

KINARK CHILD AND FAMILY SERVICES

FINANCIAL STATEMENTS

MARCH 31, 2015

KINARK CHILD AND FAMILY SERVICES

INDEX TO FINANCIAL STATEMENTS

MARCH 31, 2015

| | |
|--|--------|
| INDEPENDENT AUDITOR'S REPORT | 1 |
| STATEMENT OF FINANCIAL POSITION | 2 |
| STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES | 3 |
| STATEMENT OF CASH FLOWS | 4 |
| NOTES TO FINANCIAL STATEMENTS | 5 - 13 |

SHORE NEWMAN & ROSE LLP

C H A R T E R E D A C C O U N T A N T S

100 Sheppard Avenue East
Suite 850, Box 16
North York, ON M2N 6N5

T 416.250.0700
F 416.250.0800

www.shorenewmanrose.com

David M. Newman, CPA, CA, BSc.
Steven M. Rose, CPA, CA, BComm
Darryl R. Rosenberg, CPA, CA, BComm

INDEPENDENT AUDITOR'S REPORT

To the Members of
Kinark Child and Family Services:

We have audited the accompanying financial statements of **Kinark Child and Family Services** which comprise the statement of financial position as at March 31, 2015 and the statements of operations and changes in fund balances and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of **Kinark Child and Family Services** as at March 31, 2015 and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.



Licensed Public Accountants

June 15, 2015

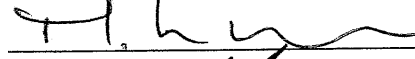
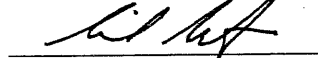
KINARK CHILD AND FAMILY SERVICES

STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2015

| | 2015 | 2014 |
|--|---------------------|---------------------|
| ASSETS | | |
| Current assets | | |
| Cash | \$ 270,964 | \$ 104,084 |
| Investments (Note 6) | 1,082,806 | 1,258,601 |
| Sundry receivables | 395,160 | 331,443 |
| Prepaid expenses and sundry | 589,090 | 777,702 |
| | <u>2,338,020</u> | <u>2,471,830</u> |
| Capital assets (Note 7) | 4,744,024 | 5,030,852 |
| Investments (Note 6) | 408,584 | 205,502 |
| Deposit on leases | 108,717 | 108,717 |
| | <u>\$ 7,599,345</u> | <u>\$ 7,816,901</u> |
| LIABILITIES AND FUND BALANCES | | |
| Liabilities | | |
| Accounts payable and accrued liabilities | \$ 2,509,615 | \$ 2,461,988 |
| Accrued salaries payable | 1,358,806 | 1,344,457 |
| Employee payroll deductions payable | 10,138 | 265,182 |
| Government remittances payable | 388,446 | 390,644 |
| Deferred special contract revenue | 732,746 | 432,706 |
| Due to Ministry of Children and Youth Services | - | 35,500 |
| | <u>4,999,751</u> | <u>4,930,477</u> |
| Fund balances (Note 2) | | |
| Capital Assets fund | 4,744,024 | 5,030,852 |
| Community Mental Health fund | (1,663,660) | (1,663,658) |
| Forensics fund | (565,860) | (565,860) |
| Autism Services fund | 114,503 | 114,503 |
| Other fund | (29,413) | (29,413) |
| | <u>2,599,594</u> | <u>2,886,424</u> |
| | <u>\$ 7,599,345</u> | <u>\$ 7,816,901</u> |

On behalf of the Board

Director

Director

Commitments (Note 8)

Contingencies (Note 11)

Subsequent events (Note 5 and 11)

