordinator*

## ***Community-Based Treatment Services***

### ***Day Treatment Program (DTP)***

**T**he Day Treatment Program (DTP), a joint venture of Knowles Centre and the River East Transcona School Division, was established in 1984.

The program provides individualized educational and treatment services to students who are experiencing a variety of personal and/or family challenges that make it difficult for them to succeed in a traditional classroom setting. Students and their families are referred to the DTP through the Divisional Screening Committee, which meets every three weeks and is comprised of members from the School Division, the Child Guidance Clinic, and Knowles Centre.

Over the past year, a total of 14 students received academic programming and

therapy services through the Day Treatment Program (3 girls, 11 boys). It is anticipated that approximately eight of these students will be rejoining the program in September when school resumes. We have been pleased this year to see continued parental involvement in the therapeutic process and look forward to continuing this partnership with families in the fall.

I have been particularly impressed with the skill, commitment, and compassion team members bring to their work with each of our students, and would like to thank Stewart Halper, Stephanie Howard, Trevor Holroyd, Art Shaw, and the teaching staff at John G. Stewart School for their daily contributions to the program.

*Kevin Mackay*  
*Principal*  
*John G. Stewart School*

## Sexual Abuse Treatment Program (SATP)



**T**he Sexual Abuse Treatment Program (SATP) is an accredited program which has been in existence since 1989 and is funded by the United

Way. The program provides treatment services at no cost to clients referred by the four Child and Family Service Authorities (i.e., General, Northern, Southern, and Métis) and accepts direct referrals from the northeast area of Winnipeg (for the community-based spaces). Direct referrals from outside of the northeast area are accepted if open spaces are available.

The SATP provides treatment services to males and females, aged 4 to 17 years, who have previously made a disclosure of sexual abuse by a family member or third party, or have a sibling who has made such a disclosure. Non-offending parent(s)/ caregiver(s)/guardian(s) may be referred to the program if they are caring for, or have cared, for a child who has made such a disclosure.

Over the past year, the SATP has continued to receive fewer referrals for service than it has since the reorganization of CFS almost two years ago, a pattern reported by other agencies working with families affected by abuse. Over the past year, the SATP referrals have been significantly older, and have been presenting for therapy with more complex mental health issues and fewer family and community supports. On February 23, 2007, this writer and Dr. Burdz had a meeting with John Hutton, Manager of Community Investment with the United Way. John Hutton supported the SATP accepting referrals from other Knowles Centre's programs as well as older adolescent clients (18 to 21) given the new provincial initiative to provide clients transitioning out of the child welfare system with more support to age 21. The purpose of this initiative is to

diversify our client group and provide the SATP with a greater pool of referrals, increasing the likelihood of maintaining the ceiling of 15 clients. This will be done on a trial basis.

In addition to providing services to these clients, a major emphasis in the program this past year has been marketing and replenishing the client base in the SATP. This writer developed a new brochure, as well as revised relevant program policies/ procedures, submitted an ad in the foster parent newsletter, liaised with school division staff as well as other agencies to inform them about the services we offer in the SATP, and participated in delivering presentations to the satellite offices of the Southern Authority. Although this has been a time-consuming process, it has also been necessary in educating community service providers about the SATP and encouraging new referrals. In an effort to expand available services at the Centre, this writer also helped prepare a proposal for an art therapy program (which was submitted to the United Way).

This writer is currently in the process of consulting with the River East Access Centre about possible partnership to see if adult clients (over 18) can access a psychiatrist through their program. This writer has also actively participated in continuing education activities. Specifically, I have completed the course work in the play therapy training program through the Manitoba Chapter of the Canadian Association for Child and Play Therapy (CACPT). This writer will continue to explore certification as a play therapist through CACPT. I would also like to mention that I will be leaving for maternity and parental leave at the end of August 2007.

