



KNOWLES CENTRE INC.

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

Annual Report

April 1, 2007 - March 31, 2008

2065 Henderson Highway
Winnipeg, Manitoba R2G 1P7
Telephone: (204) 339-1951 Fax: (204) 334-4173
Email: info@knowlescentre.ca
www.knowlescentre.ca



Knowles 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

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

VISION STATEMENT

Knowles 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

Knowles Centre is a non-profit treatment centre for children and adolescents with emotional and behavioural difficulties. It began as a home for boys in 1907, and today provides group care, day treatment, sexual abuse treatment, and treatment foster care programs to boys and girls from Manitoba and Northwestern Ontario.

We are governed by an elected Board of Directors made up of dedicated members of the community who contribute their knowledge and insight to making Knowles Centre a welcoming and respected place of healing.



We are proud to be the only child and youth residential treatment centre in Manitoba accredited by the Council on Accreditation.

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PRESIDENT'S MESSAGE



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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.

Everyone has heard the old expression *time flies*. It seems like only last year that I was welcomed to the Board of Directors of the Knowles Centre; and if that is considered a stretch, then it definitely feels like I became Board Chair yesterday. In fact, I joined the Board in October of 2001, and was rewarded with the position of President in June 2006. Time flies!

My two-year tenure is almost complete; however, I look forward to several more years on the Board - initially as Past President, and then as a member. The experiences and knowledge gained as Knowles Centre President will serve me well in the future, both as member of the Board and in my personal ventures beyond.

The past year is certainly one to remember. 2007 marked the 100th anniversary of Knowles Centre, and as many of us learned, what a fantastic journey our first century was.

We wrapped up this milestone year in October with a gala evening at the Inn at the Forks. Sir Walter Lindal, a former student, spoke of his personal life experiences, including his seven years as a student at Knowles School that prepared him for future personal and financial success. Former clients Bill Polonuk and John McBryan also shared memories of times spent at Knowles School. Their moving words swelled the extreme sense of pride and honour I have gained from playing my small role in the continuance of what has been a century of good and wonderful endeavours.

The volunteers and donors to Knowles Centre don't seem to miss a step either.

Without the unwavering support, many of the programs we offer would suffer. On behalf of the Board of Directors I would like to thank each volunteer who has helped. Also I extend sincere thanks to all those who contributed financially to the health of Knowles Centre. Generous contributions from individuals and groups allow Knowles Centre to expand its programs beyond the level of provincial and federal funding. Whether it is our Aboriginal Cultural Program, Sexual Abuse Treatment Program, recreational programming, Big Whiteshell Camp, or any other extra-curricular concern, it is expressly through the continued support and commitment of our caring donors that these activities can be continued.

As I write this report, we are entering the final phases of our accreditation process. The Council on Accreditation (COA) recognition ensures that we maintain an exceptionally high standard in all areas. Knowles Centre is unique amongst similar treatment facilities in Manitoba for achieving accreditation in prior years, and continuing today. By the time this report goes to print, we anticipate that we will have passed our audit, and received recognition of our high service standard, for another four years. All of the staff, volunteers, and associates of Knowles should be very proud of this major achievement.

As in most other years, our Board of Directors experienced some changes. We

regretfully accepted the resignation of Gerri Zacharias for personal reasons. Although Gerri's Board tenure was brief, she was an inspiration and a blessing, and leaves with our sincere thanks and best wishes.

Personal reasons also forced an unexpected and early departure from our Board by Todd Pennell, who will be remembered for his broad base of knowledge. Through an amendment to our by-laws, Mark Lubosch was able to extend his term on the Board beyond the typical ten years in order to fill the vacant position of Past President. We appreciate Mark's willingness to serve, and continue to serve, beyond the expected. In April this year the Board welcomed our newest member, Todd Cowley. Todd is a member of the Winnipeg Police Service and will be a definite asset on our Board, and we look forward to his participation in the coming years.

I am eagerly looking forward to the next two years on the Knowles Centre Board of Directors under the leadership of incoming Board President Gerri Wiebe. Gerri is an energetic lawyer who brings youthful enthusiasm to all our meetings. I hope that I can be of as much help to her during her term, as she was for me during mine.

The staff at Knowles Centre never cease to amaze me. I can honestly say that I have never met such a wonderful group of people. Without question, all of us face difficult dilemmas in our personal lives from time to time, yet the staff at Knowles seem to find a way to separate the personal and bring their very best to work every single day.

During the many 100th anniversary celebrations and events, I was inspired by former students and clients who shared stories of their life-changing experiences with us. Almost always, the staff and the frontline care givers were credited for the positive role they played. Many of the students and clients of yesteryear are now valued and respectable members of our community today, thanks in large part to the staff at Knowles.

As we go forward into another year at Knowles Centre to face the challenges presented one by one, be assured that the common commitment to work towards the betterment of our youth is as vibrant and alive today as it was over 100 years ago when Wilfred Knowles opened his home to young people in need.

Wayne Benson
President



100 years of history is depicted in mural.

The mural features a portrait of founder Wilfred Knowles as well as images of former buildings and activities enjoyed by current and past clients. The mural was designed and painted by Winnipeg artist Tom Andrich.

BOARD OF DIRECTORS

April 1, 2007 – March 31, 2008

EXECUTIVE COMMITTEE

Wayne Benson ----- **PRESIDENT/CHAIR**

----- Chair, Services Committee

----- Board Representative -
Critical Incident Stress Debriefing

Gerri Wiebe ----- **1ST VICE-PRESIDENT**

----- Chairperson, Personnel Committee

Jennifer Dundas ----- **2nd VICE-PRESIDENT**

----- Member, Board Nominating Committee

Terry Lazark ----- **TREASURER**

----- Chairperson, Finance/Property Committee

----- Chairperson, Prior Scholarship Committee

Gerri Zacharias ----- **SECRETARY** (resigned November 12, 2007)

MEMBERS OF THE BOARD

Brian Born ----- Member, Finance/Property Committee

Brett Carter ----- Member, Finance/Property Committee

Bruce Gammon ----- Member, Fund Raising Committee

----- Capital Project Centennial Committee

Mark Lubosch ----- Chairperson, Fund Raising Committee

----- Chairperson, Board Nominating Committee

Todd Pennell ----- (resigned January 24, 2008)

Richard Petri ----- Member, Personnel Committee

Bev Wiebe ----- Member, Board of Directors

CHIEF EXECUTIVE OFFICER'S REPORT



Michael Burdz

On behalf of Knowles Centre, I want to thank Wayne for his leadership of the Board of Directors as President during the past two years. Wayne has demonstrated consistently his commitment and dedication to Knowles Centre despite his own very busy work schedule. Wayne's leadership reflected the principles of fairness, reasonableness, and objectivity, resulting in pragmatic solutions to pressing issues. Knowles Centre thanks Wayne for his important contribution.