KINARK CHILD AND FAMILY SERVICES

STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES

FOR THE YEAR ENDED MARCH 31, 2015

| | Capital Assets | | Community Mental Health | | Forensics | | Autism Services | | Other | | Total | |
|--|----------------|--------------|-------------------------|----------------|---------------|---------------|-----------------|---------------|--------------|-------------|---------------|---------------|
| | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| Operating revenues | | | | | | | | | | | | |
| Government funding | \$ - | \$ - | \$ 22,153,837 | \$ 21,991,331 | \$ 15,384,992 | \$ 14,055,855 | \$ 28,068,688 | \$ 28,556,721 | \$ 1,009,950 | \$ 965,025 | \$ 66,617,467 | \$ 65,568,932 |
| Other contract funding and user fees | - | - | 800,896 | 903,423 | - | - | 321,050 | 391,435 | 1,884,448 | 1,885,267 | 3,006,394 | 3,180,125 |
| Child care | - | - | - | - | - | - | - | - | 847,503 | 772,691 | 847,503 | 772,691 |
| Donations and fund-raising | - | - | 10,292 | 47,067 | - | - | - | - | 29,040 | 53,268 | 39,332 | 100,335 |
| Other income | - | - | 36,026 | 44,145 | - | - | - | - | - | - | 36,026 | 44,145 |
| | - | - | 23,001,051 | 22,985,966 | 15,384,992 | 14,055,855 | 28,389,738 | 28,948,156 | 3,770,941 | 3,676,251 | 70,546,722 | 69,666,228 |
| Operating costs | | | | | | | | | | | | |
| Salaries and benefits | - | - | 16,279,089 | 16,881,293 | 13,516,509 | 12,318,703 | 10,365,204 | 11,132,468 | 3,015,125 | 2,921,360 | 43,175,927 | 43,253,824 |
| General agency | - | - | 1,589,360 | 1,433,357 | 91,200 | 150,528 | 250,000 | 275,334 | 234,009 | 161,865 | 2,164,569 | 2,021,084 |
| Building occupancy | - | - | 2,195,113 | 1,959,639 | 414,731 | 315,966 | 594,070 | 569,288 | 176,042 | 179,349 | 3,379,956 | 3,024,242 |
| Staff travel and training | - | - | 731,812 | 656,640 | 182,111 | 191,916 | 173,023 | 245,912 | 75,160 | 147,055 | 1,162,106 | 1,241,523 |
| Clinical, professional and other client | - | - | 560,427 | 432,726 | 855,263 | 807,263 | 16,838,316 | 16,599,283 | 225,771 | 219,601 | 18,479,777 | 18,058,873 |
| Telephone, technology and equipment | - | - | 1,026,451 | 928,959 | 103,766 | 102,834 | 131,618 | 116,559 | 32,604 | 35,081 | 1,294,439 | 1,183,433 |
| Legal, audit and insurance | - | - | 403,253 | 348,457 | 78,724 | 83,541 | 3,783 | 3,961 | 143 | - | 485,903 | 435,959 |
| Donations and fund-raising activities | - | - | - | - | - | - | - | - | 924 | 11,941 | 924 | 11,941 |
| Amortization | - | - | 306,882 | 439,311 | 89,484 | 65,439 | 161,059 | 115,377 | 132,526 | 137,713 | 689,951 | 757,840 |
| | - | - | 23,092,387 | 23,080,382 | 15,331,788 | 14,036,190 | 28,517,073 | 29,058,182 | 3,892,304 | 3,813,965 | 70,833,552 | 69,988,719 |
| Excess (deficiency) of revenues over costs for the year | - | - | (91,336) | (94,416) | 53,204 | 19,665 | (127,335) | (110,026) | (121,363) | (137,714) | (286,830) | (322,491) |
| Fund balances, beginning of the year | 5,030,852 | 5,350,807 | (1,663,658) | (1,663,656) | (565,860) | (563,326) | 114,503 | 114,502 | (29,413) | (29,412) | 2,886,424 | 3,208,915 |
| Transfer additions to capital assets fund | 403,123 | 437,885 | (215,548) | (344,897) | (142,688) | (87,638) | (33,724) | (5,350) | (11,163) | - | - | - |
| Transfer amortization to capital assets fund | (689,951) | (757,840) | 306,882 | 439,311 | 89,484 | 65,439 | 161,059 | 115,377 | 132,526 | 137,713 | - | - |
| Fund balances, end of the year | \$ 4,744,024 | \$ 5,030,852 | \$ (1,663,660) | \$ (1,663,658) | \$ (565,860) | \$ (565,860) | \$ 114,503 | \$ 114,503 | \$ (29,413) | \$ (29,413) | \$ 2,599,594 | \$ 2,886,424 |

