

Financial Statement of

**CEREBRAL PALSY ASSOCIATION  
IN ALBERTA**

And Independent Auditors' Report thereon

Year ended January 31, 2022



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## INDEPENDENT AUDITORS' REPORT

To the Directors of Cerebral Palsy Association in Alberta

### ***Opinion***

We have audited the financial statements of Cerebral Palsy Association in Alberta (the Association), which comprise:

- the statement of financial position as at January 31, 2022;
- the statement of operations for the year then ended;
- the statement of changes in net assets for the year then ended;
- the statement of cash flows for the year then ended;
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the “financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Association as at January 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 Opinion***

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 auditors’ report.



We are independent of the Association 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 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 the Association'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 Association or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Association'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 the 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 Association'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 Association'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 Association 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.
- 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.

*KPMG LLP*

Chartered Professional Accountants

Calgary, Canada

May 19, 2022

# CEREBRAL PALSY ASSOCIATION IN ALBERTA

## Statement of Financial Position

January 31, 2022, with comparative information for 2021

	2022	2021
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 2,074,472	\$ 1,655,375
Short term investment	275,353	-
Accounts receivable	116,793	236,603
Goods and services tax receivable (note 3)	14,175	6,113
Prepaid expenses	22,148	21,764
	<u>2,502,941</u>	<u>1,919,855</u>
Property and equipment (note 4)	2,436,484	2,533,791
	<u>\$4,939,425</u>	<u>\$ 4,453,646</u>

## Liabilities and Net Assets

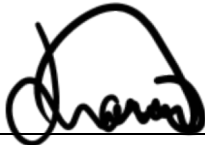
Current liabilities:		
Accounts payable and accrued liabilities	\$ 139,200	\$ 198,613
Deferred contributions related to operations (note 5)	54,586	253,038
Current portion of mortgage payable (note 7)	30,960	30,960
	<u>224,746</u>	<u>482,611</u>
Deferred contributions related to property and equipment (note 6)	416,647	207,030
Long-term portion of mortgages payable (note 7)	415,378	446,336
	<u>1,056,771</u>	<u>1,135,977</u>
Net assets:		
Invested in property and equipment	1,573,499	1,849,465
Internally restricted (note 10)	300,000	300,000
Unrestricted	2,009,155	1,168,204
	<u>3,882,654</u>	<u>3,317,669</u>

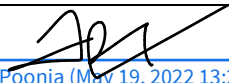
Commitments (note 8)

	<u>\$ 4,939,425</u>	<u>\$ 4,453,646</u>
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See accompanying notes to the financial statements

Approved by the Board:

  
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Director

  
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Faizel Poonja (May 19, 2022 13:29 MDT)

Director

# CEREBRAL PALSY ASSOCIATION IN ALBERTA

## Statement of Operations

Year ended January 31, 2022, with comparative information for 2021

	2022	2021
<b>Revenue:</b>		
Clothing donations	\$ 1,722,911	\$ 1,210,268
Donations (note 9)	114,228	95,347
Grants	740,266	931,219
Fundraising events	112,374	92,964
Rental income – office	36,900	39,900
Other	11,925	1,519
Management Services	13,555	13,746
Program fees	64,871	27,440
Casino revenue	17,776	59,696
Interest (note 11)	43,402	47,507
Recognition of deferred contributions related to property and equipment (note 6)	15,383	23,609
Vacation Villa – rental income	2,925	771
	<b>2,896,516</b>	<b>2,543,986</b>
<b>Expenses:</b>		
Salaries and benefits (note 12)	1,487,223	1,629,366
Product costs – clothing donations	205,682	170,539
Office facilities	63,170	162,065
Program direct costs	82,760	66,506
Donation to qualified donee	40,939	42,556
Telephone	44,963	47,563
Fundraising	55,473	32,833
Repairs and maintenance	73,425	54,443
Lease	27,935	24,968
Bank charges	23,933	20,658
Vehicle	65,308	47,235
Travel and meetings	10,706	4,593
Insurance	38,344	30,217
Contractors	22,140	31,365
Professional fees	72,070	48,307
License and fees	11,462	10,158
Office supplies	60,803	48,154
Advertising and promotion	2,271	5,737
Postage	3,205	2,787
	<b>2,391,812</b>	<b>2,480,050</b>
Excess of revenue over expenses before amortization and gain on disposal	504,704	63,936
Amortization	(80,438)	(95,691)
Gain (loss) on disposal of property and equipment	58,332	(13,217)
Impairment on property and equipment	(9,517)	-
Government assistance (note 14)	91,904	573,216
<b>Excess of revenue over expenses</b>	<b>\$ 564,985</b>	<b>\$ 528,244</b>

