Family Centre Society of Southern Alberta
Financial Statements
For the year ended March 31, 2024

Contents

To the Members of Family Centre Society of Southern Alberta:

Opinion

We have audited the financial statements of Family Centre Society of Southern Alberta (the "Society"), which comprise the statement of financial position as at March 31, 2024, 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 Society as at March 31, 2024, and the results of its operations, its changes in net assets 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 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 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 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 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.

MNP LLP
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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.

Lethbridge, Alberta

MNP LLP

June 17, 2024

Chartered Professional Accountants

Family Centre Society of Southern Alberta
Statement of Financial Position
As at March 31, 2024

	2024	2023
Assets		
Current		
Cash *(Note 4)*	**307,975**	327,624
Accounts receivable	**140,689**	134,621
Prepaid expenses *(Note 5)*	**24,386**	23,708
Goods and services taxes recoverable	**9,325**	9,128
	482,375	495,081
Property and equipment *(Note 6)*	**296,270**	353,727
Prepaid expenses *(Note 7)*	**1,389**	9,722
	780,034	858,530
Liabilities		
Current		
Accounts payable and accruals	**9,184**	9,945
Vacation and overtime payable	**49,107**	40,323
Deferred revenue *(Note 8)*	**57,239**	91,221
	115,530	141,489
Unamortized capital contributions *(Note 9)*	**293,208**	349,695
	408,738	491,184
Commitments *(Note 10)*		
Net Assets		
Unrestricted net assets	**28,234**	53,314
Internally restricted net assets	**340,000**	310,000
Net assets in property and equipment	**3,062**	4,032
	371,296	367,346
	780,034	858,530

Approved on behalf of the Board

Director

Director

The accompanying notes are an integral part of these financial statements

Family Centre Society of Southern Alberta
Statement of Operations
For the year ended March 31, 2024

	2024 Budget	2024	2023
Revenue			
Southern Alberta Child and Family Services	**671,425**	**682,229**	679,382
City of Lethbridge	**555,360**	**554,178**	527,566
Fundraising and events	**118,700**	**96,182**	98,025
Other income	**49,757**	**56,305**	116,168
Donations in kind	**-**	**16,820**	11,163
Donations	**-**	**16,584**	18,612
Lethbridge School District #51	**15,000**	**15,000**	15,000
United Way	**-**	**8,500**	-
Programs and projects	**3,500**	**6,197**	6,805
Holy Spirit Catholic Regional Division #4	**5,000**	**3,750**	3,750
Casino	**25,000**	**1,976**	6,494
Memberships	**200**	**-**	10
Anonymous Charitable Foundation	**68,000**	**69,780**	83,650
Amortization of capital contributions *(Note 9)*	**-**	**56,487**	56,487
Total revenue	**1,511,942**	**1,583,988**	1,623,112
Expenses			
Salaries and benefits	**991,030**	**970,003**	955,712
Rent	**208,708**	**217,049**	228,357
Subcontracts	**70,500**	**73,505**	83,650
Professional fees	**35,000**	**38,827**	34,654
Programs and projects	**41,162**	**35,204**	37,524
Facilitation	**30,030**	**23,316**	33,174
Insurance	**21,000**	**20,134**	19,708
Telephone and utilities	**17,000**	**16,957**	16,647
Donations in kind	**-**	**16,820**	11,163
Computer	**15,000**	**15,069**	15,991
Food	**13,700**	**14,751**	22,552
Fundraising expense	**15,570**	**14,461**	10,334
Office	**16,500**	**11,787**	12,515
Repairs and maintenance	**5,500**	**10,577**	7,954
Training and education	**11,400**	**10,300**	6,429
Goods and Services Tax	**-**	**9,325**	9,128
Advertising and promotion	**4,500**	**8,165**	4,252
Travel	**5,950**	**7,895**	7,175
Bank charges and interest	**7,500**	**7,439**	6,925
Association dues	**1,721**	**997**	897
Miscellaneous	**-**	**-**	1,447
Amortization	**-**	**57,457**	57,457
Total expenses	**1,511,771**	**1,580,038**	1,583,645
Excess of revenue over expenses	**171**	**3,950**	39,467

The accompanying notes are an integral part of these financial statements

Family Centre Society of Southern Alberta
Statement of Changes in Net Assets
For the year ended March 31, 2024

	Unrestricted net assets	*Internally restricted net assets*	*Net assets in property & equipment*	*2024*	*2023*
Net assets, beginning of year	**53,314**	**310,000**	**4,032**	**367,346**	327,879
Excess of revenue over expenses	**3,950**	**-**	**-**	**3,950**	39,467
Amortization	**57,457**	**-**	**(57,457)**	**-**	-
Amortization of capital contributions	**(56,487)**	**-**	**56,487**	**-**	-
Emergency operation contingency	**(30,000)**	**30,000**	**-**	**-**	-
Net assets, end of year	**28,234**	**340,000**	**3,062**	**371,296**	367,346