KINARK CHILD AND FAMILY SERVICES

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2015

| | 2015 | 2014 |
|---|-------------------|-------------------|
| Cash flows from operating activities | | |
| Deficiency of revenues over costs - Community Mental Health fund | \$ (91,336) | \$ (94,416) |
| Excess of revenues over costs - Forensics fund | 53,204 | 19,665 |
| Deficiency of revenues over costs - Autism Services fund | (127,335) | (110,026) |
| Deficiency of revenues over costs - Other fund | (121,363) | (137,714) |
| Amortization | 689,951 | 757,840 |
| | <u>403,121</u> | 435,349 |
| Changes in non-cash working capital balances: | | |
| Sundry receivables | (63,717) | 236,128 |
| Due to Ministry of Children and Youth Services | (35,500) | 35,500 |
| Prepaid expenses and sundry | 188,612 | 94,270 |
| Accounts payable and accrued liabilities | 47,628 | 297,444 |
| Accrued salaries payable | 14,349 | 250,489 |
| Employee payroll deductions payable | (255,044) | 246,383 |
| Government remittances payable | (2,198) | 3,260 |
| Deferred special contract revenue | 300,040 | (32,196) |
| | <u>597,291</u> | 1,566,627 |
| Cash flows used in investing activities | | |
| Increase in investments | (27,288) | (36,104) |
| Purchase of capital assets | (403,123) | (437,885) |
| | <u>(430,411)</u> | (473,989) |
| Cash flows used in financing activities | | |
| Decrease in bank indebtedness | - | (1,250,000) |
| Increase (decrease) in cash | 166,880 | (157,362) |
| Cash, beginning of the year | 104,084 | 261,446 |
| Cash, end of the year | \$ 270,964 | \$ 104,084 |

KINARK CHILD AND FAMILY SERVICES

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2015

Purpose of the organization

Kinark Child and Family Services ("Kinark") was incorporated under the laws of the Province of Ontario as a non-share capital corporation. It is a registered charitable organization within the meaning of the Income Tax Act and therefore is not subject to income taxes.

Kinark is an Ontario community based organization whose mission is *helping children and youth with complex needs achieve better outcomes*. Kinark has three primary program streams: autism services, child and youth mental health services and forensic/youth justice services.

1. Significant accounting policies

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO") and include the following significant accounting policies.

Revenue recognition

Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue in the current year when received or when the amount to be received can be reasonably estimated and its collection is reasonably assured.

Government funding is primarily received from the Ontario Ministry of Children and Youth Services and is generally recorded when received. Funding received in respect of special contracts is recorded as revenue when Kinark provides the related services. Prior to providing the services, the amounts received are recorded as deferred special contract revenue in the Statement of Financial Position.

Kinark operates child care centres on a not-for-profit basis. These child care centres are funded through wage subsidies, fees subsidies and nominal fees paid by parents. The subsidies are recognized as revenue when received. Fees from parents are recognized when the amount to be received can be reasonably estimated and its collection is reasonably assured.

Kinark operates the Kinark Outdoor Centre ("KOC") which is a therapeutic recreation and respite centre located in Haliburton, Ontario. Revenue is derived from various sources including Government of Ontario contract funding and fees assessed to participants. Kinark applies for and receives grants for specific projects for KOC activities. The funding is recognized when received. Fees are recognized when the amount to be received can be reasonably estimated and its collection is reasonably assured. The grants are recognized in the year in which the related expenses are incurred.

