

THE VENTURERS SOCIETY OF CALGARY

Financial Statements

Year Ended March 31, 2021

INDEPENDENT AUDITOR'S REPORT

To the Members of The Venturers Society of Calgary

Qualified Opinion

We have audited the financial statements of The Venturers Society of Calgary (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 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 the Society as at March 31, 2021, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Society derives revenue from fundraising activities the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Society. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising revenue, excess of revenues over expenses, and cash flows from operations for the year ended March 31, 2021, current assets and net assets as at March 31, 2021.

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 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 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.

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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 planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Adams MacFarlane

Calgary, Alberta
July 6, 2021

Chartered Professional Accountants

THE VENTURERS SOCIETY OF CALGARY

Statement of Financial Position

March 31, 2021

	2021	2020
Assets		
Current		
Cash	\$ 140,635	\$ 87,872
Term deposits (Note 3)	298,688	294,732
Accounts receivable	18,502	25,012
Goods and services tax recoverable	6,245	6,498
Prepaid expenses	3,126	2,563
	<u>467,196</u>	<u>416,677</u>
Property and equipment (Note 4)	<u>112,353</u>	<u>114,187</u>
	<u>\$ 579,549</u>	<u>\$ 530,864</u>
Liabilities and Net Assets		
Current		
Accounts payable and accrued liabilities	\$ 16,162	\$ 8,912
Deferred income	-	1,000
Program fees payable (Note 8)	31,407	29,090
	<u>47,569</u>	<u>39,002</u>
Unamortized deferred capital contributions (Note 5)	<u>3,660</u>	<u>4,580</u>
	<u>51,229</u>	<u>43,582</u>
Net assets	<u>528,320</u>	<u>487,282</u>
	<u>\$ 579,549</u>	<u>\$ 530,864</u>

ON BEHALF OF THE BOARD

Doug Kielan Director

Ed Quiring Director

See notes to financial statements

THE VENTURERS SOCIETY OF CALGARY

Statement of Operations Year Ended March 31, 2021

	2021	2020
Revenues		
Program fees	\$ 795,277	\$ 832,869
Maintenance fees, product sales and other	142,997	144,568
Donations and interest	32,349	29,940
Earned capital contribution	920	1,140
	<u>971,543</u>	<u>1,008,517</u>
Expenses		
Salaries and wages	<u>663,871</u>	<u>684,637</u>
	<u>663,871</u>	<u>684,637</u>
Direct client costs		
Vehicle	94,129	84,798
Recreation and client development	62,284	82,270
Amortization	38,423	23,924
Materials and supplies	17,698	33,925
Client liability insurance	4,656	4,024
Memberships	1,395	-
	<u>218,585</u>	<u>228,941</u>
Facility costs		
Repairs and maintenance	7,945	1,955
Utilities	6,780	6,780
Rent	6,000	6,000
Insurance	1,515	1,458
	<u>22,240</u>	<u>16,193</u>
Administration		
Professional fees	13,070	8,889
Telephone	7,511	8,172
Office supplies and expense	3,735	4,622
Staff training	770	6,980
Program advertising	573	1,020
Travel	150	1,154
Volunteer appreciation	-	936
	<u>25,809</u>	<u>31,773</u>
Grant payback	<u>-</u>	<u>29,090</u>
	<u>930,505</u>	<u>990,634</u>
Excess of revenues over expenses from operations	41,038	17,883
Other income		
Loss on disposal of assets	<u>-</u>	<u>(2,154)</u>
Excess of revenues over expenses	\$ 41,038	\$ 15,729

See notes to financial statements

THE VENTURERS SOCIETY OF CALGARY

Statement of Changes in Net Assets

Year Ended March 31, 2021

	2021	2020
Net assets - beginning of year	\$ 487,282	\$ 471,553
Excess of revenues over expenses	41,038	15,729
Net assets - end of year	\$ 528,320	\$ 487,282

See notes to financial statements

THE VENTURERS SOCIETY OF CALGARY

Statement of Cash Flows Year Ended March 31, 2021

	2021	2020
Operating activities		
Excess of revenues over expenses	\$ 41,038	\$ 15,729
Items not affecting cash:		
Amortization of property and equipment	38,423	23,924
Earned capital contribution	(920)	(1,140)
Loss on disposal of property and equipment	-	2,154
	<u>78,541</u>	<u>40,667</u>
Changes in non-cash working capital:		
Accounts receivable	6,510	49,093
Accounts payable and accrued liabilities	7,250	(4,300)
Deferred income	(1,000)	(101,678)
Prepaid expenses	(563)	(19)
Goods and services tax payable	253	(4,863)
Program fees payable	2,317	29,090
	<u>14,767</u>	<u>(32,677)</u>
Cash flow from operating activities	<u>93,308</u>	<u>7,990</u>
Investing activities		
Purchase of property and equipment	(36,589)	(112,577)
Proceeds on disposal of property and equipment	-	7,000
Cash flow used by investing activities	<u>(36,589)</u>	<u>(105,577)</u>
Increase (decrease) in cash flow	<u>56,719</u>	<u>(97,587)</u>
Cash - beginning of year	<u>382,604</u>	<u>480,191</u>
Cash - end of year	<u>\$ 439,323</u>	<u>\$ 382,604</u>
Cash consists of:		
Cash	\$ 140,635	\$ 87,872
Term deposits	<u>298,688</u>	<u>294,732</u>
	<u>\$ 439,323</u>	<u>\$ 382,604</u>

See notes to financial statements

THE VENTURERS SOCIETY OF CALGARY

Notes to Financial Statements

Year Ended March 31, 2021

1. PURPOSE OF THE SOCIETY

The Venturers Society of Calgary (the "Society") is a not-for-profit organization incorporated provincially under the Societies Act of Alberta on March 21, 1995. As a registered charity the Society is exempt from the payment of income tax under Section 149(1) of the Income Tax Act.