The accompanying notes are an integral part of these financial statements

Family Centre Society of Southern Alberta
Statement of Cash Flows
For the year ended March 31, 2024

	2024	*2023*
Cash provided by (used for) the following activities		
Operating		
Excess of revenue over expenses	**3,950**	39,467
Amortization	**57,457**	57,457
Amortization of capital contributions	**(56,487)**	(56,487)
	4,920	40,437
Changes in working capital accounts		
Accounts receivable	**(6,068)**	24,109
Goods and services taxes recoverable	**(197)**	(156)
Prepaid expenses	**7,655**	11,369
Accounts payable and accruals	**(761)**	(10,521)
Vacation and overtime payable	**8,784**	408
Deferred revenue	**(33,982)**	(40,584)
Increase (decrease) in cash resources	**(19,649)**	25,062
Cash resources, beginning of year	**327,624**	302,562
Cash resources, end of year	**307,975**	327,624

The accompanying notes are an integral part of these financial statements

1. Incorporation and nature of the organization

Family Centre Society of Southern Alberta (the “Society”) was incorporated under the authority of the Societies Act of Alberta and is a registered charity registered as a not-for-profit organization and is exempt from income taxes under section 149(l)(f) of the *Income Tax Act* (“the Act”). In order to maintain its status as a registered not-for-profit organization under the Act, the Society must meet certain requirements within the Act. In the opinion of management these requirements have been met.

The Society’s objective is to provide family support and resources which will strengthen and empower families, enhance the capacities of parents and foster the optimal development of children and youth.

2. Change in accounting policy

Revenue

Effective April 1, 2023, the Society adopted the Standard 3400 Revenue for the recognition, measurement and disclosure of revenue under Section 3400 Revenue. The standard establishes when to recognize and how to measure revenue, and provides the related financial statement presentation and disclosure requirements. Pursuant to these recommendations, the change was applied prospectively, and prior periods have not been restated.

Under the new standard, revenue is differentiated between revenue arising from transactions that include performance obligations, referred to as “exchange transactions”, and transactions that do not have performance obligations, referred to as “non-exchange transactions”.

The application of this change in accounting policy did not have a material impact on the financial statements of the Society.

3. Significant accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations set out in Part III of the CPA Canada Handbook - Accounting, as issued by the Accounting Standards Board in Canada and include the following significant accounting policies:

Cash and cash equivalents

Cash and cash equivalents include balances with banks and short-term investments with maturities of three months or less.

Property and equipment

Property and equipment are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution if fair value can be reasonably determined.

Amortization is provided using the straight-line method at rates intended to amortize the cost of assets over their estimated useful lives.

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

Computer equipment	4 years
Equipment	5 years
Office equipment	10 years
Leasehold improvements	15 years

Unamortized capital contributions

Deferred contributions related to property and equipment represent the unamortized portion of contributed capital assets and restricted contributions that were used to purchase the Society’s leasehold improvements. Recognition of these amounts as revenue is deferred to periods when the related property and equipment is amortized.

3. Significant accounting policies *(Continued from previous page)*

Revenue recognition

The Society 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.

Restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Unrestricted investment income is recognized as revenue when earned.

Non-exchange transactions have no performance obligations and are recognized at their realizable value when the Society has the authority to claim or retain economic inflows based on a past transaction or event giving rise to an asset.

Revenue from transactions with performance obligations is recognized when the Society satisfies a performance obligation by providing the promised goods or services. The performance obligation is evaluated as being satisfied either over a period of time or at a point in time.

Pledges are recognized as revenue when the amount to be received can be reasonably estimated and ultimate collection is reasonably assured.

Long-lived assets

Long-lived assets consist of property and equipment. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies.

When the Society determines that a long-lived asset no longer has any long-term service potential to the organization, the excess of its net carrying amount over any residual value is recognized as an expense in the statement of operations. Write-downs are not reversed.

Contributed materials and services

Contributions of materials and services are recognized both as contributions and expenses in the statement of operations when a fair value can be reasonably estimated and when the materials are used in the normal course of the Society's operations and would otherwise have been purchased.

The operations of the Society depend on the contribution of time by volunteers. The fair value of donated volunteer services cannot be reasonably determined and is therefore not reflected in these financial statements.

Financial instruments

The Society recognizes its financial instruments when the Society becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value, including financial assets and liabilities originated and issued in a related party transaction with management. Financial assets and liabilities originated and issued in all other related party transactions are initially measured at their carrying or exchange amount in accordance with Section 3840 *Related Party Transactions*.

At initial recognition, the Society may irrevocably elect to subsequently measure any financial instrument at fair value. The Society has not made such an election during the year.

Arm's length financial instruments:

Financial instruments originated/acquired or issued/assumed in an arm’s length transaction (“arm’s length financial instruments”) are initially recorded at their fair value.

At initial recognition, the Organization may irrevocably elect to subsequently measure any arm’s length financial instrument at fair value. The Organization has not made such an election during the year.

3. Significant accounting policies *(Continued from previous page)*

Financial asset impairment:

The Society assesses impairment of all of its financial assets measured at cost or amortized cost. The Society groups assets for impairment testing when available information is not sufficient to permit identification of each individually impaired financial asset in the group; there are numerous assets affected by the same factors; and no asset is individually significant. Management considers whether the issuer is having significant financial difficulty; whether there has been a breach in contract, such as a default or delinquency in interest or principal payments in determining whether objective evidence of impairment exists. When there is an indication of impairment, the Society 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 Society 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 current year excess of revenues over expenses.

The Society 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 excess of revenues over expenses in the year the reversal occurs.

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 amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of property and equipment.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in excess of revenue and expenses in the periods in which they become known.

4. Cash

	2024	*2023*
Cash - operations	**235,054**	290,771
Cash - capital campaign	**6,078**	6,078
Cash - casino	**43,391**	7,323
Guaranteed Investment Certificate	**23,452**	23,452
	307,975	327,624

5. Prepaid expenses

	2024	*2023*
Leasehold	**8,333**	8,333
Insurance	**16,053**	15,375
	24,386	23,708

Leasehold balance is being amortized straight-line over the term of the lease.

6. Property and equipment

	Cost	Accumulated amortization	2024 Net book value	2023 Net book value
Computer equipment	**45,855**	**45,855**	**-**	-
Equipment	**16,656**	**16,656**	**-**	-
Office equipment	**26,898**	**26,898**	**-**	-
Leasehold improvements	**917,182**	**620,912**	**296,270**	353,727
	1,006,591	**710,321**	**296,270**	353,727

7. Long-term prepaid expenses

	2024	2023
Leasehold	**1,389**	9,722

Leasehold balance is being amortized straight-line over the term of the lease.

8. Deferred revenue

Deferred revenue represents unspent resources received in the current period that are related to the subsequent period. The deferred revenue balance consists of:

	2024	2023
CMHA	**7,838**	-
Community Foundation of Lethbridge and Southwestern Alberta	**3,510**	-
United Way - Canada's Emergency Community Support	**2,500**	-
Casino income	**43,391**	7,323
Family Resource Network - Lethbridge HUB	**-**	1,063
Family Resource Network - Family Success Coaching	**-**	2,250
Family Resource Network - All My Relations	**-**	10,805
Anonymous Charitable Foundation	**-**	69,780
	57,239	91,221

9. Unamortized capital contributions

Unamortized capital contributions consist of the unamortized amount of contributions received for the purchase of capital assets. Recognition of these amounts as revenue is deferred to periods when the related capital assets are amortized. Changes in unamortized capital contributions are as follows:

	2024	2023
Balance, beginning of year	**349,695**	406,182
Less: Amounts recognized as revenue during the year	**(56,487)**	(56,487)
Balance, end of year	**293,208**	349,695

10. Commitments

The Society has a long term lease with respect to its office premises and parking stalls. The minimum annual payments are as follows:

2025	81,928
2026	81,928
2027	81,928
2028	81,928
2029	81,928
	409,640

During the year the lease was extended and amended for the period of April 1, 2024 to March 31, 2029, (the "Extension and Amendment Agreement"), the Society shall pay annual base rent equating to an annual rent of $81,928 or $6,827 per month net of applicable taxes.

11. Economic dependence

The Society generates the majority of its revenue from the Ministry of Children and Family Services and the City of Lethbridge ("FCSS funding") and is dependent on these revenues for the operation of the Society's programs.

12. Financial instruments

The Society, as part of its operations, carries a number of financial instruments. It is management's opinion that the Society is not exposed to significant interest, currency, credit, liquidity or other price risks arising from these financial instruments except as otherwise disclosed.

Credit concentration

As at March 31, 2024, one customer (2023 - one) accounted for 97% (2023 - 90%) of the accounts receivable. The Society believes that there is no unusual exposure associated with the collection of these receivables. The Society performs regular credit assessments and provides allowances for potentially uncollectible accounts receivable.

13. City of Lethbridge ("FCSS" funding)

We conducted our audit in accordance with Canadian generally accepted auditing standards. We have reviewed the City of Lethbridge funding agreement for eligible expenditure criteria and tested expenditure transactions to ensure that expenditures align with the contract requirements as per schedule "E" of the funding agreement. We believe that the audit evidence we have obtained is sufficient and appropriate.