

SAGESSE DOMESTIC VIOLENCE PREVENTION SOCIETY

FINANCIAL STATEMENTS

DECEMBER 31, 2019

SAGESSE DOMESTIC VIOLENCE PREVENTION SOCIETY
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DECEMBER 31, 2019

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INDEPENDENT AUDITOR'S REPORT

**To: The Directors of
Sagesse Domestic Violence Prevention Society**

Qualified Opinion

We have audited the financial statements of Sagesse Domestic Violence Prevention Society (the "Society") which comprise the statement of financial position as at December 31, 2019, and the statements of operations, 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 our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Society as at December 31, 2019, 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 ("ASNPO").

Other Matter

The financial statements of Sagesse Domestic Violence Prevention Society for the year ended December 31, 2018, were audited by another auditor who expressed a qualified opinion on those statements on May 27, 2019.

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, the verification of these revenues is limited to the amounts recorded in the records of Sagesse Domestic Violence Prevention Society. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising and donation revenues, deficiency of revenues over expenditures reported in the statement of cash flows and current assets and unrestricted net assets reported in the statements of financial position for the year ended December 31, 2019.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Society 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.

INDEPENDENT AUDITOR'S REPORT, continued

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.

Auditor's 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 auditor's 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 these 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 Society's internal control.

INDEPENDENT AUDITOR'S REPORT, continued

- ♦ 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 we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 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.

We 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.

**CALGARY, ALBERTA
MAY 19, 2020**


**CHARTERED PROFESSIONAL
ACCOUNTANTS**

SAGESSE DOMESTIC VIOLENCE PREVENTION SOCIETY
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2019

| | 2019 | 2018 |
|--|-------------------|---------------------|
| Assets | | |
| Current | | |
| Cash and cash equivalents (Note 4) | \$ 174,484 | \$ 86,049 |
| Short-term investments (Note 5) | 470,440 | 987,573 |
| Accounts receivable | 5,147 | 17,783 |
| Goods and services tax recoverable | 10,173 | 10,077 |
| Prepaid expenses | 35,120 | 29,855 |
| | 695,364 | 1,131,337 |
| Capital assets (Note 6) | 131,799 | 159,922 |
| | \$ 827,163 | \$ 1,291,259 |
| Liabilities and net assets | | |
| Current | | |
| Accounts payable and accrued liabilities | \$ 75,309 | \$ 160,379 |
| Deferred contributions (Note 7) | 591,623 | 947,965 |
| Current portion of deferred lease inducements (Note 8) | 20,877 | 85,230 |
| | 687,809 | 1,193,574 |
| Deferred lease inducements (Note 8) | 59,646 | 18,178 |
| | 747,455 | 1,211,752 |
| Net assets | | |
| Invested in capital assets | 131,799 | 159,922 |
| Internally restricted (Note 9) | 134,000 | 180,667 |
| Unrestricted | (186,091) | (261,082) |
| | 79,708 | 79,507 |
| | \$ 827,163 | \$ 1,291,259 |

Commitments (Note 11)
Contingencies (Note 12)
Subsequent events (Note 14)

Approved on behalf of the Board

 Director

 Director

SAGESSE DOMESTIC VIOLENCE PREVENTION SOCIETY
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2019

| | 2019 | 2018 |
|--|------------------|------------------|
| Revenues | | |
| Grants | \$ 1,255,232 | \$ 679,610 |
| United Way | 528,042 | 539,406 |
| FCSS | 136,720 | 118,720 |
| Casino contributions | 64,464 | 68,806 |
| Donation and fundraising (Note 13) | 62,588 | 45,701 |
| Interest and other | 55,330 | 59,703 |
| | <u>2,102,376</u> | <u>1,511,946</u> |
| Expenses | | |
| Salaries and benefits | 1,273,785 | 945,084 |
| Program | 293,797 | 223,771 |
| Meetings and community consultations | 146,877 | 45,295 |
| Advertising and promotion | 118,506 | 43,619 |
| Office | 102,567 | 117,330 |
| Rent and maintenance | 84,544 | 80,429 |
| Insurance | 13,506 | 12,200 |
| Bank charges | 10,108 | 2,737 |
| Fundraising (Note 13) | 9,147 | 10,810 |
| Professional development | 2,592 | 1,343 |
| Amortization of capital assets | 46,746 | 28,540 |
| | <u>2,102,175</u> | <u>1,511,158</u> |
| Excess of revenues over expenses for the year | \$ 201 | \$ 788 |

SAGESSE DOMESTIC VIOLENCE PREVENTION SOCIETY
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2019

| | Invested in capital assets | Internally restricted | Unrestricted | 2019 | 2018 |
|---|---------------------------------------|----------------------------------|---------------------|------------------|------------------|
| Net assets, beginning of year | \$ 159,922 | \$ 180,667 | \$ (261,082) | \$ 79,507 | \$ 78,719 |
| Excess (deficiency) of revenue over expenses | (53,485) | | 53,686 | \$ 201 | 788 |
| Interfund transfers | 25,362 | (46,667) | 21,305 | \$ - | - |
| Net assets, end of year | <u>\$ 131,799</u> | <u>\$ 134,000</u> | <u>\$ (186,091)</u> | <u>\$ 79,708</u> | <u>\$ 79,507</u> |

The accompanying notes are an integral part of these financial statements

SAGESSE DOMESTIC VIOLENCE PREVENTION SOCIETY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2019

| | 2019 | 2018 |
|---|------------|-------------|
| Cash flows from operating activities | | |
| Excess of revenues over expenses for the year | \$ 201 | \$ 788 |
| Adjustments for | | |
| Amortization of capital assets | 46,746 | 28,540 |
| Amortization of lease inducement (Note 8) | (32,053) | (27,739) |
| Straight line lease payable (Note 8) | (36,127) | 21,118 |
| Leasehold amortization adjustment | 6,737 | - |
| | (14,496) | 22,707 |
| Change in non-cash working capital items | | |
| Accounts receivable | 12,636 | (11,900) |
| Goods and services tax recoverable | (96) | (3,054) |
| Prepaid expenses | (5,265) | (5,048) |
| Accounts payable and accrued liabilities | (85,068) | 70,567 |
| Deferred contributions | (356,342) | 283,049 |
| | (448,631) | 356,321 |
| Cash flows from investing activities | | |
| Purchase of short-term investments | (470,440) | (2,067,349) |
| Proceeds from sale of short-term investments | 987,573 | 1,738,519 |
| Purchase of capital assets | (25,362) | (93,545) |
| Reimbursement of tenant improvements | 45,295 | - |
| | 537,066 | (422,375) |
| Increase (decrease) in cash and cash equivalents | 88,435 | (66,054) |
| Cash and cash equivalents, beginning of year | 86,049 | 152,103 |
| Cash and cash equivalents, end of year | \$ 174,484 | \$ 86,049 |

SAGESSE DOMESTIC VIOLENCE PREVENTION SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

1. Purpose of the organization

Sagesse Domestic Violence Prevention Society ("Sagesse" or the "Society") 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. Change in accounting policies

Section 4433 - Tangible Capital Assets Held by Not-for-Profit Organizations

In March 2018, the Accounting Standards Board (AcSB) introduced Section 4433 of the CPA Canada Handbook to increase consistency in the recognition, measurement, and disclosure of collections and capital assets by not-for-profit organizations. The new standard is effective for periods beginning on or after January 1, 2019.

These changes had no impact on the Society's financial statements.

3. Significant accounting policies

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations. The significant accounting policies are detailed as follows:

(a) Cash and cash equivalents

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

(b) 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.

SAGESSE DOMESTIC VIOLENCE PREVENTION SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

3. Significant accounting policies, continued

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

| | |
|-----------------------------------|---------|
| Leasehold improvements | 5 years |
| Computer and technology equipment | 5 years |
| Office equipment | 5 years |

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

(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 undiscounted future cash flows expected to be generated by the asset.

(e) 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.

(f) 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.

SAGESSE DOMESTIC VIOLENCE PREVENTION SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

3. Significant accounting policies, continued

(g) Contributed services

Volunteers assist Sagesse in carrying out certain activities. Dues 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.

(h) Financial instruments

(i) Measurement of financial instruments

The Society initially measures its financial assets and liabilities at fair value.

The Society subsequently measures all its financial assets and financial liabilities at cost or amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value.

Financial assets measured at amortized cost include cash and cash equivalents, short-term investments, and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

The Society has not designated any financial asset or financial liability to be measured at fair value.

(ii) Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in the statement of operations. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in the statement of operations.

(i) Measurement uncertainty

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations 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. Significant areas requiring the use of estimates include: useful lives of capital assets and deferred contributions. Actual results may differ from management's best estimates as additional information becomes available in the future.

SAGESSE DOMESTIC VIOLENCE PREVENTION SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

4. Cash and cash equivalents

As at December 31, 2019, cash and cash equivalents consists of \$174,484 which is externally restricted funds (2018: \$86,049).

5. Short-term investments

Short-term investments consist of Guaranteed Investment Certificates (GICs) with interest rates of 0.5% (2018: 0.5% - 1.85%). Sagesse has classified these investments as current as they could be liquidated at any time.

At December 31, 2019, the balance is comprised of \$134,000 (2018: \$180,667) internally restricted short-term investments and \$20,360 (2018: \$87,533) externally restricted short-term investments. The remainder of the balance is unrestricted.

6. Capital assets

| | 2019 | | 2018 | |
|--------------------------------------|-------------------|-------------------------------------|---------------------------|---------------------------|
| | Cost | Accumulated Amortization | Net Book Value | Net Book Value |
| Leasehold improvements | \$ 146,108 | \$ 68,913 | \$ 77,195 | \$ 108,938 |
| Computer and technology equipment | 98,182 | 56,152 | 42,030 | 37,662 |
| Office equipment | 23,208 | 10,634 | 12,574 | 13,322 |
| | \$ 267,498 | \$ 135,699 | \$ 131,799 | \$ 159,922 |

SAGESSE DOMESTIC VIOLENCE PREVENTION SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

7. Deferred contributions

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

| | 2019 | 2018 |
|---|-------------|-------------|
| Balance, beginning of year | \$ 947,965 | \$ 664,916 |
| Contributions received | 618,508 | 1,056,320 |
| Amounts recognized as revenue in the year | (974,850) | (773,271) |
| Balance, end of year | \$ 591,623 | \$ 947,965 |

8. Deferred lease inducements

Deferred lease inducements represent tenant improvements and free rent.

Lease inducements related to tenant improvements

In 2016, Sagesse incurred tenant improvements of \$83,216. During 2017, the landlord reimbursed Sagesse for the full amount of improvements made. These tenant improvements are amortized over 36 months beginning July 1, 2017.

During 2019, additional tenant improvements made in 2018 of \$45,295 were reimbursed by the landlord. Additional tenant improvements received in 2019 are amortized over the life of the lease.

| | 2019 | 2018 |
|--|-------------|-------------|
| Balance, beginning of year | \$ 41,609 | \$ 69,348 |
| Additions to leasehold inducements during the year | 45,295 | - |
| Amortization of leasehold inducements | (32,053) | (27,739) |
| Total leasehold inducements related to tenant improvements | 54,851 | 41,609 |
| Less: Current portion | (18,184) | (27,739) |
| Balance, end of year | \$ 36,667 | \$ 13,870 |

SAGESSE DOMESTIC VIOLENCE PREVENTION SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

8. Deferred lease inducements, continued

Leasehold inducements related to free rent periods

| | <u>2019</u> | <u>2018</u> |
|--|------------------|-----------------|
| Balance, beginning of year | \$ 61,799 | \$ 40,681 |
| Additions to leasehold inducements during the year | - | 21,118 |
| Amortization of leasehold inducements | <u>(36,127)</u> | <u>-</u> |
| Total leasehold inducements related to free rent periods | 25,672 | 61,799 |
| Less: Current portion | <u>(2,693)</u> | <u>(57,491)</u> |
| Balance, end of year | <u>\$ 22,979</u> | <u>\$ 4,308</u> |

Total leasehold inducements

| | <u>2019</u> | <u>2018</u> |
|--|------------------|-------------------|
| Current portion related to tenant improvements | \$ 18,184 | \$ 27,739 |
| Current portion related to free rent periods | <u>2,693</u> | <u>57,491</u> |
| Total current portion of leasehold inducements | <u>20,877</u> | <u>85,230</u> |
| Long term portion related to tenant improvements | 36,667 | 13,870 |
| Long term portion related to free rent periods | <u>22,979</u> | <u>4,308</u> |
| Total long term leasehold inducements | <u>59,646</u> | <u>18,178</u> |
| Total leasehold inducements | <u>\$ 80,523</u> | <u>\$ 103,408</u> |

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 an an operating contingency fund that can be drawn upon should funding be insufficient to meet expenditures.

SAGESSE DOMESTIC VIOLENCE PREVENTION SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

10. Financial instruments

Sagesse is subject to the following financial instrument risk:

(a) Credit risk

Credit risk is the risk that a counterparty may default on its contractual obligations resulting in financial loss. Sagesse does not believe it is subject to any significant concentration risk. Cash is deposited with Chartered Canadian Banks 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 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 interest rates.

There are no change to risk exposure from 2018.

11. Commitments

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

| | |
|------------------|---------------------|
| 2020 | \$ 87,586 |
| 2021 | 99,339 |
| 2022 | 111,090 |
| 2023 | 111,090 |
| 2024 | 122,842 |
| Subsequent years | <u>661,496</u> |
| | <u>\$ 1,193,443</u> |

12. Contingencies

Sagesse is engaged in certain claims and legal actions in the ordinary course of operations. Management believes that the 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 THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

13. Donation and fundraising

Sagesse raised \$30,471 (2018: \$12,866) in donations and \$32,117 (2018: \$32,835) in fundraising revenues, Sagesse incurred \$9,147 (2018: \$10,810) for the purpose of soliciting contributions including \$9,147 (2018: \$10,810) for fundraising expenses and \$nil (2018: \$nil) for employee expenses.

14. Subsequent events

In March 2020, the World Health Organization announced a global pandemic in relation to the COVID-19 virus, disrupting the day-to-day activities of both individuals and businesses. Many governments worldwide have enacted emergency measures to combat the spread of the virus. These measures include the implementation of travel bans, self-imposed quarantine periods and restrictions on gatherings, social distancing and travel to slow the spread of the virus. In March 2020, in light of the uncertain and rapidly evolving situation relating to the spread of COVID-19, Sagesse has taken precautionary measures intended to minimize the risk of the virus to its clients, its employees, and the communities in which it operates, which could negatively impact the Society's operations. These measures include moving programs online and training volunteers to facilitate remotely. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible at this time to estimate the length and severity of the impact that COVID-19 could have on the Society's operations, as the impact will depend on future developments, which are highly uncertain and cannot be currently predicted.

15. Comparative figures

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year earnings.