See accompanying notes to the financial statements

# CEREBRAL PALSY ASSOCIATION IN ALBERTA

## Statement of Changes in Net Assets

Year ended January 31, 2022, with comparative information for 2021

	Invested in property and equipment	Internally restricted	Unrestricted	2022	2021
Balance, beginning of year	\$ 1,849,465	\$ 300,000	\$ 1,168,204	\$ 3,317,669	\$ 2,789,425
Excess of revenue over expenses	-	-	564,985	564,985	528,244
Amortization	(80,438)	-	80,438	-	-
Gain on sale of property and equipment	58,332	-	(58,332)	-	-
Revenue recognized on deferred Contributions	15,383	-	(15,383)	-	-
Impairment expense	(9,517)	-	9,517	-	-
Purchase of property, plant and equipment	221,500	-	(221,500)	-	-
Proceeds from sale of property and equipment	(287,184)	-	287,184	-	-
Restricted contributions received	(225,000)	-	225,000	-	-
Mortgage repayment	30,958	-	(30,958)	-	-
Internally Restricted Funds (note 10)	-	-	-	-	-
<b>Balance, end of year</b>	<b>\$ 1,573,499</b>	<b>\$ 300,000</b>	<b>\$ 2,009,155</b>	<b>\$ 3,882,654</b>	<b>\$ 3,317,669</b>

See accompanying notes to the financial statements

# CEREBRAL PALSY ASSOCIATION IN ALBERTA

## Statement of Cash Flows

Year ended January 31, 2022, with comparative information for 2021

	2022	2021
Cash provided by (used in):		
Operations:		
Excess of revenue over expenses	\$ 564,985	\$ 528,244
Items not affecting cash:		
Amortization of property and equipment	80,438	95,691
Gain (loss) on disposal of property and equipment	(58,332)	13,217
Impairment expense	9,517	-
Recognition of deferred contributions related to property and equipment	(15,383)	(23,609)
	<u>581,225</u>	<u>613,543</u>
Changes in non-cash working capital:		
Accounts receivable	119,810	(194,412)
Accounts payable and accrued liabilities	(59,411)	31,128
Deferred contributions related to operations	(198,452)	76,191
Goods and services tax receivable	(8,062)	2,690
Prepaid expenses	(384)	(1,470)
	<u>434,726</u>	<u>527,670</u>
Investing:		
Proceeds received from sale of capital assets	287,184	-
Purchase of property and equipment	(221,500)	-
(Purchase) sale of short-term investments	(275,353)	150,076
	<u>(209,669)</u>	<u>150,076</u>
Financing:		
Grants received for capital renovations	225,000	-
Repayment of mortgage payable	(30,960)	(30,960)
	<u>194,040</u>	<u>(30,960)</u>
Increase in cash	<u>419,097</u>	<u>646,786</u>
Cash and cash equivalents, beginning of year	1,655,375	1,008,589
Cash and cash equivalents, end of year	<u>\$ 2,074,472</u>	<u>\$ 1,655,375</u>

See accompanying notes to the financial statements.



