YYC - Youth Centres of Calgary
Financial Statements
October 31, 2022

Management's Responsibility

To the Directors of YYC - Youth Centres of Calgary:

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian accounting standards for not-for-profit organizations. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Board of Directors is composed primarily of Directors who are neither management nor employees of the Organization. The Board is responsible for overseeing financial reporting. The Board fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Board is also responsible for recommending the appointment of the Organization's external auditors.

MNP LLP is appointed by the Board of Directors to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Board and management to discuss their audit findings.

April 3, 2023

To the Members of YYC - Youth Centres of Calgary:

Qualified Opinion

We have audited the financial statements of YYC - Youth Centres of Calgary (the "Organization"), which comprise the statement of financial position as at October 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 the Organization as at October 31, 2022, and its financial performance 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 charitable organizations, the Organization derives revenue from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these contributions was limited to amounts recorded in the records of the Organization. Therefore, we were not able to determine whether any adjustments might be necessary to revenue from donations, excess of revenue over expenses and cash flows from operating activities for the year ended October 31, 2022, current assets at October 31, 2022 and net assets at October 31, 2022.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under Statements section of our report. We are independent of the Organization in accordance with the ethical requirements that are those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial 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 opinion.

Other Matter

The financial statement for the year ended October 31, 2021 were audited by another auditor who expressed a qualified opinion on those statements on February 11, 2022 for the reasons described in the Basis for Qualified opinion paragraph.

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 the Organization’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 Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization’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:

- 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 Organization'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 Organization'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 Organization 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.

Calgary, Alberta

MNP LLP

April 3, 2023

Chartered Professional Accountants

MNP

YYC - Youth Centres of Calgary
Statement of Financial Position
As at October 31, 2022

	2022	*2021*
Assets		
Current		
Cash and cash equivalents	**660,407**	267,163
Restricted cash *(Note 3)*	**52,000**	3,753
Accounts receivable	**-**	120,614
Prepaid expenses	**-**	1,210
Goods and Services Tax recoverable	**1,524**	2,709
	713,931	395,449
Capital assets *(Note 5)*	**19,274**	22,928
	733,205	418,377
Liabilities		
Current		
Accounts payable and accruals *(Note 4)*	**16,541**	11,010
Deferred contributions *(Note 3)*	**52,000**	3,753
	68,541	14,763
Net Assets		
Unrestricted net assets	**645,390**	380,686
Invested in capital assets	**19,274**	22,928
	664,664	403,614
	733,205	418,377

Approved on behalf of the Board

Director

The accompanying notes are an integral part of these financial statements

YYC - Youth Centres of Calgary
Statement of Operations
For the year ended October 31, 2022

	2022	2021
Revenue		
Unrestricted donations	**499,347**	457,755
Restricted donations - food program	**25,200**	28,325
Restricted donations - sports program	**13,753**	18,247
	538,300	504,327
Cost of sales		
Food program	**28,398**	66,613
Sports program	**15,024**	980
Backpack program	**2,836**	7,291
Summer program	**578**	3,134
Homework program	**-**	3,891
	46,836	81,909
Gross profit	**491,464**	422,418
Expenses		
Salaries and benefits	**153,842**	103,816
Rent	**22,800**	22,800
Professional fees	**13,942**	5,456
Internet and website	**11,286**	1,577
General and administrative	**10,884**	3,913
Amortization	**5,687**	5,722
Insurance	**4,179**	4,017
Utilities	**3,172**	3,803
Repairs and maintenance	**2,298**	2,049
Advertising	**1,658**	5,310
Bank charges and interest	**666**	433
	230,414	158,896
Excess of revenue over expenses	**261,050**	263,522

The accompanying notes are an integral part of these financial statements

YYC - Youth Centres of Calgary
Statement of Changes in Net Assets
For the year ended October 31, 2022

	Unrestricted net assets	*Invested in capital assets*	***2022***	*2021*
Net assets, beginning of year	380,686	22,928	**403,614**	140,092
Excess of revenue over expenses	266,737	(5,687)	**261,050**	263,522
Investment in capital assets	(2,033)	2,033	**-**	-
Net assets, end of year	**645,390**	**19,274**	**664,664**	403,614

The accompanying notes are an integral part of these financial statements

YYC - Youth Centres of Calgary
Statement of Cash Flows
For the year ended October 31, 2022

	2022	*2021*
Cash provided by (used for) the following activities		
Operating		
Excess of revenue over expenses	**261,050**	263,522
Amortization	**5,687**	5,722
	266,737	269,244
Changes in working capital accounts		
Accounts receivable	**120,614**	(120,614)
Prepaid expenses	**1,210**	(1,210)
Goods and Services Tax recoverable	**1,185**	(2,709)
Accounts payable and accruals	**5,531**	(19,037)
Deferred contributions	**48,247**	3,753
	443,524	129,427
Investing		
Purchase of capital assets	**(2,033)**	(3,075)
Increase in cash resources	**441,491**	126,352
Cash resources, beginning of year	**270,916**	144,564
Cash resources, end of year	**712,407**	270,916
Cash resources are composed of:		
Cash and cash equivalents	**660,407**	267,163
Restricted cash	**52,000**	3,753
	712,407	270,916

The accompanying notes are an integral part of these financial statements

1. Incorporation and nature of the organization

YYC - Youth Centres of Calgary (the “Organization”) was registered on May 8, 2018, pursuant to the Societies Act of Alberta. As a not-for-profit organization, the income from operations for the Organization is exempt from tax pursuant to paragraph 149(1)(I) of the Income Tax Act (Canada).

The Organization provides after school drop-in activities and mentorship to youth in the southeast Calgary community of Ogden. The Organization is sustained through donations.