There were many positive developments during the past 12 months. Both staff and board deserve a huge applause for their contributions to the diversification of Knowles Centre and their dedication to maintaining quality of care.

In the fall of 2007, Knowles Centre completed its centennial celebrations. These events included a memorial service honoring former superintendent Charles Hawkins, a community picnic, a mural unveiling, a feast honoring Wilfred Knowles, and a very successful gala dinner. Mr. Lindal, Knowles Centre's oldest former student, and other former students delivered very moving speeches about their years at Knowles School. It was a spectacular event that everyone talked about for some time.

Knowles Centre is grateful that so many people from the community value our work and continue to support us with donations. Please see the Fundraising and Major Gift Report on Page 8.

Knowles Centre completed a restructuring of its clinical services. Lauren Hershfield was appointed the Clinical Coordinator in January 2008 and Dr. Bailey Rayter was contracted to provide external clinical supervision to the therapists, which commenced in March 2008. The results of this restructuring have been very positive.

The Biimautaziiwin Cultural Program was very busy in recent months with various trips and activities, which Troy Fontaine covers in his report on Page 14.

The Sexual Abuse Treatment Program was consistently full for most of this period. The United Way also renewed funding for the program for another three years.

The Treatment Foster-Care Program met all of its identified goals. First, 19 families completed 10 weeks of training in the fall of 2007. The first dozen beds were licensed and filled by December 2007. The program is well on its way to licensing and filling another dozen beds before December 2008. More than a dozen new families are expected to attend the training sessions this fall. Overall, the population of foster-parents and foster-children has been stable and coping well. New staff have also been hired during the year, providing valuable support to the foster-parents and foster-children.

John G. Stewart School established a number of attendance records this year: a) the number of students with 100% monthly attendance, b) the number of students with better than 90% monthly attendance, and c) the average daily school attendance. The net result was that more students were attending school and completing their school days.

Recently, Knowles Centre signed a service purchase agreement with the Province of Manitoba.

Despite these multiple accomplishments, Knowles Centre anticipates there will be some challenges during the next 12 months. First, it will be important for Knowles Centre to have eight federal beds filled consistently during the year for budgetary reasons. Second, Knowles Centre will need to have continued success with fundraising, especially in two areas: cost of summer camp and supplementary funding for the Sexual Abuse Treatment Program. However, we are confident that we have plans in place to address both issues.

During the next 12 months we will address a number of items, including:

- respond to the Council on Accreditation (COA) Preliminary Report on its site visit of Knowles Centre conducted by two peer reviewers, which occurred from June 1 to 4, 2008;
- develop a new strategic business plan, which will involve a board-senior management retreat;
- license and fill another 12 beds in the Treatment Foster-Care Program;
- select a coordinator to lead the implementation of our newest program, SAIL (Supported Advancement to Independent Living);
- pursue a capital project; that is, converting unused space on the second floor of a former cottage into much needed office space; and
- implement the other goals on our list of 3-year goals, which will be monitored monthly by the senior management team.

In closing, it has been a very busy year of accomplishments at Knowles Centre. I anticipate the next 12 months will be equally busy, with new milestones being established for Knowles Centre.

Michael Burdz
Chief Executive Officer



BOARD STANDING COMMITTEE REPORTS

Finance & Property Committee

Although the Centre's operating fund ended the year with a deficit of \$35,005 there was a significant improvement over the prior year. The trend is revenues will increase exponentially in the foreseeable future as the Centre expands and diversifies its programming. In 2007/8, revenues from the foster care program went from zero to 11% of total operating revenue. The projection for the upcoming year shows foster care revenue at 26% of total operating revenues.

Operating fund expenses grew to \$3,898,501 for a 14% increase over the prior year. Salary remuneration continues to be the largest operating expense, representing 85% of total expenditures. Factoring out inflationary increases, operating fund expenditures remained relatively flat, this is important as it highlights the fact that discretionary expenses make up a very small part of the total operations.

The capital fund ended the year with an operating surplus of \$4,701. The Centre realized some significant gains with the early maturity of three provincial bonds and the subsequent reinvestment into bank GIC's. This particular trade shortened our investment duration while returning a comparable or higher portfolio yield.

I would like to thank members of the Finance Committee (Terry Lazark, Brian Born, and Grant Obirek) for their hard and dedicated work, the entire board for their support and trust, and management as a whole for their sound fiscal management.

Brett Carter
Acting Chair, Finance & Property Committee

Fundraising Committee and Major Gift Report

Knowles Centre celebrated its centennial anniversary in 2007. It was heartening to see that many of the donors that supported us over the past 100 years were still with us in this landmark year.

In 1922, Knowles Home became an agency of the Community Chest, the forerunner of the United Way. Today, the **United Way of Winnipeg** continues its support of Knowles Centre as the sole funder of our Sexual Abuse Treatment Program.

Also in 1922, the Knowles Home for Boys was among the first grant recipients of **The Winnipeg Foundation**, marking the beginning of a long relationship between the two organizations. In 2007/2008, Knowles Centre continued to benefit from three long-established trust funds administered by the Winnipeg Foundation, namely the **A.R. McNichol Fund, C.H. Bowie, C.A. Bowie and A.W. Gibson Memorial Fund**, and the **Thomas & Beatrice Gilroy Trust**. In addition, The Foundation made final grant payments to Knowles Centre toward the purchase of a new van and the upgrade of our computer system.

Service clubs also have been long-time supporters of Knowles Centre. The Rotary Club, whose involvement dates back to 1916, continued their support by assisting with the purchase of computer software through its **Winnipeg West Rotary Club**. Special thanks were given to the **Kiwanis Club of Winnipeg Foundation** for assistance in the purchase of a passenger van, to the **Kiwanis Club of St. Boniface/St. Vital** for a donation that was used to purchase floor hockey equipment, and to the **Kiwanis Club of East Kildonan** for support of our recreation programs.

