

ALIGN ASSOCIATION OF COMMUNITY SERVICES
Financial Statements
Year Ended March 31, 2021

ALIGN ASSOCIATION OF COMMUNITY SERVICES

Index to Financial Statements

Year Ended March 31, 2021

	Page
INDEPENDENT AUDITOR'S REPORT	1 - 2
FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statement of Revenues and Expenditures	4
Statement of Changes in Net Assets	5
Statement of Cash Flow	6
Notes to Financial Statements	7 - 10

INDEPENDENT AUDITOR'S REPORT

To the Directors of ALIGN Association of Community Services

Opinion

We have audited the financial statements of ALIGN Association of Community Services (the Association), which comprise the statement of financial position as at March 31, 2021, and the statements of revenues and expenditures, changes in net assets and cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Association as at March 31, 2021, and the results of its operations and cash flow for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

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 *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Association 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 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.

In preparing the financial statements, management is responsible for assessing the Association'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 Association or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Association's financial reporting process.

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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 Association'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 Association'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 Association 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
October 21, 2021


VKO LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

ALIGN ASSOCIATION OF COMMUNITY SERVICES**Statement of Financial Position****March 31, 2021**

	2021	2020
ASSETS		
CURRENT		
Cash	\$ 427,162	\$ 555,319
Accounts receivable	31,929	59,680
Due from Community Initiatives Against Family Violence	24,115	13,726
Goods and services tax recoverable	-	399
Prepaid expenses	8,882	4,243
	<u>492,088</u>	633,367
PROPERTY AND EQUIPMENT (Note 2)	<u>3,607</u>	4,864
	<u>\$ 495,695</u>	<u>\$ 638,231</u>
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable	\$ 50,040	\$ 44,159
Goods and services tax payable	2,120	-
Deferred income - memberships	30,500	7,375
Deferred income - workshops	1,095	-
Deferred contributions (Note 3)	140,031	438,554
	<u>223,786</u>	490,088
LONG TERM DEBT (Note 4)	<u>30,000</u>	-
	<u>253,786</u>	490,088
NET ASSETS		
Unrestricted	238,301	143,277
Invested in property and equipment	3,608	4,866
	<u>241,909</u>	148,143
	<u>\$ 495,695</u>	<u>\$ 638,231</u>

LEASE COMMITMENTS (Note 8)

ON BEHALF OF THE BOARD_____
Director_____
Director

See notes to financial statements

ALIGN ASSOCIATION OF COMMUNITY SERVICES**Statement of Revenues and Expenditures****For the Year Ended March 31, 2021**

	2021	2020
REVENUES		
Gov't of Alberta - leadership bursary (<i>Note 3</i>)	\$ 269,329	\$ 133,917
Memberships	247,362	253,525
Conference	61,865	91,224
Workshops and other initiatives	60,807	31,659
Government assistance (<i>Note 5</i>)	42,286	-
Gov't of Alberta - occupational health and safety (<i>Note 3</i>)	29,194	59,633
CIAFV fiscal agent fees	23,074	18,944
Training room rental	8,239	11,615
Interest	3,111	3,293
Gov't of Alberta - training development	-	125,000
Foundation caregiver support reimbursement	-	35,175
AGM and meeting	-	10,248
	745,267	774,233
MANPOWER EXPENDITURES		
Salaries	147,253	142,177
Contractors	58,225	101,861
Benefits	15,698	17,870
	221,176	261,908
PROGRAM AND ADMINISTRATIVE EXPENDITURES		
Leadership bursary	229,504	94,092
Occupational health and safety	27,194	55,633
Indigenous cultural understanding framework	26,681	-
Office	25,623	17,476
Conference	21,540	68,473
Government relations committee	18,173	27,739
Workshops and other initiatives	13,758	13,555
Telephone	12,146	11,143
Professional fees	7,381	12,800
AGM and meeting	5,266	15,552
Interest and bank charges	4,184	3,067
Insurance	3,743	3,949
Goods and services tax	2,664	3,797
Bad debts	100	2,875
Travel	26	17,117
Training development	-	113,353
	397,983	460,621
FACILITY EXPENDITURES		
Office and training room rental	28,934	33,413
Amortization	3,408	3,751
	32,342	37,164
EXCESS OF REVENUES OVER EXPENDITURES	\$ 93,766	\$ 14,540

