PATHWAYS FOUNDATION
FINANCIAL STATEMENTS
AS AT MARCH 31, 2015

WILKINSON

PATHWAYS FOUNDATION

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WILKINSON

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Pathways Foundation

Report on the Financial Statements

We have audited the accompanying financial statements of Pathways Foundation, 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 qualified audit opinion.

Basis for Qualified Opinion

In common with many charitable organizations, the Foundation derives revenue from donations and fundraising activities, 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 Foundation and we were not able to determine whether any adjustments might be necessary to donations revenue, excess of revenue over expenditure, assets and fund balances.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, these financial statements present fairly, in all material respects, the financial position of Pathways Foundation as at March 31, 2015, and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Wilkinson & Company LLP

BELLEVILLE, Canada
July 8, 2015

Chartered Accountants
Licensed Public Accountants

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PATHWAYS FOUNDATION
STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2015

	2015	2014
	$	$
ASSETS		
CURRENT		
Cash	**122,252**	121,654
Short-term investment - Operating		76,167
Accounts receivable	**4,179**	1,488
Accrued interest	**8**	288
Inventories	**772**	926
Due from Pathways to Independence - Note 3	**2,000**	4,977
Prepaid expenses	**11,123**	445
	140,334	205,945
LONG-TERM		
Short-term investment - Endowment - Note 4	**1,018**	1,000
	141,352	206,945
LIABILITIES		
CURRENT		
Accounts payable and accrued charges	**3,331**	3,946
Deferred revenue	**2,813**	
	6,144	3,946
FUND BALANCES		
OPERATING FUND	**134,190**	201,999
ENDOWMENT FUND - Note 5	**1,018**	1,000
	135,208	202,999
	141,352	206,945

APPROVED ON BEHALF OF THE BOARD

____________________ Director

____________________ Director

The accompanying notes form an integral part of these financial statements

PATHWAYS FOUNDATION
STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED MARCH 31, 2015

	2015			
	Operating Fund $	Endowment Fund $	Total $	2014 $
REVENUES				
Interest income	102	18	120	615
Donations	5,737		5,737	7,803
Fundraising income	130,727		130,727	74,084
Nevada income	11,642		11,642	9,403
	148,208	18	148,226	91,905
EXPENDITURES				
Bank and service charges	2,143		2,143	1,270
Capital campaign - promotion	1,164		1,164	
Fundraising	44,253		44,253	11,773
Grants and awards	158,607		158,607	7,968
Miscellaneous	855		855	2,078
Nevada expenses	4,758		4,758	4,752
Consulting and professional fees	4,237		4,237	2,875
	216,017	NIL	216,017	30,716
EXCESS OF REVENUE OVER EXPENDITURES (EXPENDITURES OVER REVENUE)	(67,809)	18	(67,791)	61,189
FUND BALANCE AT BEGINNING OF YEAR	201,999	1,000	202,999	141,810
FUND BALANCE AT END OF YEAR	134,190	1,018	135,208	202,999

The accompanying notes form an integral part of these financial statements

PATHWAYS FOUNDATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2015

	2015 $	2014 $
OPERATING ACTIVITIES		
Excess of revenue over expenditures (expenditures over revenue)	**(67,791)**	61,189
Net change in non-cash working capital balances related to operations - Note 7	**68,389**	(2,093)
CASH FLOWS PROVIDED FROM OPERATING ACTIVITIES	**598**	59,096
INCREASE IN CASH AND CASH EQUIVALENTS FOR YEAR	**598**	59,096
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**121,654**	62,558
CASH AND CASH EQUIVALENTS AT END OF YEAR	**122,252**	121,654
REPRESENTED BY:		
Cash	**122,252**	121,654

PATHWAYS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2015

1. PURPOSE OF THE FOUNDATION

(a) Pathways Foundation was incorporated under the Ontario Corporations Act on May 2, 2000 as a not-for-profit organization without share capital.

(b) The Foundation receives and maintains a fund or funds and to apply from time to time all or part of the income therefrom, from time to time, for charitable purposes to enhance the quality of life of individuals supported by Pathways to Independence and the quality of life of individuals supported by partner organizations.

(c) The Foundation has been registered with the Canada Revenue Agency as a charitable public foundation, and accordingly, is exempt from income taxes provided it disburses its available funds as set out under the requirements of the Income Tax Act.

(d) Upon the dissolution of the Foundation and upon the payment of all debts and liabilities, its remaining property shall be distributed or disposed of to another organization with similar goals and objectives.

2. ACCOUNTING POLICIES

Outlined below are those accounting policies adopted by the Foundation considered to be particularly significant:

(a) Basis of Accounting

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations.

(b) Accounting Estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported 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 expenses during the reporting period. Significant items subject to such estimates and assumptions include valuation of accounts receivable, inventory and prepaid expenses. Actual results could differ from those estimates.