*Kristi Venton, M.A.  
Sexual Abuse Coordinator/Therapist*



**AWARDS**

### **Vicki Whitehead Memorial Award**

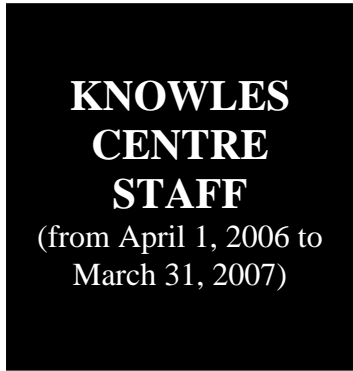
Vicki Whitehead was the supervisor of Unit I. Vicki passed away in February 1997 while an employee of the Centre. Vicki was an adamant supporter of Aboriginal Cultural programming at the Centre. In honour of Vicki's memory an annual award was established in 1998 for a deserving participant in Knowles Centre's Aboriginal Cultural Program. This award will be presented to Tanner Sutherland at the annual meeting on June 21, 2007.

### **The Justice Jim Smith Memorial Award**

The Knowles Centre Board of Directors established the Justice Jim Smith Memorial Award in 2001. Jim Smith was not only a long-time member of the Board but a well respected and caring individual in the community. The award is presented once a year to a graduating Child and Youth Care student at Red River College who has demonstrated a commitment to the profession through volunteering in a school, agency or organization that provides services for at-risk children and youth. The recipient of this year's award was Leilani Esteban. The award was presented at the graduating ceremony in April 2007.

**Chief Executive Officer**  
 Dr. Michael Burdz, C. Psych.

Clinical Services Director ..... Alana D. Grayston, Ph.D., C. Psych.  
 Psychiatric Consultant ..... Mark Koltek, M.D., FRCPC



**ADMINISTRATION**

Director of Finance & Administration ..... Grant Obirek, C.M.A.  
 Community Relations Coordinator (.6 EFT)..... Maureen Britton  
 Executive Assistant (.8 EFT) ..... Gerry Nytepchuk  
 Accountant (.9 EFT)..... Cathy Gamble  
 Receptionist ..... Tina Case  
 Maintenance Coordinator..... Felice Pingitore  
 Maintenance Worker..... Ryan Haworth  
 Maintenance Worker..... Lee Thomas

**STAFF SERVICE AWARDS**

Every year at the Annual General Meeting, Knowles Centre recognizes staff who have served the organization for 10 years or more.

Knowles Centre is pleased to present awards to:

Michael Burdz	10 years
Rob Toner	10 years
Marilyn Penner	15 years
Felice Pingitore	15 years
Stewart Halper	25 years
Norm Vawryk	25 years

**GROUP CARE TREATMENT PROGRAM**

Director.....Rik Skelton  
 Group Care Program Assistant.....Tiffany Waite  
 Aboriginal Cultural Coordinator ..... Troy Fontaine  
 Outreach Worker...(medical leave Aug/06-Mar./07) Brad Esslinger  
 Night Grounds.....Robert Toner  
 Night Grounds Weekends.....Val Moar/Roger Rieu  
 Kitchen Coordinator.....Michelle Zimmer  
 Cook.....Adrien Clairmont

**GROUP CARE PROGRAM THERAPISTS**

.....Karen Friesen, M.S.W.  
 (.5 EFT).....Stewart Halper, M.A.  
 .....Lauren Hershfield, M.S.W.  
 (.5 EFT).....Stephanie Howard, M.S.W.

**ON-SITE  
GROUP CARE TREATMENT PROGRAM**

**UNIT I**

Unit Supervisor ..... Dawn Danylchuk  
Recreation Programmer ..... Jennifer Norenberg, B.R.S.  
Youth Care Workers:  
..... Randy Carr  
..... Paula Dacosta, CYCD  
..... Christine Gale, CYCD  
..... Jason Krestanowich, B.A.  
(.68 EFT) ..... Bev Lee  
..... Kim Sawchuk, CYCC  
..... Shannon Shell, B.Sc. Bus. Admin.  
Night Staff ..... Marilyn Penner

**UNIT II**

Unit Supervisor ..... Dave Purpur, B.A., CYCD  
Recreation Programmer ..... (Paternity Leave) Brian Johnson, Dip. Phys Ed  
Youth Care Workers:  
(.5 EFT) ..... Alan Taylor, B.A.  
..... Brad Esslinger, B.A.  
..... Lesley Gosselin, CYCD  
..... Jeff Hanz, CYCD  
..... Justin Hilock  
(.6 EFT) ..... Shelley Lavallee  
(.5EFT) ..... Cindy Penner, Dip. Christian Ed., CYCD  
..... Phil Wozney, Applied Counselling Certificate  
Night Staff ..... Norm Vawryk

