

SAGESSE DOMESTIC VIOLENCE PREVENTION SOCIETY

FINANCIAL STATEMENTS

DECEMBER 31, 2021

SAGESSE DOMESTIC VIOLENCE PREVENTION SOCIETY
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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, 2021, 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, 2021, 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").

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, 2021.

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.

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.

INDEPENDENT AUDITOR'S REPORT, continued

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.
- ◆ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

INDEPENDENT AUDITOR'S REPORT, continued

- ◆ 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
JUNE 1, 2022

**CHARTERED PROFESSIONAL
ACCOUNTANTS**

SAGESSE DOMESTIC VIOLENCE PREVENTION SOCIETY
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2021

	2021	2020
Assets		
Current		
Cash and cash equivalents (Note 3)	\$ 396,949	\$ 247,179
Short-term investments (Note 4)	1,320,462	923,875
Accounts receivable	114,028	128,142
Goods and services tax recoverable	28,940	10,207
Prepaid expenses	10,335	9,305
	1,870,714	1,318,708
Capital assets (Note 5)	111,649	145,145
Security deposit	12,593	12,593
	\$ 1,994,956	\$ 1,476,446
Liabilities and net assets		
Current		
Accounts payable and accrued liabilities	\$ 100,661	\$ 77,973
Deferred contributions (Note 7)	1,311,595	1,102,487
Current portion of deferred capital contributions (Note 8)	12,800	12,800
Current portion of deferred lease inducements (Note 9)	7,007	7,007
	1,432,063	1,200,267
CEBA loan payable (Note 6)	60,000	-
Deferred capital contributions (Note 8)	25,600	38,400
Deferred lease inducements (Note 9)	45,633	52,639
	1,563,296	1,291,306
Net assets		
Invested in capital assets	73,249	93,945
Internally restricted funds (Note 10)	458,094	209,000
Unrestricted net assets	(99,683)	(117,805)
	431,660	185,140
	\$ 1,994,956	\$ 1,476,446
Commitments (Note 13)		
Contingencies (Note 14)		

Approved on behalf of the Board

PJ

Director

AM

Director

SAGESSE DOMESTIC VIOLENCE PREVENTION SOCIETY
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2021

	2021	2020
Revenues		
Grants (Note 7)	\$ 2,226,155	\$ 1,071,327
United Way	397,467	474,678
Donation and fundraising (Note 15)	164,289	58,586
FCSS	118,720	118,720
Interest and other	56,714	46,240
Casino contributions	<u>53,413</u>	<u>2,798</u>
	<u>3,016,758</u>	<u>1,772,349</u>
Expenses		
Salaries and benefits	1,884,194	1,220,761
Program	415,913	271,814
Office	285,339	97,213
Meetings and community consultations	250,347	140,587
Rent and maintenance	192,156	125,023
Advertising and promotion	127,658	69,275
Bank charges	17,758	16,557
Insurance	16,664	13,451
Fundraising (Note 15)	2,717	500
Professional development	1,143	3,000
Amortization of capital assets	<u>74,496</u>	<u>60,352</u>
	<u>3,268,385</u>	<u>2,018,533</u>
Deficiency of revenues over expenditures from operations	(251,627)	(246,184)
Other income		
COVID support (Note 12)	<u>498,147</u>	<u>351,616</u>
Excess of revenues over expenditures for the year	\$ 246,520	\$ 105,432

SAGESSE DOMESTIC VIOLENCE PREVENTION SOCIETY
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2021

	Invested in capital assets	Internally restricted funds (Note 10)	Unrestricted net assets	2021	2020
Balance, beginning of year	\$ 93,945	\$ 209,000	\$ (117,805)	\$ 185,140	\$ 79,708
Excess (deficiency) of revenues over expenditures	(61,696)	-	308,216	246,520	105,432
Interfund transfers (Note 11)	41,000	249,094	(290,094)	-	-
Balance, end of year	\$ 73,249	\$ 458,094	\$ (99,683)	\$ 431,660	\$ 185,140

