

SAGESSE DOMESTIC VIOLENCE PREVENTION SOCIETY

FINANCIAL STATEMENTS

DECEMBER 31, 2022

SAGESSE DOMESTIC VIOLENCE PREVENTION SOCIETY
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INDEPENDENT AUDITOR'S REPORT

**To: The Directors of
Sagesse Domestic Violence Prevention Society**

Opinion

We have audited the financial statements of Sagesse Domestic Violence Prevention Society (the "Society") which comprise the statement of financial position as at December 31, 2022, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Society as at December 31, 2022, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO").

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 in Canada, 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 ASNPO, 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 Responsibilities 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 our 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.

We communicate with those charged with governance regarding, among other matters, the

INDEPENDENT AUDITOR'S REPORT, continued

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
MAY 15, 2023**

Baker Tilly Catalyst LLP
**CHARTERED PROFESSIONAL
ACCOUNTANTS**

SAGESSE DOMESTIC VIOLENCE PREVENTION SOCIETY
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2022

	2022	2021
Assets		
Current		
Cash and cash equivalents (Note 3)	\$ 231,375	\$ 396,949
Short-term investments (Note 4)	1,405,049	1,320,462
Accounts receivable	10,800	115,074
Goods and services tax recoverable	49,131	28,940
Prepaid expenses	24,372	9,289
	1,720,727	1,870,714
Capital assets (Note 5)	66,053	111,649
Security deposit	12,593	12,593
	\$ 1,799,373	\$ 1,994,956
Liabilities and net assets		
Current		
Accounts payable and accrued liabilities	\$ 111,916	\$ 100,661
Deferred contributions (Note 6)	1,301,384	1,311,595
Current portion of deferred capital contributions (Note 7)	12,800	12,800
Current portion of deferred lease inducements (Note 8)	7,007	7,007
	1,433,107	1,432,063
CEBA loan payable	-	60,000
Deferred capital contributions (Note 7)	12,800	25,600
Deferred lease inducements (Note 8)	38,626	45,633
	1,484,533	1,563,296
Net assets		
Invested in capital assets	40,453	73,249
Internally restricted funds (Note 9)	518,375	458,094
Unrestricted net assets	(243,988)	(99,683)
	314,840	431,660
	\$ 1,799,373	\$ 1,994,956

Commitments (Note 12)

Approved on behalf of the Board

PZ

Director

Ivan Zende

Director

SAGESSE DOMESTIC VIOLENCE PREVENTION SOCIETY
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2022

	2022	2021
Revenues		
Grants	\$ 2,568,184	\$ 2,134,205
United Way	372,867	397,467
FCSS City of Calgary	239,210	118,720
Interest and other	125,420	148,664
Donation and fundraising (Note 13)	42,111	164,289
Casino contributions	-	53,413
	3,347,792	3,016,758
Expenditures		
Salaries and benefits	2,229,216	1,809,413
Programs and services	881,430	1,055,978
Administrative and operational	429,242	400,277
Fundraising (Note 13)	2,888	2,717
	3,542,776	3,268,385
Deficiency of revenues over expenditures from operations	(194,984)	(251,627)
Other income		
COVID support (Note 11)	78,164	498,147
	78,164	498,147
Excess (deficiency) of revenues over expenditures for the year	\$ (116,820)	\$ 246,520

SAGESSE DOMESTIC VIOLENCE PREVENTION SOCIETY
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2022

	Invested in capital assets	Internally restricted funds (Note 9)	Unrestricted net assets	2022	2021
Balance, beginning of year	\$ 73,249	\$ 458,094	\$ (99,683)	\$ 431,660	\$ 185,140
Excess (deficiency) of revenues over expenditures	(32,796)	-	(84,024)	(116,820)	246,520
Interfund transfers (Note 10)	-	60,281	(60,281)	-	-
Balance, end of year	\$ 40,453	\$ 518,375	\$ (243,988)	\$ 314,840	\$ 431,660

SAGESSE DOMESTIC VIOLENCE PREVENTION SOCIETY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2022

	2022	2021
Cash flows from operating activities		
Excess (deficiency) of revenues over expenditures for the year	\$ (116,820)	\$ 246,520
Adjustments for		
Amortization of deferred capital contributions	(12,800)	(12,800)
Amortization of lease inducement	(7,006)	(7,006)
Amortization of capital assets	58,396	74,496
	(78,230)	301,210
Change in non-cash working capital items		
Accounts receivable	104,274	14,114
Goods and services tax recoverable	(20,191)	(18,733)
Prepaid expenses	(15,083)	(1,030)
Accounts payable and accrued liabilities	11,254	22,687
Deferred contributions	(23,011)	209,108
	(20,987)	527,356
Cash flows from investing activities		
Purchase of short-term investments	(1,405,049)	(1,320,462)
Proceeds from sale of short-term investments	1,320,462	923,875
Purchase of capital assets	-	(40,999)
	(84,587)	(437,586)
Cash flows from financing activities		
Repayment of CEBA loan	(60,000)	-
Proceeds of CEBA loan	-	60,000
	(60,000)	60,000
Increase (decrease) in cash and cash equivalents	(165,574)	149,770
Cash and cash equivalents, beginning of year	396,949	247,179
Cash and cash equivalents, end of year	\$ 231,375	\$ 396,949

SAGESSE DOMESTIC VIOLENCE PREVENTION SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

1. Purpose of the organization

Sagesse Domestic Violence Prevention Society ("Sagesse" or the "Society") was incorporated under the Societies Act of the Province of Alberta in 1986 and is a registered charity under the Income Tax Act of Canada and is therefore not taxable under section 149(I).