See notes to financial statements

ALIGN ASSOCIATION OF COMMUNITY SERVICES**Statement of Changes in Net Assets****Year Ended March 31, 2021**

	Unrestricted	Invested in Property and Equipment	2021	2020
NET ASSETS - BEGINNING OF YEAR	\$ 143,277	\$ 4,866	\$ 148,143	\$ 133,603
Interfund transfer	(2,150)	2,150	-	-
Excess of revenues over expenditures	97,174	(3,408)	93,766	14,540
NET ASSETS - END OF YEAR	\$ 238,301	\$ 3,608	\$ 241,909	\$ 148,143

See notes to financial statements

ALIGN ASSOCIATION OF COMMUNITY SERVICES**Statement of Cash Flow****Year Ended March 31, 2021**

	2021	2020
OPERATING ACTIVITIES		
Excess of revenues over program and administrative expenditures	\$ 93,766	\$ 14,540
Item not affecting cash:		
Amortization	<u>3,408</u>	3,751
	<u>97,174</u>	<u>18,291</u>
Changes in non-cash working capital:		
Accounts receivable	27,751	(42,290)
Accounts payable	5,880	(14,144)
Prepaid expenses	(4,639)	7,493
Goods and services tax payable	2,519	(2,219)
Due from Community Initiatives Against Family Violence	(10,389)	(5,892)
Deferred contributions	(298,523)	126,450
Deferred income - memberships	23,125	4,375
Deferred income - workshops	<u>1,095</u>	<u>-</u>
	<u>(253,181)</u>	<u>73,773</u>
Cash flow from (used by) operating activities	<u>(156,007)</u>	<u>92,064</u>
INVESTING ACTIVITY		
Additions to property and equipment	<u>(2,150)</u>	<u>(3,331)</u>
FINANCING ACTIVITY		
Proceeds from long term financing	<u>30,000</u>	<u>-</u>
INCREASE (DECREASE) IN CASH FLOW	(128,157)	88,733
Cash - beginning of year	<u>555,319</u>	<u>466,586</u>
CASH - END OF YEAR	<u>\$ 427,162</u>	<u>\$ 555,319</u>

See notes to financial statements

ALIGN ASSOCIATION OF COMMUNITY SERVICES

Notes to Financial Statements

Year Ended March 31, 2021

PURPOSE OF THE ASSOCIATION

ALIGN Association of Community Services (the "association") is a not-for-profit organization incorporated provincially under the Societies Act of Alberta. Management has determined that they are exempt from payment of income tax under Section 149(1) of the Income Tax Act.

The association's purpose is to strengthen member agencies and promote attitudes, practices and conditions that contribute to quality services for vulnerable children and families.

1. SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

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

Fund accounting

The financial statements have been classified into the following funds:

The unrestricted fund accounts for the association's program delivery, support and administrative activities.

The invested in property and equipment fund reports the assets, liabilities, revenues and expenditures related to the association's capital assets.

Cash and cash equivalents

Cash and cash equivalents are comprised of deposits held at financial institutions, net of cheques issued and outstanding at the reporting date.

Property and equipment

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

Computer equipment	3 years	straight-line method
Furniture and equipment	5 years	straight-line method
Leasehold improvements	5 years	straight-line method

Capital assets acquired during the year but not placed into use are not amortized until they are placed into use.

Revenue recognition

ALIGN Association of Community Services follows 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.

Membership fee revenue is recognized based upon the membership year.

Other revenues are recognized in the period it is earned and collection is reasonably assured.

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ALIGN ASSOCIATION OF COMMUNITY SERVICES

Notes to Financial Statements

Year Ended March 31, 2021

1. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Contributed goods and services

The operations of the association depend on both 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.

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.

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.

