
North East Family Connections Society

Financial Statements

March 31, 2021

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Management's Responsibility for Financial Statements

The accompanying financial statements of the North East Family Connections Society (the "Society") are the responsibility of management. The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations, using management's best estimates and judgments, where appropriate. In the opinion of management, these financial statements reflect fairly the financial position, results of its operations and changes in financial position of the Society within reasonable limits of materiality.

A system of internal accounting and administrative controls is maintained by management to provide reasonable assurance that assets are safeguarded against loss from unauthorized use or disposition and that the financial records are properly maintained to provide accurate and reliable financial statements.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal controls. The Board carries out this responsibility through regular meetings with management throughout the year to review significant accounting and auditing matters.

These financial statements have been audited, in accordance with Canadian generally accepted auditing standards, by Gangji and Associates, Chartered Professional Accountant, who were appointed by the Board of Directors. Gangji and Associates has full and unrestricted access to management and the Board of Directors to discuss their audit and their related findings as to the integrity of the organization's financial reporting. The Auditor's Report outlining the scope of their examination and their opinion on the financial statements is presented on the following page.



Sue Holt, Chairperson
North East Family Connections Society
November 2, 2021

Independent Auditor's Report

To the Members of the North East Family Connections Society

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the North East Family Connections Society (the "Society"), which comprise the statement of financial position as at March 31, 2021, and the statements of operations, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Society as at March 31, 2021, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Society in accordance with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Society's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Society or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Society's financial reporting process.

Independent Auditor's Report (continued)

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Society's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Society's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the Society to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Independent Auditor's Report (continued)

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Calgary, Alberta
November 2, 2021

Ali Gangji Professional Corporation
Chartered Professional Accountant

North East Family Connections Society
Statement of Financial Position
As at March 31, 2021

	<u>2021</u>	<u>2020</u>
Assets		
Current		
Cash - unrestricted	\$ 92,214	\$ 111,713
Cash - restricted (note 3)	27,962	51,215
Cash - restricted and held in trust (note 4)	5,329	13,628
Accounts receivable	1,500	2,700
GST receivable - unrestricted	499	541
GST receivable - restricted (note 3)	181	212
Prepaid expenses and deposits	<u>2,891</u>	<u>2,803</u>
	130,576	182,812
Capital assets (note 5)	1,897	3,774
	<u>\$ 132,473</u>	<u>\$ 186,586</u>
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 16,983	\$ 20,771
Funds held in trust	5,329	13,628
Government payroll remittances payable	11,047	14,450
Deferred revenues (note 6)	<u>28,143</u>	<u>51,427</u>
	\$ 61,502	\$ 100,276
Net Assets		
Invested in capital assets	\$ 1,895	\$ 3,772
Unrestricted net assets	<u>69,076</u>	<u>82,538</u>
	70,971	86,310
	<u>\$ 132,473</u>	<u>\$ 186,586</u>

Approved on behalf of the Board



 Sue Holt, Chairperson



 Lou Partin, Secretary

North East Family Connections Society
Statement of Changes in Net Assets
Year ended March 31, 2021

	<u>Invested in</u> <u>capital assets</u>	<u>2021</u> <u>Unrestricted</u> <u>net assets</u>	<u>Total</u>
Balance, beginning of year	\$ 3,772	\$ 82,538	\$ 86,310
Excess (deficiency) of revenues over expenses	-	(15,339)	(15,339)
Amortization	(1,877)	1,877	-
Balance, end of year	<u>\$ 1,895</u>	<u>\$ 69,076</u>	<u>\$ 70,971</u>

	<u>Invested in</u> <u>capital assets</u>	<u>2020</u> <u>Unrestricted</u> <u>net assets</u>	<u>Total</u>
Balance, beginning of year	\$ 5,649	\$ 108,075	\$ 113,724
Excess (deficiency) of revenues over expenses	-	(27,414)	(27,414)
Amortization	(1,877)	1,877	-
Balance, end of year	<u>\$ 3,772</u>	<u>\$ 82,538</u>	<u>\$ 86,310</u>

North East Family Connections Society
Statement of Operations
Year ended March 31, 2021

