

Financial Statements of

**SAGESSE DOMESTIC VIOLENCE  
PREVENTION SOCIETY**

Year ended December 31, 2017

## **INDEPENDENT AUDITORS' REPORT**

To the Members of Sagesse Domestic Violence Prevention Society

We have audited the accompanying financial statements of Sagesse Domestic Violence Prevention Society, which comprise the statement of financial position as at December 31, 2017, the statements of operations, changes in net assets and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Basis for Qualified Opinion**

In common with many not-for-profit organizations, Sagesse Domestic Violence Prevention Society derives revenue from fundraising activities and donations, 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 Sagesse Domestic Violence Prevention Society. Therefore, we were not able to determine whether, as at and for the years ended December 31, 2017 and December 31, 2016, any adjustments might be necessary to fundraising and donation revenues and deficiency of revenues over expenses reported in the statements of operations, deficiency of revenues over expenses reported in the statements of cash flows and current assets and unrestricted net assets reported in the statements of financial position. This caused us to qualify our audit opinion on the financial statements as at and for the year ended December 31, 2016.

**Qualified Opinion**

In our opinion, except for the possible effect of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Sagesse Domestic Violence Prevention Society as at December 31, 2017, 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.

Chartered Professional Accountants

April 23, 2018  
Calgary, Canada

# SAGESSE DOMESTIC VIOLENCE PREVENTION SOCIETY

## Statement of Financial Position

December 31, 2017, with comparative information for 2016

	2017	2016
<b>Assets</b>		
Current assets:		
Cash and cash equivalents (note 3)	\$ 152,103	\$ 150,077
Short term investments (note 4)	658,743	495,097
Accounts receivable	5,883	47,779
Goods and services tax recoverable	7,023	9,384
Prepaid expenses	24,807	30,481
	<u>848,559</u>	<u>732,818</u>
Capital assets (note 5)	94,917	98,310
	<u>\$ 943,476</u>	<u>\$ 831,128</u>
<b>Liabilities and Net Assets</b>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 89,812	\$ 142,957
Deferred contributions (note 6)	664,916	603,550
Current portion of deferred lease inducements (note 7)	49,753	-
	<u>804,481</u>	<u>746,507</u>
Deferred lease inducements (note 7)	60,276	-
Deferred capital contributions (note 8)	-	1,500
	<u>864,757</u>	<u>748,007</u>
Net assets:		
Invested in capital assets	94,917	96,810
Internally restricted (note 9)	136,667	90,000
Unrestricted	(152,865)	(103,689)
	<u>78,719</u>	<u>83,121</u>
Commitments (note 11)		
Contingencies (note 12)		
	<u>\$ 943,476</u>	<u>\$ 831,128</u>

See accompanying notes to financial statements.

Approved on behalf of the Board of Directors:

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Director

# SAGESSE DOMESTIC VIOLENCE PREVENTION SOCIETY

## Statement of Operations

Year ended December 31, 2017, with comparative information for 2016

	2017	2016
Revenue:		
Grants	\$ 630,684	\$ 579,392
United Way	488,420	358,285
Donations	-	42,722
Fundraising	37,695	43,614
Fiscal agent fees	37,000	24,115
Casino contributions	74,610	-
Amortization of deferred capital contributions (note 9)	1,500	1,500
Interest and other	26,942	34,477
	<u>1,296,851</u>	<u>1,084,105</u>
Expenses:		
Salaries and benefits	811,874	648,566
Rent and maintenance	73,136	84,307
Office	110,720	87,849
Program	195,237	112,722
Meetings and community consultations	24,250	58,260
Advertising and promotion	33,446	60,554
Professional development	1,618	8,251
Fundraising	11,678	12,239
Amortization	26,038	8,665
Insurance	10,735	8,114
Bank charges	2,521	2,305
	<u>1,301,253</u>	<u>1,091,832</u>
Deficiency of revenues over expenses	<u>\$ (4,402)</u>	<u>\$ (7,727)</u>

See accompanying notes to financial statements.

# SAGESSE DOMESTIC VIOLENCE PREVENTION SOCIETY

## Statement of Changes in Net Assets

Year ended December 31, 2017, with comparative information for 2016

	Invested in Capital Assets	Internally Restricted	Unrestricted	2017 Total	2016 Total
Net assets, beginning of year	\$ 96,810	\$ 90,000	\$ (103,689)	\$ 83,121	\$ 90,848
Deficiency of revenues over expenses	(24,538)	-	20,136	(4,402)	(7,727)
Interfund transfers	22,645	46,667	(69,312)	-	-
Net assets, end of year	\$ 94,917	\$ 136,667	\$ (152,865)	\$ 78,719	\$ 83,121

See accompanying notes to financial statements.