Almost from its inception, the Knowles Home for Boys has been a recipient of community largess. This support was especially welcome after a furious windstorm swept through eastern Manitoba overnight from June 23 to 24, 2007 devastating our camp. Thankfully all the clients in our care were safe, but our camp program had to be cancelled for the year. Individuals and businesses alike rallied to make summer fun for the kids at Knowles Centre.

Donors also helped to make our centennial celebrations special. Several local businesses offered goods and services in support of our anniversary picnic held in May. A generous donation by former Knowles School for Boys student **Sir Walter Lindal**, along with several prize donors, ensured the Anniversary Gala was an evening to remember.

We were also fortunate to receive major assistance from more recent friends to Knowles Centre. With the ongoing support of the **The Graham C. Lount Family Foundation**, clients taking part in the Biimautaziiwin Aboriginal Cultural Program were able to take part in traditional ceremonies and activities on Knowles Centre grounds and at First Nations communities.

Support from **E.H. Price** helped Knowles Centre to develop a website that will help us to market our agency to our social service partners and to share our story in the community.

In total, we gratefully received over 160 cash donations and countless passes for local attractions as well as goods from the caring people over the past year.

These gifts augmented the funding received by the provincial and federal governments to operate our Group Care Treatment Program and by the River East Transcona School Division, with whom we partner to provide the Day Treatment Program.

Sadly, some friends to Knowles Centre remain only in memories. Groups like the Women's Auxiliary and the Girl's Auxiliary raised funds for the care of the children and later to fund recreational activities. Although these groups disbanded after decades of service, our own Board of Directors and its Fundraising Committee with the help of staff have taken on this important undertaking. Like the dedicated volunteers who came before us, we depend on the community and all who care for the well-being of the children we serve to assist us in our mission.

On behalf of the clients, staff, volunteers, and the entire Board of Directors, I extend my sincerest appreciation to all our supporters and invite you to be a part of the next 100 years at Knowles Centre.

Mark Lubosch
Chairperson

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 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



Nominating Committee

The 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.

Under the provisions of the Centre's by-laws, directors' first terms commence on the first day of July immediately following their election.

I would like to thank the members of the Board for their commitment to Knowles Centre's mission, vision and values. My deep thanks to committee members Jennifer Dundas and Michael Burdz (CEO) for their support through this process.

On behalf of the Board of Directors, I would like to extend our gratitude to Todd Pennell and Gerri Zacharias who recently retired from the Board. We wish them much success in their future endeavours.

Mark Lubosch
Chairperson

BOARD MEMBER	DATE ELECTED	YEARS SERVED TO JUNE 2008
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Wayne Benson	October 4, 2001	6 th year
Brian Born.....	January 25, 2007	1 st year
Brett Carter.....	April 28, 2005	3 rd year
Jennifer Dundas.....	April 28, 2005	3 rd year
Bruce Gammon	October 26, 2000	7 th year
Terry Lazark.....	October 23, 2003	4 th year
Mark Lubosch	May 15, 1997	11 th year
Richard Petri	January 25, 2007	1 st year
Bev Wiebe.....	October 26, 2000	7 th year
Gerri Wiebe.....	April 28, 2005	3 rd year

Personnel Committee Report

Members of the Personnel Committee (Board member Richard Petri, supervisor Marshall Gardner, and Michael Burdz) met on February 21, 2008. We reviewed 32 policies and one job description at this meeting. Only a few policies required changes and the changes were minor in nature. The reviewed policies have been updated from 2005 or 2006 to 2008.

*Michael Burdz
Committee Member*

Services Committee

Knowles 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 the policies that govern our conduct are current given the continually changing environment of our business. The Services Committee met several times during this past year and approximately 40 policies were reviewed, resulting in no significant changes, while revisions were made to various others. New policies were carefully studied and submitted to the Board for their approval.

The Services Committee consists of three senior management employees and two Board members including Wayne Benson (Board member & Chair), Bruce Gammon (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 routine but extremely valuable exercise.

*Wayne Benson
Chairperson*

Administration Department

DEPARTMENT/ PROGRAM REPORTS

Knowles Centre's administration and maintenance staff are the backbone of the Centre and provide quality support to Knowles Centre's programs and the upkeep of Knowles' facilities.

Gerry Nytepchuk our executive assistant had another very busy year, whether it was helping in the planning of the Centennial events or ensuring the perfect execution of the event. Gerry also coordinated and compiled all the documents required for our self study re-accreditation for the Council of Accreditation. Another team member that had a very busy year was Cathy Gamble, the Centre's accountant. Cathy had to deal with a couple of major changes to her job including upgrade to the accounting software and the conversion to process the payroll in-house. Cathy did an excellent job to ensure both changes were implemented seamlessly. We would like to welcome Marge Richards to our team. Marge, our receptionist, does an excellent job supporting the office especially the accounting functions and the treatment foster care team.

In a little over a year's time, Maureen Britton our Community Relations Coordinator has had a tremendous impact on the Centre. Some of her accomplishments include being an integral part of the Centennial Committee, developing our web page and boosting our fundraising efforts.

The Maintenance Department consists of supervisor, Felice Pingitore and maintenance workers Lee Thomas and Elfren Raquin. This group single handedly keeps our facilities in the city and at our camp in excellent condition. Some major accomplishments of the maintenance team last year include rebuilding the deck and replacing the fireplace in Unit I, retiling Unit II's kitchen and dining room island, installing a new sub-floor and refinishing it with carpet, vinyl siding on two cabins at camp and laying and installing vinyl flooring in another cabin.

I feel very fortunate to work with such a premium group of staff and look forward to another productive year.

Grant Obirek
Director of Finance & Administration

Group Care Treatment Program

Each and every time I sit down to prepare my report for the Centre's AGM my thoughts go straight to the front line youth care staff who are really the heart of the Group Care Program. I would like to once again give them a sincere thank you for, as always, caring so much about our clients and going above and beyond to keep them safe.

There was no shortage of highlights last year in the Group Care Program. To name a few...

Annual File Review

One hundred percent of the current and last year's discharge client files were meticulously reviewed in January. I'm very pleased to report that the files are in top notch shape. These reviews are useful in identifying various ways to improve upon our written work and maintain timelines. Great job folks!