	<u>2021</u>	<u>2020</u>
Revenues		
Casino	\$ 23,284	\$ 43,885
Donations	185	-
Grants and subsidies	213,451	4,352
Photocopying and other	779	172
Partner service fees	900	5,906
Program and project funding (note 7)	165,000	444,552
	<u>403,599</u>	<u>498,867</u>
Expenses		
Advertising and promotion	287	154
Amortization	1,877	1,877
Board development	-	426
Community activities	970	4,569
Equipment	1,353	1,219
Insurance	4,402	4,702
Interest and bank charges	204	412
IT support	7,599	3,501
Materials and supplies	3,102	3,338
Membership	160	600
Office supplies	1,143	2,720
Professional fees	9,113	11,850
Program support	12,160	9,742
Rent	31,510	30,187
Repairs and maintenance	2,254	6,100
Salaries and wages	335,267	430,644
Staff training	63	3,682
Telephone	4,669	4,441
Travel	2,805	6,117
	<u>418,938</u>	<u>526,281</u>
Excess (deficiency) of revenues over expenses	<u>\$ (15,339)</u>	<u>\$ (27,414)</u>

North East Family Connections Society
Statement of Cash Flows
Year ended March 31, 2021

	<u>2021</u>	<u>2020</u>
Operating activities:		
Excess (deficiency) of revenues over expenses	\$ (15,339)	\$ (27,414)
Adjustments to determine cash provided by operating activities:		
Amortization of capital assets	1,877	1,877
	(13,462)	(25,537)
Net changes in non-cash working capital items:		
Accounts receivable	1,200	(1,896)
GST receivable	73	527
Prepaid expenses	(88)	726
Accounts payable and accrued liabilities	(3,788)	(3,671)
Funds held in trust	(8,299)	3,436
Government payroll remittances payable	(3,403)	2,320
Deferred revenues	(23,284)	(136,315)
Cash flows from (used in) operating activities	(51,051)	(160,410)
Investing activities:		
Purchase of capital assets	-	-
Cash flows from (used in) investing activities	-	-
Net increase (decrease) in cash and cash equivalents during the year	(51,051)	(160,410)
Cash and cash equivalents, beginning of year	176,556	336,966
Cash and cash equivalents, end of year	\$ 125,505	\$ 176,556
Represented by:		
Cash - unrestricted	\$ 92,214	\$ 111,713
Cash - restricted	27,962	51,215
Cash - restricted and held in trust	5,329	13,628
	\$ 125,505	\$ 176,556

North East Family Connections Society
Notes to Financial Statements
Year ended March 31, 2021

1. General

The North East Family Connections Society (the "Society") was incorporated under the Societies Act of the Province of Alberta on June 15, 1998 and is a registered charity under the Income Tax Act. The Society was previously called the North of McKnight Community Resource Centre, and changed to its present name on December 1, 2014.

The Society qualifies for tax exempt status as a registered charity under paragraph 149 (1) (f) of the Income Tax Act and is able to issue tax donation receipts for income tax purposes.

In order to maintain its status as a charitable organization under the Act, the Society must meet certain requirements within the Act. These requirements include annual return filings and the fulfillment of disbursement quotas as per the income tax regulations.

The purpose of the Society is to provide services that will strengthen the well-being of families.

2. Summary of significant accounting policies

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. Significant accounting policies are summarized as follows:

(a) Basis of accounting

The basis of accounting followed in the financial statement presentation includes revenues recognized in the period in which the transactions or events occurred that gave rise to the revenues, and expenditures recognized in the period when goods or services are acquired and a liability is incurred or transfers are due.

(b) Revenue recognition

Casino

Casino funding is recognized as revenue in the year in which the related expenses are incurred. Casino funding can only be used for the purposes approved by the Alberta Gaming and Liquor Commission. Funds remaining unspent at the end of the year are recognized as deferred revenues.

Donations

Donations are recognized as revenue when received or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured. Restricted donations for a specific purpose are recorded as deferred revenues and recognized as revenue when restrictions have been lifted. If restricted donations relate to a capital item, the contributions are recognized as revenue as the related capital item is amortized. Donations in kind are recognized at fair market value.

North East Family Connections Society
Notes to Financial Statements
Year ended March 31, 2021

2. Summary of significant accounting policies (continued)

(b) Revenue recognition (continued)

Partner service fees

Fees for partner services are recognized as revenue when the services are provided and collection is reasonably assured.

Program and project funding

The Society follows the deferral method of accounting for program and project funding. Externally-restricted funding is recognized as revenue in the year in which the related expenses are incurred. Unrestricted funding is recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

(c) Cash and cash equivalents

Cash and cash equivalents consist of balances with financial institutions.

