

**THE PREP SOCIETY FOR INDIVIDUALS
WITH DOWN SYNDROME**

Financial Statements

Year Ended August 31, 2024

THE PREP SOCIETY FOR INDIVIDUALS WITH DOWN SYNDROME

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Year Ended August 31, 2024

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INDEPENDENT AUDITOR'S REPORT

To the Members of The PREP Society for Individuals with Down syndrome

Opinion

We have audited the financial statements of The PREP Society for Individuals with Down syndrome (PREP), which comprise the statement of financial position as at August 31, 2024, and the statements of operations and 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 PREP as at August 31, 2024, 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 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 PREP 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 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 PREP'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 PREP or to cease operations, or has no realistic alternative but to do so.

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

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:

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Independent Auditor's Report to the Members of The PREP Society for Individuals with Down syndrome
(continued)

- 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 PREP'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 PREP'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 PREP 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.

November 14, 2024

Chartered Professional Accountants

THE PREP SOCIETY FOR INDIVIDUALS WITH DOWN SYNDROME

Statement of Financial Position

August 31, 2024

	2024	2023
ASSETS		
CURRENT		
Cash and cash equivalent	\$ 1,056,313	\$ 1,328,362
Cash and cash equivalent - AGLC restricted	115,044	67,915
Accounts receivable	115,110	47,218
Investments (Note 5)	127,813	117,705
Goods and services tax recoverable	9,068	4,169
	1,423,348	1,565,369
PROPERTY AND EQUIPMENT (Note 4)	287,395	304,854
	\$ 1,710,743	\$ 1,870,223
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable	\$ 50,286	\$ 83,147
CEBA Loan (Note 6)	-	60,000
Deferred revenue (Note 7)	9,825	9,375
	60,111	152,522
DEFERRED CONTRIBUTIONS (Note 8)	716,523	715,382
	776,634	867,904
NET ASSETS		
Internally restricted - specific (Note 9)	406,860	406,860
Internally restricted - property & equipment (Note 4)	287,395	304,854
Unrestricted	239,854	290,605
	934,109	1,002,319
	\$ 1,710,743	\$ 1,870,223

LEASE COMMITMENTS (Note 10)

ON BEHALF OF THE BOARD

_____ Director

_____ Director

THE PREP SOCIETY FOR INDIVIDUALS WITH DOWN SYNDROME
Statement of Operations and Changes in Net Assets
Year Ended August 31, 2024

	2024	2023
REVENUES		
Government fees and grants	\$ 1,409,552	\$ 1,221,893
Donations	402,691	336,155
Fee for service	219,595	194,590
Society fees	11,250	8,700
Fundraisers	199,965	182,290
Investments and other income	43,869	26,349
CEBA loan forgiveness (<i>Note 6</i>)	20,000	-
	<u>2,306,922</u>	<u>1,969,977</u>
EXPENSES		
Amortization	17,459	4,739
Program (<i>Note 12</i>)	1,634,595	1,238,223
Administration (<i>Note 11</i>)	587,668	484,149
Operations and maintenance	80,706	86,398
Fundraisers	54,704	34,863
	<u>2,375,132</u>	<u>1,848,372</u>
NET EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	(68,210)	121,605
NET ASSETS - BEGINNING OF YEAR	<u>1,002,319</u>	<u>880,714</u>
NET ASSETS - END OF YEAR	\$ 934,109	\$ 1,002,319

THE PREP SOCIETY FOR INDIVIDUALS WITH DOWN SYNDROME

**Statement of Cash Flows
Year Ended August 31, 2024**

	2024	2023
OPERATING ACTIVITIES		
Excess (deficiency) of revenues over expenses	\$ (68,210)	\$ 121,605
Items not affecting cash:		
Amortization of property and equipment	17,459	4,739
Government wage subsidy grants	(20,000)	-
	<u>(70,751)</u>	<u>126,344</u>
Changes in non-cash working capital:		
Accounts receivable	(67,892)	(30,623)
Accounts payable	(32,860)	25,479
Deferred revenue	450	2,400
Goods and services tax payable	(4,899)	90
AGLC - Contributions	47,129	36,177
Deferred contributions	(45,989)	257,070
	<u>(104,061)</u>	<u>290,593</u>
Cash flow from (used by) operating activities	<u>(174,812)</u>	<u>416,937</u>
INVESTING ACTIVITIES		
Purchase of property and equipment	-	(127,201)
Purchase of GIC	(10,108)	182,295
Cash flow from (used by) investing activities	<u>(10,108)</u>	<u>55,094</u>
FINANCING ACTIVITY		
CEBA Loan	(40,000)	-
Cash flow from (used by) financing activity	<u>(40,000)</u>	<u>-</u>
INCREASE (DECREASE) IN CASH FLOW	(224,920)	472,031
Cash and cash equivalents - beginning of year	<u>1,396,277</u>	<u>924,246</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 1,171,357	\$ 1,396,277
CASH AND CASH EQUIVALENTS CONSIST OF:		
Cash - operating	\$ 261,895	\$ 492,895
Cash - AGLC restricted	115,044	67,915
Cashable GIC's	192,939	188,000
Cash - Internally restricted for deferred contributions (Note 8)	601,479	647,467
	<u>\$ 1,171,357</u>	<u>\$ 1,396,277</u>