Licensing Reviews

Each unit receives a very detailed licensing review from the Province of Manitoba. Literally hundreds of standards are required to be met by each unit. As usual, we passed with flying colours. Clyde Road was singled out by the province as a model of excellence to which other homes should aspire. The bar is set high by supervisor Marshall Gardner and his staff.

Accreditation Standards

It was an extremely busy year preparing for our Council on Accreditation (COA) re-accreditation self-study and on-site peer review.

It would appear from the verbal report we received that we did extremely well. We know there will be some areas that need to be addressed, but that's the beauty of having someone from the "outside" take a detailed look at your organization.

Occupancy

The group care program maintained capacity at ninety-seven percent last year. Even at that high rate of occupancy the group care program continues to run a deficit. The need to diversify the organization has never been so clear. The Treatment Foster Care Program and soon-to-be implemented SAIL (Supportive Advancement to Independent Living) Program are examples of programs Knowles Centre needs to develop in order to address the provincial funding issue, as well as provide a much-needed service.

I do not normally single out particular individuals in my report as each and every staff plays an important role in the success of the group care program. I hope in some small way I make this known to them throughout the year, but I'm going to take a risk this year and say a big Thank You to Outreach Worker, Brad Esslinger, who goes to extraordinary lengths and, at times, puts himself in harm's way to look for our clients on the run. Brad's special efforts at 2:00 a.m. Saturday morning on the streets of Winnipeg are a testament to the lengths he will go for our clients. He is surely one-of-a-kind.

Aboriginal Cultural Coordinator Troy Fontaine is taking his program to another level. His enthusiasm to instill a pride in his clients and provide them with

tremendous opportunities to explore and learn about their culture is second to none. A special thanks to youth care worker Lesley Gosselin who provides a tremendous amount of support and input into the Cultural program.

As always, I continue to feel privileged to work for this organization and represent such a tremendous group of talented, caring, sincere and fun individuals.

Rik Skelton
Group Care Program Director

Biimautaziiwin Cultural Program

Looking back I am pleased to report a busy and exciting year in the Biimautaziiwin Program. There were ceremonies, festivals, gatherings, feasts and trips.

Beginning in September 2007, Knowles Centre donated the use of the camp in the Whiteshell to the Turtle Lodge for volunteers involved with the 2nd annual *Igniting the Fire Gathering*. This event is gaining a lot of attention across North America from all people, not just Aboriginal. Attendance grew from 400 people in 2006 to 1,000 people in 2007 and is expected to exceed 1,000 in 2008. Staff and youth from Knowles Centre participated in the first two gatherings, and are looking forward to this year's event and others in the future. Knowles Centre will be recognized as an official sponsor of the 2008 gathering.

The Manito Ahbee Festival in Winnipeg in November 2007 was a highlight. This festival included the Aboriginal People's Choice Music Awards, an International Pow Wow and an Education Day. We were fortunate to participate in all three events and look forward to next year's festival.

Throughout the past year, we also continued to participate in ceremonies held at, or organized by, the Turtle Lodge in Sagkeeng, Manitoba, including the Ancestor, Contrary, Warrior, Igniting the Fire Gathering and the Sun Dance. These ceremonies continue to inspire the youth and create excitement around learning more about their culture, history and traditions. The youth always leave these ceremonies with a desire for more.

On-site, the Biimautaziiwin Program organized sweat lodge ceremonies and feasts for all four seasons, Earth Day, as well as for our founder Wilfred Knowles on our 100 year anniversary. We held ancestor fires monthly, except October when we attended the larger ancestor ceremony at the Turtle Lodge.

Beginning in February 2008, Carl Swan, lead singer of the Red Shadow Singers from the Turtle Lodge, began teaching the youth a few new sacred songs. Carl is committed to helping youth at Knowles Centre and we look forward to the outcomes of his efforts.

More recently, we were invited by some Mi'Kmaq (Micmac) Grandmothers from the community of Membertou in Sydney, Nova Scotia to visit their homeland in

May 2008. They wanted to share their culture, history and traditions with us. Over the years we have developed a relationship with these Grandmothers at the ceremonies and gatherings we have attended. They planned a whale watching tour for us and a lobster feast they have for special guests. It was an incredible opportunity for both youth and staff.

Two days after returning from Nova Scotia we headed to Dog Creek, located in the Lake Manitoba area, for a ceremony. This was our third trip to Dog Creek in four years. While there, we also visited the Thunderbird Nest, which is close to the Narrows. Thunderbird Nest is a traditional site for ceremony. As with our other trips to Dog Creek we ventured out to Riding Mountain National Park and Steep Rock on day trips.

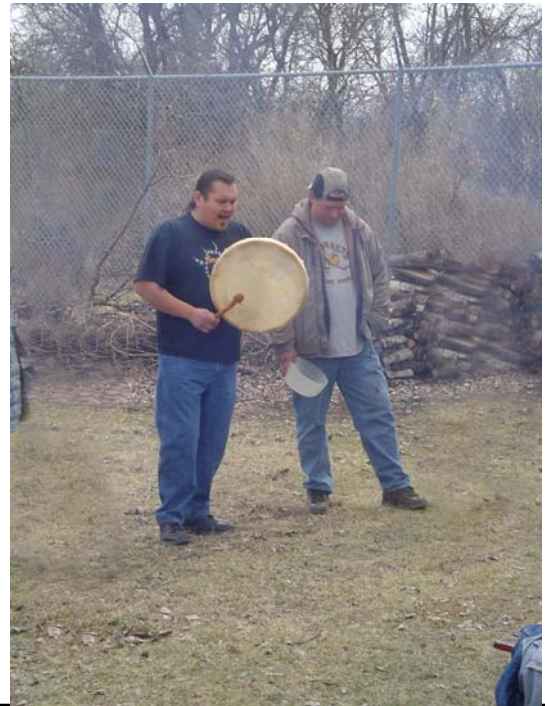
I would like to thank Dave Courchene Jr., Carl Swan, Sabina Ijaz and the others at the Turtle Lodge for their continued efforts towards helping youth find their way.

Thanks to all the staff and management of Knowles Centre and John G. Stewart School for their commitment to helping Aboriginal youth learn their traditional way of life.

All of the above opportunities were made possible by the Graham C. Lount Family Foundation. We've been so fortunate to have their continued support over the years. It truly is an honour and a privilege to have their support. Words cannot describe the impact they've had on the lives of our youth, their families and their communities.

Chi-Miigwech Gitchie Manitou!