CYCC designation for Child & Youth Care Certificate  
CYCD designation for Child & Youth Care Diploma

**COMMUNITY-BASED  
GROUP CARE TREATMENT PROGRAM**

**CLYDE ROAD**

Unit Supervisor..... Marshall Gardner, CYCD, Social Services

Youth Care Workers:

..... Kirby Bater, CYCC  
..... Michelle Bazinette  
(.75 EFT)..... Jenna Buchanan  
..... Ben Gammon  
..... Colleen Keating

Night Staff ..... Barb McKeen

**RESPECT HOUSE**

Unit Supervisor..... Juana Schoch, CYCD, Bus. Dip.

Youth Care Workers:

(.6 EFT)..... Cynthia Brown, CYCC  
..... Paul Clarke, Dip. Bus. Admin.  
(.75 EFT)..... Deidra Gibson, CYCD  
..... Keran Storm, Applied Counselling Certificate  
..... Carol Watson, B.A.

Night Staff ..... Ray Forest, CYCC

CYCC designation for Child & Youth Care Certificate  
CYCD designation for Child & Youth Care Diploma



## COMMUNITY-BASED TREATMENT SERVICES

### Day Treatment Program

Therapist (.5 EFT)..... Stewart Halper, M.A.  
Therapist (.5 EFT)..... Stephanie Howard, M.S.W.  
Support Worker ..... Art Shaw

### Sexual Abuse Treatment Program

Coordinator/Therapist..... Kristi Venton, M.A.

### Treatment Foster Care Program

Coordinator .....Andrea McKenzie, M.S.W.  
Clinical Case Manager..... Tiffany Krueger, M.S.W.

## FAREWELL

Shawn Barnsdale..... Group Care Treatment Program, Unit I  
..... Youth Care Worker, December 10, 2003 to March 7, 2007

Mira Black. .... Group Care Treatment Program  
..... Youth Care Worker, April 1, 2004 to March 31, 2006

Alison McKenzie. .... Group Care Treatment Program  
..... Therapist, March 1, 2004 to July 31, 2006

Gisele McCallum ..... Receptionist  
..... November 3, 2003 to October 12, 2006

Dr. Jack Perlov, FRCPC ..... Psychiatric Consultant  
..... 1992 to 2006

Connie Perry ..... Group Care Treatment Program  
..... Therapist, September 29, 2003 to March 23, 2007

Randy Shingoose ..... Maintenance Worker  
..... January 16, 1993 to September 13, 2006

Wendy Wilchowy ..... Group Care Treatment Program, Clyde Road  
..... Youth Care Worker, March 13, 2006 to March 9, 2007

**FINANCIAL  
STATEMENTS  
Knowles Centre Inc.  
March 31, 2007**

Deloitte & Touche LLP  
360 Main Street  
Suite 2300  
Winnipeg MB R3C 3Z3  
Canada

Tel: (204) 942-0051  
Fax: (204) 947-9390  
www.deloitte.ca

## AUDITORS' REPORT

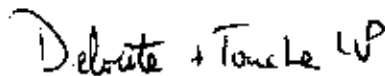
To the President and Directors of  
Knowles Centre Inc.

We have audited the balance sheet of Knowles Centre Inc. as at March 31, 2007 and the statements of operating fund and capital fund revenue, expenses, and changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Centre's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as explained in the following paragraph, we conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In common with many charitable organizations, the Centre derives revenue from donations and fundraising the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Centre. We were not able to determine whether any adjustments might be necessary to donation and fundraising revenues, deficiency of revenue over expenses, assets and net assets. In addition, the organization does not accrue vacation pay in their year-end payables. The accounting policy for vacation pay is not in accordance with Canadian generally accepted accounting principles. If vacation pay were accrued annually, accounts payable would have been increased and operating net assets decreased as described in Note 2.

