

EDMONTON DOWN SYNDROME SOCIETY

Financial Statements

Year Ended December 31, 2021

EDMONTON DOWN SYNDROME SOCIETY

Index to Financial Statements

Year Ended December 31, 2021

	Page
INDEPENDENT AUDITOR'S REPORT	1 - 2
FINANCIAL STATEMENTS	
Statement of Revenues and Expenditures	3
Statement of Changes in Net Assets	4
Statement of Financial Position	5
Statement of Cash Flows	6
Notes to Financial Statements	7 - 11

INDEPENDENT AUDITOR'S REPORT

To the Members of Edmonton Down Syndrome Society

Qualified Opinion

We have audited the financial statements of Edmonton Down Syndrome Society (the Society), which comprise the statement of financial position as at December 31, 2021, and the statements of revenues and expenditures, 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 possible 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 the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

Basis for Qualified Opinion

As the prior period was neither audited or reviewed, we are unable to satisfy ourselves as to the opening balances on the statement of financial position at January 1, 2021 and the possible effects on the statement of revenues and expenditures in the current period.

In common with many charitable organizations, the Society derives revenue from donations and fundraising, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues 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 contributions, excess of revenues over expenses, current assets 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 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 qualified audit opinion.

Emphasis of Matter - Comparative Information

We draw attention to Note 2 to the financial statements which describes that Edmonton Down Syndrome Society adopted ASNPO on January 1, 2021 with a transition date of July 1, 2020. These standards were applied retrospectively by management to the comparative information in these financial statements, including the statements of financial position as at December 31, 2020 and July 1, 2020, and the statements of revenues and expenditures, changes in net assets and cash flows for the period ended December 31, 2020 and related disclosures. Our opinion is not modified in respect of this matter.

We were not engaged to report on the comparative information, and as such, it is unaudited.

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.

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Independent Auditor's Report to the Members of Edmonton Down Syndrome Society *(continued)*

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.
- 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.

Edmonton, Alberta
April 21, 2022

RADKE PROFESSIONAL CORPORATION
CHARTERED PROFESSIONAL ACCOUNTANT

EDMONTON DOWN SYNDROME SOCIETY

Statement of Revenues and Expenditures

Year Ended December 31, 2021

	2021 <i>(12 months)</i>	2020 <i>(6 months)</i> <i>(Unaudited)</i>
REVENUES		
Donations and fundraising	\$ 192,708	\$ 210,585
Grants	67,500	-
Casino fundraising	64,738	62,622
Therapy services	26,495	1,554
Advocacy, support and inclusion	15,354	12,697
Membership fees	7,057	1,230
	<u>373,852</u>	<u>288,688</u>
PROGRAM EXPENSES		
Fundraising	97,691	41,689
Advocacy, support, and inclusion	46,060	11,481
Speech services	45,843	8,413
Facility <i>(Note 10)</i>	27,455	-
Public awareness	8,509	1,095
	<u>225,558</u>	<u>62,678</u>
ADMINISTRATIVE EXPENSES		
Salaries and wages	230,010	106,579
Professional fees	21,703	7,505
Computer-related expenses	16,921	6,856
Facility <i>(Note 10)</i>	16,827	21,294
Office	5,441	5,965
Bank charges and credit card fees	4,721	4,123
Insurance	3,139	1,562
Travel	1,305	919
Repairs and maintenance	422	33,277
Postage and delivery	139	283
Printing and stationary	2	37
	<u>300,630</u>	<u>188,400</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES FROM OPERATIONS	<u>(152,336)</u>	<u>37,610</u>
OTHER INCOME (EXPENSES)		
Government subsidies <i>(Note 9)</i>	78,623	48,814
CEBA loan forgiveness <i>(Note 7)</i>	10,000	10,000
Amortization of deferred contributions related to equipment <i>(Note 8)</i>	4,337	-
Amortization	(5,539)	-
Interest	523	123
	<u>87,944</u>	<u>58,937</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	<u>\$ (64,392)</u>	<u>\$ 96,547</u>

