

ACTION COALITION ON HUMAN TRAFFICKING ALBERTA

Financial Statements

For The Year Ended March 31, 2022

INDEPENDENT AUDITORS' REPORT

To the Members of Action Coalition on Human Trafficking Alberta

Qualified Opinion

We have audited the financial statements of Action Coalition on Human Trafficking Alberta (ACT Alberta), which comprise the statement of financial position as at March 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, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of ACT Alberta at March 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.

Basis for Qualified Opinion

In common with many not-for-profit organizations, ACT Alberta derives revenue from donations and fundraising and promotion, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of ACT Alberta and we were not able to determine whether any adjustments might be necessary to these revenues, excess of revenues over expenses, current assets or net assets.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the ACT Alberta 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 qualified audit 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 ACT Alberta's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Act Alberta or to cease operations, or has no realistic alternative but to do so.

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Those charged with governance are responsible for overseeing ACT Alberta's financial reporting process.

Auditors' 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 auditors' 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 ACT Alberta'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 ACT Alberta's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the ACT Alberta 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 planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

METRIX GROUP LLP

Chartered Professional Accountants

Edmonton, Alberta
September 9, 2022

ACTION COALITION ON HUMAN TRAFFICKING ALBERTA**Statement of Financial Position****As At March 31, 2022**

	<u>2022</u>	<u>2021</u>
ASSETS		
CURRENT		
Cash and temporary investments <i>(Note 2)</i>	\$ 440,245	\$ 310,558
Accounts receivable	8,589	388
Goods and services tax recoverable	4,533	2,884
Prepaid expenses	11,934	5,922
	<u>\$ 465,301</u>	<u>\$ 319,752</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities <i>(Note 3)</i>	\$ 41,230	\$ 24,960
Deferred contributions <i>(Note 4)</i>	220,993	85,187
	<u>262,223</u>	<u>110,147</u>
NET ASSETS		
Unrestricted net assets	160,835	149,424
Internally restricted net assets	42,243	60,181
	<u>203,078</u>	<u>209,605</u>
	<u>\$ 465,301</u>	<u>\$ 319,752</u>

ON BEHALF OF THE BOARD:_____
*Director*_____
Director

The accompanying notes are an integral part of these financial statements.

ACTION COALITION ON HUMAN TRAFFICKING ALBERTA**Statement of Operations****For The Year Ended March 31, 2022**

	2022	2021
REVENUE		
Grants	\$ 475,982	\$ 466,345
Donations	39,687	37,649
Interest income	237	1,225
Other	150	-
	<u>516,056</u>	<u>505,219</u>
EXPENSES		
Salaries, wages and benefits	316,184	269,666
Contracted services	67,395	42,076
Rent and facility expenses	60,184	40,275
Office	15,802	21,540
Travel	14,737	9,700
Professional fees	12,172	11,675
Accounting	8,871	9,953
Telephone	8,733	7,050
Victim assistance	7,650	1,197
Training and development	3,279	3,186
Insurance	2,994	2,366
Education	2,911	4,444
Promotions	1,080	5,308
Volunteer appreciation	402	-
Bank charges	189	1,034
	<u>522,583</u>	<u>429,470</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	<u>\$ (6,527)</u>	<u>\$ 75,749</u>

The accompanying notes are an integral part of these financial statements.

ACTION COALITION ON HUMAN TRAFFICKING ALBERTA**Statement of Changes in Net Assets****For The Year Ended March 31, 2022**

	Unrestricted Net Assets	Internally Restricted Net Assets (Note 5)	2022	2021
NET ASSETS - BEGINNING OF YEAR	\$ 149,424	\$ 60,181	\$ 209,605	\$ 133,856
Excess (deficiency) of revenue over expenses	(6,527)	-	(6,527)	75,749
Transfers	17,938	(17,938)	-	-
NET ASSETS - END OF YEAR	\$ 160,835	\$ 42,243	\$ 203,078	\$ 209,605

The accompanying notes are an integral part of these financial statements.

ACTION COALITION ON HUMAN TRAFFICKING ALBERTA**Statement of Cash Flows****For The Year Ended March 31, 2022**

	2022	2021
OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenses	\$ (6,527)	\$ 75,749
Changes in non-cash working capital:		
Accounts receivable	(8,201)	1,870
Goods and services tax payable (receivable)	(1,649)	954
Prepaid expenses	(6,012)	(2,833)
Accounts payable and accrued liabilities	16,270	2,223
Deferred contributions	135,806	10,480
	136,214	12,694
INCREASE IN CASH FLOW	129,687	88,443
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	310,558	222,115
CASH AND CASH EQUIVALENTS - END OF YEAR <i>(Note 2)</i>	\$ 440,245	\$ 310,558

The accompanying notes are an integral part of these financial statements.

