

Miskanawah Community Services Association
Financial Statements
March 31, 2020

Independent Auditor's Report

To the Members of Miskanawah Community Services Association:

Opinion

We have audited the financial statements of Miskanawah Community Services Association (the "Association"), which comprise the statement of financial position as at March 31, 2020, 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, the accompanying financial statements present fairly, in all material respects, the financial position of the Association as at March 31, 2020, and the results of its operations and its cash flows for the 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Association 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.

Other Matter

The financial statements of the Association for the year ended March 31, 2019 were audited by another firm of Chartered Professional Accountants who issued an unmodified opinion on those financial statements dated August 1, 2019.

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 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 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.

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.

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.

Calgary, Alberta

June 18, 2020

MNP LLP

Chartered Professional Accountants

MISKANAWAH COMMUNITY SERVICES ASSOCIATION
STATEMENT OF FINANCIAL POSITION

As at March 31, 2020

	2020	2019
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents, unrestricted	\$ 92,815	\$ 460,971
Cash and cash equivalents, externally restricted (Note 4)	185,031	446,362
Short term investments (Note 3)	324,504	158,302
Accounts receivable	75,287	135,060
GST receivable, unrestricted	12,681	11,843
GST receivable, externally restricted (Note 4)	-	1,020
Prepaid expense and deposits	26,723	34,173
	717,041	1,247,731
LONG TERM INVESTMENTS (Note 3)	-	61,150
CAPITAL ASSETS (Note 5)	92,784	84,091
	\$ 809,825	\$ 1,392,972
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 128,572	\$ 307,439
Salaries and benefits payable	142,409	136,441
Deferred contributions (Note 4)	185,031	447,382
	456,012	891,262
DEFERRED CAPITAL CONTRIBUTIONS (Note 6)	48,220	63,085
	504,232	954,347
COMMITMENTS (Note 8)		
SIGNIFICANT EVENT (Note 10)		
NET ASSETS		
Unrestricted	261,029	417,619
Invested in property and equipment	44,564	21,006
	305,593	438,625
	\$ 809,825	\$ 1,392,972

Approved on behalf of the Board



 Director



 Director

MISKANAWAH COMMUNITY SERVICES ASSOCIATION
STATEMENT OF OPERATIONS
For the Year Ended March 31, 2020

	2020	2019
REVENUE		
Government of Alberta - Children's Services contracts	\$ 6,001,236	\$ 4,712,977
United Way of Calgary and Area	686,064	585,971
City of Calgary - Family and Community Support Services	324,102	313,498
Calgary Foundation	191,177	75,000
Government of Alberta - Children's Services fee for service	189,090	143,632
City of Calgary - Crime Prevention Investment Plan	88,662	153,164
Government of Canada - Canadian Heritage	63,151	59,659
Interest and other revenue	48,313	90,992
Government of Alberta - Justice and Solicitor General	36,754	-
Donations and other contributions	28,762	60,385
Calgary Learns	27,740	38,540
Government of Alberta - Community Initiatives Program	13,427	7,160
Casino	7,118	49,487
Burns Memorial Fund	-	17,000
Collaborative Funders' Table	-	9,035
	<u>7,705,596</u>	<u>6,316,500</u>
EXPENSES		
Salaries, benefits and elder services	5,395,250	4,338,413
Direct client and program	1,458,721	1,153,358
Facility	608,545	403,147
Administration	334,720	323,469
Vehicles	30,931	36,453
	<u>7,828,167</u>	<u>6,254,840</u>
Excess (deficiency) of revenue over expenses before amortization	(122,571)	61,660
Amortization of deferred capital contributions <i>(Note 6)</i>	14,865	16,190
Amortization expense	<u>(25,326)</u>	<u>(23,086)</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	<u>\$ (133,032)</u>	<u>\$ 54,764</u>

The accompanying notes are an integral part of these financial statements.

MISKANAWAH COMMUNITY SERVICES ASSOCIATION
STATEMENT OF CHANGES IN NET ASSETS

For the year ended March 31, 2020

	Unrestricted	Invested in Property and Equipment	Total
Balance, beginning of year	\$ 417,619	\$ 21,006	\$ 438,625
Excess (deficiency) of revenue over expenses	(133,032)	-	(133,032)
Amortization of deferred capital contributions <i>(Note 6)</i>	(14,865)	14,865	-
Amortization expense	25,326	(25,326)	-
Purchase of capital assets	(34,019)	34,019	-
Unrestricted net assets, end of the year	<u>\$ 261,029</u>	<u>\$ 44,564</u>	<u>\$ 305,593</u>

For the year ended March 31, 2019

	Unrestricted	Invested in Property and Equipment	Total
Balance, beginning of year	\$ 355,959	\$ 27,902	\$ 383,861
Excess (deficiency) of revenue over expenses	54,764	-	54,764
Amortization of deferred capital contributions <i>(Note 6)</i>	(16,190)	16,190	-
Amortization expense	23,086	(23,086)	-
Purchase of capital assets	-	-	-
Unrestricted net assets, end of the year	<u>\$ 417,619</u>	<u>\$ 21,006</u>	<u>\$ 438,625</u>

The accompanying notes are an integral part of these financial statements.