# CEREBRAL PALSY ASSOCIATION IN ALBERTA

## Notes to the Financial Statements

Year ended January 31, 2022, with comparative information for 2021

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### 1. Nature of operations:

The Cerebral Palsy Association in Alberta ("CPAA" or "the Association") is a not-for-profit organization incorporated on May 18, 1976 under the Societies Act of Alberta. CPAA is a registered charity and is exempt from income taxes under Section 149(1) of the Income Tax Act. The purpose of the CPAA is to increase awareness of cerebral palsy and to provide assistance to individuals with cerebral palsy and other disabilities.

### 2. Significant accounting policies:

#### (a) Basis of presentation:

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the CPA Canada Handbook, and in management's opinion, have been properly prepared within reasonable limits of materiality and within the framework of the significant accounting policies summarized below:

#### (b) Revenue recognition:

Cerebral Palsy Association in Alberta 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.

Sales revenue from clothing donations is recognized when the goods are provided to the purchaser. Revenue from fundraising events is recognized when the event occurs. Interest revenue is recognized on an accrual basis. Program fees and rental income are recognized when services are rendered.

#### (c) Pledges:

Due to uncertainty related to collection, pledges are recognized when the cash is received and are included in donations revenue.

#### (d) Cash and cash equivalents:

Cash includes cash on hand and in bank accounts. Cash equivalents are short-term liquid investments that are readily convertible to known amounts of cash, with original maturities of three months or less and subject to an insignificant risk of change in value.

# CEREBRAL PALSY ASSOCIATION IN ALBERTA

Notes to the Financial Statements, page 2

Year ended January 31, 2022, with comparative information for 2021

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## 2. Significant accounting policies (continued):

(e) Goods and services tax:

Goods and services tax is recoverable at 50% as a rebate. The unrecoverable portion is recorded as an expense with the rebate treated as a receivable.

(f) Property and equipment:

Property and equipment are recorded at cost. Donated capital assets are measured at deemed cost or fair value at the date of contribution, where such value can be reasonably estimated, with an equal amount recorded as deferred capital contribution. Amortization is provided using the declining balance method at rates sufficient to charge the costs over the estimated useful lives of the assets. The annual rates are as follows:

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Buildings	4%
Vacation villa	4%
Canopies	20%
Collection bins	20%
Furniture and fixtures	20%
Office improvement	10 year Straight-line
Trailers	20%
Elevator	4%

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(g) Donated materials and services:

Donated clothing collections are not recognized in these financial statements because the fair value cannot be reasonably estimated. Donated materials which would otherwise be purchased and for which the fair value is reasonably determinable are recognized as gifts in kind.

Volunteers contributed significant amounts of time to the activities of CPAA without compensation. Because of the difficulty in determining the fair value of the services contributed, there has been no recognition of these services in the financial statements.

(h) Use of estimates:

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations, which requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

Estimates included in the preparation of these financial statements include the estimated useful lives and recoverability of property and equipment and accrued liabilities.

# CEREBRAL PALSY ASSOCIATION IN ALBERTA

Notes to the Financial Statements, page 3

Year ended January 31, 2022, with comparative information for 2021

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## 2. Significant accounting policies (continued):

### (i) Short term investments:

Short term investments include investments maturing within one year from the statement of financial position date and are recorded at amortized cost. When there has been a loss in value that is other than a temporary decline, the respective investment is written down to recognize the loss.

### (j) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Association has not elected to carry any such financial instruments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the effective interest rate method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Association determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Association expects to realize by exercising its right to any collateral.

If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

### (k) Government assistance:

Government assistance related to current expenses and revenues is included in the determination of net income for the period.

## 3. Goods and services tax receivable:

The current balance of \$14,175 (2021 - \$6,113) represents the second half of the year's goods and service tax rebate.

