

THE CHILDREN'S LINK SOCIETY
Financial Statements
Year Ended March 31, 2022



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, 2022, 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, 2022, 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, 2022, current assets and net assets as at March 31, 2022. My audit opinion on the financial statements for the year ended March 31, 2021 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 operations, or has no realistic alternative but to do so.

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

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

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.

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

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
July 18, 2022

JESSICA STOCK PROFESSIONAL CORPORATION
CHARTERED PROFESSIONAL ACCOUNTANT

THE CHILDREN'S LINK SOCIETY
Statement of Financial Position
March 31, 2022

	2022	2021
ASSETS		
CURRENT		
Cash	\$ 155,045	\$ 213,157
Restricted cash (Note 3)	2,387	4,087
Short-term investments (Note 4)	64,827	117,785
Accounts receivable	1,555	1,500
Goods and services tax recoverable	3,594	3,229
Prepaid expenses	2,127	1,836
Security deposits	16,390	14,214
	245,925	355,808
PROPERTY AND EQUIPMENT (Note 5)	10,668	13,968
	\$ 256,593	\$ 369,776
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable (Note 6)	\$ 20,012	\$ 12,488
Wages payable	12,236	-
Deferred income (Note 7)	45,620	90,087
	77,868	102,575
DEFERRED INCOME (Note 7)	9,716	12,146
LONG-TERM DEBT (Note 6)	40,000	40,000
	127,584	154,721
NET ASSETS	129,009	215,055
	\$ 256,593	\$ 369,776
LEASE COMMITMENTS (Note 8)		

See notes to financial statements

THE CHILDREN'S LINK SOCIETY
Statement of Revenues and Expenditures
Year Ended March 31, 2022

	2022	2021
REVENUES		
Contract funding	\$ 269,944	\$ 269,944
Donations	220,310	116,186
Grants	111,720	218,873
Transition to Adulthood	76,619	9,804
Resource fairs	21,382	7,918
Crisis fund	13,000	6,750
Social partners	7,146	5,580
Casino revenue (Note 7)	6,051	37,000
Registration Fees	341	581
	<u>726,513</u>	<u>672,636</u>
EXPENSES		
Salaries and wages	629,708	521,719
Rent	68,968	52,091
Office	18,706	23,010
Training	17,192	11,963
Crisis fund	13,000	4,299
Fund/Business development	10,800	10,618
Telephone	7,209	13,633
Accounting fees	7,163	6,458
Resource fair	6,295	1,325
Advertising and promotion	5,805	3,779
Insurance	5,067	4,184
Website	4,557	3,742
Family link socials	4,128	5,863
Fundraising expenses	3,343	695
Amortization	3,299	3,053
Business taxes, licenses and memberships	2,871	1,433
Meals and entertainment	2,187	1,412
Interest and bank charges	1,932	21
Travel	1,022	2,324
Repairs and maintenance	767	375
Board expense	171	474
	<u>814,190</u>	<u>672,471</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES FROM OPERATIONS	(87,677)	165
OTHER INCOME	<u>1,631</u>	<u>3,669</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	\$ (86,046)	\$ 3,834

See notes to financial statements

THE CHILDREN'S LINK SOCIETY
Statement of Changes in Net Assets
Year Ended March 31, 2022

	2022	2021
NET ASSETS - BEGINNING OF YEAR	\$ 215,055	\$ 211,221
DEFICIENCY OF REVENUES OVER EXPENSES	<u>(86,046)</u>	<u>3,834</u>
NET ASSETS - END OF YEAR	<u>\$ 129,009</u>	<u>\$ 215,055</u>

THE CHILDREN'S LINK SOCIETY
Statement of Cash Flows
Year Ended March 31, 2022

	2022	2021
OPERATING ACTIVITIES		
Excess (deficiency) of revenues over expenses	\$ (86,046)	\$ 3,834
Items not affecting cash:		
Amortization of property and equipment	3,299	3,053
Forgivable portion of long-term debt	-	(20,000)
	<u>(82,747)</u>	<u>(13,113)</u>
Changes in non-cash working capital:		
Accounts receivable	(55)	14,417
Prepaid expenses	(291)	(9)
Goods and services tax recoverable	(365)	1,104
Security deposits	(2,176)	(3,513)
Accounts payable	7,524	1,225
Wages payable	12,236	(8,792)
Deferred income	(46,896)	725
	<u>(30,023)</u>	<u>5,157</u>
Cash flow used by operating activities	<u>(112,770)</u>	<u>(7,956)</u>
INVESTING ACTIVITIES		
Purchase of property and equipment	-	(1,994)
Short-term investments	52,958	(64,871)
Long-term Investments	-	61,983
	<u>52,958</u>	<u>(4,882)</u>
Cash flow from (used by) investing activities	<u>52,958</u>	<u>(4,882)</u>
FINANCING ACTIVITY		
Long-term debt	-	60,000
	<u>-</u>	<u>60,000</u>
INCREASE (DECREASE) IN CASH FLOW	(59,812)	47,162
Cash - beginning of year	<u>217,244</u>	<u>170,082</u>
CASH - END OF YEAR	\$ 157,432	\$ 217,244
CASH CONSISTS OF:		
Cash	\$ 155,045	\$ 213,157
Restricted cash	<u>2,387</u>	<u>4,087</u>
	<u>\$ 157,432</u>	<u>\$ 217,244</u>

See notes to financial statements

THE CHILDREN'S LINK SOCIETY
Notes to Financial Statements
Year Ended March 31, 2022

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.

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.

(continues)

THE CHILDREN'S LINK SOCIETY
Notes to Financial Statements
Year Ended March 31, 2022

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

Property and equipment

Property and equipment are 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.

Donated services and materials

The operations of the organization 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.

(continues)

THE CHILDREN'S LINK SOCIETY
Notes to Financial Statements
Year Ended March 31, 2022

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 require 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.

3. RESTRICTED CASH

Cash in the amount of \$2,387 (2021 - \$4,087) 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 (2021 - \$NIL) were receivable at March 31, 2022.

4. INVESTMENTS

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

	2022	2021
<u>Short-term investments</u>		
Guaranteed investment certificate, bearing interest at 0.57% per annum, maturing September 26, 2022	\$ 64,827	\$ -
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
	\$ 64,827	\$ 117,785

5. PROPERTY AND EQUIPMENT

	Cost	Accumulated amortization	2022 Net book value	2021 Net book value
Computer equipment	\$ 1,994	\$ 1,343	\$ 651	\$ 1,446
Leasehold improvements	17,530	7,513	10,017	12,522
	\$ 19,524	\$ 8,856	\$ 10,668	\$ 13,968

THE CHILDREN'S LINK SOCIETY
Notes to Financial Statements
Year Ended March 31, 2022

6. CREDIT FACILITIES

Credit Card Facility

The Society has access to two corporate credit card facilities, up to a maximum combined limit of \$10,000 (2021 - \$10,000), bearing interest at 19.99% per annum. The balance for the year ended March 31, 2022 is \$5,784 (2021 - \$3,007), which is included in other payables and accrued liabilities.

Canadian Emergency Business Account Loans

During the year ended March 31, 2021, the Society applied for financial assistance under available COVID-19 government assistance programs. During the year ended March 31, 2022, the Society recognized \$NIL (2021 - \$60,000) from Canada Emergency Business Account (CEBA).

CEBA is a loan program up to \$60,000 for which \$20,000 of the loan is forgivable if the loan is repaid on or before December 31, 2023. On January 1, 2022 the outstanding balance automatically converted to a 'Non-Revolving Term Loan' with a maturity date of December 31, 2025. Interest of 5% per annum will be charged beginning on January 1, 2024, calculated and payable monthly.

During the year, \$NIL (2021 - \$20,000) was recognized as federal 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, 2023.

7. DEFERRED INCOME

	2022	2021
<u>Casino funding</u>		
Balance, beginning of the year	\$ 4,087	\$ 39,087
Casino funding earned during the year	-	-
Donations received to Casino account	4,351	2,000
Casino funding utilized during the year	<u>(6,051)</u>	<u>(37,000)</u>
	<u>2,387</u>	<u>4,087</u>
 <u>Grant funding</u>		
Balance, beginning of the year	98,146	62,421
Grants received during the year	87,523	261,348
Funds utilized during the year	<u>(132,720)</u>	<u>(225,623)</u>
	<u>52,949</u>	<u>98,146</u>
	<u>\$ 55,336</u>	<u>\$ 102,233</u>

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, 2022

DEFERRED INCOME - CONTINUED

Balances consist of the following:

	2022	2021
<u>Deferred Income - Short-Term</u>		
Casino - cash	\$ 2,387	\$ 4,087
Community Initiatives Program grant	27,508	73,000
Crisis fund	15,725	13,000
	\$ 45,620	\$ 90,087
 <u>Deferred Income - Long-Term</u>		
Renovation grant deferral	\$ 9,716	\$ 12,146
Grand total	\$ 55,336	\$ 102,233

8. LEASE COMMITMENTS

The Society has a long-term lease with respect to its premises. Future minimum lease payments as at March 31, 2022, are as follows:

2023	\$ 44,000
2024	44,000
2025	44,000
2026	44,000
2027	6,667
	\$ 182,667

THE CHILDREN'S LINK SOCIETY
Notes to Financial Statements
Year Ended March 31, 2022

9. 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, 2022.

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.

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