MISKANAWAH COMMUNITY SERVICES ASSOCIATION
STATEMENT OF CASH FLOWS
For the year ended March 31, 2020

	2020	2019
FUNDS PROVIDED BY (USED IN) OPERATIONS		
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	(133,032)	54,764
Charges not requiring cash outlay:		
Amortization	25,326	23,086
Amortization of deferred capital contributions	(14,865)	(16,190)
	<u>(122,571)</u>	<u>61,660</u>
Changes in non-cash operating working capital:		
Accounts receivable	59,773	(90,571)
GST receivable	182	(6,539)
Prepaid expense and deposits	7,450	23,175
Accounts payable and accrued liabilities	(178,867)	158,658
Salaries and benefits payable	5,968	67,919
Cash flows from operating activities	<u>(228,065)</u>	<u>214,302</u>
FINANCING ACTIVITIES		
Deferred cash contributions (funding for next fiscal)	(262,351)	68,251
Cash flows from financing activities	<u>(262,351)</u>	<u>68,251</u>
INVESTING ACTIVITIES		
Purchase of capital assets	(34,019)	-
Investments (interest reinvested)	(105,052)	(4,163)
Cash flows from investing activities	<u>(139,071)</u>	<u>(4,163)</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(629,487)	278,390
Cash and cash equivalents, beginning of the year	907,333	628,943
CASH AND CASH EQUIVALENTS, END OF THE YEAR	<u><u>277,846</u></u>	<u><u>907,333</u></u>
Consisting of:		
Cash and cash equivalents, unrestricted	92,815	460,971
Cash and cash equivalents, externally restricted	185,031	446,362
	<u><u>277,846</u></u>	<u><u>907,333</u></u>

The accompanying notes are an integral part of these financial statements.

MISKANAWAH COMMUNITY SERVICES ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended March 31, 2020

1 NATURE OF THE ORGANIZATION

Miskanawah Community Services Association (the "Association") is guided by Indigenous teachings and provides evidence-informed supportive services to all people in the Calgary area in order to strengthen their circles of self, family, community and culture.

The Association was previously incorporated March 27, 2001 under the Companies Act of the Province of Alberta, and received non-profit charitable private foundation status effective April 1, 2001. The Association received re-designation as a not-for-profit charitable organization pursuant to the Canadian Income Tax Act effective April 1, 2004.

The Association approved a reorganization and was reincorporated under the Societies Act of the Province of Alberta effective June 26, 2007. Thus, the original corporation that was operating under the Companies Act was dissolved and continued operations under the Society's Act. In addition, the Association approved a name change from Spectrum Youth and Family Services Association to Pathways Community Services Association and received re-designation as a registered charity effective July 1, 2008. On October 15, 2019, the Association approved a name change from Pathways Community Services Association to Miskanawah Community Service Association. The Association is a registered not-for-profit charitable organization and it is exempt from income taxes. In order to maintain its status as a registered charity under the Income Tax Act ("the Act"), the Association must meet certain requirements within the Act. In the opinion of management, these requirements have been met.

2 SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. The significant accounting policies are as follows:

(a) Revenue Recognition

The Association follows the deferral method of accounting for contributions, which include grants and donations. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred.

Restricted contributions for the purchase of capital assets are deferred and recognized as revenue on the same basis as the amortization expense related to the acquired capital assets.

Unrestricted contributions are recognized as revenue when received or receivable.

Restricted and unrestricted contributions receivable are recorded if the amount can be reasonably estimated and collection is reasonably assured.

(b) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, balances with banks, and short term deposits with original maturities of three months or less.

MISKANAWAH COMMUNITY SERVICES ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended March 31, 2020

(c) Capital Assets

Purchased capital assets of \$ 5,000 and over are recorded at cost and contributed capital assets are recorded at fair market value at the date of acquisition. Amortization on capital assets is provided using the following methods and annual rates:

	<u>Method</u>	<u>Rate</u>
Computer equipment	Declining balance	55%
Furniture and fixtures	Declining balance	20%
Leasehold improvements	Straight line	10 years
Vehicles	Declining balance	30%

The Association amortizes capital assets using the half year rule in the year of acquisition. Also included in capital assets is artwork which is not amortized (*Note 5*).

(d) Donated Goods and Services

Goods and services donated to the Association are recorded in these financial statements if they are used in the normal course of operations, if a fair value can be reasonably determined and if they would have otherwise been purchased.

Volunteers have contributed a variety of services to assist the Association in carrying out its objectives. The fair value of these services are not recognized in these financial statements.

(e) Financial Instruments

Measurement of Financial Instruments

The Association initially measures its financial assets and financial liabilities at fair value. The Association subsequently measures all its financial assets and financial liabilities at cost or amortized cost. Changes in fair value of these financial instruments are recognized in net income. Financial instruments measured at amortized cost include cash, short term investments, accounts receivable and accounts payable.