In our opinion, except for the effects of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of the donations and fundraising revenue and except for the effects of the failure to accrue vacation pay as explained in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the Centre as at March 31, 2007 and the results of its financial operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.



Chartered Accountants

Winnipeg, Manitoba  
June 1, 2007

**KNOWLES CENTRE INC.**  
**Statement of Operating Fund Revenue, Expenses and**  
**Changes in Net Assets**  
**Year Ended March 31, 2007**

	<u>2007</u>	<u>2006</u>
REVENUE - Schedule 1		
Group care treatment	<b>\$ 2,994,672</b>	<b>\$ 3,025,087</b>
Other income	<b>321,818</b>	<b>288,085</b>
	<b>3,316,490</b>	<b>3,313,172</b>
EXPENSES - Schedule 2		
Staff remuneration	<b>2,858,022</b>	<b>2,810,393</b>
Maintenance and repairs	<b>174,962</b>	<b>194,154</b>
Administration and general	<b>104,183</b>	<b>88,728</b>
Food, clothing, welfare and activities	<b>288,003</b>	<b>298,304</b>
	<b>3,425,170</b>	<b>3,391,579</b>
DEFICIENCY OF REVENUE OVER EXPENSES	<b>(108,680)</b>	<b>(78,407)</b>
DEFICIT, BEGINNING OF YEAR	<b>(131,828)</b>	<b>(53,421)</b>
DEFICIT, END OF YEAR	<b>\$ (240,508)</b>	<b>\$ (131,828)</b>

**KNOWLES CENTRE INC.**  
**Statement of Capital Fund Revenue, Expenses and**  
**Changes in Net Assets**  
**Year Ended March 31, 2007**

	<u>2007</u>	<u>2006</u>
<b>REVENUE</b>		
Winnipeg Foundation - interest on bequests		
Thomas and Beatrice Gilroy Trust	\$ 6,500	\$ 6,500
A. R. McNichol Fund	2,133	2,132
C. H. Bowie, C. A. Bowie and A. W. Gibson Memorial Fund	4,393	4,114
Investment income	28,244	28,652
Fundraising	11,062	-
Donations	200	880
	<u>52,532</u>	<u>42,278</u>
<b>EXPENSES</b>		
Amortization	49,428	47,555
Miscellaneous	2,115	3,469
Fundraising	1,668	932
Public relations	250	340
Repairs and maintenance	22,701	14,290
	<u>76,162</u>	<u>66,586</u>
<b>DEFICIENCY OF REVENUE OVER EXPENSES</b>	<b>(23,630)</b>	<b>(24,308)</b>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<b>1,790,117</b>	<b>1,814,425</b>
<b>NET ASSETS, END OF YEAR (Note 5)</b>	<b>\$ 1,766,487</b>	<b>\$ 1,790,117</b>

**KNOWLES CENTRE INC.**

**Balance Sheet**

March 31, 2007

	Operating Fund	Capital Fund	The Arthur Prior Estate Scholarship Fund (Note 6)	Total 2007	Total 2006
<b>ASSETS</b>					
Cash	\$ -	\$ 13,188	\$ -	\$ 13,188	\$ 21,706
Investments - market value \$626,024 (2006 - \$626,204)	-	567,699	-	567,699	557,596
Accounts receivable	264,970	7,457	-	272,427	324,638
Prepaid expenses	12,924	-	-	12,924	2,850
Inter-fund balances	-	(97,807)	97,807	-	-
	277,894	490,537	97,807	866,238	906,789
Fixed assets (Note 3)	-	1,288,835	-	1,288,835	1,323,569
<b>TOTAL ASSETS</b>	<b>\$ 277,894</b>	<b>\$ 1,779,372</b>	<b>\$ 97,807</b>	<b>\$ 2,155,073</b>	<b>\$ 2,230,358</b>
<b>LIABILITIES</b>					
<b>CURRENT</b>					
Bank indebtedness (Note 4)	\$ 310,941	\$ -	\$ -	\$ 310,941	\$ 270,954
Accounts payable	125,172	-	-	125,172	133,147
Deferred revenue	82,289	2,816	-	85,105	64,002
	518,402	2,816	-	521,218	468,103
<b>NET ASSETS</b>					
Appraisal surplus arising from revaluation of land (Note 3)	-	10,069	-	10,069	10,069
<b>Net assets</b>					
Unrestricted	(240,508)	-	-	(240,508)	334,720
Internally restricted	-	477,652	97,807	575,459	93,897
Invested in capital assets	-	1,288,835	-	1,288,835	1,323,569
	(240,508)	1,776,556	97,807	1,633,855	1,762,255
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 277,894</b>	<b>\$ 1,779,372</b>	<b>\$ 97,807</b>	<b>\$ 2,155,073</b>	<b>\$ 2,230,358</b>