Troy Fontaine
Aboriginal Culture and Spiritual Advisor



Carl Swan and Troy Fontaine offering food and tobacco to the Sacred fire

Day Treatment Program (DTP)

The 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)



The 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 three years ago, a pattern reported by other agencies working with families affected by abuse. As well, the clients referred to SATP have been

significantly older, and have been presenting for therapy with more complex mental health issues and fewer family and community supports. As per the agreement reached with The United Way on February 23, 2007, the SATP has been accepting referrals of older adolescent clients (18 to 21). This allowance is consistent with the provincial initiative to provide clients transitioning out of the child welfare system with more support to age 21. The purpose of this initiative was 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 has helped to maintain a higher client base within the SATP.

In addition to providing services to these clients, a major emphasis in the program

over the last few years has been marketing and replenishing the client base in the SATP. To this end, a new brochure was developed that more clearly outlines the eligibility criteria and emails continue to be sent to various agencies within Winnipeg to advise of openings in the program. Regular contact with child welfare workers keeps them informed about the program.

I have been participating in continuing education activities. Specifically, I am in the process of completing the course work in the play therapy training program through the Manitoba Chapter of the Canadian Association for Child and Play Therapy (CACPT). I will continue to pursue certification as a play therapist through CACPT.

*Heather Chandler
Sexual Abuse Treatment Program
Coordinator/Therapist*

Treatment Foster Care Program

Four adorable sisters ranging in age from 3 to 10 years of age will not have to know the heartbreak of being separated, thanks to collaborative efforts between the placing agency, Knowles Centre and especially one of our treatment foster families who welcomed all four girls into their hearts and home.

A ten year old boy in the program has declared his foster home “the best he’s ever lived in” and, as a permanent ward, is beginning to believe he is welcome there for as long as he needs.

Three adolescents from Knowles Centre’s group care program have been able to transition into a foster home that is a good fit for their needs.

Two children from the Treatment Foster Care Program were chosen to participate in

Dreams Take Flight and spend an action packed day in DisneyWorld.

These are just some of the success stories the Treatment Foster Care Program, Knowles Centre’s newest program, has been able to celebrate this past year.

It has been an exciting year for this program which was established in November 2006. We began recruiting foster families in January 2007, have licensed 14 homes, and placed 23 children/youth to date. In addition to having a coordinator, we have three wonderful clinical case managers (Tiffany Krueger, Karen Cinq-Mars and Nikki Spigelman). We are proud of the high quality of support and service we provide to foster parents and children. We are the only Treatment Foster Care Program in Manitoba to offer pre-service training for

all prospective foster parents. We also provide monthly in-house training thereafter. We ensure accountability of all parties through appropriate paperwork, documentation, scheduling and chairing quarterly review/treatment conferences. An after-hours emergency line is available because many emergencies do not necessarily occur between 8:30 a.m. and 4:30 p.m.

Here are just some of our achievements during our first year in operation:

- Twenty-one families were registered to attend our first annual 10-week, 30-hour pre-service training September to November 2007 and we expect the same number of participants in the September to November 2008 session. We have worked in partnership with Wright Parenting to present this training curriculum. The primary presenter, Brad Wright, has extensive experience with program development, management and training, as well as entertaining personal experiences fostering both within Manitoba and in other provinces;
- We placed 12 children within our first year and expect to exceed our goal in year two;
- We developed a brochure and webpage in consultation with other Knowles Centre staff;
- We have offered two information sessions for people interested in fostering. Twelve participants attended the December 2007 session and 21 attended in June 2008. As a result we will be offering these sessions on a regular basis;
- We have developed our program philosophy and will continue to develop effective, user-friendly outcomes; and

- We continue to develop positive relationships with agencies and authorities to enhance the work we do on behalf of children and families. We have made in-person presentations to several agencies and connected with many others by phone. We keep agencies and the provincial placement desk abreast of any openings in our program via a weekly e-mail. We have also established connection with the Manitoba Foster Family Network (MFFN) and enjoyed a presentation by one of their staff at one of our monthly foster parent training sessions.

One of the best parts of the development and ongoing expansion of the program is working with a dynamic team of staff and foster parents that genuinely care about children and families. Together, we can focus their caring nature, compassion, sense of humour, creativity and wisdom to make a difference in the lives of the children and youth we serve. For every family that would struggle with a child that has purple hair and dresses in black there is a home that would snap them up in a moment. When foster parents brag about what a neat kid they have, we smile, knowing that every kid is great in his or her own way and know it is more about the great fit between a particular child and a particular family. Matching the right child with the right family is everything.

Foster families can have a difficult job attending to the varying demands of the child(ren), program staff, agency staff, and other demands within the system. But those who are drawn into it, despite the challenges, claim it is the most rewarding and satisfying thing they have ever done or could ever do in their lives.

Andrea McKenzie
Treatment Foster Care Coordinator

Quiet Heros

The world is full of quiet heroes
who never seek the praise.
They're always back off in the shadows.
They let us have the lime-light days.
You're the one that I look up to.
Beause of you I'm free.
You set an example I could follow.
You helped me see my destiny.

So even though my thanks don't show
Unnoticed you will never go.
I need to say I love you so
You're my hero!

I've had my share of broken dreams
But you said I could win.
You gave me the chance I always needed
To start my dreams again.
You took the time to teach and tutor
You showed me rules to rise.
You changed my fears to glory tears.
You're an angel in disguise.

So even though my thanks don't show
Unnoticed you will never go.
I need to say I love you so.
You're my hero!

I wouldn't be where I am today,
I've won my share of time,
Unless you coached me through the maze
And pushed me on the hardest climbs.
It's just your style, the extra mile,
No glory must be tough,
You let me have my accolades.
A smile you said was just enough.

So even though my thanks don't show
Unnoticed you will never go.
I need to say I love you so.
You're my hero!

Dan Clark, 1997





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 a student from the Day Treatment Program at the annual meeting on June 19, 2008.

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 LeeAnne Sinclair. The award was presented at the graduating ceremony in April 2008.

Public School Award

Over the years, Knowles Centre has found that one of the most difficult transitions that our clients make is going from Knowles Centre to public school. This usually means less support, higher expectations, new peer group, new teachers, and more.

To recognize those students who take on this responsibility, and succeed, Knowles Centre established the Public School Award.

Eligible students must attend at least one semester in a community school and earn at least one credit. They will receive a gift certificate for \$50 for attending a semester and receiving one credit and \$10 for every additional credit.