# SAGESSE DOMESTIC VIOLENCE PREVENTION SOCIETY

## Statement of Cash Flows

Year ended December 31, 2017, with comparative information for 2016

	2017	2016
Cash provided by (used in):		
Operations:		
Deficiency of revenues over expenses	\$ (4,402)	\$ (7,727)
Items not involving cash:		
Amortization of capital assets	26,038	8,665
Amortization of deferred capital contributions	(1,500)	(1,500)
Amortization of lease inducement (note 7)	(13,869)	-
	<u>6,267</u>	<u>(562)</u>
Changes in non-cash working capital:		
Accounts receivable	41,896	(39,318)
Goods and services tax recoverable	2,361	(5,059)
Prepaid expenses	5,674	(16,655)
Accounts payable and accrued liabilities	(53,145)	95,472
Deferred contributions	61,366	81,410
Straight line lease payable (note 7)	40,682	-
	<u>98,834</u>	<u>115,288</u>
Investing:		
Reimbursement of tenant improvements (note 7)	83,216	-
Purchase of short term investments	(635,000)	(595,097)
Proceeds from sale of short term investments	471,354	419,587
Purchase of capital assets	(22,645)	(90,463)
	<u>(103,075)</u>	<u>(265,973)</u>
Increase (decrease) in cash and cash equivalents	2,026	(150,685)
Cash and cash equivalents, beginning of year	150,077	300,762
Cash and cash equivalents, end of year	<u>\$ 152,103</u>	<u>\$ 150,077</u>

See accompanying notes to financial statements.

# SAGESSE DOMESTIC VIOLENCE PREVENTION SOCIETY

## Notes to Financial Statements

Year ended December 31, 2017, with comparative information for 2016

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### 1. Purpose of the organization:

Sagesse Domestic Violence Prevention Society ("Sagesse") was incorporated under the Societies Act of the Province of Alberta in 1986 and is a registered charity under the income Tax Act of Canada and is therefore not taxable under section 149(l).

Sagesse is creating individual and systemic change to promote healthy, respectful and peaceful relationships.

### 2. Significant accounting policies:

The financial statements have been prepared by management in accordance with Canadian generally accepted accounting standards for not-for-profit organizations in Part III of the Chartered Professional Accountants ("CPA") Handbook.

#### (a) Revenue recognition:

Sagesse follows the deferral method of accounting for contributions.

Revenue containing conditions as to its use is deferred until the conditions are fulfilled.

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.

Operating grants are recorded as revenue in the period to which they relate. Grants approved but not received at the end of an accounting period are accrued. Where a portion of a grant relates to a future period, it is deferred and recognized in that subsequent period.

Contributions restricted for the purchase of capital assets are deferred and amortized into revenue on a straight-line basis, at a rate corresponding with the amortization rate for the related capital assets.

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

Cash and cash equivalents include deposits in banks, certificates of deposit and other short-term investments with original maturities of three months or less at the date of acquisition.

#### (c) Capital assets:

Capital assets are recorded at cost less accumulated amortization. Individual assets with a cost of \$500 or less are expensed in the year of acquisition.



# SAGESSE DOMESTIC VIOLENCE PREVENTION SOCIETY

Notes to Financial Statements, page 2

Year ended December 31, 2017, with comparative information for 2016

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## 2. Significant accounting policies:

### (c) Capital assets (continued):

Amortization is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

Assets	Rate
Leasehold improvements	20%
Computer and technology equipment	20%
Office equipment	20%

In the year of acquisition, amortization is half of the annual amount.

### (d) Contributed services:

Volunteers assist Sagesse in carrying out certain activities. Due to uncertainty in determining fair value of the service and given that such assistance is generally not otherwise purchased, contributed services are not recognized in the financial statements.

### (e) Goods and services tax:

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

### (f) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship and 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. Sagesse 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 straight-line 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, Sagesse determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset.

# SAGESSE DOMESTIC VIOLENCE PREVENTION SOCIETY

Notes to Financial Statements, page 3

Year ended December 31, 2017, with comparative information for 2016

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## 2. Significant accounting policies:

### (f) Financial instruments (continued):

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 Sagesse 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.

### (g) Deferred lease inducements:

Sagesse accounts for leasehold inducements by deferring the inducements in the year received and recognizing them over the period specified in the lease agreement.

Tenant improvements are amortized over 36 months beginning July 1, 2017.

### (h) Measurement uncertainty:

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Actual results could differ from those estimates. Significant estimates may include the recoverability and useful of capital assets.

## 3. Cash and cash equivalents:

As at December 31, 2017, cash and cash equivalents consists of \$152,103 which is externally restricted funds (2016 - \$150,077).

## 4. Short-term investments:

Short-term investments consist of Guaranteed Investment Certificates (GICs) with interest rates ranging from 0.5% - 1.018% (2016 - 0.76% - 0.79%). Sagesse has classified these investments as current as they could be liquidated at any time.

At December 31, 2017, the balance is comprised of \$136,667 (2016 - \$90,000) internally restricted short-term investments and \$522,076 (2016 - \$405,097) externally restricted short-term investments.