EDMONTON DOWN SYNDROME SOCIETY

Statement of Changes in Net Assets

Year Ended December 31, 2021

	Unrestricted	Invested in Property and Equipment	2021	2020 <i>(Unaudited)</i>
NET ASSETS - BEGINNING OF YEAR	\$ 378,330	\$ 4,037	\$ 382,367	\$ 285,820
Excess (deficiency) of revenues over expenses	(63,189)	(1,203)	(64,392)	96,547
NET ASSETS - END OF YEAR	<u>\$ 315,141</u>	<u>\$ 2,834</u>	<u>\$ 317,975</u>	<u>\$ 382,367</u>

EDMONTON DOWN SYNDROME SOCIETY

Statement of Financial Position

December 31, 2021

	<i>December 31 2021</i>	<i>December 31 2020 (Unaudited)</i>	<i>July 1 2020</i>
ASSETS			
CURRENT			
Cash	\$ 350,372	\$ 327,117	\$ 235,356
Term deposits	205,757	205,234	205,234
Accounts receivable	4,380	15,380	725
Subsidy receivable	-	-	9,176
Goods and services tax recoverable	8,518	7,611	4,429
Prepaid expenses	16,274	521	9,149
	585,301	555,863	464,069
PROPERTY AND EQUIPMENT <i>(Note 5)</i>	10,095	15,635	12,636
	\$ 595,396	\$ 571,498	\$ 476,705
LIABILITIES AND NET ASSETS			
CURRENT			
Accounts payable	\$ 44,362	\$ 31,197	\$ 38,827
Employee deductions payable	5,277	-	-
Deferred contributions <i>(Note 6)</i>	180,521	116,336	140,459
	230,160	147,533	179,286
CEBA LOAN <i>(Note 7)</i>	40,000	30,000	-
DEFERRED CONTRIBUTIONS RELATED TO EQUIPMENT <i>(Note 8)</i>	7,261	11,598	11,598
	277,421	189,131	190,884
NET ASSETS			
Unrestricted	315,141	378,330	283,902
Invested in property and equipment	2,834	4,037	1,919
	317,975	382,367	285,821
	\$ 595,396	\$ 571,498	\$ 476,705

ON BEHALF OF THE BOARD

Jennifer Cassidy Director
Mike Kostuik Director

EDMONTON DOWN SYNDROME SOCIETY

Statement of Cash Flows

Year Ended December 31, 2021

	2021 <i>(12 months)</i>	2020 <i>(6 months)</i> <i>(Unaudited)</i>
OPERATING ACTIVITIES		
Cash receipts from donors and members	\$ 523,323	\$ 307,901
Cash paid to suppliers and employees	(519,160)	(250,083)
Interest received	523	123
Goods and services tax	(908)	(3,181)
	<u>3,778</u>	<u>54,760</u>
Cash flow from operating activities		
INVESTING ACTIVITY		
Purchase of equipment	-	(2,999)
FINANCING ACTIVITY		
CEBA loan	20,000	40,000
INCREASE IN CASH FLOW		
	<u>23,778</u>	<u>91,761</u>
Cash - beginning of year	<u>532,351</u>	<u>440,590</u>
CASH - END OF YEAR	<u>\$ 556,129</u>	<u>\$ 532,351</u>
CASH CONSISTS OF:		
Cash	\$ 350,372	\$ 327,117
Term deposits	<u>205,757</u>	<u>205,234</u>
	<u>\$ 556,129</u>	<u>\$ 532,351</u>

EDMONTON DOWN SYNDROME SOCIETY

Notes to Financial Statements

Year Ended December 31, 2021

1. PURPOSE OF THE SOCIETY

The Edmonton Down Syndrome Society is a provincial not-for-profit charitable organization incorporated under the Societies Act of the Province of Alberta. The Society is registered as a not-for-profit under the Income Tax Act of Canada and as such is exempt from income taxes.

The Society's purpose is to support persons and families with persons with Down Syndrome, through provision of information, resources and above all connecting members with each other.

2. FIRST TIME ADOPTION OF ACCOUNTING STANDARDS FOR NOT-FOR-PROFIT ORGANIZATIONS

During the year the Society adopted Canadian accounting standards for not-for-profit organizations (ASNPO). These financial statements are the first prepared in accordance with these standards. The adoption of ASNPO had no impact on net assets as at July 1, 2020 or revenues and expenditures or cash flows for the period ended December 31, 2020 as previously reported in accordance with pre-changeover Canadian generally accepted accounting principles.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPO).

Revenue Recognition

The Society follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which related expenses are incurred. Restricted contributions for the purchase of capital assets are recognized over the useful life of the asset. Unrestricted contributions are recognized as revenue in the year when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Donation and membership revenue is recognized in the year received.

Service and investment incomes are recognized as revenue when earned.

Fundraising revenue is recognized when earned.

Government grants

Government grants are recorded when there is a reasonable assurance that the Society had complied with and will continue to comply with, all the necessary conditions to obtain the grants.

Government subsidy

Government assistance for current expenses is recorded as other income in the same period the related expense is incurred. Government assistance for acquiring fixed assets is recorded as a reduction of the cost of related assets.

Cash and marketable securities

The Society considers short-term debt securities purchased with maturity of three months or less to be cash equivalents.

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EDMONTON DOWN SYNDROME SOCIETY

Notes to Financial Statements

Year Ended December 31, 2021

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Contributed materials and services

The Society is largely dependent upon and thankful for the many hours contributed by volunteers. Contributed materials and services are recorded only when fair value can be determined, when they are used in the normal course of operations and when the Society would have otherwise purchased the material or service. As such, no contributed services and materials are recognized in these financial statements.

Fundraising

Fundraising expenditures include only direct costs associated with events and do not include administration costs. No wages are paid to an employee whose principal duty is fundraising.

Property and equipment

Property and equipment are stated at cost less accumulated amortization. Property and equipment are amortized over their estimated useful lives at the following rates and methods:

Computer equipment	45%	declining balance method
Computer software	100%	declining balance method
Furniture and fixtures	20%	declining balance method
Leasehold improvements	5 years	straight-line method

The Society regularly reviews its property and equipment to eliminate obsolete items and performs impairment testing whenever events or changes in circumstances indicate the value of capital assets may not be recoverable. Any impairment is included in earnings for the year. Discounted cash flows are used to measure fair value of capital assets.

Property and equipment acquired during the year but not placed into use are not amortized until they are placed into use.

Financial instruments policy

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 cost or amortized cost.

Transaction costs related to financial instruments that will be subsequently measured at fair value are recognized in net income in the period incurred. Transaction costs related to financial instruments subsequently measured at amortized cost are included in the original cost of the asset or liability.

The Society assess impairment of all of its financial assets measured at cost or amortized cost when there is an indication of impairment. Any impairment which is not considered temporary is included in current year net earnings.

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.

EDMONTON DOWN SYNDROME SOCIETY

Notes to Financial Statements

Year Ended December 31, 2021

4. CASH

The Society maintains bank accounts for casino fundraising amounts received from the Alberta Gaming and Liquor Commission. Cash restricted for specified use in these accounts by the Alberta Gaming and Liquor Commission total \$171,066 (2020 - \$75,881).

5. PROPERTY AND EQUIPMENT

	Cost	Accumulated amortization	2021 Net book value	2020 Net book value
Computer equipment	\$ 33,133	\$ 27,827	\$ 5,306	\$ 9,648
Furniture and fixtures	11,905	7,116	4,789	5,987
Leasehold improvements	261,262	261,262	-	-
Computer software	9,185	9,185	-	-
	\$ 315,485	\$ 305,390	\$ 10,095	\$ 15,635

6. DEFERRED CONTRIBUTIONS

Deferred contributions have been restricted externally.