Three clients from the Group Care Program received the Public School Award for the 2007/08 school year. Congratulations to these young people!

KNOWLES CENTRE STAFF

(from April 1, 2007 to
March 31, 2008)

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:

Dawn Danylchuk	10 years
Colleen Keating	10 years
Dave Purpur	15 years
Michelle Zimmer	15 years
Ray Forest	20 years
Keran Storm	20 years

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

Psychiatric Consultant.....Mark Koltek, M.D., FRCPC

ADMINISTRATION

Director of Finance & Administration .Grant Obirek, C.M.A.
Clinical Services Coordinator (.5 as of Jan. 7/08)
.....Lauren Hershfield, M.S.W.
Community Relations Coordinator (.75 EFT) Maureen Britton
Executive Assistant (.8 EFT) Gerry Nytepchuk
Accountant (.9 EFT)..... Cathy Gamble
Receptionist..... (as of Nov. 19/07) Marge Richards
Maintenance Coordinator.....Felice Pingitore
Maintenance Worker (as of Feb. 25/08) Elfren Raquin
Maintenance Worker Lee Thomas

GROUP CARE TREATMENT PROGRAM

Director Rik Skelton
Group Care Program Assistant.....Tiffany Waite
Aboriginal Cultural Coordinator Troy Fontaine
Outreach Worker.....Brad Esslinger
Night Grounds.....Robert Toner
Night Grounds Weekends Val Moar/Roger Rieu
Kitchen Coordinator..... Michelle Zimmer
Cook Adrien Clairmont

GROUP CARE PROGRAM THERAPISTS

..... (as of May 28/07) Raul Dimaculangan, M.S.W.
(.5 EFT) Karen Friesen, M.S.W.
(.5 EFT)Stewart Halper, M.A.
..... (.5) Lauren Hershfield, M.S.W.
..... (as of Jan. 29/08) Pamela Bell, B.S.W.

ON-SITE GROUP CARE TREATMENT PROGRAM

UNIT I

Unit Supervisor..... Dawn Danylchuk

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:

..... Brad Esslinger, B.A.
 (term position) Darcie Field
 Lesley Gosselin, CYCD
 Jeff Hanz, CYCD
 Justin Hicock
 (.6 EFT) Shelley Lavallee
 (.5EFT) Cindy Penner, Dip. Christian Ed., CYCD
 (.5 EFT) Alan Taylor, B.A.
 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 Bazinet
 (.75 EFT) Jenna Buchanan
 (.75 EFT) (as of June 1/07) Ben Gammon
 Colleen Keating

Night Staff (as of Feb. 11/08) Vern Strutinsky

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
 (.75) (as of Oct. 23/07) Roger Rieu
 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) Karen Friesen, M.S.W.
Support Worker Art Shaw

Sexual Abuse Treatment Program

Coordinator/Therapist..... (maternity leave Sept. 7/07 to Oct. 08) Kristi Venton, M.A.
Coordinator/Therapist..... (as of Sept. 10/07) Heather Chandler, B.S.W.

Treatment Foster Care Program

Coordinator Andrea McKenzie, M.S.W.
Clinical Case Manager .5 EFT (as of Nov. 8/07) Karen Cinq-Mars, B.A., B.S.W.
Clinical Case Manager..... Tiffany Krueger, M.S.W.

FAREWELL AND GOOD LUCK

Dr. Alana D. Grayston Clinical Services Director
..... January 3, 2005 to May 25, 2007

Stephanie Howard Therapist
..... May 31, 2006 to November 23, 2007

Tina Case..... Receptionist
..... November 6, 2006 to October 19, 2007

Jennifer Norenberg..... Recreation Programmer
..... March 30, 2004 to January 7, 2008

Ryan Haworth Maintenance Worker
..... November 13, 2006 to January 18, 2008

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

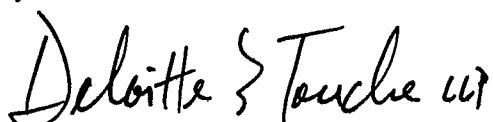
To the President and Directors of
Knowles Centre Inc.

We have audited the balance sheet of Knowles Centre Inc. as at March 31, 2008 and the statements of operating fund and capital fund revenue and expenses, changes in fund balances 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 revenue, excess 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 3.

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, 2008 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

A handwritten signature in black ink that reads "Deloitte & Touche LLP". The signature is stylized, with the "D" and "T" being particularly large and prominent.

Chartered Accountants

Winnipeg, Manitoba
June 5, 2008

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KNOWLES CENTRE INC.**Statement of Operating Fund Revenue and Expenses****Year Ended March 31, 2008**

	<u>2008</u>	<u>2007</u>
REVENUE - Schedule 1		
Group care treatment	\$ 3,096,610	\$ 2,994,672
Other income	766,886	321,818
	<u>3,863,496</u>	<u>3,316,490</u>
EXPENSES - Schedule 2		
Staff remuneration	3,311,921	2,860,713
Maintenance and repairs	191,696	174,962
Administration and general	120,201	103,523
Food, clothing, welfare and activities	274,683	285,972
	<u>3,898,501</u>	<u>3,425,170</u>
DEFICIENCY OF REVENUE OVER EXPENSES	\$ (35,005)	\$ (108,680)

KNOWLES CENTRE INC.**Statement of Capital Fund Revenue and Expenses****Year Ended March 31, 2008**

	<u>2008</u>	<u>2007</u>
REVENUE		
Winnipeg Foundation - interest on bequests		
Thomas and Beatrice Gilroy Trust	\$ 6,000	\$ 6,500
A. R. McNichol Fund	2,211	2,133
C. H. Bowie, C. A. Bowie and		
A. W. Gibson Memorial Fund	4,511	4,393
Investment income	28,239	28,244
Realized gains on disposal of investments	26,397	-
Fundraising	8,405	11,062
Misc income	2,939	2,939
Donations	563	200
	<u>79,265</u>	<u>55,471</u>
EXPENSES		
Amortization	40,130	49,428
Miscellaneous	15,857	5,054
Fundraising and public relations	3,551	1,918
Repairs and maintenance	15,026	22,701
	<u>74,564</u>	<u>79,101</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	\$ 4,701	\$ (23,630)

KNOWLES CENTRE INC
Statement of Changes in Fund Balances
Year Ended March 31, 2008