At initial recognition, the Association may irrevocably elect to subsequently measure any financial instrument at fair value. The Association has not made such an election during the year. The Association subsequently measures financial assets and liabilities at amortized cost.

Transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at amortized cost or cost.

Financial Risk

It is management's opinion that the Association is not exposed to significant interest rate, currency, price, market or credit risks arising from these financial instruments.

MISKANAWAH COMMUNITY SERVICES ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended March 31, 2020

(f) Financial Asset Impairment

The Association assesses impairment of all its financial assets measured at cost or amortized cost. When there is an indication of impairment, the Association determines whether it has resulted in a significant adverse change in the expected timing or amount of future cash flows during the year. If so, the Association reduces the carrying amount of any impaired financial assets to the highest of: the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets; and the amount expected to be realized by exercising any rights to collateral held against those assets. Any impairment, which is not considered temporary, is included in the current year statement of operations.

The Association reverses impairment losses on financial assets when there is a decrease in impairment and the decrease can be objectively related to an event occurring after the impairment loss was recognized. The amount of the reversal is recognized in the statement of operations in the year the reversal occurs.

(g) Use of Estimates

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 amount of assets and liabilities, the disclosure of contingent assets and liabilities at the statement of financial position date and the reported amounts of revenue and expenses for the periods covered. The main estimates relate to the collectability of receivables, the useful life of capital assets and the amounts recorded as accrued liabilities.

3 SHORT TERM INVESTMENTS

The Association held the following short term investments with TD Canada Trust on March 31, 2020:

Maturing July 21, 2020 @ 2.23%	\$ 100,000
Maturing January 14, 2021 @ 1.60%	62,129
Maturing March 8, 2021 @ 2.00%	106,083
Maturing June 5, 2021 @ 1.40%	56,292
	\$ 324,504

The Association held the following short term investments with TD Canada Trust on March 31, 2019:

Maturing March 8, 2020 @ 2.25%	\$ 103,360
Maturing April 5, 2020 @ 2.10%	54,942
	\$ 158,302

The Association held the following long term investment with TD Canada Trust on March 31, 2019:

Maturing January 14, 2021 @ 1.60%	\$ 61,150
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MISKANAWAH COMMUNITY SERVICES ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended March 31, 2020

4 DEFERRED CONTRIBUTIONS AND RESTRICTED ASSETS

Externally Restricted Assets

The deferred contributions have been allocated as follows:

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents, externally restricted	\$ 185,031	\$ 446,362
Casino GST receivable, externally restricted	-	1,020
	<u>\$ 185,031</u>	<u>\$ 447,382</u>

Deferred Contributions

Deferred contributions represent unspent grants, fundraising and donations that have been externally restricted and designated by the donor for a specific purpose.

	<u>2020</u>	<u>2019</u>
Grants	\$ 182,626	\$ 441,931
Casino	2,405	5,451
Total Deferred Contributions	<u>\$ 185,031</u>	<u>\$ 447,382</u>

5 CAPITAL ASSETS

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net 2020</u>	<u>Net 2019</u>
Leasehold improvements	\$ 133,194	\$ 93,608	\$ 39,586	\$ 52,905
Computer equipment	45,496	45,019	477	1,060
Furniture and fixtures	49,995	39,391	10,604	13,254
Vehicles	69,644	31,377	38,267	13,022
Artwork	3,850	-	3,850	3,850
	<u>\$ 302,179</u>	<u>\$ 209,395</u>	<u>\$ 92,784</u>	<u>\$ 84,091</u>

6 DEFERRED CAPITAL CONTRIBUTIONS

Deferred contributions related to capital assets are comprised of the unamortized portion of contributed capital assets and contributions from government and community donors restricted for the purchase of capital assets.

	<u>2020</u>	<u>2019</u>
Balance, beginning of the year	\$ 63,085	\$ 79,275
Contributed capital assets	-	-
Amount amortized to income during the year	(14,865)	(16,190)
Balance at the end of the year	<u>\$ 48,220</u>	<u>\$ 63,085</u>

MISKANAWAH COMMUNITY SERVICES ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended March 31, 2020

7 ECONOMIC DEPENDENCE

The Association receives its revenue in the form of grants from a variety of sources. In management's opinion, the Association's continued operations are dependent on the continuance of these grants.

8 COMMITMENTS

The Association has entered into two operating leases for premises which expire May 31, 2023 and June 30, 2023.

The Association has entered into an equipment operating lease which expires April 2023.

Future minimum annual commitments for premises and equipment, including an estimate of operating expenses for the premises, for the next four years are as follows:

2021	\$	552,735
2022		662,137
2023		662,137
2024		110,833
	\$	<u>1,987,842</u>

9 COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current year's presentation.

10 SIGNIFICANT EVENT

During the year, there was a global outbreak of COVID-19 (coronavirus), which has had a significant impact on businesses and governments through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Association as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus.