

Financial Statements of

**SAGESSE DOMESTIC VIOLENCE  
PREVENTION SOCIETY**

Year ended December 31, 2018

# INDEPENDENT AUDITORS' REPORT

To the Members of Sagesse Domestic Violence Prevention Society

## **Qualified Opinion**

We have audited the financial statements of Sagesse Domestic Violence Prevention Society (the Entity) which comprise:

- the statement of financial position as at December 31, 2018
- 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, except for the possible effects of the matter described in the "**Basis for Qualified Opinion**" section of our auditors' report, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2018 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 Qualified Opinion**

In common with many charitable organizations, the Entity derives revenue from fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of this revenue was limited to the amounts recorded in the records of the Entity.

Therefore, we were not able to determine whether any adjustments might be necessary to:

- the current assets reported in the statement of financial position as at December 31, 2018 and December 31, 2017
- the fundraising revenue and excess (deficiency) of revenues over expenses reported in the statements of operations for the years ended December 31, 2018 and December 31, 2017
- the unrestricted net assets, at the beginning and end of the year reported in the statements of changes in net assets for the years ended December 31, 2018 and December 31, 2017
- the excess (deficiency) of revenues over expenses reported in the statements of cash flows for the years ended December 31, 2018 and December 31, 2017

Our opinion on the financial statements for the year ended December 31, 2017 was qualified accordingly because of the possible effects of this limitation in scope.

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 Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other responsibilities in accordance with these requirements.

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

### ***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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity'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 Entity'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 Entity'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 Entity 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.

Chartered Professional Accountants

Calgary, Canada  
May 27, 2019

# SAGESSE DOMESTIC VIOLENCE PREVENTION SOCIETY

## Statement of Financial Position

December 31, 2018, with comparative information for 2017

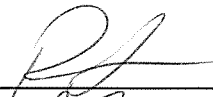
	2018	2017
<b>Assets</b>		
Current assets:		
Cash and cash equivalents (note 3)	\$ 86,049	\$ 152,103
Short term investments (note 4)	987,573	658,743
Accounts receivable	17,783	5,883
Goods and services tax recoverable	10,077	7,023
Prepaid expenses	29,855	24,807
	<u>1,131,337</u>	<u>848,559</u>
Capital assets (note 5)	159,922	94,917
	<u>\$ 1,291,259</u>	<u>\$ 943,476</u>

## Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities	\$ 160,379	\$ 89,812
Deferred contributions (note 6)	947,965	664,916
Current portion of deferred lease inducements (note 7)	85,230	49,753
	<u>1,190,574</u>	<u>804,481</u>
Deferred lease inducements (note 7)	18,178	60,276
	<u>1,211,752</u>	<u>864,757</u>
Net assets:		
Invested in capital assets	159,922	94,917
Internally restricted (note 9)	180,667	136,667
Unrestricted	(261,082)	(152,865)
	<u>79,507</u>	<u>78,719</u>
Commitments (note 11)		
Contingencies (note 12)		
	<u>\$ 1,291,259</u>	<u>\$ 943,476</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, 2018, with comparative information for 2017

	2018	2017
Revenue:		
Grants	\$ 679,610	\$ 493,964
United Way	539,406	488,420
FCSS	118,720	136,720
Fundraising	45,701	37,695
Fiscal agent fees	–	37,000
Casino contributions	68,806	74,610
Amortization of deferred capital contributions (note 8)	–	1,500
Interest and other	59,703	26,942
	<u>1,511,946</u>	<u>1,296,851</u>
Expenses:		
Salaries and benefits	945,084	811,874
Rent and maintenance	80,429	73,136
Office	117,330	110,720
Program	223,771	195,237
Meetings and community consultations	45,295	24,250
Advertising and promotion	43,619	33,446
Professional development	1,343	1,618
Fundraising	10,810	11,678
Amortization	28,540	26,038
Insurance	12,200	10,735
Bank charges	2,737	2,521
	<u>1,511,158</u>	<u>1,301,253</u>
Excess (deficiency) of revenues over expenses	<u>\$ 788</u>	<u>\$ (4,402)</u>

See accompanying notes to financial statements.

# SAGESSE DOMESTIC VIOLENCE PREVENTION SOCIETY

## Statement of Changes in Net Assets

Year ended December 31, 2018, with comparative information for 2017

	Invested in Capital Assets	Internally Restricted	Unrestricted	2018 Total	2017 Total
Net assets, beginning of year	\$ 94,917	\$ 136,667	\$ (152,865)	\$ 78,719	\$ 83,121
Deficiency of revenues over expenses	(28,540)	-	29,328	788	(4,402)
Interfund transfers	93,545	44,000	(137,545)	-	-
Net assets, end of year	\$ 159,922	\$ 180,667	\$ (261,082)	\$ 79,507	\$ 78,719

See accompanying notes to financial statements.