2. Significant accounting policies

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

Cash and cash equivalents

Cash includes cash on hand and cash on deposit net of cheques issued and outstanding at the reporting date. Cash subject to restrictions that prevent its use for current purposes is included in restricted cash.

Capital assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution plus all costs directly attributable to the acquisition.

Amortization is provided using methods and rates intended to amortize the cost of assets over their estimated useful lives.

	Method	**Rate**
Furniture and equipment	declining balance	20 %
Leasehold improvements	straight-line	5 years

Revenue recognition

The Organization follows the deferral method of accounting for contributions, wherein 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.

Contributed materials and services

Contributions of materials are recognized both as contributions and expenses in the statement of operations when a fair value can be reasonably estimated and when the materials are used in the normal course of the Organization's operations and would otherwise have been purchased.

Volunteers contribute a significant amount of their time each year and because of the difficulty in determining their fair value, contributed services are not recognized in the 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 amounts 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 reporting 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.

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 capital assets.

The COVID-19 pandemic continues to cause significant financial market and social disruption, The situation is dynamic with various levels of government around the world responding in different ways to address the outbreak. The Organization continues to monitor its operations and assess the impacts COVID-19 will have on its business activities.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in excess of revenues over expenses in the period in which they become known.

2. Significant accounting policies *(Continued from previous page)*

Financial instruments

The Organization recognizes financial instruments when the Organization becomes party to the contractual provisions of the financial instrument.

Arm's length financial instruments

Financial instruments originated/acquired or issued/assumed in an arm’s length transaction (“arm’s length financial instruments”) are initially recorded at their fair value.

At initial recognition, the Organization may irrevocably elect to subsequently measure any arm’s length financial instrument at fair value. The Organization has not made such an election during the year.

Investments in equity instruments not quoted in an active market are subsequently measured at cost less impairment. All other financial assets and liabilities are subsequently measured at amortized cost.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in excess of revenue over expenses. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

Related party financial instruments

The Organization measures related party financial instruments at cost on initial recognition. When the financial instrument has repayment terms, cost is determined using the undiscounted cash flows, excluding interest, dividend, variable and contingent payments, less any impairment losses previously recognized by the transferor. When the financial instrument does not have repayment terms, but the consideration transferred has repayment terms, cost is determined based on the repayment terms of the consideration transferred. When the financial instrument and the consideration transferred both do not have repayment terms, the cost is equal to the carrying or exchange amount of the consideration transferred or received.

Financial instruments that were initially measured at cost are subsequently measured using the cost method less any reduction for impairment.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of related party financial instruments are immediately recognized in excess of revenue over expenses.

2. Significant accounting policies *(Continued from previous page)*

Financial asset impairment

The Organization assesses impairment of all its financial assets measured at cost or amortized cost. The Organization groups assets for impairment testing when there are numerous assets affected by the same factors. When there is an indication of impairment, the Organization determines whether it has resulted in a significant adverse change in the expected timing or amount of future cash flows during the year.

With the exception of related party debt instruments and related party equity instruments initially measured at cost, the Organization reduces the carrying amount of any impaired financial assets to the highest of: the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets at the statement of financial position date; and the amount expected to be realized by exercising any rights to collateral held against those assets.

For related party debt instruments initially measured at cost, the Organization reduces the carrying amount of the asset (or group of assets), to the highest of: the undiscounted cash flows expected to be generated by holding the asset, or group of similar assets, excluding the interest and dividend payments of the instrument; the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets at the statement of financial position date; and the amount expected to be realized by exercising any rights to collateral held against those assets.

For related party equity instruments initially measured at cost, the Organization reduces the carrying amount of the asset (or group of assets), to the amount that could be realized by selling the asset(s) at the statement of financial position date.

Any impairment, which is not considered temporary, is included in current year excess of revenue over expenses.

The Organization reverses impairment losses on financial assets when there is a decrease in impairment and the decrease can be objectively related to an event occurring after the impairment loss was recognized. The amount of the reversal is recognized in excess of revenue over expenses in the year the reversal occurs.

3. Deferred contributions

Deferred contributions consist of unspent contributions externally restricted for the delivery of youth service programs. Recognition of these amounts as revenue is deferred to periods when the specified expenditures are made. Changes in the deferred contribution balance are as follows:

	2022	*2021*
Balance, beginning of year	**3,753**	-
Amount received during the year	**52,000**	50,325
Less: Amount recognized as revenue during the year	**(3,753)**	(46,572)
Balance, end of year	**52,000**	3,753

4. Accounts payable and accruals

Included in accounts payable and accruals are source deductions payable of $nil (2021 - $3,139).

5. Capital assets

	Cost	***Accumulated amortization***	***2022 Net book value***	*2021 Net book value*
Furniture and equipment	**19,767**	**7,975**	**11,792**	12,453
Leasehold improvements	**14,965**	**7,483**	**7,482**	10,475
	34,732	**15,458**	**19,274**	22,928

6. Related party transactions

Included in revenue for the current year are donations of $nil (2021 - $25,000) from the Executive Director. Included in expenses for the current year is rent of $22,800 (2021 - $22,800) for property leased from the Organization's Executive Director.

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

7. Commitments

The Organization is committed to lease payments for office space with minimum annual lease payments as follows:

2023	15,200

8. Financial instruments

The Organization, as part of its operations, carries a number of financial instruments. It is management's opinion that the Organization is not exposed to significant interest rate, currency, credit, liquidity or other price risks arising from these financial instruments except as otherwise disclosed.

Credit concentration

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Organization's main credit risk relates to its cash. The Organization is exposed to concentration risk on its cash in that all of its cash is held with one financial institution. To minimize the credit risk the Organization places cash with a chartered bank of Canada.

9. Comparative figures

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