Sagesse is creating individual and systemic change to promote healthy, respectful and peaceful relationships.

2. Significant accounting policies

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations. The significant accounting policies are detailed as follows:

(a) Cash

Cash is defined as cash on hand and cash on deposit, net of cheques issued and outstanding at year-end.

(b) Goods and services tax

Goods and services tax is recoverable at 50% as a rebate. The unrecoverable portion is recorded as an expenditure with the rebate treated as a receivable.

(c) Capital assets

Capital assets are recorded at cost, less accumulated amortization. Individual assets with a cost of \$5,000 or less are expensed in the year of acquisition. Amortization is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

Software	5 years
Office equipment	5 years
Leasehold improvements	5 years
Computer and technology equipment	5 years

In the year of acquisition, amortization is half the annual amounts. In the year of disposition, no amortization is recorded.

(d) Impairment of long-lived assets

Long-lived assets, including capital assets are subject to the amortization, and are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability is measured by a comparison of asset's carrying amount to the undiscounted future cash flows expected to be generated by the asset.

SAGESSE DOMESTIC VIOLENCE PREVENTION SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

2. Significant accounting policies, continued

(e) Deferred lease inducements

Sagesse accounts for leasehold inducements by deferring the inducements in the year received and recognizing them over the period specified in the lease agreement.

(f) Revenue recognition

Sagesse follows the deferral method of accounting for contributions.

Revenue containing conditions as to its use is deferred until the conditions are fulfilled.

Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Operating grants are recorded as revenue in the period to which they relate. Grants approved but not received at the end of an accounting period are accrued. Where a portion of a grant relates to a future period, it is deferred and recognized in that subsequent period.

Contributions restricted for the purchase of capital assets are deferred and amortized into revenue on a straight-line basis, at a rate corresponding with the amortization rate for the related capital assets.

(g) Government assistance

Government assistance includes subsidies associated with the COVID-19 pandemic support initiatives, and is recognized when there is reasonable assurance that the assistance will be received.

Government assistance related to an expenditure item is recognized as other income in the period in which the subsidy is approved.

Government assistance recorded in current and prior periods is subject to government review, which could result in future adjustments to income.

(h) Contributed services

Volunteers assist Sagesse in carrying out certain activities. Due to uncertainty in determining fair value of the service and given that such assistance is generally not otherwise purchased, contributed services are not recognized in the financial statements.

SAGESSE DOMESTIC VIOLENCE PREVENTION SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

2. Significant accounting policies, continued

(i) Financial instruments

(i) Measurement of financial instruments

The Society initially measures its financial assets and liabilities at fair value.

The Society subsequently measures all its financial assets and financial liabilities at amortized cost.

Financial assets measured at amortized cost include cash and cash equivalents, short-term investments, and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

The Society has not designated any financial asset or financial liability to be measured at fair value.

(ii) Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in the statement of operations. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in the statement of operations.

(j) Measurement uncertainty

The preparation of 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 expenditures during the period. Significant areas requiring the use of estimates include: useful lives of capital assets, deferred contributions, and deferred capital contributions. Actual results may differ from management's best estimates as additional information becomes available in the future.

SAGESSE DOMESTIC VIOLENCE PREVENTION SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

3. Cash and cash equivalents

	2022	2021
Unrestricted cash	\$ 231,316	\$ 396,948
Restricted cash	59	1
	\$ 231,375	\$ 396,949

4. Short-term investments

Short-term investments consist of Guaranteed Investment Certificates (GICs) with interest rates of 0.75% to 3.25% (2021: 0.25% to 0.75%). Sagesse has classified these investments as current as they could be liquidated at any time.

	2022	2021
Unrestricted GICs	\$ 1,196,558	\$ 1,133,049
Internally restricted GICs	134,000	134,000
Externally restricted GICs	74,491	53,413
	\$ 1,405,049	\$ 1,320,462

5. Capital assets

	2022		2021	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Software	\$ 105,000	\$ 42,000	\$ 63,000	\$ 77,600
Office equipment	23,208	20,155	3,053	5,751
Leasehold improvements	146,108	146,108	-	18,752
Computer and technology equipment	107,879	107,879	-	9,546
	\$ 382,195	\$ 316,142	\$ 66,053	\$ 111,649

SAGESSE DOMESTIC VIOLENCE PREVENTION SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

6. Deferred contributions

Deferred contributions represent unspent externally restricted funds and donations for specific programs and projects.