	Capital Fund						Total 2008	Total 2007
	Operating Fund Unrestricted	Internally Restricted	Invested in Capital Assets	Accumulated Change in Fair Value of Investments	Appraisal Surplus Arising from revaluation of land	The Arthur Prior Estate Scholarship Fund		
BALANCE, beginning of year	\$ (240,508)	\$ 477,652	\$ 1,288,835	\$ -	\$ 10,069	\$ 97,807	\$ 1,633,855	\$ 1,762,255
CHANGE IN ACCOUNTING POLICY (Note 2)	-	-	-	67,940	-	-	67,940	-
(DEFICIENCY) EXCESS OF REVENUE OVER EXPENSES	(35,005)	44,831	(40,130)	-	-	1,472	(28,832)	(128,400)
INVESTMENT IN FIXED ASSETS	-	(10,963)	10,963	-	-	-	-	-
TRANSFER OF REALIZED GAINS TO INVESTMENT INCOME	-	-	-	(31,331)	-	-	(31,331)	-
NET CHANGE IN UNREALIZED FAIR VALUE OF INVESTMENTS	-	-	-	(575)	-	-	(575)	-
BALANCE, end of year	\$ (275,513)	\$ 511,520	\$ 1,259,668	\$ 36,034	\$ 10,069	\$ 99,279	\$ 1,641,057	\$ 1,633,855

KNOWLES CENTRE INC.**Balance Sheet****March 31, 2008**

	Operating Fund	Capital Fund	The Arthur Prior Estate Scholarship Fund (Note 6)	Total 2008	Total 2007
ASSETS					
Cash	\$ -	\$ 87,509	\$ -	\$ 87,509	\$ 13,188
Investments	-	475,309	-	475,309	567,699
Accounts receivable	310,088	6,337	-	316,425	272,427
Prepaid expenses	1,235	-	-	1,235	12,924
Inter-fund balances	(90,000)	(9,279)	99,279	-	-
	221,323	559,876	99,279	880,478	866,238
Fixed assets (Note 4)	-	1,259,668	-	1,259,668	1,288,835
	\$ 221,323	\$ 1,819,544	\$ 99,279	\$ 2,140,146	\$ 2,155,073
LIABILITIES					
CURRENT					
Bank indebtedness (Note 5)	\$ 198,879	\$ -	\$ -	\$ 198,879	\$ 310,941
Accounts payable	213,087	-	-	213,087	125,172
Deferred revenue	84,870	2,253	-	87,123	85,105
	496,836	2,253	-	499,089	521,218
NET ASSETS					
Appraisal surplus arising from revaluation of land (Note 4)	-	10,069	-	10,069	10,069
Accumulated change in fair value of investments	-	36,034	-	36,034	-
Net assets					
Unrestricted deficit	(275,513)	-	-	(275,513)	(240,508)
Internally restricted	-	511,520	99,279	610,799	575,459
Invested in capital assets	-	1,259,668	-	1,259,668	1,288,835
	(275,513)	1,817,291	99,279	1,641,057	1,633,855
	\$ 221,323	\$ 1,819,544	\$ 99,279	\$ 2,140,146	\$ 2,155,073

APPROVED BY THE BOARD

..... Director

..... Director

KNOWLES CENTRE INC.
Statement of Cash Flows
Year Ended March 31, 2008

	<u>2008</u>	<u>2007</u>
OPERATING ACTIVITIES		
Deficiency (excess) of revenue over expenses		
Operating fund	\$ (35,005)	\$ (108,680)
Capital fund	4,701	(23,630)
The Arthur Prior Estate Scholarship fund	1,472	3,910
Items not affecting cash		
Amortization of deferred revenue	563	704
Amortization	40,130	49,428
	<u>11,861</u>	<u>(78,268)</u>
Changes in non-cash operating working capital items		
Accounts receivable	(43,998)	52,211
Prepaid expenses	11,689	(10,074)
Accounts payable	87,915	(7,975)
Deferred revenue	1,455	20,399
	<u>68,922</u>	<u>(23,707)</u>
FINANCING ACTIVITY		
Repayment of bank indebtedness	(112,062)	39,987
INVESTING ACTIVITIES		
Purchase of fixed assets	(10,963)	(14,694)
Decrease (increase) in term deposits	128,424	(10,104)
	<u>117,461</u>	<u>(24,798)</u>
NET INCREASE (DECREASE) IN CASH POSITION	74,321	(8,518)
CASH POSITION, BEGINNING OF YEAR	13,188	21,706
CASH POSITION, END OF YEAR	\$ 87,509	\$ 13,188

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. CHANGES IN ACCOUNTING POLICIES

Financial instruments

The Centre adopted the following recommendations of CICA Handbook:

- a) Section 3855, Financial Instruments – Recognition and Measurement. This Section describes the standards for recognizing and measuring financial instruments in the balance sheet and the standards for reporting gains and losses in the financial statements. Under the new standard, financial assets and liabilities are initially recorded at fair value. Subsequently, financial instruments designated as held for trading are carried on the balance sheet at fair value and all periodic changes in fair value are recorded in net income. Financial assets designated as available-for-sale are carried on the balance sheet at fair value and all unrealized periodic changes in fair value are recorded directly in the Statement of Changes in Fund Balances and reclassified to net income when realized. Other financial instruments are measured at amortized cost using the effective interest method.
- b) Section 3861, Financial instruments – Disclosure and Presentation. This Section establishes standards for presentation of financial instruments and non-financial derivatives, and identifies the information that should be disclosed about them.
- c) Section 3251, Equity. This Section establishes standards for the presentation of equity and changes in equity during the reporting period.

The Centre has classified its financial assets and liabilities as described in Note 3(a).

These new standards were applied retroactively as of April 1, 2007 without restatement of the prior year's amounts. The adjustment made to the balance sheet as of April 1, 2007, upon the adoption of the new standards, resulted in an increase of \$67,940 in the carrying value of investments.

2. CHANGES IN ACCOUNTING POLICIES (continued)

Future accounting changes

On December 1, 2006, the Canadian Institute of Chartered Accountants issued Section 3862, Financial Instruments – Disclosures; Section 3863, Financial Instruments – Presentation; and Section 1535 Capital Disclosures. All three Sections will be applicable to financial statements relating to fiscal years beginning on or after October 1, 2007.