# CEREBRAL PALSY ASSOCIATION IN ALBERTA

Notes to the Financial Statements, page 4

Year ended January 31, 2022, with comparative information for 2021

## 4. Property and equipment:

			2022	2021
	Cost	Accumulated amortization	Net book value	Net book value
Land	\$ 544,500	\$ -	\$ 544,500	\$ 666,077
Building	2,540,384	924,091	1,616,293	1,683,639
Vacation villa	-	-	-	106,557
Canopies	4,061	3,403	658	823
Collection bins	198,840	165,308	33,532	41,914
Furniture and fixtures	44,577	41,944	2,633	3,292
Office improvement	179,756	-	179,756	-
Trailers	66,512	49,142	17,370	21,712
Elevator	41,742	-	41,742	9,777
	\$ 3,620,372	\$ 1,183,888	\$ 2,436,484	\$ 2,533,791

Impairment expense recorded in the statement of operations is \$9,517 (2020 - nil).

## 5. Deferred contributions – related to operations:

Deferred contributions reported relate to funding received in the current period for future period operations.

January 31, 2022	Beginning of year	Contributions received	Utilized	End of year
Casino and Bingo	\$ 17,855	\$ 3,000	\$ 17,776	\$ 3,079
Government of Alberta – mental health	50,546	125,000	175,546	-
Edmonton Community Foundation	51,333	-	51,333	-
Government of Canada	59,667	266,000	276,000	49,667
United Way	21,155	985	22,140	-
Contributions – various donors	51,592	-	50,112	1,480
Gala and poker event	890	360	890	360
	\$ 253,038	\$ 394,345	\$ 593,797	\$ 54,586

# CEREBRAL PALSY ASSOCIATION IN ALBERTA

Notes to the Financial Statements, page 5

Year ended January 31, 2022, with comparative information for 2021

## 6. Deferred contributions – related to property and equipment:

January 31, 2022	Beginning of year	Contributions received	Utilized	End of year
Government of Canada	\$ 139,426	\$ 100,000	\$ 5,636	\$ 233,790
Government of Alberta	56,726	125,000	2,269	179,457
Alberta Beverage Container Recycling Corporation	4,250	-	850	3,400
Donation-in-kind	6,628	-	6,628	-
	\$ 207,030	\$ 225,000	\$ 15,383	\$ 416,647

## 7. Mortgage payable:

The mortgage payable of \$446,338 (2021 - \$477,296) is due to the Association's lender. The mortgage bears interest at the Bank of Canada Prime rate plus 2.45% compounded semi – annually and is repayable in fixed monthly payments of \$2,580 that include a blended payment of principal and interest. The loan will mature on May 30, 2036 with a reassessment of the monthly payments and interest rate every 5 years. Land and building have been pledged as security.

	2022	2021
Mortgage payable as at January 31, 2022	\$ 446,338	\$ 477,296
Less: current portion	(30,960)	(30,960)
	\$ 415,378	\$ 446,336

Principal repayment terms are approximately:

2023	\$ 30,960
2024	30,960
2025	30,960
2026	30,960
2027 and thereafter	322,498
	\$ 446,338

# CEREBRAL PALSY ASSOCIATION IN ALBERTA

Notes to the Financial Statements, page 6

Year ended January 31, 2022, with comparative information for 2021

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## 8. Commitments:

CPAA leases vehicles and office equipment. These leases have varying terms and monthly commitments. The leases for the vehicles expire in 2023 and 2025. The minimum annual lease payment for the four years to which CPAA has committed are as follows:

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2023	\$	15,872
2024		10,003
2025		2,501
	\$	28,376

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## 9. Gifts in kind:

The CPAA received gifts in kind during the year with a fair market value of \$3,405 (2021 - \$845). This balance is reported in the statement of operations and are included in donations on the statement of operations for the year ended January 31, 2022.

## 10. Internally restricted net assets:

On January 9, 2021, The CPAA Board internally restricted \$300,000 of the Association's surplus cash to be set aside in a reserve fund. This internal restriction of cash may not be utilized unless the CPAA Board and Executive Director approve it's use ahead of time. There was no change in the balance or restrictions during the year.

## 11. Interest revenue:

In 1996, the CPAA transferred the securities of the Bequest Fund of the Calgary Foundation and the Edmonton Community Foundation (the "Foundations") to establish a permanent trust for those funds. The Foundations will hold the funds in perpetuity, and the CPAA will receive income from these funds allocated quarterly to be used by the CPAA to further its goals and objectives. Revenue of \$41,083 (2021 - \$40,842) was recorded as interest revenue during the year.

# CEREBRAL PALSY ASSOCIATION IN ALBERTA

Notes to the Financial Statements, page 7

Year ended January 31, 2022, with comparative information for 2021

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## 12. The Charitable Fund-Raising Act of Alberta – required disclosure:

A total amount of \$nil (2021 - \$nil), was paid as remuneration to fund-raising businesses, including any expenses or fees paid by the Association to fund-raising businesses or reimbursements to fund-raising businesses. During the current year, \$122,190 (2021 - \$75,633) was paid as remuneration to employees whose principal duties involved fund-raising.

## 13. Financial Risks:

### (a) Liquidity risk:

Liquidity risk is the risk that the Association will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Association manages its liquidity risk by monitoring its operating requirements. The Association prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations.

### (b) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Association is exposed to credit risk with respect to the accounts receivable, cash and cash equivalents, and short-term investments. The Association assesses, on a continuous basis, accounts receivable and provides for any amounts that are not collectible in the allowance for doubtful accounts. Cash and cash equivalents are deposited with Canadian commercial banks. Short term investments consists of guaranteed investment certificates with Canadian commercial banks.

### (c) 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, the Association manages exposure through its normal operating and financing activities. The Association is exposed to interest rate risk primarily through its floating interest rate tranche included in the mortgage payable.

There have been no changes to the Associations' risk exposure from 2020 other than the potential impact of COVID-19 as described in note 15.

## 14. Government Assistance:

The Government of Canada created a program called the Canada Emergency Wage Subsidy, ("CEWS") to provide wage assistance to companies who experienced a decrease in revenues resulting from the COVID-19 outbreak. During the year, the Association met the eligibility requirements and received \$91,904 (2021 - \$548,216). The entire amount has been collected as of January 31, 2022 and recognized as Government Assistance on the statement of operations for the year ended January 31, 2022 under other income. In addition, CPAA received \$nil (2021 - \$25,000) in accordance with the Temporary Wage Subsidy ("TWS") program.

# CEREBRAL PALSY ASSOCIATION IN ALBERTA

Notes to the Financial Statements, page 8

Year ended January 31, 2022, with comparative information for 2021

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## 15. COVID-19 Pandemic

On March 11, 2020, the World Health Organization declared the Coronavirus COVID-19 ("COVID-19") outbreak a pandemic. This has resulted in governments worldwide, including the Canadian and Alberta governments, enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods, closures of non-essential businesses, and physical distancing, have caused material disruption to businesses in Calgary and area, resulting in an economic slowdown. Accordingly, economic uncertainties have arisen which could have negative impact on the Association's revenue streams and funding.

As at the time of the audit report, CPAA has determined there to be some impact to operations including reduced in person programs, reduced staffing level, and utilization of government assistance. CPAA continues to use its property and equipment and management has not assessed any impairment that needs to be recognized on these assets as at January 31, 2022.

CPAA continues to manage liquidity risk by forecasting and assessing cash flow requirements on an ongoing basis. As at January 31, 2022 the Association's exposure to credit risk and liquidity remains largely unchanged from prior year.

As at January 31, 2022, the Association continues to meet its contractual obligations within normal payment terms and the Association's exposure to credit risk remains largely unchanged. The Association has determined that COVID-19 has had no impact on its contracts or lease agreements, the assessment of provisions and contingent liabilities, or the timing of revenue recognition on its financial statements as at January 31, 2022. The situation is dynamic and the ultimate duration and magnitude of the impact on the economy and the financial effect to the Association is not known at this time.