The Society operates for the purpose of providing life skills, vocational training and employment opportunities to individuals with recognized mental handicaps or impairments such as brain injury.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

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

Revenue recognition

The Venturers Society of Calgary follows the deferral method of accounting for contributions.

Restricted contributions are recognized as revenue in 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.

Externally restricted non-capital contributions are recorded as deferred contributions and recognized as revenue in the periods which the related expenses are incurred. Externally restricted amounts can only be used for the purposes designated by external parties.

Externally restricted capital contributions are recorded as deferred contributions until the amount is invested in capital assets. Contributions for capital assets that will be amortized are transferred to unamortized deferred capital contributions in the period the asset is acquired. Capital donations of assets that would otherwise be purchased are accounted for as externally restricted capital contributions, at fair value when fair value can be reasonably estimated.

Unamortized deferred capital contributions are recognized as revenue in the periods in which the related capital assets are amortized. The related portion of amortization expense and the earned capital contributions revenue are matched to indicate how the related amortization expense has been funded. Unamortized deferred capital contributions relating to capital assets disposed of are recognized as revenue in the period of disposal, providing that all restrictions have been complied with.

Program fees are recognized as revenue when the service is performed.

Fundraising and investment earnings are recorded as revenue when earned.

Property and equipment

Property and equipment is stated at cost or deemed cost less accumulated amortization. Property and equipment is amortized over its estimated useful life on a declining balance basis at the following rates and methods:

Equipment	20%	declining balance method
Vehicles	30%	declining balance method
Leasehold improvements	8 years	straight-line method

The Society regularly reviews its property and equipment to eliminate obsolete items.

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THE VENTURERS SOCIETY OF CALGARY

Notes to Financial Statements

Year Ended March 31, 2021

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

Donation in kind

Significant contributions in kind relating to equipment and materials or supplies are recorded at the estimated fair market value of such contributions as received. During the year \$24,780 (2020 - \$24,780) in donations in kind were received.

Contributed services

The operations of the Society depend on both the contribution of time by volunteers and donated materials from various sources. The fair value of donated materials and services cannot be reasonably determined and are therefore not reflected in these financial statements.

Measurement uncertainty

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, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

The amounts recorded for amortization and impairment of property and equipment and related amounts for unamortized deferred capital contributions depend on estimates of the economic lives and future cash flow. The provision for future site restoration costs also depends on estimates of such costs. Actual results could differ from those estimates.

Cash and cash equivalents

Cash consists of bank balances and term certificates with maturities or redemption privileges of three months or less.

Financial instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

Financial assets subsequently measured at amortized cost include cash, term deposits and accounts receivable.

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

3. TERM DEPOSITS

The term deposits bear interest at rates from 0.45% to 1.00% and mature at varying dates up to June 16, 2022.

THE VENTURERS SOCIETY OF CALGARY

Notes to Financial Statements

Year Ended March 31, 2021

4. PROPERTY AND EQUIPMENT

	Cost	Accumulated amortization	2021 Net book value	2020 Net book value
Equipment	\$ 106,629	\$ 92,061	\$ 14,568	\$ 9,219
Vehicles	229,827	132,042	97,785	104,968
Leasehold improvements	12,756	12,756	-	-
	<u>\$ 349,212</u>	<u>\$ 236,859</u>	<u>\$ 112,353</u>	<u>\$ 114,187</u>

5. UNAMORTIZED DEFERRED CAPITAL CONTRIBUTIONS

	2021	2020
Balance, beginning of year	\$ 4,580	\$ 5,720
Earned capital contribution	(920)	(1,140)
Balance, end of year	<u>\$ 3,660</u>	<u>\$ 4,580</u>

6. Deferred revenue

	2021	2020
Balance, beginning of year	\$ 1,000	\$ 102,678
Deferred contributions received	-	1,000
Transferred to revenue	(1,000)	(102,678)
Balance, end of year	<u>\$ -</u>	<u>\$ 1,000</u>

7. LEASE COMMITMENTS

The Society rents premises for its client activities under a long-term lease, which was renewed on November 8, 2017 for a 5 year term, the annual rent for which approximates \$1.

8. CONTINGENT LIABILITY

Under the terms of the funding agreement with Alberta Community and Social Services any unspent contract funds are refundable to PDD Calgary pursuant to their review of the Society's financial reporting. Accordingly, the contract funding may be amended through negotiation between PDD Calgary and the Society after the end of the contract term.

9. ECONOMIC DEPENDENCE

The Society provides services to individuals with developmental disabilities. Substantially all revenue is earned under annual renewable contracts with PDD Calgary.

THE VENTURERS SOCIETY OF CALGARY

Notes to Financial Statements

Year Ended March 31, 2021

10. FINANCIAL INSTRUMENTS

The Society is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Society's risk exposure and concentration as of March 31, 2021.

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Society is exposed to credit risk from government which carries a low risk of default and other invoices are material in amount.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Society is exposed to this risk mainly in respect of its receipt of funds from government and accounts payable.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency rate risk, interest rate risk and other price risk. The Society is not exposed to any of the market risks.

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