APPROVED BY THE BOARD

..... Director

..... Director

**KNOWLES CENTRE INC.**  
**Statement of Cash Flows**  
**Year Ended March 31, 2007**

	<u>2007</u>	<u>2006</u>
<b>OPERATING ACTIVITIES</b>		
Deficiency of revenue over expenses		
Operating fund	\$ (108,680)	\$ (78,407)
Capital fund	(23,630)	(24,308)
The Arthur Prior Estate Scholarship fund	3,910	872
Items not affecting cash		
Amortization of deferred revenue	704	880
Amortization	49,428	47,555
	<u>(78,268)</u>	<u>(53,408)</u>
Changes in non-cash operating working capital items		
Accounts receivable	52,211	(98,339)
Prepaid expenses	(10,074)	4,707
Accounts payable	(7,975)	(1,952)
Deferred revenue	20,399	(1,864)
	<u>(23,707)</u>	<u>(150,856)</u>
<b>FINANCING ACTIVITY</b>		
Operating fund bank indebtedness	39,987	169,934
<b>INVESTING ACTIVITIES</b>		
Purchase of fixed assets	(14,694)	-
Increase in term deposits	(10,104)	(40,545)
	<u>(24,798)</u>	<u>(40,545)</u>
<b>NET DECREASE IN CASH POSITION</b>	<b>(8,518)</b>	<b>(21,467)</b>
<b>CASH POSITION, BEGINNING OF YEAR</b>	<b>21,706</b>	<b>43,173</b>
<b>CASH POSITION, END OF YEAR</b>	<b>\$ 13,188</b>	<b>\$ 21,706</b>

**KNOWLES CENTRE INC.**  
**Notes to the Financial Statements**  
**March 31, 2007**

---

**1. DESCRIPTION OF OPERATIONS**

Knowles Centre Inc. 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 in order to reach their personal and social potential.

**2. SIGNIFICANT ACCOUNTING POLICIES**

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles and include the following significant accounting policies:

*a) Fund accounting*

The Centre follows the restricted fund method of accounting for contributions.

The Operating Fund accounts for the Centre's program delivery and administration activities. This fund reports unrestricted resources and operating grants.

The Capital Fund is utilized by the Centre as a building fund. All capital expenditures, including facility construction and expansion, and vehicle purchases are funded through this fund.

The Arthur Prior Estate Scholarship Fund was established as a result of a bequest. This fund is to be used as a scholarship fund for the further education of graduates or students of the Centre

*b) Revenue recognition*

Restricted contributions on account of group care treatment and other income are recognized as revenue of the Operating Fund in the year in which the related expenses are incurred.

Capital Fund revenue is recognized as follows:

Interest and investment income are recorded on an accrual basis. Fundraising and donations are recorded as revenue when received. Restricted contributions are recorded as revenue in the same period as the related expenses.

Interest income is recorded on the accrual basis in the The Arthur Prior Estate Scholarship Fund



**KNOWLES CENTRE INC.**  
**Notes to the Financial Statements**  
**March 31, 2007**

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

*c) Fixed assets and amortization*

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.

Amortization of fixed assets is not recognized as an operating expense item that is recoverable from government agencies. It is provided for by a reduction in the capital fund as follows:

Buildings	-	2-1/2% diminishing-balance basis
Program building	-	5% diminishing-balance basis
Campsite conservation	-	10% diminishing-balance basis
Ground improvements	-	2-1/2% diminishing-balance basis
Furniture and equipment, tractor, vans and camp equipment	-	20% diminishing-balance basis

*d) Donated materials and services*

During the year, the Centre received a significant amount of donated materials and services from volunteers, for which there has been no amount recorded in the financial statements.