KINARK CHILD AND FAMILY SERVICES

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2015

1. Significant accounting policies (*continued*)

Financial instruments

Measurement of financial instruments

Kinark initially measures its financial assets and liabilities at fair value.

Kinark subsequently measures its financial assets and financial liabilities at amortized cost except investments, which are quoted in an active market. Changes in fair value are recognized in the Statement of Operations and Changes in Fund Balances.

Kinark has elected to designate all investments to be subsequently measured at fair value.

Financial instruments measured at amortized cost include cash, sundry receivables, accounts payable and accrued liabilities, accrued salaries payable, employee payroll deductions payable, government remittances payable and due to Ministry of Children and Youth Services.

Impairment

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in excess (deficiency) of revenues over costs for the year. Any previously recognized impairment loss may be reversed to a maximum of the cumulative amount previously written down. The amount of the reversal is recognized in excess (deficiency) of revenues over costs for the year.

Transaction costs

Kinark recognizes its transaction costs in the statement of operations and changes in fund balances in the period incurred. However, financial instruments that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their origination, issuance or assumption.

KINARK CHILD AND FAMILY SERVICES

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2015

1. Significant accounting policies (*continued*)

Capital assets

Capital assets are recorded at cost. Amortization is calculated using the methods set out below applied to the cost of the assets, at annual rates based on their estimated useful lives as follows:

| Asset | Rate | Method |
|------------------------|------|--|
| Buildings | 4% | Diminishing balance |
| Furniture and fixtures | 20% | Diminishing balance |
| Vehicles | 30% | Diminishing balance |
| Computer equipment | 30% | Diminishing balance |
| Computer software | 55% | Diminishing balance |
| Leasehold improvements | | Straight line over the term of the lease |

Amortization expense is reported in the Capital Assets fund.

In addition, Kinark capitalizes all real estate for which it receives capital grants or special funding from the Ministry of Children and Youth Services.

Other

Kinark does not inventory food and household supplies. These costs are charged to operations in the year incurred.

Use of estimates

The preparation of financial statements in conformity with ASNPO requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and costs during the year. Significant estimates used in the preparation of these financial statements include allowance for receivables from different sources, estimated useful lives of capital assets, accruals of various expenses for each regional program and head office, salaries and vacation accruals. By their nature, these estimates are subject to measurement uncertainty. These estimates are reviewed periodically and, as adjustments become necessary, they are reported in the statement of operations and changes in fund balances in the year in which they become known.

Donated services

Donated services assist Kinark in carrying out its program activities. Since these services are not normally purchased by Kinark and because of the difficulty of determining their fair value, donated services are not recognized in the financial statements.

KINARK CHILD AND FAMILY SERVICES

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2015

1. Significant accounting policies (*continued*)

Allocation of expenses

Kinark provides a range of programs for children, youth and their families. The costs of each program include the costs of personnel, premises and other expenses that are directly related to providing the programs. Kinark also incurs a number of general support expenses that are common to the administration of Kinark and each of its programs. These expenses are allocated according to Kinark's annual service contracts with the Ministry of Children and Youth Services.

Impairment of long-lived assets

Kinark monitors the recoverability of long-lived assets, whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Kinark reviews factors such as current market value, future asset utilization and business climate and, when such indicators exist, compares the carrying value of the assets to the future undiscounted cash flows expected to result from the use of the related asset. If such cash flows are less than the carrying value, the impairment charge to be recognized equals the amount by which the carrying amount of the asset exceeds the fair value of the asset. Fair value is generally measured as equal to the estimated future discounted net cash flows from the asset or assets. At the financial position date, Kinark has determined that no impairment in the carrying value of these assets exists.

KINARK CHILD AND FAMILY SERVICES

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2015

2. Fund accounting

Kinark follows the restricted fund method of accounting for revenues and contributions. Resources are classified for accounting and reporting purposes into restricted funds according to the activity or objective specified.

The Community Mental Health fund includes all activities in the Central and East regions.

The Forensics fund includes Secure Custody, Detention and Treatment, Intensive Supervision and Support Program ("ISSP"), Multi-Systemic Therapy - Youth Justice ("MST YJ"), and Dual Diagnosis Services.

The Autism Services fund includes the Autism Intervention Program and the Autism Spectrum Disorder School Support Program ("ASD-SSP").

The Other fund includes the Child Care Centres, Vanier Residential Program, Supervised Access Programs and other restricted and unrestricted programs.

The Capital Assets fund accounts for Kinark's real estate and capital assets. As a condition of receiving capital funding for real estate, Kinark has agreed to certain restrictions on the use and disposition of the real estate. As well, Kinark has agreed not to make significant alterations or additions to all or any part of any buildings on the land. The land cannot be transferred or charged without the consent of the Ministry of Children and Youth Services.

3. Divestments in prior years

During fiscal 1998, Kinark divested its interest in the Haliburton Area Program. As part of this transaction, the office facilities were transferred to Point In Time Centre for Children, Youth and Parents (formerly Family Services of Haliburton County) for a nominal sum. Kinark has retained a right of first refusal to reacquire the facilities for the same nominal sum should the purchaser intend to dispose of them in the future.

During fiscal 1995, 1998 and 1999, Kinark sold for nominal proceeds a total of six of its residential properties to various organizations funded by the Government of Ontario. In exchange for accepting nominal proceeds, Kinark has retained a right of first refusal to reacquire any of these properties for the same nominal sum should the purchaser intend to dispose of the properties in the future.

4. Demand credit facility

A revolving demand credit facility is available to Kinark from the Toronto-Dominion ("TD") Bank for \$2,000,000. The amount outstanding at year end is \$0 (2014 - \$0). Interest is calculated at the TD Bank's prime rate plus 1.0% per annum. The credit facility is secured by a general security agreement.

KINARK CHILD AND FAMILY SERVICES

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2015

5. Kinark Foundation

The Kinark Foundation ("Foundation") is an independent corporation without share capital which has its own Board of Directors. The Foundation is responsible for raising funds in support of the mission of Kinark. Kinark provides administrative and personnel support and premises to the Foundation and pays certain expenses on behalf of the Foundation.

Included in sundry receivables is an amount of \$16,737 (2014 - \$44,026) from Kinark Foundation. The amount receivable bears no interest and is repayable on a quarterly basis.

Subsequent to the year end, the Foundation's Board of Directors was reorganized such that the Board is now made up of a majority of Kinark's board members, which resulted in the Foundation being a controlled entity of Kinark.

6. Investments

| | 2015 | 2014 |
|---|------------------|------------------|
| Fixed income marketable securities, bearing interest rates varying from 1.25% to 4.5% per annum and Government bonds having maturities ranging from one year to three years | \$ 1,406,016 | \$ 1,133,099 |
| Mutual funds and other investments | 85,374 | 331,004 |
| | 1,491,390 | 1,464,103 |
| <u>Less: current portion</u> | <u>1,082,806</u> | <u>1,258,601</u> |
| | \$ 408,584 | \$ 205,502 |

KINARK CHILD AND FAMILY SERVICES

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2015

7. Capital assets

| | Cost | Accumulated Amortization | 2015 Net Book Value | 2014 Net Book Value |
|---------------------------|---------------|-----------------------------|---------------------------|---------------------------|
| Land | \$ 387,412 | \$ - | \$ 387,412 | \$ 387,412 |
| Buildings | 4,286,339 | 1,569,310 | 2,717,029 | 2,814,205 |
| Furniture and fixtures | 3,801,858 | 2,980,101 | 821,757 | 953,148 |
| Vehicles | 245,292 | 196,749 | 48,543 | 2,146 |
| Computer equipment | 3,577,977 | 3,226,468 | 351,509 | 321,549 |
| Computer software | 426,873 | 354,775 | 72,098 | 39,118 |
| Leasehold improvements | 2,043,223 | 1,697,547 | 345,676 | 513,274 |
| | \$ 14,768,974 | \$ 10,024,950 | \$ 4,744,024 | \$ 5,030,852 |

Amortization expense for the year amounted to \$689,951 (\$757,840 for 2014).