PATHWAYS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2015

2. **ACCOUNTING POLICIES** (Cont'd)

(c) Fund Accounting

Pathways Foundation follows the restricted fund method of accounting for contributions. In order to properly reflect its activities, the Foundation maintains its accounts in accordance with the principals of Fund Accounting. Under Fund Accounting, resources are classified for accounting and reporting purposes into funds in order that limitations and restrictions placed on the use of available resources are observed.

(i) The Operating Fund reflects all the activities of the Foundation's day-to-day operations including short and long-term capital requirements.

(ii) The Endowment Fund reflects contributions for endowment. Investment income generated from the endowment must be used in accordance with the purposes established by donors.

(d) Basis of Reporting

These financial statements pertain to the operations of Pathways Foundation. They do not include the assets, liabilities, revenues or expenditures of Pathways to Independence which is an organization that has representation on the Board of Directors of Pathways Foundation.

(e) Investments

Investments are classified as amortized cost.

(f) Inventories

Inventories are valued at the lower of cost and net realizable value, with cost being determined on a first-in, first-out basis. Net realizable value is defined as expected proceeds to be received for inventory, less direct costs associated with this sale.

(g) Revenue Recognition

(i) Contributions

The Foundation follows the deferral method of accounting for contributions.

Restricted contributions related to general operations are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

PATHWAYS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2015

2. ACCOUNTING POLICIES (Cont'd)

(g) Revenue Recognition (Cont'd)

(ii) Donations

Cash donations are recognized strictly on a cash received basis. Donated property, equipment and services are recorded at fair market value when the value can be reasonably estimated, the value is greater than $5,000 and the Foundation would have paid for the item if it had not been donated.

(iii) Interest Income

Interest income is recognized at the time it is earned.

(h) Cash and Equivalents

Cash and equivalents consist of cash on deposit.

3. DUE FROM PATHWAYS TO INDEPENDENCE

Amounts due to Pathways To Independence, a not-for-profit organization with a Board of Directors and Management that includes representation from the Board of Directors and Management of Pathways Foundation, are non-interest bearing, unsecured, with no fixed terms of repayment.

4. ENDOWMENT INVESTMENT

The endowment investment consists of a one-year cashable GIC with an interest rate of 0.80%, maturing April 2, 2015. The total market value at March 31, 2015 was $1,018.

5. ENDOWMENT FUND

Contributions restricted for endowments consist of donation received by an individual where the endowment principal is required to remain intact. Accordingly, these amounts are classified as long-term investments.

6. RELATED PARTY TRANSACTIONS

During the year, the Foundation received $Nil (2014 - $4,977) from Pathways to Independence to fund various purchases.

Also during the year, the Foundation paid $153,257 (2014 - $Nil) to Pathways to Independence to fund the Bachman Terrace construction project.

The transactions have been recorded in these financial statements at the exchange amount, which is the consideration negotiated between the two organizations.

PATHWAYS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2015

7. NET CHANGE IN NON-CASH WORKING CAPITAL BALANCES RELATED TO OPERATIONS

Cash provided from (used in) non-cash working capital is compiled as follows:

	2015	2014
	$	$
(INCREASE) DECREASE IN CURRENT ASSETS		
Short-term investments - Operating	**76,167**	(603)
Short-term investments - Endowment	**(18)**	
Accounts receivable	**(2,691)**	2,946
Accrued interest	**280**	(10)
Inventories	**154**	463
Due from Pathways to Independence	**2,977**	(4,977)
Prepaid expenses and deposits	**(10,678)**	257
	66,191	(1,924)
INCREASE (DECREASE) IN CURRENT LIABILITIES		
Accounts payable and accrued liabilities	**(615)**	(169)
Deferred revenue	**2,813**	
	2,198	(169)
NET CHANGE IN NON-CASH WORKING CAPITAL BALANCES RELATED TO OPERATIONS	**68,389**	(2,093)

8. FINANCIAL RISKS AND CONCENTRATION OF RISK

The Foundation has a comprehensive risk management framework to monitor, evaluate and manage the principal risks assumed with financial instruments. The risks that arise from transacting financial instruments include interest rate risk, liquidity risk, and market (other) risk. Price risk arises from changes in interest rates and market prices.

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of market factors. Management mitigates market risk by utilizing diversification techniques.

It is management's opinion that the organization is not exposed to significant market risks from these financial instruments.

8. FINANCIAL RISKS AND CONCENTRATION OF RISK (Cont'd)

Interest Rate Risk

Interest rate risk is the potential for financial loss caused by fluctuations in fair value or future cash flows of financial instruments.

The Foundation is exposed to risk through its interest-bearing investments.

Liquidity Risk

Liquidity risk is the risk that the organization will not be able to meet all cash outflow obligations as they come due. The organization mitigates this risk by monitoring cash activities and expected outflows.

There have been no significant changes from the previous period in the exposure to risk or policies, procedures and methods used to measure risk.