*e) Financial instruments*

**Interest rate risk**

Financial 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 the receivables and the composition of its investment portfolio, this risk is minimized.

**Fair value**

The fair value of cash, accounts receivable, bank indebtedness, and accounts payable is approximately equal to their carrying values due to their short-term maturity.

**KNOWLES CENTRE INC.**  
**Notes to the Financial Statements**  
**March 31, 2007**

---

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

*f) Vacation pay*

The Centre does not accrue for vacation pay but rather expenses these costs as incurred. Limitations are placed on the number of vacation days that staff are allowed to carry-forward to the following fiscal year, and these vacation days are included in that fiscal year's budget which is approved by the Board of Directors. Management estimate that the unaccrued vacation pay liability at March 31, 2007 would approximate \$168,000 (2006 - \$138,000). Had the vacation pay liability been accrued, accounts payable would have increased by \$168,000 (2006 - \$138,000), and the ending balance in unrestricted net assets would have decreased by \$168,000 (2006 - \$138,000).

*g) 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 and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates.

**3. FIXED ASSETS**

	2007		2006	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	\$ 17,719	\$ -	\$ 17,719	\$ -
Buildings	2,073,467	883,071	2,073,467	852,548
Ground improvements	26,042	16,119	26,042	15,865
Campsite conservation	179,869	160,268	179,869	158,090
Furniture and equipment	267,046	263,340	267,046	262,413
Tractor	15,824	18,539	15,824	15,544
Tractor Loader	14,695	2,939	-	-
Camp equipment	33,745	33,135	33,745	32,982
Vans	160,980	123,141	160,980	113,681
	<b>2,789,387</b>	<b>1,500,552</b>	<b>2,774,692</b>	<b>1,451,123</b>
Net book value	<b>\$1,288,835</b>		<b>\$ 1,323,569</b>	

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

**KNOWLES CENTRE INC.**  
**Notes to the Financial Statements**  
**March 31, 2007**

**4. BANK INDEBTEDNESS**

The Centre has available a maximum credit facility of \$275,000. The credit facility bears interest at prime plus 0.25% and is secured by investments. At year-end the Centre had drawn \$235,508 on the credit facility.

**5. CHANGES IN NET ASSETS – CAPITAL FUND**

	<u>Invested in Capital Assets</u>	<u>Unrestricted</u>	<u>Total</u>
Balance, beginning of year	\$ 1,323,569	\$ 466,548	\$ 1,790,117
(Deficiency) excess of revenue over expenses	(49,428)	25,798	(23,630)
Purchase of fixed assets	14,694	(14,694)	-
	<u>\$ 1,288,835</u>	<u>\$ 477,652</u>	<u>\$ 1,766,487</u>

**6. THE ARTHUR PRIOR ESTATE SCHOLARSHIP FUND NET ASSETS**

	<u>2007</u>	<u>2006</u>
Balance, beginning of year	\$ 93,897	\$ 93,025
Interest income	4,438	4,403
Scholarships	(528)	(3,531)
Balance, end of year	<u>\$ 97,807</u>	<u>\$ 93,897</u>

**7. GOVERNMENT ASSISTANCE**

- a) During the year, the Centre received operating grants of \$637,600 (2006 - \$631,300) from the Province of Manitoba – Department of Family Services which is included in operating fund revenue.
- b) During the year, the Centre received Government of Canada employment grants of \$5,400 (2006 - \$1,351) which is included in operating fund revenue.

**8. PENSION PLAN**

The employees of Knowles Centre Inc. are members of the United Way Agencies Pension Plan, a multi-employer, defined benefit pension plan, which is accounted for as a defined contribution plan. Knowles Centre Inc.'s pension expense for the year was \$89,359 (2006 - \$86,745).

Effective January 1, 2003, the Knowles Centre is required to make an annual contribution for five years to address the plan deficit of the United Way Agencies Pension Plan. The annual contribution is currently estimated to be \$23,883.