8. Commitments

Kinark is committed under long-term leases for various periods extending to the fiscal year 2020. The minimum lease payments are as follows:

| | Equipment | Vehicles | Property | Total |
|------|-----------|------------|--------------|--------------|
| 2016 | \$ 15,064 | \$ 117,358 | \$ 1,141,292 | \$ 1,273,714 |
| 2017 | 3,465 | 84,267 | 654,007 | 741,739 |
| 2018 | - | 19,926 | 350,491 | 370,417 |
| 2019 | - | - | 144,772 | 144,772 |
| 2020 | - | - | 41,817 | 41,817 |
| | \$ 18,529 | \$ 221,551 | \$ 2,332,379 | \$ 2,572,459 |

Kinark has an obligation to return some of the leased properties back to their original state at the end of the lease term. These restoration costs cannot be reasonably estimated.

9. Public sector salary disclosure

As required under the Public Sector Salary Disclosure Act, 1996, Kinark has filed a listing of its employees whose salaries exceeded \$100,000 during calendar year 2014 with the Government of Ontario and it is available at the following website: www.fin.gov.on.ca.

KINARK CHILD AND FAMILY SERVICES

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2015

10. Pension plan

Kinark has a defined contribution pension plan for its employees. In accordance with the Plan Agreement, employees in the plan can contribute 4%, 5% or 6% of their salary to the plan. Kinark is required to match their contributions. Included in the salaries and benefits in the Statement of Operations and Changes in Fund Balances is \$1,641,779 (2014 - \$1,527,121) of pension plan contributions.

11. Contingencies

The nature of Kinark's activities is such that there may be years where there is litigation pending or in progress. In some cases, where a potential liability is likely and is able to be estimated, management records its best estimate of the potential liability. In other cases, the ultimate outcome of the claims cannot be determined.

With respect to claims as at March 31, 2015, Kinark has been named as a defendant or co-defendant in four separate legal actions (three actions associated with prior years). These actions seek damages in various amounts ranging from \$1,150,000 to \$12,000,000.

Subsequent to the year end, one of the prior years actions seeking damages of \$12,000,000 was dismissed. As a result of this dismissal, the remaining actions seek damages in various amounts ranging from \$1,150,000 to \$2,600,000.

Kinark has recently been charged under the Occupational Health and Safety Act. The legislation provides for a maximum fine of \$1,500,000.

Kinark's legal counsel is currently unable to determine the expected outcome or potential liability, if any, of these actions.

It is Kinark's intent to defend these actions.

12. Financial instruments

Risks

Kinark is exposed to various risks through its financial instruments. The following analysis presents Kinark's exposure to risk at the reporting date, March 31, 2015.

Credit risk

Kinark is exposed to credit risk with respect to its sundry receivables. Kinark assesses, on a continuous basis, sundry receivables on the basis of amounts it is virtually certain to receive.

Interest rate risk

Kinark is exposed to interest rate risk on its fixed interest rate financial instruments and bank indebtedness with variable interest rates. Fixed interest rate financial instruments subject Kinark to a fair value risk while the bank indebtedness with variable interest rate subjects Kinark to a cash flow risk.

KINARK CHILD AND FAMILY SERVICES

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2015

13. Comparative figures

Certain comparative figures for the year ended March 31, 2015 have been reclassified to conform with current financial statement presentation. This has had no effect on the excess (deficiency) of revenues over costs for the year or fund balances.