ACTION COALITION ON HUMAN TRAFFICKING ALBERTA

Notes to Financial Statements

For the Year Ended March 31, 2022

NATURE OF OPERATIONS

Action Coalition on Human Trafficking Alberta (ACT Alberta) is a registered charity operating in the Province of Alberta and is exempt from income tax. ACT Alberta was incorporated December 29, 2010 under the Societies Act of Alberta for the purpose of identifying and responding to human trafficking in Alberta.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations.

Revenue recognition

ACT Alberta follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue during the year in which the related expenses are incurred. 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.

Fundraising and promotion revenue is recognized when earned.

Restricted interest income is recognized as revenue in the year in which the related expenses are incurred. Unrestricted interest income is recognized as revenue when earned.

Tangible capital assets

Tangible capital assets individually below \$3,000 are recorded as expenses in the Statement of Operations in the year in which they are purchased.

Computer equipment	5 years	straight-line method
Computer software	5 years	straight-line method
Equipment	5 years	straight-line method

The Association regularly reviews its tangible capital assets to eliminate obsolete items.

Contributed goods and services

Due to the difficulty in determining their fair value, contributed goods and services are not recognized in the financial statements.

Use of 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 amount 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 reported period. Actual results could differ from these estimates. Estimates are used when accounting for items and matters such as accrued liabilities, contingencies and allocation of expenses.

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ACTION COALITION ON HUMAN TRAFFICKING ALBERTA

Notes to Financial Statements

For the Year Ended March 31, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Cash and cash equivalents

Cash and cash equivalents include items that are readily convertible to known amounts of cash, are subject to an insignificant risk of change in value, have a maturity of 90 days or less at acquisition and are held for the purpose of meeting short-term cash commitments rather than for investing.

Financial instruments

Measurement of financial instruments

ACT Alberta initially measures its financial assets and financial liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instruments.

ACT Alberta subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in the Statement of Operations.

Financial assets measured at amortized cost include cash and cash equivalents and accounts receivable.

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

ACT Alberta has no financial assets or liabilities measured at fair value.

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 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.

2. CASH AND CASH EQUIVALENTS

	<u>2022</u>	<u>2021</u>
Operating accounts	\$ 401,778	\$ 272,455
Guaranteed Investment Certificates	38,467	38,103
	<u>\$ 440,245</u>	<u>\$ 310,558</u>

The Guaranteed Investment Certificates bear interest at 0.25% and mature April 2022 and June 2022.

3. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<u>2022</u>	<u>2021</u>
Trade and other	\$ 35,729	\$ 20,810
Accrued Vacation	5,501	4,150
	<u>\$ 41,230</u>	<u>\$ 24,960</u>

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4. DEFERRED CONTRIBUTIONS

Deferred contributions represent unspent grants externally restricted for operating expenses that are to be incurred in a future fiscal year. Changes in the deferred contributions balance are as follows:

	2021	Funding received	Funding spent	2022
Minister of Community and Social Services	\$ -	\$ 300,000	\$ (150,000)	\$ 150,000
Women and Gender Equality Canada	-	100,260	(59,267)	40,993
Minister of Culture, Multiculturalism and Status of Women	60,000	-	(30,000)	30,000
Edmonton Community Foundation.	25,187	-	(25,187)	-
	<u>\$ 85,187</u>	<u>\$ 400,260</u>	<u>\$ (264,454)</u>	<u>\$ 220,993</u>

5. INTERNALLY RESTRICTED NET ASSETS

Internally restricted net assets consist of funds restricted by the Board of Directors to assist in future years in the event of any fluctuations in major funding sources.

6. CONTRACTUAL OBLIGATIONS

ACT Alberta leases its office space pursuant to a lease agreement expiring May 31, 2027. The lease agreement requires annual base rent of approximately \$7,000 during the first year and \$9,000 in years two to five.

7. FINANCIAL INSTRUMENTS

The ACT Alberta is not exposed to significant credit, currency or other price risk through its financial instruments. The following analysis provides information about the ACT Alberta's risk exposure and concentration as of March 31, 2022.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. ACT Alberta is exposed to this risk mainly in respect of its receipt of funds from various levels of government and other related sources, and accounts payable and accrued liabilities.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, ACT Alberta manages exposure through its normal operating and financing activities. ACT Alberta is exposed to interest rate risk primarily through its Guaranteed Investment Certificates.

ACT Alberta mitigates these risks by monitoring cash activities and expected outflows through extensive budgeting and maintaining investments that may be converted to cash in the near-term if unexpected cash outflows arise.

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For the Year Ended March 31, 2022

8. ECONOMIC DEPENDENCE

ACT Alberta's primary source of revenue is grant funding from various levels of government. ACT Alberta's ability to continue viable operations is dependent upon these funding sources.