(d) Capital assets

Capital assets are recorded at cost. Amortization on capital assets is calculated at rates designed to charge operations with the cost of capital assets, over their estimated useful economic life, as follows:

Equipment and furniture	-	straight-line over ten years
Computers	-	straight-line over five years
Leasehold improvements	-	straight-line over ten years

The Society recognizes a capital asset when the value of an item is over \$1000 and the item is capital in nature.

(e) Financial instruments

The Society initially measures its financial assets and financial liabilities at their fair value. The Society subsequently measures its financial assets and financial liabilities at amortized cost.

The financial assets subsequently measured at amortized cost include cash and cash equivalents and accounts receivable. The financial liabilities subsequently measured at amortized cost include accounts payable and accrued liabilities.

North East Family Connections Society
Notes to Financial Statements
Year ended March 31, 2021

2. Summary of significant accounting policies (continued)

e) Financial instruments (continued)

Credit risk

Credit risk is the possibility that other parties may default on their financial obligations. As the Society's main source of revenues stems from government grants, the Society is not exposed to any undue credit risk.

Currency risk

Currency risk is the risk that arises from the change in price of one currency against another. As all of the Society's transactions involve Canadian currency, the Society is not exposed to any undue currency risk.

Liquidity risk

Liquidity risk is the risk that the Society will not be able to fund its obligations as they come due. Based on the financial position of the Society, the Society is not exposed to significant liquidity risk.

Market and other price risk

Market and other price risk is the risk that the fair value of financial instruments will fluctuate due to changes in market prices (other than those arising from interest rate or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. Because of the nature of the financial instruments held by the Society, which are comprised of cash and receivables (financial assets) and trade accounts payable / accrued liabilities (other financial liabilities), the Society is not exposed to significant market or other price risk.

There have been no changes in the Society's financial instrument risk exposures from the previous fiscal year.

(f) Deferred revenues

Deferred revenues represent unspent funds, which are externally restricted for specific purposes, and restricted funding received or receivable in the current period that relate to the subsequent period. These contributions will be recognized as revenue when related expenses are incurred.

North East Family Connections Society
Notes to Financial Statements
Year ended March 31, 2021

2. Summary of significant accounting policies (continued)

(g) Management estimates

The preparation of these financial statements, in accordance 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 at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from the estimates made by the Society as additional information becomes available in the future.

(h) Contributed services

The work of the Society is dependent on the voluntary services of many individuals and organizations. Because of the difficulty in determining their fair value, contributed services are not recognized in these financial statements.

3. Restricted cash and GST receivable

These amounts include restricted funds to be used as per the funding guidelines of the Alberta Gaming and Liquor Commission.

4. Restricted cash held in trust

These amounts include restricted funds held under the Northern Lights Small Grants Initiative. These funds are disbursed as per the directive of the Community Granting Committee, a committee external to the Society.

5. Capital assets

		<u>2021</u>		<u>2020</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Equipment and furniture	\$ 39,792	\$ 37,895	\$ 1,897	\$ 2,380
Computer hardware	32,537	32,537	-	1,394
Leasehold improvements	4,323	4,323	-	-
	<u>\$ 76,652</u>	<u>\$ 74,755</u>	<u>\$ 1,897</u>	<u>\$ 3,774</u>

6. Deferred revenues

Deferred revenues reported for 2021 represent casino funding remaining unspent at the end of the fiscal year.

North East Family Connections Society
Notes to Financial Statements
Year ended March 31, 2021

6. Deferred revenues (continued)

Changes in the deferred revenues balance are as follows:

	Beginning Balance	2021		Ending Balance	2020 Ending Balance
		Addition	Utilization		
Casino	\$ <u>51,427</u>	\$ <u>-</u>	\$ <u>(23,284)</u>	\$ <u>28,143</u>	\$ <u>51,427</u>
	\$ <u>51,427</u>	\$ <u>-</u>	\$ <u>(23,284)</u>	\$ <u>28,143</u>	\$ <u>51,427</u>

7. Program and project funding

	<u>2021</u>	<u>2020</u>
Government of Alberta	\$ 165,000	\$ 165,000
Calgary Region Children's Services	<u>-</u>	<u>279,552</u>
	<u>\$ 165,000</u>	<u>\$ 444,552</u>

8. Economic dependence

The Society recognized revenues of \$165,000 (2020 - \$165,000) from the Government of Alberta. While grants from this funder are common in the industry of the Society, the Society is economically dependent on the Government of Alberta for funding its operations.