

Connections For Families Society
Financial Statements
December 31, 2023

Independent Auditor's Report

To the Board of Directors of Connections For Families Society

Qualified Opinion

We have audited the financial statements of Connections For Families Society (the "Society"), which comprise the statement of financial position as at December 31, 2023, and the statements of operations, changes 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 paragraph, the accompanying financial statements present fairly, in all material respects, the financial position of the Society as at December 31, 2023, and its financial performance and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

Basis for Qualified Opinion

In common with other non-profit organizations, the Society derives revenue from donations or donations in kind, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of donation revenue was limited to the amounts recorded in the records of the Society and we were not able to determine whether any adjustments might be necessary to donations, excess of revenues over expenses and net assets.

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 ASNPOs, 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 Responsibility 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 judgement 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 override of internal control.
- 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Emily Hault Professional Corporation

Chartered Professional Accountants

Calgary, AB
April 23, 2024

Connections For Families Society

Statement of Financial Position

As at December 31,		2023	2022
Assets			
Current assets			
Cash	Note 5	\$ 505,458	\$ 555,067
Term deposits	Note 6	420,175	408,946
Accounts receivable		121,258	109,162
Goods and services tax recoverable		3,425	3,388
Prepaid expenses		19,858	22,356
		<u>1,070,174</u>	<u>1,098,919</u>
Property and equipment	Note 7	19,467	6,952
		<u>\$ 1,089,641</u>	<u>\$ 1,105,871</u>
Liabilities and Net Assets			
Current liabilities			
Accounts payable and accrued liabilities		\$ 28,639	\$ 17,699
Deferred revenue	Note 8	193,150	313,860
		<u>221,789</u>	<u>331,559</u>
Deferred capital contribution	Note 9	15,415	1,887
		<u>237,204</u>	<u>333,446</u>
Net Assets			
Unrestricted surplus		352,437	272,425
Internally restricted surplus	Note 10	500,000	500,000
		<u>852,437</u>	<u>772,425</u>
		<u>\$ 1,089,641</u>	<u>\$ 1,105,871</u>

See accompanying notes to the financial statements.

Approved by the Board of Directors,

 _____, Chair/President

 _____, Treasurer

Connections For Families Society
Statement of Operations

For the year ended December 31,	2023	2022
Revenues		
Fee for service	\$ 1,456,466	\$ 1,184,665
Donation and other revenue	214,415	57,096
Casino revenue	59,356	87
Interest revenue	13,640	7,882
Earned capital contribution	10,338	472
	1,754,215	1,250,202
Expenses		
Salaries and wages	1,347,051	1,138,737
Rent	156,898	144,265
Professional fees and program contracts	47,103	64,770
Travel	31,970	36,156
Program supplies	27,218	18,059
Telephone	15,077	15,756
Office supplies	10,886	16,948
Insurance	7,814	8,262
Repairs and maintenance	5,609	6,501
Business taxes, licenses and memberships	3,580	1,841
Amortization	11,351	1,738
Training	8,080	1,734
Interest and bank charges	777	648
Community networking	789	-
	1,674,203	1,455,415
Excess of revenue over expenses	\$ 80,012	\$ (205,213)

See accompanying notes to the financial statements.

Connections For Families Society
Statement of Changes in Net Assets
For the Year Ended December 31, 2023

	Notes	Unrestricted surplus	Internally restricted surplus	2023	2022
Net assets - beginning of year	\$	272,425	\$ 500,000	\$ 772,425	\$ 977,638
Excess of revenues over expenses		80,012	-	80,012	(205,213)
Balance at December 31, 2023	\$	352,437	\$ 500,000	\$ 852,437	\$ 772,425

See accompanying notes to the financial statements.

Connections For Families Society
Statement of Cash Flows

For the year ended December 31,	2023	2022
Cash provided by (used in):		
Cash flows from operating activities		
Excess revenues over expenditures	\$ 80,012	\$ (205,213)
Items not affecting cash		
Amortization of property and equipment	11,351	1,738
Changes in non-cash working capital		
Accounts receivable	(5,642)	(12,891)
Goods and services tax receivable	(37)	(98)
Prepaid expenses	2,498	11,554
Accounts payable and accrued liabilities	10,940	(606)
Deferred revenue	(120,710)	94,483
Deferred capital contribution	13,528	(472)
Net cash used by operating activities	<u>(8,060)</u>	<u>(111,505)</u>
Cash flows from investing activities		
Purchase of property and equipment	(23,866)	-
Redemption of term deposit	408,946	408,946
Accrued interest in term deposit	(6,329)	(1,417)
Purchase of term deposit	(420,300)	(408,946)
Net cash used in investing activities	<u>(41,549)</u>	<u>(1,417)</u>
Decrease in cash flow	(49,609)	(112,922)
Cash and cash equivalents, beginning of year	555,067	667,989
Cash and cash equivalents, end of year	<u>\$ 505,458</u>	<u>\$ 555,067</u>

See accompanying notes to the financial statements.

Connections For Families Society

Notes to the Financial Statements

Year ended December 31, 2023

1. Purpose of the Organization

Connections For Families Society ("Connections") was incorporated as a non-profit Society under the Societies Act of Alberta on April 9, 1992. As a registered charity Connections is exempt from the payment of income tax under Section 149(1) of the Income Tax Act.

Connections support parents with cognitive challenges to maintain a safe and nurturing home for their children.

2. Summary of Significant Accounting Policies

2.1. *Basis of accounting*

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

2.2. *Revenue recognition*

Connections follow the deferral method of accounting for contributions.

Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Externally restricted non-capital contributions are recorded as deferred contributions and recognized as revenue in the periods in which the related expenses are incurred. Externally restricted amounts can only be used for the purposes designated by external parties.

Externally restricted capital contributions are recorded as deferred contributions until the amount is invested in capital assets. Contributions for capital assets that will be amortized are transferred to unamortized deferred capital contributions in the period the asset is acquired. Capital donations of assets that would otherwise be purchased are accounted for as externally restricted capital contributions, at fair value when fair value can be reasonably estimated.

Connections For Families Society
Notes to the Financial Statements
Year ended December 31, 2023

Unamortized deferred capital contributions are recognized as revenue in the periods in which the related capital assets are amortized. The related portion of amortization expense and the earned capital contributions revenue are matched to indicate how the related amortization expense has been funded. Unamortized deferred capital contributions relating to capital assets disposed of are recognized as revenue in the period of disposal, provided that all restrictions have been complied with.

Unrestricted donations and investment earnings are recorded as revenue when earned.

2.3. Property and equipment

Property and equipment is stated at cost or deemed cost less accumulated amortization and is amortized over its estimated useful life on a declining balance basis at the following rates and methods:

	Method	Estimated useful life
Furniture and equipment	Declining balance	20%
Computer equipment	Declining balance	55%
Leasehold improvements	Straight-line	5 Years

Connections regularly reviews its property and equipment to eliminate obsolete items.

2.4. Deferred Tenant Inducements

Leasehold inducements, including rent-free periods, are amortized on a straight-line basis over the term of the lease and recorded as deferred revenue and a reduction of rent expense.

2.5. Donated goods

Significant contributions in kind relating to equipment and materials or supplies are recorded at the estimated fair market value of such contributions as received. During the year \$7,201 (2022 - \$4,236) in donations in kind were received.

Connections For Families Society
Notes to the Financial Statements
Year ended December 31, 2023

2.6. *Contributed services*

The operations of Connections include the contribution of time by volunteers and donated materials from various sources. The fair value of donated materials and services cannot be reasonably determined and are therefore not reflected in these financial statements.

2.7. *Measurement uncertainty*

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

In addition, the allocation of revenues and expenses to certain project and funds are subject to measurement uncertainty and are based on management's best information and judgment. Actual results could differ from those estimates. Allocated expenses include all general and administrative expenses. Allocations are determined based on review of the expenses and their relation to each project. Current year cash receipts subject to subsequent expense allocations, for proper revenue recognition purposes, are disclosed in Note 6.

2.8. *Cash and cash equivalents*

Cash consists of bank balances and term certificates with maturities or redemption privileges of one year or less.

Connections For Families Society

Notes to the Financial Statements

Year ended December 31, 2023

2.9. *Financial instruments*

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date.

Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

Financial assets and liabilities measured at amortized cost include cash, term deposits, accounts receivable and accounts payable and accrued liabilities.

3. **Economic Dependency**

Connections provides services to families with developmental disabilities. Most of the revenue is earned under renewable contracts with departments of the Province of Alberta.

4. **Financial risk management**

4.1. *Overview*

Connections is exposed to a variety of financial risks as a result of its operating activities:

- credit risk;
- interest risk; and

Connections employs risk management strategies and policies to ensure that any exposure to risk is in compliance with their business objectives and risk tolerance levels. While Connections has the overall responsibility for the establishment and oversight of Connections' risk management framework, management has the responsibility to administer and monitor these risks.

4.2. *Credit Risk*

Credit risk arises from the potential that a counterparty will fail to perform its obligations. Connections is exposed to credit risk from customers. Most of Connections' receivables are from departments of the Province of Alberta and historically Connections has not had any collection issues.

Connections For Families Society
Notes to the Financial Statements
Year ended December 31, 2023

The Society manages the credit exposure related to cash by selecting a federally regulated, credit worthy financial institution. Management regularly reviews its accounts receivable for collectability and does not expect any counterparty to fail to meet its obligations.

4.3. Interest risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, Connections manages exposure through its normal operating and financing activities. Connections is exposed to interest rate risk through its term deposits.

5. Restricted cash

Cash in the amount of \$15,164 (2022 - \$74,494) is restricted to payment of program and certain operating costs in compliance with Connections' lottery license and commitments to grant authorities.

6. Term deposits

	2023	2022
Term deposits - Current	<u>\$ 420,175</u>	<u>\$ 408,949</u>

Current term deposits mature at various dates between July and September 2024 and bear interest at rates between 4.20% and 4.25%.

Connections For Families Society
Notes to the Financial Statements
Year ended December 31, 2023

7. Property and equipment

	2023		2022	
	Cost	Accumulated amortization	Net book Value	Net book value
Furniture and equipment	\$ 18,772	\$ 13,210	\$5,562	\$6,952
Computer equipment	23,866	9,961	13,905	-
Leasehold improvements	7,874	7,874	-	-
	<u>\$ 26,646</u>	<u>\$ 18,680</u>	<u>\$ 19,467</u>	<u>\$ 6,952</u>

8. Deferred revenue

Deferred contributions represent externally restricted funding. The changes in the deferred contributions balance are as follows:

	2023	2022
Government of Alberta	\$ 291,352	\$ 225,868
Casino proceeds	27	74,494
Miscellaneous grant proceeds	143,694	-
Contract proceeds	3,758	(72,830)
Transferred to revenue	(559,541)	(133,049)
	(120,710)	94,483
Balance at the beginning of the year	313,860	219,377
Balance at the end of the year	<u>\$ 193,150</u>	<u>\$ 313,860</u>

9. Deferred capital contributions

	2023	2022
Balance at the beginning of the year	\$ 1,887	\$ 2,359
Additions in the period	23,866	-
Amortized capital contributions	(10,338)	(472)
Balance at the end of the year	<u>\$ 15,415</u>	<u>\$ 1,887</u>

Connections For Families Society
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10. Internally restricted surplus

In 2016, the Board established an internally restricted fund for operation reserves. The internally restricted funds can be up to a maximum of nine months payroll and office rent expenses plus \$50,000 for an opportunity to further the mission of Connections. The use of the fund requires approval by the Board. On December 31, 2023 the internally restricted funds were \$500,000 (2022 - \$500,000).

11. Lease commitments

During 2020, Connections renewed one lease and entered into a new agreement with respect to its premises that expire on November 30, 2024. The lease contains renewal options and provides for payment of utilities, property taxes and maintenance costs. Future minimum lease payments as at December 31, 2022, are as follows:

2024	<u>\$ 130,911</u>
	<u>\$130,911</u>

12. Contingent liability

Under the terms of the funding agreement with Government of Alberta and City of Calgary any unspent contracts funds are refundable to Government of Alberta and City of Calgary pursuant to their review of Connections' financial reporting. Accordingly, the amounts reflected as payable to Government of Alberta and City of Calgary may be amended through negotiation between Government of Alberta and City of Calgary and Connections at the end of the contract term.