	Casino	Grants	2021	2020
Opening	\$ 75,881	\$ 40,455	\$ 116,336	\$ 140,458
Amounts received (transferred)	159,923	-	159,923	38,500
Recognized as revenue	(64,738)	(31,000)	(95,738)	(62,622)
	171,066	9,455	180,521	116,336

7. CANADIAN EMERGENCY BUSINESS ACCOUNT LOAN (CEBA)

The Society applied for and received the additional \$20,000 (2020 - \$40,000) CEBA loan in the 2021 fiscal year from the Government of Canada. The CEBA loan was launched to provide capital to small businesses to see them through the current challenges and better position them to return to providing services and creating employment. The loan is unsecured.

The loan is interest free to December 31, 2022. If the loan is paid back by December 31, 2022, \$20,000 of the loan will be forgiven. If the loan is not paid back by December 31, 2022 the full \$60,000 loan will be converted to loan repayable over three years with a 5% interest rate. The forgivable portion of the loan has been included in income. The Government of Canada has extended the repayment deadline to December 31, 2023 if certain conditions are met. Those conditions have not been defined at this time.

EDMONTON DOWN SYNDROME SOCIETY

Notes to Financial Statements

Year Ended December 31, 2021

8. DEFERRED CONTRIBUTIONS RELATED TO EQUIPMENT

Deferred contributions related to equipment represent restricted funds received to purchase equipment. Contributions are recognized as revenue at the equivalent amortization rate of the equipment.

	<u>2021</u>	<u>2020</u>
Opening	\$ 11,598	\$ 11,598
Recognized as revenues	(4,337)	-
	<u>\$ 7,261</u>	<u>\$ 11,598</u>

9. GOVERNMENT ASSISTANCE

In response to the negative economic impact of COVID-19, the Government of Canada announced the Canada Emergency Wage Subsidy program in April 2020 ("CEWS"). CEWS provides a wage subsidy on eligible remuneration to eligible employers based on certain criteria.

During the December 31, 2021 fiscal year, the Society assessed its eligibility related to CEWS and determined it has qualified for this subsidy from January 1, 2021 through to October 23, 2021. The Society has received \$62,004 in subsidies from the CEWS program. This subsidy has been recognized in other income relating to the subsidy.

In October 2020, the Government of Canada announced the Canada Emergency Rent Subsidy (CERS). CERS provides a rent and mortgage subsidy of up to 65% of eligible employees, to eligible employers based on certain criteria, including demonstration of revenue declines as a result COVID-19. Qualifying organizations that have been significantly restricted by a mandatory public health order issued by a qualifying public health authority can receive an additional lockdown support of 25%.

During the December 31, 2021 fiscal year, the Society assessed its eligibility related to CERS and determined it has qualified for this subsidy from January 17, 2021 effective date through to October 23, 2021. The Society has received \$16,619 in subsidies from the CERS program. This subsidy has been recognized in other income relating to the subsidy.

10. FACILITY

The Society allocates expenses to programs based on direct use. Facility expense allocated to program expenses represent 62% of total facility expenses.

11. FINANCIAL INSTRUMENTS

The Society is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. It is the opinion of management that the Society is not exposed to significant interest, currency or credit risk arising from these financial instruments.

Fair Value

The Society's carrying value of cash, accounts payable and deferred contributions approximates its fair value due to the immediate or short term nature of these instruments.

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EDMONTON DOWN SYNDROME SOCIETY

Notes to Financial Statements

Year Ended December 31, 2021

11. FINANCIAL INSTRUMENTS *(continued)*

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. Liquidity risk is measured by reviewing the Society's future net cash flows for the possibility of negative cash flow. The Society manages the liquidity risk from liabilities by monitoring cash flows and budgets.

Interest rate 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, the Society manages exposure through its normal operating and financing activities.

12. COMPARATIVE FIGURES

The prior period figures are unaudited and presented for informational purposes only. Certain prior year comparative figures have been reclassified to conform to current period presentation.

13. EXTRAORDINARY EVENT - COVID-19

In 2020, the Government of Alberta declared a public health emergency in response to the Covid-19 pandemic, as declared by the World Health Organization. This declaration required, among other restrictions, the temporary closure of non-essential businesses in the Province of Alberta. The restrictions have caused a material disruption to business and employment throughout 2021. 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 amounts at the date of the financial statements. No provision for these impacts have been accrued in these financial statements.
