

**ACTION COALITION ON HUMAN
TRAFFICKING ALBERTA**

Financial Statements

For The Year Ended March 31, 2020

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, 2020, 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 as at March 31, 2020, 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 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 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 those 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 organization or to cease operations, or has no realistic alternative but to do so.

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

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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 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 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
July 15, 2020

ACTION COALITION ON HUMAN TRAFFICKING ALBERTA**Statement of Financial Position****As at March 31, 2020**

	2020	2019
ASSETS		
CURRENT		
Cash and cash equivalents (<i>Note 2</i>)	\$ 222,115	\$ 510,564
Accounts receivable	2,258	23,301
Goods and Services Tax recoverable	3,838	4,329
Prepaid expenses	3,089	5,066
	<u>\$ 231,300</u>	<u>\$ 543,260</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 22,737	\$ 32,236
Deferred contributions (<i>Note 3</i>)	74,707	397,282
	<u>97,444</u>	<u>429,518</u>
NET ASSETS		
Unrestricted net assets	73,675	53,561
Internally restricted net assets (<i>Note 4</i>)	60,181	60,181
	<u>133,856</u>	<u>113,742</u>
	<u>\$ 231,300</u>	<u>\$ 543,260</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, 2020

	General	Edmonton Community Foundation	Federal Minister of Justice and Attorney General of Canada	Provincial Minister of Community and Social Services	Provincial Minister of Justice and Solicitor General	Provincial Status of Women Alberta	Provincial Alberta Community and Social Services	Provincial Alberta Culture and Tourism	Municipal City of Calgary	2020	2019
REVENUE											
Grants (Note 3)	\$ 3,695	\$ 6,000	\$ 63,870	\$ 150,000	\$ 150,000	\$ 80,883	\$ 151,008	\$ 3,058	\$ 25,000	\$ 633,514	\$ 704,366
Donations	67,256	-	-	-	-	-	-	-	-	67,256	11,099
Fundraising and promotion	6,936	-	-	-	-	-	-	-	-	6,936	12,285
Interest income	410	-	-	-	-	-	-	-	-	410	497
	78,297	6,000	63,870	150,000	150,000	80,883	151,008	3,058	25,000	708,116	728,247
EXPENSES											
Salaries, wages and benefits	4,335	1,100	46,750	122,473	113,094	62,395	119,766	3,058	23,000	495,971	518,692
Rent and facility expenses	5,724	150	2,500	7,000	7,800	-	10,083	-	-	33,257	41,949
Travel	773	200	1,423	3,926	9,007	6,062	2,757	-	-	24,148	22,323
Contracted services	633	-	8,273	6,301	-	-	7,806	-	-	23,013	32,726
Office	5,684	50	833	3,859	3,999	3,875	3,392	-	-	21,692	19,304
Victim assistance	20,923	-	416	-	-	-	-	-	-	21,339	3,187
Education	1,817	4,200	918	1,178	2,643	5,369	1,594	-	2,000	19,719	24,557
Training and development	789	-	500	980	6,433	132	1,500	-	-	10,334	15,234
Professional fees	8,851	100	-	15	375	-	275	-	-	9,616	14,224
Promotions	3,427	-	-	1,591	2,285	1,248	737	-	-	9,288	17,121
Accounting	1,486	-	1,424	2,178	1,923	-	1,214	-	-	8,225	6,906
Telephone	1,796	100	625	499	1,813	1,500	1,331	-	-	7,664	9,373
Insurance	1,750	100	208	-	420	-	-	-	-	2,478	1,951
Bank charges	195	-	-	-	-	-	538	-	-	733	869
Volunteer appreciation	-	-	-	-	208	302	15	-	-	525	1,770
	58,183	6,000	63,870	150,000	150,000	80,883	151,008	3,058	25,000	688,002	730,186
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	\$ 20,114	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 20,114	\$ (1,939)

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, 2020**

	Unrestricted		Internally Restricted Net Assets			
	Net Assets		(Note 4)		2020	2019
NET ASSETS - BEGINNING OF YEAR	\$	53,561	\$	60,181	\$ 113,742	\$ 115,681
Excess (deficiency) of revenue over expenses		20,114		-	20,114	(1,939)
NET ASSETS - END OF YEAR	\$	73,675	\$	60,181	\$ 133,856	\$ 113,742

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, 2020**

	2020	2019
OPERATING ACTIVITY		
Excess (deficiency) of revenue over expenses	\$ 20,114	\$ (1,939)
Changes in non-cash working capital:		
Accounts receivable	21,043	(8,354)
Goods and Services Tax recoverable	491	(887)
Prepaid expenses	1,977	(843)
Accounts payable and accrued liabilities	(9,499)	1,872
Deferred contributions	(322,575)	10,811
INCREASE (DECREASE) IN CASH FLOW	(288,449)	660
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	510,564	509,904
CASH AND CASH EQUIVALENTS - END OF YEAR (Note 2)	\$ 222,115	\$ 510,564

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, 2020

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.

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.

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 one year or less at acquisition and are held for the purpose of meeting short-term cash commitments rather than for investing.

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ACTION COALITION ON HUMAN TRAFFICKING ALBERTA

Notes to Financial Statements

For the Year Ended March 31, 2020

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

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>2020</u>	<u>2019</u>
Operating bank account	\$ 184,340	\$ 473,001
Guaranteed Investment Certificates	<u>37,775</u>	<u>37,563</u>
	<u>\$ 222,115</u>	<u>\$ 510,564</u>

The Guaranteed Investment Certificates bear interest at 1% and mature on April 22 and June 2, 2020.

ACTION COALITION ON HUMAN TRAFFICKING ALBERTA

Notes to Financial Statements

For the Year Ended March 31, 2020

3. 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:

	2020	2019
Balance, Beginning of Year	\$ 397,282	\$ 386,471
Add: Externally Restricted Grants Received:		
Provincial - Minister of Justice and Solicitor General	150,000	150,000
Federal - Minister of Justice and Attorney General of Canada	63,870	149,477
Edmonton Community Foundation	56,000	-
City of Calgary	25,000	13,000
Other	16,069	-
Provincial - Alberta Community and Social Services	-	153,000
Provincial - Minister of Community and Social Services	-	150,000
Provincial - Status of Women Alberta	-	94,700
Federal - Status of Women Canada	-	5,000
Less: Grants Recognized as Revenue	(633,514)	(704,366)
Balance, End of Year	\$ 74,707	\$ 397,282

Deferred contributions are comprised entirely of grants as at March 31, 2020 and 2019.

4. 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.

5. CONTRACTUAL OBLIGATIONS

ACT Alberta leases its office space under an agreement expiring May 31, 2022. The lease provides for annual base rent of approximately \$35,000 including Goods and Services Tax and a proportionate share of occupancy costs.

6. 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.

ACTION COALITION ON HUMAN TRAFFICKING ALBERTA

Notes to Financial Statements

For the Year Ended March 31, 2020

7. FINANCIAL INSTRUMENTS

ACT Alberta is not exposed to significant credit, currency or other price risk through its financial instruments. The following analysis provides information about ACT Alberta's risk exposure and concentration as of March 31, 2020.

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.

8. SUBSEQUENT EVENTS

On March 11, 2020, the COVID-19 outbreak was declared a global pandemic by the World Health Organization and on March 17, 2020 the Province of Alberta declared a public health emergency. Many businesses and individuals in a vast array of sectors may experience an economic loss due to COVID-19 which may have a financial effect on ACT Alberta. An estimate of the potential financial impact cannot be made at this time.