2. PROPERTY AND EQUIPMENT

	Cost	Accumulated amortization	2021 Net book value	2020 Net book value
Computer equipment	\$ 29,601	\$ 26,223	\$ 3,378	\$ 3,142
Furniture and equipment	19,016	19,016	-	-
Leasehold improvements	12,635	12,406	229	1,722
	<u>\$ 61,252</u>	<u>\$ 57,645</u>	<u>\$ 3,607</u>	<u>\$ 4,864</u>

3. DEFERRED CONTRIBUTIONS

Deferred contributions are comprised of the following Government of Alberta grants:

	Balance, beginning of year	Received during year	Recognized to revenue	Balance, end of year
Leadership bursary	\$ 406,074	\$ -	\$ (269,329)	\$ 136,745
Occupational health and safety	32,480	-	(29,194)	3,286
	<u>\$ 438,554</u>	<u>\$ -</u>	<u>\$ (298,523)</u>	<u>\$ 140,031</u>

ALIGN ASSOCIATION OF COMMUNITY SERVICES

Notes to Financial Statements

Year Ended March 31, 2021

4. LONG TERM DEBT

Servus Credit Union Canada Emergency Business Account (CEBA) loan authorized to \$40,000, bearing interest at 5% per annum; not bearing interest until December 31, 2022. Repaying the loan on or before December 31, 2022 will result in loan forgiveness of 25% of the highest amount drawn; up to a maximum of \$10,000. The forgivable portion of the loan has been included in income.

Amounts payable within one year

	<u>2021</u>	<u>2020</u>
	\$ 30,000	\$ -
	-	-
	<u>\$ 30,000</u>	<u>\$ -</u>

Principal repayment terms are approximately:

2023	<u>\$ 30,000</u>
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5. GOVERNMENT ASSISTANCE

Canada Emergency Rent Subsidy (CERS)
Canada Emergency Wage Subsidy (CEWS)
Forgivable portion of CEBA loan

	<u>2021</u>	<u>2020</u>
	\$ 2,487	\$ -
	29,799	-
	10,000	-
	<u>\$ 42,286</u>	<u>\$ -</u>

6. RELATED PARTY TRANSACTIONS

During the year, members of the Board of Directors received \$3,332 (2020 - \$2,400) for contractor fees.

7. GOODS AND SERVICES TAX

The organization is a qualifying non-profit organization for purposes of claiming a rebate of the goods and services tax that it pays on its purchases. The association has applied for a rebate of goods and services tax paid during the year. The rebate which totals \$2,664 (2020 - \$3,797) is included in current years operations.

8. LEASE COMMITMENTS

The association leases premises under long term leases that expire on January 31, 2023. Under the leases, the association is required to pay a base rent of \$48,384 per annum. In addition to the above base rent, the association must pay for its proportionate share of operating costs of the leased premises. The lease agreements are co-signed by two unrelated parties as co-tenants of the space. Future minimum lease payments as at year end are as follows:

2022	\$ 48,384
2023	<u>40,320</u>
	<u>\$ 88,704</u>

ALIGN ASSOCIATION OF COMMUNITY SERVICES

Notes to Financial Statements

Year Ended March 31, 2021

9. ECONOMIC DEPENDENCE

The association is economically dependant upon the Government of Alberta. During the year, the organization received 40% (2020 - 41%) of its funding from the Government of Alberta.

10. FINANCIAL INSTRUMENTS

The association is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the association's risk exposure and concentration as of March 31, 2021.

(a) Credit risk

Credit risk is the risk that a third party to a financial instrument might fail to meet its obligations under the terms of the financial instrument. The association's financial assets that are exposed to credit risk consist primarily of cash and cash equivalents and accounts receivable. The association's cash and cash equivalents are maintained with a large federally regulated financial institution. The association, in its normal course of operations, is exposed to credit risk from its customers. The amounts due are from a variety of customers and government agencies. The association is not subject to significant concentration of credit risk with respect to its customers.

(b) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The association is exposed to this risk mainly in respect of its receipt of funds from its funders and other related sources and accounts payable.

Unless otherwise noted, it is management's opinion that the association is not exposed to significant other price risks arising from these financial instruments.

11. SUBSEQUENT EVENTS

In March 2020, the World Health Organization declared a global pandemic due to the novel coronavirus (COVID-19). The situation is constantly evolving, and the measures put in place are having multiple impacts on local, provincial, national and global economies.

Management is uncertain of the effects of these changes on its financial statements and believes that any disturbance may be temporary; however, there is uncertainty about the length and potential impact of the disturbance.

As a result, we are unable to estimate the potential impact on the association's operations as at the date of these financial statements.