

Financial Statements of

**FAMILIES MATTER
SOCIETY OF CALGARY**

And Independent Auditors' Report thereon

Year ended December 31, 2020



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INDEPENDENT AUDITORS' REPORT

To the Members of Families Matter Society of Calgary

Opinion

We have audited the financial statements of Families Matter Society of Calgary (the Entity), which comprise:

- the balance sheet as at December 31, 2020
- the statement of revenues and expenses 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, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2020, and its results of operations and its cash flows year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

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 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 these 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's 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.

KPMG LLP

Chartered Professional Accountants

Calgary, Canada

April 29, 2021

FAMILIES MATTER SOCIETY OF CALGARY

Balance Sheet

December 31, 2020, with comparative information for 2019


	2020	2019
Assets		
Current assets:		
Cash and cash equivalents	\$ 213,828	\$ 89,358
Short term investments	950,000	550,000
Restricted cash	5,381	10,308
Accounts receivable	163	90,567
Accrued interest receivable	5,772	13,477
Grant receivable	5,000	-
Goods and services tax receivable	12,474	11,532
Prepaid expenses and deposits	43,917	59,637
	<u>1,236,535</u>	<u>824,879</u>
Long-term guaranteed investment certificate	-	100,000
Property and equipment (note 3)	131,675	57,659
	<u>\$ 1,368,210</u>	<u>\$ 982,538</u>


Liabilities and Net Assets

Current Liabilities:		
Accounts payable and accruals (note 8)	\$ 107,429	\$ 58,521
Deferred revenue (note 4)	464,089	128,879
	<u>571,518</u>	<u>187,400</u>
Deferred capital contributions (note 5)	5,705	28,198
	<u>577,223</u>	<u>215,598</u>
Net assets:		
Internally restricted funds	356,452	356,452
Net assets unrestricted	434,535	410,488
	<u>790,987</u>	<u>766,940</u>
Lease commitments (note 7)		
	<u>\$ 1,368,210</u>	<u>\$ 982,538</u>

See accompanying notes to financial statements.

On behalf of the Board:


 Director

DocuSigned by:

 Director

FAMILIES MATTER SOCIETY OF CALGARY

Statement of Revenues and Expenses

Year ended December 31, 2020, with comparative information for 2019

	2020	2019
Revenues:		
Funding (note 6)	\$ 2,659,232	\$ 2,071,419
Amortization of deferred capital contribution	27,493	19,265
	<u>2,686,725</u>	<u>2,090,684</u>
Expenses:		
Salaries and related expenses	1,941,599	1,590,288
Occupancy and equipment	306,490	252,893
Program operations	210,361	93,272
Administration	61,222	43,452
Staff and volunteers	35,103	39,744
Contracted services	30,493	33,443
Marketing and fundraising	31,074	24,116
Amortization (note 3)	36,853	22,538
Other	9,483	9,591
	<u>2,662,678</u>	<u>2,109,337</u>
Excess (deficiency) of revenues over expenses	\$ 24,047	\$ (18,653)

See accompanying notes to the financial statements

FAMILIES MATTER SOCIETY OF CALGARY

Statement of Changes in Net Assets

Year ended December 31, 2020, with comparative information for 2019

	Internally Restricted	Unrestricted	Total 2020	Total 2019
Balance, beginning of year	\$ 356,452	\$ 410,488	\$ 766,940	\$ 785,593
Excess (deficiency) of revenues over expenses	-	24,047	24,047	(18,653)
Balance, end of year	\$ 356,452	\$ 434,535	\$ 790,987	\$ 766,940

See accompanying notes to the financial statements

FAMILIES MATTER SOCIETY OF CALGARY

Statement of Cash Flows

Year ended December 31, 2020, with comparative information for 2019

	2020	2019
Cash flows provided by (used in):		
Operating:		
Excess (deficiency) of revenues over expenses	\$ 24,047	\$ (18,653)
Add items not affecting cash:		
Amortization of capital assets	36,853	22,538
Amortization of deferred capital contributions	(27,493)	(19,265)
	33,407	(15,380)
Change in non-cash working capital:		
Accrued Interest receivable	7,705	(212)
Grants receivable	(5,000)	4,000
Accounts receivable	90,404	(90,567)
Goods and Services tax receivable	(942)	(7,570)
Prepaid expenses and deposits	15,720	(26,635)
Accounts payable and accrued liabilities	48,908	19,518
Deferred revenue	335,210	21,238
	525,412	(95,608)
Investing:		
Purchase of short term investments	(400,000)	(20,000)
Sale of long-term guaranteed invested certificate	100,000	200,000
Purchase of property and equipment	(110,869)	(32,734)
	(410,869)	147,266
Financing:		
Deferred capital contributions	5,000	-
Increase in cash and cash equivalents	119,543	51,658
Cash and cash equivalents, beginning of year	99,666	48,008
Cash and cash equivalents, end of year	\$ 219,209	\$ 99,666
Cash and cash equivalents consist of:		
Cash	\$ 213,828	\$ 89,358
Restricted cash	5,381	10,308
	\$ 219,209	\$ 99,666

See accompanying notes to the financial statements.

FAMILIES MATTER SOCIETY OF CALGARY

Notes to Financial Statements

Year ended December 31, 2020, with comparative information for 2019

1. Purpose of organization:

Families Matter Society of Calgary ("The Society") was incorporated under the Societies Act (Alberta) as a result of an amalgamation filed on December 23, 2003 that combined the operating assets of Calgary Family Connections Society, The Parent Development Centre (Calgary) Association, and Calgary Support for Young Parents Association.

The Society's mission is to strengthen families through life's transitions by providing families with education and support, and by promoting community understanding of family issues through public awareness and advocacy. Services provided include parenting resources and courses, in-home support, early childhood development, postpartum support, and a parent resource telephone line.

2. Significant accounting policies:

(a) Basis of presentation:

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

On March 11, 2020, the Coronavirus COVID-19 ("COVID-19") outbreak was declared a pandemic by the World Health Organization. This has resulted in governments worldwide, including the Canadian government, enacting emergency measures to combat the spread of the virus. These measures include implementation of travel bans, self-imposed quarantine periods and social distancing, which are causing material disruption to businesses globally and in Canada, resulting in an economic slowdown. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. These measures have caused a significant increase in economic uncertainty, with reduced demand for commodities leading to volatile prices and currency exchange rates, and a decline in long-term interest rates. These factors may impact future funding. The potential direct and indirect impacts of the economic downturn have been considered in the Society's estimates and assumptions at year end and have been reflected in the results.

Market conditions had improved over the course of the third and early fourth quarters of 2020 as nations began re-opening their economies, but the recent resurgence of COVID-19 cases (including cases related to variants or mutations of the COVID-19 virus) in certain geographic areas, and the possibilities that a resurgence may occur in other areas, has resulted in the re-imposition of certain restrictions noted above by local authorities. In addition, while vaccines are beginning to be distributed, there is uncertainty as to the timing, level of adoption, duration of efficacy and overall effectiveness of the vaccine against variants or mutations. As such, the COVID-19 pandemic continues to present challenges to the Society.

FAMILIES MATTER SOCIETY OF CALGARY

Notes to Financial Statements, page 2

Year ended December 31, 2020, with comparative information for 2019

2. Significant accounting policies (continued):

(a) Basis of presentation (continued):

The ultimate effects of how the outbreak will impact the Society's business in future periods cannot be reasonably estimated at this time. Management has been closely monitoring its sources of funding and service offerings.

(b) 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 includes the recoverability and useful life of capital assets.

These estimates and judgments have been made taking into consideration the economic impact of the COVID-19 pandemic and the significant economic volatility and uncertainty it has created, however, the future impact of COVID-19 cannot be reasonably estimated at this time.

(c) Revenue recognition:

The Society follows the deferral method of accounting for contributions.

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

Fees for services are recognized as revenue as related services are provided and the amount to be received can be reasonably estimated and collection is reasonably assured.

Contributions restricted for the acquisition of capital assets are recognized as revenue in the amounts that match the amortization expense of the related capital assets purchased with the contributions.

Unrestricted donations and fundraising revenue are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

FAMILIES MATTER SOCIETY OF CALGARY

Notes to Financial Statements, page 3

Year ended December 31, 2020, with comparative information for 2019

2. Significant accounting policies (continued):

(d) Property and equipment:

Purchased property and equipment are rendered at cost. Contributed property and equipment are recorded at the fair value at the date of contribution. Property and equipment is amortized over their estimated useful lives at the following rates applying the reducing balance method except where indicated:

Equipment	20%
Computer equipment	30%
Sign	30%
Leasehold improvements	straight line over lease term

The Society regularly reviews its property and equipment for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. An impairment loss is recognized in the statements of operations when the carrying value of the asset exceeds the sum of undiscounted cash flows resulting from its use and eventual disposition. The impairment loss is measured as the amount by which the carrying amount of the capital asset exceeds its fair value. An impairment loss is not reversed if the fair value of the capital asset subsequently increases.

(e) Investments:

Impairment of portfolio investments is recognized when the loss in value of a portfolio investment is other than temporary, and is included in the Statement of Operations.

(f) Contributed services:

Volunteers assist the Society 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.

(g) Donated equipment and materials:

Donated equipment and materials are recorded at fair market value if the fair value can be reasonably determined and the equipment and materials would otherwise be purchased. If fair market value cannot be reasonably determined, donated equipment and materials are recorded at nominal value.

(h) Income taxes:

The Society is a registered charity and while registered, the Society is exempt from income tax and may issue tax deductible receipts to donors.

FAMILIES MATTER SOCIETY OF CALGARY

Notes to Financial Statements, page 4

Year ended December 31, 2020, with comparative information for 2019

2. Significant accounting policies (continued):

(i) 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. The Society has not elected to carry any such financial instruments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Society 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 the Society 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.

(j) Cash and cash equivalent, restricted cash, and short term investments:

The Society considers cash on deposit with chartered banks, and certificates of deposit with original maturities of 90 days or less as cash and cash equivalent. Restricted cash is casino funds that must be used on specific purposes, and the Society expects to utilize these funds in the next fiscal year. Short term investments can be redeemed at any time by the Society.

FAMILIES MATTER SOCIETY OF CALGARY

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Year ended December 31, 2020, with comparative information for 2019

3. Property and equipment:

2020	Cost	Accumulated amortization	Net book value
Equipment	\$ 24,448	\$ 23,709	\$ 739
Computer equipment	79,362	75,608	3,754
Sign	13,924	12,711	1,213
Leaseholds	143,602	17,633	125,969
	<u>\$ 261,336</u>	<u>\$ 129,661</u>	<u>\$ 131,675</u>

2019	Cost	Accumulated amortization	Net book value
Equipment	\$ 24,448	\$ 23,524	\$ 924
Computer equipment	79,362	73,999	5,363
Sign	13,924	11,411	2,513
Leaseholds	90,500	41,641	48,859
	<u>\$ 208,234</u>	<u>\$ 150,575</u>	<u>\$ 57,659</u>

Amortization for the year ended December 31, 2020 was \$36,853 (2019 - \$22,538).

FAMILIES MATTER SOCIETY OF CALGARY

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Year ended December 31, 2020, with comparative information for 2019

4. Deferred revenue:

Deferred revenue consists of restricted funds which are required to be expended on specific programs and possibly could require repayment, and unrestricted funds that can be expended on programs that the Society feels best enhances its objectives.

	2020	2019
Alberta Children Services	\$ 283,234	\$ 10,378
Calgary Learns	8,405	22,699
Calgary and Area Child and Family Services	–	11,721
Private donations	18,266	8,232
Public Health Agency of Canada	12,556	8,021
Alberta Gaming and Liquor	21,770	9,953
Alberta Health Services	34,653	16,523
Fathering for the Future	36,905	38,209
Family Canada	1,214	895
The Wagemaker Foundation	3,544	2,248
The United Way	43,542	–
	\$ 464,089	\$ 128,879

5. Deferred capital contributions:

Contributions provided or allocated for the purpose of acquiring property and equipment are recognized as revenues on the same basis as the related property and equipment is amortized.

Deferred capital contributions related to Property and equipment represents the unamortized amount and unspent amount of the donations and grants received for the purchase of property and equipment. The amortization of capital contribution is recorded as revenue in the Statement of Operations.

	2020	2019
Balance, beginning of year	\$ 28,198	\$ 47,463
Amortization of deferred capital contribution	(27,493)	(19,265)
Deferred capital contribution received	5,000	–
	\$ 5,705	\$ 28,198

FAMILIES MATTER SOCIETY OF CALGARY

Notes to Financial Statements, page 7

Year ended December 31, 2020, with comparative information for 2019

6. Funding:

	2020	2019
Funds recognized as income:		
Alberta Children Services	\$ 124,667	\$ 465,285
Alberta Children Services – Family Resource Network	948,406	–
Calgary Learns	54,196	67,248
Casino proceeds	13,229	84,676
City of Calgary, Family and Community Support Services	890,919	802,309
Canada Alberta Job Grant	–	4,000
Employment and Social Development Canada	–	11,055
United Way of Calgary and Area	259,202	232,590
Calgary Immigrant Women's Association	–	6,413
Calgary and Area Child and Family Service	47,484	163,334
Alberta Health Services	127,896	41,892
Fathering for the Future	71,304	31,791
Family Canada	3,752	13,029
Public Health Agency of Canada	45,768	45,163
Program fees, registration, interest and memberships	17,004	43,925
Donations and other	55,405	58,709
	\$ 2,659,232	\$ 2,071,419

7. Lease commitments:

The Society has lease agreements with respect to its premises for periods ranging from six years to ten years. Future annual base lease payments for the next five years are as follows:

	3404 25th	Midnapore	Total
2021	\$ 84,242	\$ 55,462	\$ 139,704
2022	84,242	55,462	139,704
2023	84,242	55,462	139,704
2024	84,242	55,462	139,704
2025	84,242	55,462	139,704
Thereafter	336,966	23,109	360,075

FAMILIES MATTER SOCIETY OF CALGARY

Notes to Financial Statements, page 8

Year ended December 31, 2020, with comparative information for 2019

8. Credit Facility:

The Society has corporate credit cards facility from a Canadian bank for \$25,000 (2019 - \$23,000). At December 31, 2020, \$8,573 (2019 - \$12,370) was outstanding on these credit cards and is included in accounts payable and accruals.

9. Financial instruments

The Society is subject to the following financial instrument risks:

(a) Credit risk:

Credit risk refers to the risk that restricted cash counterparty may default on its contractual obligations resulting in a financial loss. The Society does not believe it is subject to any significant concentration of credit risk. Cash and cash equivalents and investments are in place with major financial institutions and majority of the accounts receivables are due from the landlord for leasehold improvement reimbursements, where chances of default are low.

(b) Liquidity risk:

Liquidity risk is the risk that the Society will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Society does not believe it is subject to any significant concentration of liquidity risk.

The Society manages its liquidity risk by monitoring its operating requirements. The Society 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, restricted cash, and investments. The Society is exposed to interest rate risk due to fluctuations in the bank's interest rates. The risk exposure is considered to have increased from 2019 due to the COVID-19 pandemic and the impact on the business as described in note 2.

There has been no change to the Society risk exposure from 2019, other than the potential impact of COVID-19 as described in note 2(a) and note 2(b).

10. Fundraising expenses:

Section 7(2) of the Charitable Fund-raising Act of Alberta requires the foundation to disclose the expenses incurred for the purpose of soliciting contributions.

Direct expenses incurred for the purpose of soliciting contributions: \$5,824 (2019 – \$3,899).

FAMILIES MATTER SOCIETY OF CALGARY

Notes to Financial Statements, page 9

Year ended December 31, 2020, with comparative information for 2019

11. Comparative information:

Certain comparative information has been reclassified to conform with the financial statement presentation adopted in the current year.