	2022	2021
Balance, beginning of year	\$ 1,311,595	\$ 1,102,487
Contributions received	2,501,183	2,047,248
Amounts recognized as revenue in the year	(2,511,394)	(1,838,140)
Balance, end of year	\$ 1,301,384	\$ 1,311,595

7. Deferred capital contributions

During 2020, the Society received contributions towards building its own database. These contributions will be amortized over the life of the database software, which is estimated to be five years.

	2022	2021
Deferred capital contributions, beginning of year	\$ 38,400	\$ 51,200
Amount amortized during the year	(12,800)	(12,800)
Deferred capital contributions, end of year	25,600	38,400
Less: Current portion	(12,800)	(12,800)
	\$ 12,800	\$ 25,600

8. Deferred lease inducements

Deferred lease inducements represent tenant improvements and free rent.

	2022	2021
Leasehold inducements, beginning of year	\$ 52,640	\$ 59,646
Amortization of leasehold inducements	(7,007)	(7,006)
Total leasehold inducements related to tenant improvements	45,633	52,640
Less: Current portion	(7,007)	(7,007)
Balance, end of year	\$ 38,626	\$ 45,633

SAGESSE DOMESTIC VIOLENCE PREVENTION SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

9. Internally restricted funds

The Sagesse Board reviews net assets annually and may increase or decrease the amount designated as internally restricted net assets. These funds are to be set aside an operating contingency fund that can be drawn upon should funding be insufficient to meet expenditures.

	2022	2021
Disaster relief fund	\$ 249,094	\$ 249,094
Closing cost reserve	134,000	134,000
COVID-19 emergency response fund	75,000	75,000
Contingency for future operations	60,281	-
	\$ 518,375	\$ 458,094

10. Interfund transfers

During the year, \$60,281 was transferred from the unrestricted net asset fund to the internally restricted funds for the development of the contingency for future operations.

11. COVID support

In an attempt to mitigate the impact of the COVID-19 pandemic, the Canadian government has introduced several grants and subsidies. The Society has taken advantage of the Canada Emergency Wage Subsidy, which relates to wage assistance for Canadian companies and not-for-profit entities experiencing decreases in revenues as a result of the pandemic. These subsidies have been recorded in the Statement of Operations as other income for the year.

The CEBA is a government-funded loan, payable to a chartered bank, which is non-interest bearing. As the amount was repaid prior to December 31, 2023, 33% of the loan was forgiven.

	2022	2021
Canada Emergency Wage subsidy	\$ 58,164	\$ 489,104
Canada Emergency Business Account (CEBA)	20,000	-
Government of Alberta - Critical Worker Benefit	-	9,043
	\$ 78,164	\$ 498,147

SAGESSE DOMESTIC VIOLENCE PREVENTION SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

12. Commitments

Sagesse is committed to payments under an operating lease for an office space and office equipment. The future minimum commitments are as follows:

2023	\$ 61,433
2024	67,309
2025	63,505
2026	63,505
2027	70,116
Subsequent years	<u>116,468</u>
	<u>\$ 442,336</u>

13. Donations and fundraising

As required under Section 7(2) of the Regulations of the Charitable Fundraising Act of Alberta, the Society discloses that the services costs incurred for the purposes of soliciting contributions were \$nil (2021 - \$nil). Salaries paid for the purposes of fundraising were \$nil (2021 - \$nil). The total amount paid as expenditures related to fundraising is disclosed below, along with the donation and fundraising revenues received.

	<u>2022</u>	<u>2021</u>
Donation revenue	\$ 36,691	\$ 75,779
Fundraising revenue	<u>5,420</u>	<u>88,510</u>
	<u>\$ 42,111</u>	<u>\$ 164,289</u>
Fundraising expenditures	<u>\$ 2,888</u>	<u>\$ 2,717</u>

SAGESSE DOMESTIC VIOLENCE PREVENTION SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

14. Financial instruments

Sagesse is subject to the following financial instrument risk:

(a) Credit risk

Credit risk is the risk that a counterparty may default on its contractual obligations resulting in financial loss. Sagesse is subject to credit risk related to its accounts receivable.

(b) Liquidity risk

Liquidity risk is the risk that Sagesse will be unable to fulfill its obligations on a timely basis or at a reasonable cost.

Sagesse manages its liquidity risk by monitoring its operating requirements. Sagesse prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations.

The Society is exposed to this risk mainly in respect of its accounts payable and accrued liabilities.

(c) Interest rate risk

Interest rate risk arises on cash. Sagesse is exposed to interest rate risk due to fluctuations in interest rates.

There are no changes to risk exposure from 2021.

Unless otherwise noted, it is management's opinion that the Society is not exposed to significant other price risks arising from these financial instruments.

15. Comparative figures

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year earnings.