THE PREP SOCIETY FOR INDIVIDUALS WITH DOWN SYNDROME

Notes to Financial Statements

Year Ended August 31, 2024

1. NATURE OF OPERATIONS

PREP is a resource centre dedicated to the inclusion of individuals with Down syndrome in home, school and community life.

PREP is incorporated under the provisions of The Societies' Act of the Province of Alberta. The Society is also registered as a charitable organization authorized to issue donation receipts for income tax purposes under the Income Tax Act and accordingly is exempt from income taxes.

The majority of funding for programs is secured under contracts with government departments, community agencies and donors. The continued operation of the organization is dependent on support from those interested.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements were prepared on the going concern basis in accordance with Canadian Accounting Standards for Not-for-Profit Organizations (ASNPO).

Cash and cash equivalents

Cash and cash equivalents and restricted cash consist primarily of bank accounts and deposits with an original maturity date of purchase of ninety days or less or cashable. The carrying amounts approximate fair value because they have maturities at the date of purchase of less than ninety days.

Financial instruments

PREP initially measures its financial instruments at fair value. In subsequent periods, financial assets with actively traded markets are reported at fair value (see investments), with any unrealized gains and losses reported in operations. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date.

The financial assets subsequently measured at amortized cost include cash and cash equivalents, accounts receivable, goods and services tax recoverable and restricted cash. The financial liabilities measured at amortized cost include accounts payable and accrued liabilities and CEBA loan.

Investments

Investments for which there are quoted prices in an active market are carried at fair value. Unrealized gains or losses are reported as part of net income. Investments for which there is not an active market are carried at amortized cost except when it is established that their value is impaired. Impairment losses, or reversal of previously recognized impairment losses, are reported as part of net income. Investments are comprised of guaranteed investment certificates (see Note 5) and are recorded at amortized cost.

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THE PREP SOCIETY FOR INDIVIDUALS WITH DOWN SYNDROME

Notes to Financial Statements

Year Ended August 31, 2024

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

Property and equipment

Property and equipment are initially recorded at cost. Donated property and equipment are recorded at fair value on the date of contribution. Amortization of property and equipment is reported in the statement of operations and is provided over their estimated useful lives of the assets at the following rates and methods:

Buildings	10 years	straight-line method
Furniture and fixtures	5 years	straight-line method
Computer equipment	2 years	straight-line method

PREP regularly reviews its property and equipment to eliminate obsolete items.

Impairment of Long Lived Assets

PREP tests for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Recoverability is assessed by comparing the carrying amount to the projected future net cash flows the long-lived assets are expected to generate through their direct use and eventual disposition. When a test for impairment indicates that the carrying amount of an asset is not recoverable, an impairment loss is recognized to the extent the carrying value exceeds its fair value.

Revenue Recognition

PREP uses 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. Endowment contributions are recognized as direct increases in the Endowment Fund balance.

Deferred contributions related to property and equipment represent the unamortized portion of property and equipment and restricted contributions that were used to purchase the related asset, as revenue is deferred to periods when the related property and equipment are amortized.

Pledges are recognized as revenue when the amount to be received can be reasonably estimated and ultimate collection is reasonably assured.

Donations in-kind are recorded at fair value where fair value can be reasonably determined and PREP would have purchased the items otherwise.

Program, service and fee revenue are recognized when the related service is provided.

Investment and other income includes interest income and realized and unrealized investment gains and losses, and other ancillary revenues which are recognized as revenue when earned.

Contributed Services

Volunteers contribute substantial hours each year to assist in fundraising and service delivery activities. Because of the difficulty in determining their fair value, these services have not been recognized in the financial statements.

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THE PREP SOCIETY FOR INDIVIDUALS WITH DOWN SYNDROME

Notes to Financial Statements

Year Ended August 31, 2024

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

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. Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of property and equipment. Accrued expenses are made based on expected amounts to be paid in the future for items relating to the current fiscal year. Allocations of salaries and expenses to programs are made based on management's best estimate of hours spent. 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.

3. FINANCIAL INSTRUMENTS

PREP is exposed to various risks through its financial instruments and has a risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the PREP's risk exposure and concentration as of August 31, 2024.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. PREP is exposed to this risk because of the uncertainty in the amount and timing of contributions expected to be received through donations from interested individuals and through fundraisers.