**KNOWLES CENTRE INC.**  
**Notes to the Financial Statements**  
**March 31, 2007**

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**9. COMPARATIVE FIGURES**

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

**KNOWLES CENTRE INC.**  
**Operating Fund Revenue**  
**Year Ended March 31, 2007**

	<u>2007</u>	<u>2006</u>
<b>GROUP CARE TREATMENT</b>		
Province of Manitoba	\$ 2,215,600	\$ 2,080,995
Others	779,072	944,092
	<u>2,994,672</u>	<u>3,025,087</u>
<b>OTHER</b>		
Day treatment	164,372	159,900
Outreach Program	14,664	23,305
Government Employment Programs	5,400	1,351
Miscellaneous	13,729	2,844
Meals	12,887	13,056
Special needs/clothing allowance	6,802	7,951
Rentals	2,648	2,059
Cultural Program donations	13,428	13,210
Whitshell donations	22,188	-
Sexual abuse treatment program		
United Way contribution	65,700	64,409
	<u>321,818</u>	<u>288,085</u>
<b>TOTAL OPERATING FUND REVENUE FOR THE YEAR</b>	<b>\$ 3,316,490</b>	<b>\$ 3,313,172</b>

**KNOWLES CENTRE INC.**  
**Operating Fund Expenses**  
**Year Ended March 31, 2007**

	2007	2006
<b>STAFF REMUNERATION</b>		
Salaries	\$ 2,424,592	\$ 2,389,131
Canada Pension Plan	99,558	100,060
United Way pension fund (Note 8)	89,359	86,745
United Way pension fund plan deficit (Note 8)	23,883	23,179
Employee group insurance benefits	91,107	79,816
Employment insurance	59,344	61,473
Manitoba payroll tax	52,247	52,274
Workers compensation	17,932	17,715
	<b>\$ 2,858,022</b>	<b>\$ 2,810,393</b>
<b>MAINTENANCE AND REPAIRS</b>		
Autopac and insurance	\$ 45,076	\$ 57,481
Building repairs	25,215	29,878
Heating fuel	27,410	30,033
Maintenance and household supplies	28,568	29,683
Hydro and electrical	20,641	21,641
Equipment repairs and replacement	15,903	14,653
Municipal taxes	6,384	5,705
Water	5,755	4,954
Grounds maintenance	10	126
	<b>\$ 174,962</b>	<b>\$ 194,154</b>
<b>ADMINISTRATION AND GENERAL</b>		
Telephone	\$ 23,755	\$ 28,262
Office supplies	21,001	14,690
Advertising and miscellaneous	8,515	5,849
Payroll service charge	7,547	6,513
Professional fees	9,141	7,509
Bank charges and interest	10,335	3,864
Meetings	1,851	2,805
Staff development	5,846	3,165
Accreditation	4,551	4,200
Dues and subscriptions	5,710	3,920
Postage	3,216	3,916
Public relations	2,715	4,035
	<b>\$ 104,183</b>	<b>\$ 88,728</b>

**KNOWLES CENTRE INC.**  
**Operating Fund Expenses**  
**Year Ended March 31, 2007**

	<u>2007</u>	<u>2006</u>
<b>FOOD, CLOTHING, WELFARE AND ACTIVITIES</b>		
Food	<b>\$ 125,772</b>	<b>\$ 132,331</b>
Program activities	<b>38,344</b>	<b>31,344</b>
Transportation - general	<b>36,110</b>	<b>41,438</b>
Bedding and clothing	<b>26,769</b>	<b>27,400</b>
Residents' transportation	<b>13,937</b>	<b>15,382</b>
Spending allowances	<b>15,629</b>	<b>16,206</b>
Medical, dental and optical	<b>6,047</b>	<b>8,987</b>
Residents' gifts	<b>4,979</b>	<b>4,776</b>
Summer Outdoor Education Program	<b>3,400</b>	<b>1,711</b>
Volunteer activities	<b>634</b>	<b>1,028</b>
Personal supplies	<b>1,826</b>	<b>591</b>
Supplies		
School	<b>748</b>	<b>1,169</b>
Program	<b>13,808</b>	<b>15,941</b>
	<b>\$ 288,003</b>	<b>\$ 298,304</b>