# SAGESSE DOMESTIC VIOLENCE PREVENTION SOCIETY

## Statement of Cash Flows

Year ended December 31, 2018, with comparative information for 2017

	2018	2017
Cash provided by (used in):		
Operations:		
Excess (deficiency) of revenues over expenses	\$ 788	\$ (4,402)
Items not involving cash:		
Amortization of capital assets	28,540	26,038
Amortization of deferred capital contributions	-	(1,500)
Amortization of lease inducement (note 7)	(27,739)	(13,869)
	1,589	6,267
Changes in non-cash working capital:		
Accounts receivable	(11,900)	41,896
Goods and services tax recoverable	(3,054)	2,361
Prepaid expenses	(5,048)	5,674
Accounts payable and accrued liabilities	70,567	(53,145)
Deferred contributions	283,049	61,366
Straight line lease payable (note 7)	21,118	40,682
	356,321	105,101
Investing:		
Reimbursement of tenant improvements (note 7)	-	83,216
Purchase of short term investments	(2,067,349)	(635,000)
Proceeds from sale of short term investments	1,738,519	471,354
Purchase of capital assets	(93,545)	(22,645)
	(422,375)	(103,075)
(Decrease) increase in cash and cash equivalents	(66,054)	2,026
Cash and cash equivalents, beginning of year	152,103	150,077
Cash and cash equivalents, end of year	\$ 86,049	\$ 152,103

See accompanying notes to financial statements.



# **SAGESSE DOMESTIC VIOLENCE PREVENTION SOCIETY**

Notes to Financial Statements

Year ended December 31, 2018, with comparative information for 2017

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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(I).

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, 2018, with comparative information for 2017

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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) Impairment of long lived assets:

Long-lived assets, including capital assets are subject to the amortization, and are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability is measured by a comparison of asset's carrying amount to the estimated undiscounted future cash flows expected to be generated by the asset.

### (e) 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.

### (f) 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.

### (g) 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.

# SAGESSE DOMESTIC VIOLENCE PREVENTION SOCIETY

Notes to Financial Statements, page 3

Year ended December 31, 2018, with comparative information for 2017

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## 2. Significant accounting policies:

### (g) Financial instruments (continued):

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. 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.

### (h) 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.

### (i) 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, 2018, cash and cash equivalents consists of \$86,049 which is externally restricted funds (2017 - \$152,103).

## 4. Credit card facility and short-term investments:

The Society has a combined limit of the corporate credit card from Canadian bank for \$19,500 (2017 - \$19,500). At December 31, 2018, \$5,975 (2017 - \$10,055) was outstanding on these credit cards and is included in accounts payable and accrued liabilities.

Short-term investments consist of Guaranteed Investment Certificates (GICs) with interest rates ranging from 0.5% - 1.85% (2017 - 0.5% - 1.018%). Sagesse has classified these investments as current as they could be liquidated at any time.

At December 31, 2018, the balance is comprised of \$180,667 (2017 - \$136,667) internally restricted short-term investments and \$806,906 (2017 - \$522,076) externally restricted short-term investments.

# SAGESSE DOMESTIC VIOLENCE PREVENTION SOCIETY

Notes to Financial Statements, page 4

Year ended December 31, 2018, with comparative information for 2017

## 5. Capital assets:

	Cost	Accumulated amortization	2018 Net book value	2017 Net book value
Computer and technology equipment	\$ 76,359	\$ 38,697	\$ 37,662	\$ 14,062
Office equipment	19,668	6,346	13,322	4,937
Leasehold improvements	146,108	37,170	108,938	75,918
	<u>\$ 242,135</u>	<u>\$ 82,213</u>	<u>\$ 159,922</u>	<u>\$ 94,917</u>

Current year amortization of \$28,540 (2017 - \$26,038) consists of \$nil (2017 - \$1,500) restricted assets and \$28,540 (2017 - \$24,538) unrestricted assets.

## 6. Deferred contributions:

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

	2018	2017
Balance, beginning of year	\$ 664,916	\$ 603,550
Contributions received	1,023,320	708,226
Amounts recognized as revenue in the year	(773,271)	(646,860)
Balance, end of year	<u>\$ 914,965</u>	<u>\$ 664,916</u>

# SAGESSE DOMESTIC VIOLENCE PREVENTION SOCIETY

Notes to Financial Statements, page 5

Year ended December 31, 2018, with comparative information for 2017

## 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, 2018, \$41,608 remained in deferred lease inducements. The amount deferred is amortized into revenue until July 1, 2020.

	2018	2017
Balance, beginning of year	\$ 110,029	\$ —
Reimbursement of tenant improvements	—	83,216
Tenant improvements amortized during the year	(27,739)	(13,869)
Straight-line adjustment for free rent	21,118	40,682
Lease inducements, end of year	103,408	110,029
Less: Current portion	(85,230)	(49,753)
Balance, end of year	\$ 18,178	\$ 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:

	2018	2017
Balance, beginning of year	\$ —	\$ 1,500
Amortization of deferred capital contributions	—	(1,500)
Balance, end of year	\$ —	\$ —

## 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.

# SAGESSE DOMESTIC VIOLENCE PREVENTION SOCIETY

Notes to Financial Statements, page 6

Year ended December 31, 2018, with comparative information for 2017

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## 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 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.

There are no change to risk exposure from 2017.

## 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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2019	\$	90,595
2020		93,263
2021		97,090
2022		102,966
2023 and on		755,951

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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.

# **SAGESSE DOMESTIC VIOLENCE PREVENTION SOCIETY**

Notes to Financial Statements, page 7

Year ended December 31, 2018, with comparative information for 2017

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## **13. Donation and fundraising:**

In raising \$12,866 (2017 - \$2,997) in donations and \$32,835 (2017 - \$34,698) in fundraising revenues, Sagesse incurred \$10,810 (2017 - \$13,681) for the purpose of soliciting contributions including \$10,810 (2017 - \$13,681) for fundraising expenses and \$nil (2017 - \$nil) for employee expenses.

## **14. Comparative figures:**

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