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, PREP manages exposure to the interest rate risk of its cash by maximizing the interest income earned on excess funds while maintaining the liquidity necessary to conduct operations on a day-to-day basis. Fluctuations in market rates of interest on cash do not have a significant impact on PREP's results of operations.

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

4. PROPERTY AND EQUIPMENT

	Cost	Accumulated amortization	2024 Net book value	2023 Net book value
Land	\$ 135,000	\$ -	\$ 135,000	\$ 135,000
Buildings	1,375,969	1,223,574	152,395	169,854
Furniture and fixtures	146,069	146,069	-	-
Computer equipment	37,908	37,908	-	-
	<u>\$ 1,694,946</u>	<u>\$ 1,407,551</u>	<u>\$ 287,395</u>	<u>\$ 304,854</u>

THE PREP SOCIETY FOR INDIVIDUALS WITH DOWN SYNDROME

Notes to Financial Statements

Year Ended August 31, 2024

5. OPERATING LINE OF CREDIT

PREP has negotiated a demand operating line of credit with the Bank of Montreal. The line of credit is for a maximum of \$90,000 and bears interest at prime + 1.0%, additionally PREP has a credit card facility of \$10,000, these are secured by a 2-year, 4.0%, \$127,813 GIC invested at Bank of Montreal. No advances have been received on the operating line of credit during the year and there was no balance owing at August 31, 2024 or 2023, the amount owing on the credit card facility is included in the accounts payable balance.

6. CEBA LOAN

The Canadian Emergency Business Account (CEBA) loan payable bore interest at 0% per annum until January 18, 2024. If the loan was not repaid by January 18, 2024, it was to be converted into a 3-year term loan bearing interest at 5% per annum.

The loan was repaid prior to January 18, 2024 and as a result \$20,000 was forgiven and recognized in revenue for the year.

7. DEFERRED REVENUE

Deferred revenue represents fees received in advance of the delivery of the program and are for Society fees, workshops, and other programs and activities.

THE PREP SOCIETY FOR INDIVIDUALS WITH DOWN SYNDROME

Notes to Financial Statements

Year Ended August 31, 2024

8. DEFERRED CONTRIBUTIONS - EXTERNALLY RESTRICTED FUNDS

	Opening Balance	Restricted Contributions	Matched to Expenditure	Closing Balance
<u>OPERATING</u>				
AGLC Proceeds	\$ 67,915	\$ 93,019	\$ 45,890	\$ 115,044
FSCD	27,997	209,440	215,151	22,286
ECS	500,143	532,435	543,048	489,530
Rotary Club	23,646	-	23,646	-
Let's Talk Hockey	12,500	14,800	12,500	14,800
	<u>632,201</u>	<u>849,694</u>	<u>840,235</u>	<u>641,660</u>
<u>CAPITAL</u>				
CFEP	83,181	-	8,318	74,863
	<u>\$ 715,382</u>	<u>\$ 849,694</u>	<u>\$ 848,553</u>	<u>\$ 716,523</u>

9. INTERNALLY RESTRICTED FUNDS

	Operating Reserve Fund	Capital Reserve Fund	Strategic Initiatives Fund	Total
Opening internally restricted funds	\$ 300,000	\$ 81,860	\$ 25,000	\$ 406,860
Transfer from Future Fund	-	-	-	-
Transfer from Capital Reserve Fund	-	-	-	-
Transfer to unrestricted funds	-	-	-	-
Ending internally restricted funds	<u>\$ 300,000</u>	<u>\$ 81,860</u>	<u>\$ 25,000</u>	<u>\$ 406,860</u>

The Operating Reserve Fund are restricted funds set aside to cover expenses in the event of an emergency or crisis situation, sudden increase in expenses, non-recurring and unplanned expenses, unanticipated losses to program funding.

The Capital Reserve Fund are restricted funds set aside to cover the cost of significant building improvements, maintenance requirements or force majeure of the Woodridge PREP Centre.

The Strategic Initiatives Fund, formally known as the Future Fund, supports the expansion of existing programs and funding of new initiatives.

These funds are established by the Board of Directors and are reviewed regularly for continued relevance.

10. LEASE COMMITMENTS

PREP has entered into a lease with respect to certain office equipment. Future minimum lease payments are as follows:

2025	<u>\$ 3,054</u>
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THE PREP SOCIETY FOR INDIVIDUALS WITH DOWN SYNDROME

Notes to Financial Statements

Year Ended August 31, 2024

11. CHARITABLE FUNDRAISING ACT

All direct costs of fundraising are included in fundraisers expenses. Salaries of \$31,832 (2023: \$24,500) for individuals whose role includes fundraising are included in administration.

12. RELATED PARTY TRANSACTIONS

PREP made purchases of \$1,758 (\$733 in 2023) from a relative of a staff member during the year. These were made in the normal course of operations at mutually agreed upon amounts which reflect market value and are recorded at the exchange amount.

13. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.