SAGESSE DOMESTIC VIOLENCE PREVENTION SOCIETY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021

	2021	2020
Cash flows from operating activities		
Excess of revenues over expenditures for the year	\$ 246,520	\$ 105,432
Adjustments for		
Amortization of capital assets	74,496	60,352
Amortization of deferred capital contributions	(12,800)	(12,800)
Amortization of lease inducement	<u>(7,006)</u>	<u>(20,877)</u>
	301,210	132,107
Change in non-cash working capital items		
Accounts receivable	14,114	(122,995)
Goods and services tax recoverable	(18,733)	(34)
Prepaid expenses	(1,030)	13,222
Accounts payable and accrued liabilities	22,687	2,664
Deferred contributions	<u>209,108</u>	<u>510,864</u>
	527,356	535,828
Cash flows from investing activities		
Purchase of short-term investments	(1,320,462)	(923,875)
Proceeds from sale of short-term investments	923,875	470,440
Purchase of capital assets	(40,999)	(73,698)
Deferred capital contributions received	<u>-</u>	<u>64,000</u>
	<u>(437,586)</u>	<u>(463,133)</u>
Cash flows from financing activity		
Proceeds of CEBA loan	<u>60,000</u>	<u>-</u>
Increase in cash and cash equivalents	149,770	72,695
Cash and cash equivalents, beginning of year	247,179	174,484
Cash and cash equivalents, end of year	\$ 396,949	\$ 247,179

SAGESSE DOMESTIC VIOLENCE PREVENTION SOCIETY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

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(l).

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

2. 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

Cash is defined as cash on hand and cash on deposit, net of cheques issued and outstanding at year-end.

(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.

(c) Capital assets

Capital assets are recorded at cost, less accumulated amortization. Individual assets with a cost of \$5,000 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:

Software	5 years
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. In the year of disposition, no amortization is recorded.

(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.

SAGESSE DOMESTIC VIOLENCE PREVENTION SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

2. Significant accounting policies, continued

(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.

(g) Government assistance

Government assistance includes subsidies associated with the COVID-19 pandemic support initiatives, and is recognized when there is reasonable assurance that the assistance will be received.

Government assistance related to an expenditure item is recognized as other income in the period in which the subsidy is approved.

Government assistance recorded in current and prior periods is subject to government review, which could result in future adjustments to income.

(h) 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.

SAGESSE DOMESTIC VIOLENCE PREVENTION SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

2. Significant accounting policies, continued

(i) 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 amortized cost.

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, and the CEBA loan payable.

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.

(j) 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, deferred contributions, and deferred capital 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, 2021

3. Cash and cash equivalents

	2021	2020
Unrestricted cash	\$ 396,948	\$ 243,084
Restricted cash	1	4,095
	\$ 396,949	\$ 247,179

4. Short-term investments

Short-term investments consist of Guaranteed Investment Certificates (GICs) with interest rates of 0.25% to 0.75% (2020: 0.40% to 0.97%). Sagesse has classified these investments as current as they could be liquidated at any time.

	2021	2020
Unrestricted GICs	\$ 1,186,462	\$ 736,462
Internally restricted GICs	134,000	134,000
Externally restricted GICs	-	53,413
	\$ 1,320,462	\$ 923,875

5. Capital assets

	2021	2020		
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Software	\$ 105,000	\$ 27,400	\$ 77,600	\$ 57,600
Leasehold improvements	146,108	127,356	18,752	47,973
Computer and technology equipment	107,879	98,333	9,546	31,122
Office equipment	23,208	17,457	5,751	8,450
	\$ 382,195	\$ 270,546	\$ 111,649	\$ 145,145

6. CEBA loan payable

The CEBA is a government-funded loan, payable to a chartered bank, which is non-interest bearing until December 31, 2023, after which interest will be charged at 5% per annum. If repaid prior to December 31, 2023, 33% of the loan will be forgiven.

SAGESSE DOMESTIC VIOLENCE PREVENTION SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

7. Deferred contributions

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

	2021	2020
Balance, beginning of year	\$ 1,102,487	\$ 591,623
Contributions received	2,047,248	1,386,906
Amounts recognized as revenue in the year	<u>(1,838,140)</u>	<u>(876,042)</u>
Balance, end of year	<u>\$ 1,311,595</u>	<u>\$ 1,102,487</u>

8. Deferred capital contributions

During 2020, the Society received contributions towards building its own database. These contributions will be amortized over the life of the database software, which is estimated to be five years.

	2021	2020
Deferred capital contributions, beginning of year	\$ 51,200	\$ -
Contributions received during the year	-	64,000
Amount amortized during the year	<u>(12,800)</u>	<u>(12,800)</u>
Deferred capital contributions, end of year	38,400	51,200
Less: Current portion	<u>(12,800)</u>	<u>(12,800)</u>
	<u>\$ 25,600</u>	<u>\$ 38,400</u>

9. Deferred lease inducements

Deferred lease inducements represent tenant improvements and free rent.

	2021	2020
Leasehold inducements, beginning of year	\$ 59,646	\$ 80,523
Amortization of leasehold inducements	<u>(7,006)</u>	<u>(20,877)</u>
Total leasehold inducements related to tenant improvements	52,640	59,646
Less: Current portion	<u>(7,007)</u>	<u>(7,007)</u>
Balance, end of year	<u>\$ 45,633</u>	<u>\$ 52,639</u>

SAGESSE DOMESTIC VIOLENCE PREVENTION SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

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

	2021	2020
Disaster relief fund	\$ 249,094	\$ -
Closing cost reserve	134,000	134,000
COVID-19 emergency response fund	75,000	75,000
	<hr/>	<hr/>
	\$ 458,094	\$ 209,000

11. Interfund transfers

During the year, \$41,000 was transferred from the unrestricted net asset fund to the funds invested in capital assets for the purchase of capital assets, and \$249,094 was transferred from the unrestricted fund to internally restricted funds for the development of the disaster relief fund.

12. COVID support

In an attempt to mitigate the impact of the COVID-19 pandemic, the Canadian government has introduced several grants and subsidies. The Society has taken advantage of the Canada Emergency Wage Subsidy and the Critical Worker Benefit, which relate to wage assistance for Canadian companies and not-for-profit entities experiencing decreases in revenues as a result of the pandemic. These subsidies have been recorded in the Statement of Operations as other income for the year.

	2021	2020
Canada Emergency Wage subsidy	\$ 489,104	\$ 188,136
Government of Alberta - Critical Worker Benefit	9,043	-
United Way	-	80,000
Calgary Foundation	-	34,890
Temporary Wage Subsidy	-	25,000
Family and Community Support Services Calgary	<hr/>	<hr/>
	\$ 498,147	\$ 351,616

SAGESSE DOMESTIC VIOLENCE PREVENTION SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

13. Commitments

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

2022	\$ 88,058
2023	88,058
2024	92,461
2025	96,864
2026	96,864
Subsequent years	<u>597,693</u>
	 <u>\$ 1,059,998</u>

14. 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, therefore no amounts have been accrued in these financial statements.

15. Donations and fundraising

As required under Section 7(2) of the Regulations of the Charitable Fundraising Act of Alberta, the Society discloses that the services costs incurred for the purposes of soliciting contributions were \$nil (2020 - \$nil). The total amount paid as expenditures related to fundraising is disclosed below, along with the donation and fundraising revenues received.

	2021	2020
Fundraising revenue	\$ 88,510	\$ 13,554
Donation revenue	<u>75,779</u>	<u>45,032</u>
	 <u>\$ 164,289</u>	 <u>\$ 58,586</u>
 Fundraising expenditures	 <u>\$ 2,717</u>	 <u>\$ 500</u>

SAGESSE DOMESTIC VIOLENCE PREVENTION SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

16. 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 is subject to credit risk related to its accounts receivable.

(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.

The Society is exposed to this risk mainly in respect of its accounts payable and accrued liabilities and the CEBA loan payable.

(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 changes to risk exposure from 2020.

17. 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.