# SAGESSE DOMESTIC VIOLENCE PREVENTION SOCIETY

Notes to Financial Statements, page 4

Year ended December 31, 2017, with comparative information for 2016

## 5. Capital assets:

	Cost	Accumulated amortization	2017 Net book value	2016 Net book value
Computer and technology equipment	\$ 45,401	\$ 31,339	\$ 14,062	\$ 11,648
Office equipment	9,715	4,778	4,937	1,305
Leasehold improvements	93,475	17,557	75,918	85,357
	<u>\$ 148,591</u>	<u>\$ 53,674</u>	<u>\$ 94,917</u>	<u>\$ 98,310</u>

Current year amortization of \$26,038 (2016 - \$8,665) consists of \$1,500 (2016 - \$1,500) restricted assets and \$24,538 (2016 - \$7,165) unrestricted assets.

## 6. Deferred contributions:

Deferred contributions represent unspent externally restricted funds and donations for specific programs and projects.

	2017	2016
Balance, beginning of year	\$ 603,550	\$ 522,140
Contributions received	708,226	549,230
Amounts recognized as revenue in the year	(646,860)	(467,820)
<u>Balance, end of year</u>	<u>\$ 664,916</u>	<u>\$ 603,550</u>

# SAGESSE DOMESTIC VIOLENCE PREVENTION SOCIETY

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Year ended December 31, 2017, with comparative information for 2016

## 7. Deferred lease inducements:

Deferred lease inducements represent tenant improvements and free rent. In 2016, Sagesse incurred tenant improvements of \$83,216. During 2017, the landlord reimbursed Sagesse in the amount of \$83,216. As at December 31, 2017, \$69,347 remained in deferred lease inducements and was required to be repaid to the landlord if Sagesse defaulted on the lease prior to January 31, 2018. The amount deferred is amortized into revenue until July 1, 2020.

	2017	2016
Balance, beginning of year	\$ -	\$ -
Reimbursement of tenant improvements	83,216	-
Tenant improvements amortized during the year	(13,869)	-
Straight-line adjustment for free rent	40,682	-
Lease inducements, end of year	110,029	-
Less: Current portion	(49,753)	-
Balance, end of year	\$ 60,276	\$ -

## 8. Deferred capital contributions:

Deferred capital contributions represent restricted contributions received and designated to be used for capital purposes and comprise the following:

	2017	2016
Balance, beginning of year	\$ 1,500	\$ 3,000
Amortization of deferred capital contributions	(1,500)	(1,500)
Balance, end of year	\$ -	\$ 1,500

## 9. Internally restricted funds:

The Sagesse Board reviews net assets annually and may increase or decrease the amount designated as internally restricted net assets. These funds are to be set aside as an operating contingency fund that can be drawn upon should funding be insufficient to meet expenditures.

## 10. Financial instruments

Sagesse is subject to the following financial instrument risk:

### (a) Credit risk

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. Sagesse does not believe it is subject to any significant

# SAGESSE DOMESTIC VIOLENCE PREVENTION SOCIETY

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Year ended December 31, 2017, with comparative information for 2016

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## 10. Financial instruments (continued):

### (a) Credit risk (continued):

concentration of credit risk. Cash is in place with major financial institutions and all of the accounts receivables are due from the federal government, where chances of default are low.

### (b) Liquidity risk

Liquidity risk is the risk that Sagesse will be unable to fulfill its obligations on a timely basis or at a reasonable cost.

Sagesse manages its liquidity risk by monitoring its operating requirements. Sagesse prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations.

### (c) Interest rate risk

Interest rate risk arises on cash. Sagesse is exposed to interest rate risk due to fluctuations in the bank's interest rates.

## 11. Commitments:

Sagesse is committed to payments under an operating lease for office space and office equipment. The future minimum commitments are as follows:

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2018	\$	74,416
2019		81,020
2020		81,479
2021		83,833
2022		88,236

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## 12. Contingencies:

Sagesse is engaged in certain claims and legal actions in the ordinary course of operations. Management believes that the ultimate outcome of these actions will not have a material adverse effect on the results of operations or financial position of Sagesse.

## 13. Donation and fundraising:

In raising \$2,997 (2016 - \$42,722) in donations and \$34,698 (2016 - \$43,614) in fundraising revenues, Sagesse incurred \$13,681 (2016 - \$12,240) for the purpose of soliciting contributions including \$13,681 (2016 - \$12,240) for fundraising expenses and \$nil (2016 - \$nil) for employee expenses.

# **SAGESSE DOMESTIC VIOLENCE PREVENTION SOCIETY**

Notes to Financial Statements, page 7

Year ended December 31, 2017, with comparative information for 2016

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## **14. Comparative figures:**

Certain comparative figures have been reclassified to conform to the financial statement presentation adopted in the current year.