

THE CHILDREN'S LINK SOCIETY
Financial Statements
Year Ended March 31, 2021



CZECHOWSKY, GRAHAM & HANEVELT
CHARTERED PROFESSIONAL ACCOUNTANTS
• AN ASSOCIATION OF PROFESSIONAL PRACTICES •

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INDEPENDENT AUDITOR'S REPORT

To the Members of The Children's Link Society

Qualified Opinion

I have audited the financial statements of The Children's Link Society (the Society), which comprise the statement of financial position as at March 31, 2021, and the statements of revenues and expenditures, 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 my opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of my 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, I was 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. My audit opinion on the financial statements for the year ended March 31, 2020 was modified accordingly because of the possible effects of this limitation of scope.

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Society in accordance with ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my 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

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Independent Auditor's Report to the Members of The Children's Link Society (continued)

operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

My 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 my 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, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 my 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 I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my 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.

I 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 I identify during my audit.



Calgary, Alberta
June 28, 2021

JESSICA STOCK PROFESSIONAL CORPORATION
CHARTERED PROFESSIONAL ACCOUNTANT

THE CHILDREN'S LINK SOCIETY
Statement of Financial Position
March 31, 2021

	2021	2020
ASSETS		
CURRENT		
Cash	\$ 213,157	\$ 130,995
Restricted cash (Note 3)	4,087	39,087
Short-term investments (Note 4)	117,785	52,914
Accounts receivable (Note 12)	1,500	15,917
Goods and services tax recoverable	3,229	4,333
Prepaid expenses	1,836	1,827
Security deposits	14,214	10,701
	355,808	255,774
PROPERTY AND EQUIPMENT (Note 5)	13,968	15,026
LONG-TERM INVESTMENTS (Note 4)	-	61,983
	\$ 369,776	\$ 332,783
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable	\$ 12,488	\$ 11,262
Wages payable	-	8,792
Deferred income (Note 6)	90,087	86,933
	102,575	106,987
DEFERRED INCOME (Note 6)	12,146	14,575
LONG-TERM DEBT (Note 7)	40,000	-
	154,721	121,562
NET ASSETS	215,055	211,221
	\$ 369,776	\$ 332,783
LEASE COMMITMENTS (Note 9)		

See notes to financial statements

THE CHILDREN'S LINK SOCIETY
Statement of Revenues and Expenditures
Year Ended March 31, 2021

	2021	2020
REVENUES		
Contract funding	\$ 269,944	\$ 269,944
Grants (Note 12)	218,873	65,012
Donations	116,186	175,724
Casino revenue (Note 6)	37,000	46,451
Transition to Adulthood	9,804	-
Resource fairs	7,918	3,535
Crisis fund	6,750	1,250
Social partners	5,580	2,605
Registration Fees	581	1,125
	<u>672,636</u>	<u>565,646</u>
EXPENDITURES		
Salaries and wages	521,719	362,348
Rent	52,091	73,141
Office	23,010	22,996
Telephone	13,633	8,331
Training	11,963	4,241
Fund/Business development (Note 8)	10,618	29,265
Accounting fees	6,458	6,355
Family link socials	5,863	9,826
Crisis fund	4,299	3,067
Insurance	4,184	2,827
Advertising and promotion	3,779	4,830
Website	3,742	8,066
Amortization	3,053	2,504
Travel	2,324	3,064
Business taxes, licenses and memberships	1,433	1,421
Meals and entertainment	1,412	1,444
Resource fair	1,325	1,546
Fundraising expenses	695	2,838
Board expense (Note 8)	474	19,148
Repairs and maintenance	375	888
Interest and bank charges	21	203
Workshops	-	15
	<u>672,471</u>	<u>568,364</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES FROM OPERATIONS	165	(2,718)
OTHER INCOME	<u>3,669</u>	<u>2,827</u>
EXCESS OF REVENUES OVER EXPENDITURES	\$ 3,834	\$ 109

See notes to financial statements

THE CHILDREN'S LINK SOCIETY
Statement of Changes in Net Assets
Year Ended March 31, 2021

	2021	2020
NET ASSETS - BEGINNING OF YEAR	\$ 211,221	\$ 211,112
EXCESS OF REVENUES OVER EXPENDITURES	<u>3,834</u>	<u>109</u>
NET ASSETS - END OF YEAR	<u>\$ 215,055</u>	<u>\$ 211,221</u>

THE CHILDREN'S LINK SOCIETY
Statement of Cash Flows
Year Ended March 31, 2021

	2021	2020
OPERATING ACTIVITIES		
Excess of revenues over expenditures	\$ 3,834	\$ 109
Items not affecting cash:		
Amortization of property and equipment	3,053	2,504
Forgivable portion of long-term debt	(20,000)	-
	<u>(13,113)</u>	<u>2,613</u>
Changes in non-cash working capital:		
Accounts receivable	14,417	(15,725)
Goods and services tax recoverable	1,104	497
Prepaid expenses	(9)	2,044
Security deposits	(3,513)	1,088
Accounts payable	1,225	(8,550)
Wages payable	(8,792)	8,792
Deferred income	725	71,982
	<u>5,157</u>	<u>60,128</u>
Cash flow from (used by) operating activities	<u>(7,956)</u>	<u>62,741</u>
INVESTING ACTIVITIES		
Purchase of property and equipment	(1,994)	-
Short-term investments	(64,871)	(52,914)
Long-term investments	61,983	(1,810)
	<u>(4,882)</u>	<u>(54,724)</u>
Cash flow used by investing activities	<u>(4,882)</u>	<u>(54,724)</u>
FINANCING ACTIVITY		
Long-term debt	60,000	-
	<u>60,000</u>	<u>-</u>
INCREASE IN CASH FLOW	47,162	8,017
Cash - beginning of year	<u>170,082</u>	<u>162,065</u>
CASH - END OF YEAR	\$ 217,244	\$ 170,082
CASH CONSISTS OF:		
Cash	\$ 213,157	\$ 130,995
Restricted cash	4,087	39,087
	<u>\$ 217,244</u>	<u>\$ 170,082</u>

See notes to financial statements

THE CHILDREN'S LINK SOCIETY
Notes to Financial Statements
Year Ended March 31, 2021

1. PURPOSE OF THE SOCIETY

The Children's Link Society (the "Society") is a not-for-profit organization incorporated provincially under the Societies Act on May 25, 1998. 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 to provide coordinated information, resources and referrals to families of children with special needs in order that children will have the opportunity to achieve their full potential as fully participating members of their communities

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).

Cash and cash equivalents

Cash includes cash, cheques issued and outstanding, and cash equivalents. Cash equivalents are investments in highly liquid investments with maturities of one year or less at date of purchase are classified as cash equivalents.

Donated services and materials

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.

Financial instruments policy

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 measured at amortized cost include cash, restricted cash, and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable.

At the end of each reporting period the Society assesses whether there are any indications that a financial asset measured at amortized cost may be impaired. Objective evidence of impairment might include significant financial difficulty of the issuer, default or delinquency in interest payments, or bankruptcy. When there is an indication of impairment, the Society determines whether a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial asset. Any impairment loss is recognized in the statement of revenues and expenditures in the current period. Impairment losses can be reversed to the extent of the improvement. The amount of the reversal is recognized in the statement of revenues and expenditures in the period the reversal occurs.

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THE CHILDREN'S LINK SOCIETY
Notes to Financial Statements
Year Ended March 31, 2021

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

Property and equipment

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

Computer equipment	55% declining balance method
Leasehold improvements	term of the lease straight-line method

The Society regularly reviews its property and equipment to eliminate obsolete items. Government grants are treated as a reduction of property and equipment cost.

Property and equipment acquired during the year but not placed into use are not amortized until they are placed into use.

Impairment of Long Lived Assets

The Society 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.

Intangible assets

The Society has a policy of expensing internally generated intangible assets as expenses are incurred.

Revenue recognition

The Society follows the deferral method of accounting for donations and grant 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.

Unrestricted fundraising and investment earnings are recorded as revenue when earned.

Other income relates to interest received on low-risk investments which include short-term deposits and savings accounts held at Canadian financial institutions.

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. The Society is subject to uncertainty through its estimates of remaining useful life on its property and equipment. Actual results could differ from these estimates.

THE CHILDREN'S LINK SOCIETY
Notes to Financial Statements
Year Ended March 31, 2021

3. RESTRICTED CASH

Cash in the amount of \$4,087 (2020 - \$39,087) is restricted to payment of program and certain operating costs in compliance with the Society's lottery license with the Alberta Gaming, Liquor and Cannabis Commission. Casino funds of \$NIL (2020 - \$NIL) were receivable at March 31, 2021.

4. INVESTMENTS

Short-term investments consist of guaranteed investment certificates maturing within one year.

	2021	2020
<u>Short-term investments</u>		
Guaranteed investment certificate, bearing interest at 3.00% per annum, maturing August 25, 2021	\$ 63,842	\$ -
Guaranteed investment certificate, bearing interest at 0.78% per annum, maturing March 17, 2022	53,943	-
Guaranteed investment certificate, bearing interest at 2.08% per annum, matured February 22, 2021	-	52,914
	\$ 117,785	\$ 52,914

Long-term investments consist of guaranteed investment certificates maturing beyond one year.

	2021	2020
<u>Long-term investments</u>		
Guaranteed investment certificate, bearing interest at 3.00% per annum, maturing August 25, 2021	\$ -	\$ 61,983

5. PROPERTY AND EQUIPMENT

	Cost	Accumulated amortization	2021 Net book value	2020 Net book value
Computer equipment	\$ 1,994	\$ 548	\$ 1,446	\$ -
Leasehold improvements	17,530	5,008	12,522	15,026
	\$ 19,524	\$ 5,556	\$ 13,968	\$ 15,026

THE CHILDREN'S LINK SOCIETY
Notes to Financial Statements
Year Ended March 31, 2021

6. DEFERRED INCOME

	2021	
<u>Casino funding</u>		
Balance, beginning of the year	\$ 39,087	
Casino funding earned during the year	-	
Donation received to Casino account	2,000	
Casino funding utilized during the year	(37,000)	
	4,087	
 <u>Grant funding</u>		
Balance, beginning of the year	62,421	17,004
Grants received during the year	261,348	111,679
Funds utilized during the year	(225,623)	(66,262)
	98,146	62,421
	\$ 102,233	\$ 101,508

Amounts spent include facility rental and utility costs, amounts paid for casino expenses, in accordance with Alberta Gaming, Liquor and Cannabis Commission regulations, and costs related to other restricted contributions.

THE CHILDREN'S LINK SOCIETY
Notes to Financial Statements
Year Ended March 31, 2021

DEFERRED INCOME - CONTINUED

Balances consist of the following:

	2021		2020
<u>Deferred Income - Short-Term</u>			
Casino - cash	\$ 4,087	\$	39,087
Community Initiatives Program grant	73,000		41,096
Crisis fund	13,000		6,750
	\$ 90,087	\$	86,933
 <u>Deferred Income - Long-Term</u>			
Renovation grant deferral	\$ 12,146	\$	14,575
Grand total	\$ 102,233	\$	101,508

7. LONG-TERM DEBT

The Canada Emergency Business Account (CEBA) is a 0% interest loan program up to \$60,000, for which 25% of the loan is forgivable if 75% of the loan is repaid on or before December 31, 2022. If the balance is not paid by December 31, 2022, the loan will be converted into a three-year term loan with interest of 5% per annum beginning on January 1, 2023, calculated and payable monthly.

During the year, \$20,000 was recognized as grant revenue for the forgivable loan portion as it was determined that the Society intends to pay the loan back in full by December 31, 2022.

8. STRATEGIC PLANNING

The board and fund/business development costs for the year ended 2020 were partially funded using grants received for the year ended 2020. These expenses covered: strategic planning, an organizational capacity assessment and a fund/business development and a communications plan for the Society.

THE CHILDREN'S LINK SOCIETY
Notes to Financial Statements
Year Ended March 31, 2021

9. LEASE COMMITMENTS

The Society has a long term lease with respect to its premises. Future minimum lease payments as at March 31, 2021, are as follows:

2022	\$	40,000
2023		44,000
2024		44,000
2025		44,000
2026		44,000
Thereafter		6,667
	\$	222,667

10. COMPARATIVE FIGURES

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

11. 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 has placed its cash and investments with major financial institutions from which management believes the risk of loss to be remote.

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 its donors, government funding, 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 mainly exposed to interest rate risk.

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 Society manages exposure through its normal operating and financing activities. The Society is exposed to interest rate risk primarily through its investment in fixed rate instruments with maturities of one year or less.

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THE CHILDREN'S LINK SOCIETY
Notes to Financial Statements
Year Ended March 31, 2021

11. FINANCIAL INSTRUMENTS *(continued)*

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

12. SIGNIFICANT EVENTS

The outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", has resulted in worldwide emergency measures to combat the spread of the virus. These measures, which include self-quarantine periods, have caused disruption to businesses globally, which are resulting in an economic slowdown. The duration and impact of the COVID-19 outbreak is unknown at this time, including measures implemented by provincial and federal governments. Although the disruption from the virus is expected to be temporary, given the dynamic nature of these circumstances, the duration of the business disruption and its related financial impact cannot be reasonably estimated at this time.

To assist with impact of the pandemic, the Society applied for financial assistance under available COVID-19 government assistance programs. During the year ended March 31, 2021 the Society recognized \$58,875 (2020 - \$9,600) of government assistance, which has been included in grant revenue. The amount of government assistance receivable at March 31, 2021 is \$NIL (2020 - \$9,600), which is included in accounts receivable.