The Centre does not expect that the adoption of these new standards will have a material impact on its financial statements.

3. 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) Financial assets and financial liabilities

Financial assets and financial liabilities are initially recognized at fair value and their subsequent measurement is dependent on their classification as described below. Their classification depends on the purpose, for which the financial instruments were acquired or issued, their characteristics and the Centre's designation of such instruments. Settlement date accounting is used.

Classification

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

Held for trading

Held for trading financial assets 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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

a) Financial assets and financial liabilities (continued)

Available-for-sale

Available-for-sale financial assets are carried at fair value with unrealized gains and losses recorded directly in the Statement of Changes in Fund Balances until realized when the cumulative gain or loss is transferred to investment income.

Interest on interest-bearing available-for-sale financial assets is calculated using the effective interest method.

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 financial liabilities, other than derivative instruments.

b) 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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

c) 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

d) 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

e) 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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

f) 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.

g) 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, 2008 would approximate \$173,000 (2007 - \$168,000). Had the vacation pay liability been accrued, accounts payable would have increased by \$173,000 (2007 - \$168,000), and the ending balance in unrestricted net assets would have decreased by \$173,000 (2007 - \$168,000).

h) Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that 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.

KNOWLES CENTRE INC.
Notes to the Financial Statements
March 31, 2008

4. FIXED ASSETS

	<u>2008</u>		<u>2007</u>	
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Cost</u>	<u>Accumulated Amortization</u>
Land	\$ 17,719	\$ -	\$ 17,719	\$ -
Buildings	2,084,429	913,104	2,073,467	886,010
Ground improvements	26,042	16,368	26,042	16,119
Campsite conservation	179,869	162,228	179,869	160,268
Furniture and equipment	267,046	264,081	267,046	263,340
Tractor	15,824	15,645	15,824	15,600
Tractor Loader	14,695	5,290	14,695	2,939
Camp equipment	33,745	33,256	33,745	33,135
Vans	160,980	130,709	160,980	123,141
	2,800,349	1,540,681	2,789,387	1,500,552
Net book value	\$1,259,668		\$ 1,288,835	

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

5. 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 \$131,234 on the credit facility.

6. THE ARTHUR PRIOR ESTATE SCHOLARSHIP FUND

	<u>2008</u>	<u>2007</u>
Interest income	\$ 5,483	\$ 4,438
Scholarships	(4,011)	(528)
Excess of Revenue over Expense	\$ 1,472	\$ 3,910

7. GOVERNMENT ASSISTANCE

- During the year, the Centre received operating grants of \$637,700 (2007 - \$637,600) from the Province of Manitoba – Department of Family Services which is included in operating fund revenue.
- During the year, the Centre received Government of Canada employment grants of \$1,855 (2007 - \$1,769) 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 \$98,806 (2007 - \$89,359).

Effective January 1, 2003, the Knowles Centre was required to make an annual contribution of \$23,888 for five years to address the plan deficit of the United Way Agencies Pension Plan. As a result of a December 31, 2006 actuarial valuation, the need for future solvency payments was eliminated. The Centre's calendar 2007 first quarter contribution of \$5,971 was reimbursed in the current fiscal year.

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, 2008**

	<u>2008</u>	<u>2007</u>
GROUP CARE TREATMENT		
Province of Manitoba	\$ 2,368,264	\$ 2,215,600
Others	728,346	779,072
	<u>3,096,610</u>	<u>2,994,672</u>
OTHER		
Day treatment	174,753	164,372
Foster Care	437,322	3,631
Outreach Program	35,999	14,664
Government Employment Programs	1,855	1,769
Miscellaneous	3,893	13,729
Meals	12,838	12,887
Special needs/clothing allowance	8,914	6,802
Rentals	1,065	2,648
Cultural Program donations	20,451	13,428
Whiteshell donations	2,800	22,188
Sexual abuse treatment program		
United Way contribution	66,996	65,700
	<u>766,886</u>	<u>321,818</u>
TOTAL OPERATING FUND REVENUE FOR THE YEAR	\$ 3,863,496	\$ 3,316,490

KNOWLES CENTRE INC.
Operating Fund Expenses
Year Ended March 31, 2008

	2008	2007
STAFF REMUNERATION		
Salaries	\$ 2,578,843	\$ 2,424,592
Foster Care	299,559	2,691
Canada Pension Plan	106,792	99,558
United Way pension fund (Note 8)	98,806	89,359
United Way pension fund plan deficit (Note 8)	(5,971)	23,883
Employee group insurance benefits	94,290	91,107
Employment insurance	61,855	59,344
Manitoba payroll tax	55,191	52,247
Workers compensation	22,556	17,932
	\$ 3,311,921	\$ 2,860,713
MAINTENANCE AND REPAIRS		
Autopac and insurance	\$ 47,468	\$ 45,076
Building repairs	40,522	25,215
Heating fuel	27,202	27,410
Maintenance and household supplies	35,577	28,568
Hydro and electrical	21,378	20,641
Equipment repairs and replacement	8,712	15,913
Municipal taxes	5,816	6,384
Water	5,021	5,755
	\$ 191,696	\$ 174,962
ADMINISTRATION AND GENERAL		
Telephone	\$ 25,134	\$ 23,755
Office supplies	20,220	21,001
Advertising and miscellaneous	13,066	8,515
Payroll service charge	5,607	7,547
Professional fees	8,762	9,141
Bank charges and interest	11,179	10,335
Meetings	7,380	1,851
Staff development	5,649	5,846
Accreditation	4,200	4,551
Dues and subscriptions	5,320	5,050
Postage	4,684	3,216
Public relations	9,000	2,715
	\$ 120,201	\$ 103,523

KNOWLES CENTRE INC.
Operating Fund Expenses
Year Ended March 31, 2008

	<u>2008</u>	<u>2007</u>
FOOD, CLOTHING, WELFARE AND ACTIVITIES		
Food	\$ 121,002	\$ 125,772
Program activities	20,658	36,313
Transportation - general	53,504	36,110
Bedding and clothing	28,861	26,769
Residents' transportation	16,339	13,937
Spending allowances	16,112	15,629
Medical, dental and optical	3,772	6,047
Residents' gifts	4,973	4,979
Summer Outdoor Education Program	1,513	3,400
Volunteer activities	831	634
Personal supplies	725	1,826
Supplies		
School	524	748
Program	5,869	13,808
	\$ 274,683	\$ 285,972