

HEALTHY FAMILIES HEALTHY FUTURES SOCIETY
Financial Statements
Year Ended March 31, 2021

HEALTHY FAMILIES HEALTHY FUTURES SOCIETY
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Year Ended March 31, 2021

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INDEPENDENT AUDITOR'S REPORT

To the Members of Healthy Families Healthy Futures Society

Qualified Opinion

We have audited the financial statements of Healthy Families Healthy Futures Society (the Society), 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 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 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 March 31, 2021, 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 Qualified Opinion

Note 2 describes the accounting policy with respect to the Society's acquisition of property, plant, and equipment. This is not in accordance with Canadian accounting standards for not-for-profit organizations, which would require the capitalization and amortization of the assets over their expected useful lives.

As a result of this departure, property, plant, and equipment is understated \$20,818, and net income for the period is understated by \$4,983. Closing net assets invested in capital assets are understated by \$20,818.

Accounting standards for not-for-profit organizations also require that goods and services pre-purchased for use in a subsequent period should be recorded as a prepaid asset to be recognized as an expense when the good or service is utilized. The Society has expensed \$5,683 of prepaid expenses in 2021, resulting in an understatement of prepaid expense assets of \$5,683. In 2021, there were \$7,209 in prepaid expenses relating to 2021 that were expensed in 2020, therefore there is a net overstatement of net income for the period of \$1,526. Closing operating net assets are understated by \$5,683.

Our audit opinion on the financial statements for the year ended March 31, 2021 was modified because of the effects of this departure from Canadian accounting standards for not-for-profit organizations.

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 those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit 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 relating 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. 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.

Independent Auditor's Report to the Members of Healthy Families Healthy Futures Society *(continued)*

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.

The engagement partner on the audit resulting in this independent auditor's report is Tina Viney, CPA, CA.

Westlock, Alberta
June 21, 2021



FRIESEN VINEY STASIUK
CHARTERED PROFESSIONAL ACCOUNTANTS

HEALTHY FAMILIES HEALTHY FUTURES SOCIETY
Statement of Financial Position
March 31, 2021

	2021	2020
ASSETS		
CURRENT		
Cash	\$ 191,261	\$ 107,637
Cash restricted for specific projects (Note 4)	19,992	4,329
Term deposits	664,800	409,378
Term deposits restricted for specific projects	-	20,104
Funds held in trust (Note 5)	54,466	52,836
Restricted reserve term deposit (Note 6)	13,688	13,369
Accounts receivable	624	15,333
Goods and services tax recoverable	2,684	2,392
Prepaid expenses	1,100	-
Security deposit	2,000	1,500
	\$ 950,615	\$ 626,878
LIABILITIES AND NET ASSETS		
CURRENT		
Funds held in trust (Note 5)	\$ 54,466	\$ 52,836
Accounts payable	234,194	39,719
Wages payable	88,428	44,318
Employee deductions payable	-	9,337
Deferred contributions (Note 7)	200,680	145,147
	577,768	291,357
RESTRICTED RESERVE FUND PAYABLE (Note 6)	13,688	13,369
	591,456	304,726
NET ASSETS		
Accumulated surplus	359,159	322,152
	\$ 950,615	\$ 626,878

CONTINGENT LIABILITY (Note 8)

LEASE COMMITMENTS (Note 9)

ON BEHALF OF THE BOARD

_____ Director

_____ Director

HEALTHY FAMILIES HEALTHY FUTURES SOCIETY
Statement of Revenues and Expenditures
Year Ended March 31, 2021

	Budget (Unaudited) 2021	2021	2020
REVENUE			
Children's Services - Home Visitation Program funding	\$ 580,000	\$ 469,601	\$ 467,528
NWC Alberta FASD Services Network	325,588	276,230	284,677
Children's Services - Hub Operations funding	223,340	208,117	-
Health Canada funding	94,722	54,554	94,722
Children's Services - Westlock Family Connections Program funding	50,000	50,000	-
Alberta Health Services	35,390	35,391	35,391
FCSSAA Grant	-	33,227	-
Other grants and membership revenue	10,400	22,487	440
Contract Accounting Fees	20,000	20,000	20,000
Canadian Women's Foundation Grant	-	16,969	-
Community Foundations of Canada Grant	-	15,690	-
Workshops and fundraising	-	9,305	17,836
Expense recoveries and miscellaneous	-	6,778	2,968
Donations	-	6,590	10,103
Interest revenue	6,000	6,011	13,080
Casino Revenue	31,843	4,458	970
Pembina Gateway funding	-	-	787,712
Community Initiatives Program	-	-	60,000
Children's Services Contract Funding - Early Childhood Development	-	-	50,379
	<u>1,377,283</u>	<u>1,235,408</u>	<u>1,845,806</u>
STAFFING EXPENDITURES			
Total staffing	<u>1,085,564</u>	<u>976,541</u>	<u>1,007,588</u>
DIRECT CLIENT EXPENDITURES			
Travel and subsistence	113,461	40,128	77,783
Telephone and communications	21,300	21,734	14,091
Materials and supplies	6,509	19,598	3,111
Evaluation and monitoring	12,250	10,409	10,431
Nutritional supplements	9,700	8,679	9,549
Staff training	9,150	6,395	9,403
Program awareness	3,630	2,679	2,360
Education and workshop	2,800	1,978	5,813
Pembina Gateway (PLCs)	-	-	574,079
Barrhead FCSS	-	-	3,100
	<u>178,800</u>	<u>111,600</u>	<u>709,720</u>

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HEALTHY FAMILIES HEALTHY FUTURES SOCIETY
Statement of Revenues and Expenditures (continued)
Year Ended March 31, 2021

	Budget (Unaudited) 2021	2021	2020
FACILITY EXPENDITURES			
Rental of space	\$ 43,000	\$ 47,430	\$ 37,402
Facility insurance	5,125	5,181	4,477
Building maintenance	2,100	1,234	980
	<u>50,225</u>	<u>53,845</u>	<u>42,859</u>
ADMINISTRATIVE EXPENDITURES			
Purchase/rental of office equipment	5,552	21,470	3,949
Audit fees	10,250	9,942	9,943
Personal protective equipment	-	5,612	-
Office materials, supplies and postage	5,350	5,170	7,201
Liability insurance	4,741	3,900	3,516
Association dues	1,635	2,637	2,508
Fundraising	-	2,251	3,144
Telephone and communications	3,997	1,566	4,757
Annual General Meeting	1,350	1,266	1,124
Bank charges	500	896	1,537
Equipment repairs and maintenance	200	875	35
IT Support	1,750	692	2,131
Board expenses	2,120	138	1,061
Miscellaneous	-	-	122
Legal fees	500	-	-
Staff recruitment	500	-	-
	<u>38,445</u>	<u>56,415</u>	<u>41,028</u>
TOTAL EXPENDITURES	<u>1,997,948</u>	<u>1,198,401</u>	<u>1,801,195</u>
TOTAL EXCESS OF INCOME OVER EXPENDITURES	<u>\$ 24,249</u>	<u>\$ 37,007</u>	<u>\$ 44,611</u>

HEALTHY FAMILIES HEALTHY FUTURES SOCIETY
Statement of Changes in Net Assets
Year Ended March 31, 2021

	2021	2020
NET ASSETS - BEGINNING OF YEAR	\$ 322,152	\$ 277,541
Excess of revenue over expenditures	<u>37,007</u>	<u>44,611</u>
NET ASSETS - END OF YEAR	<u>\$ 359,159</u>	<u>\$ 322,152</u>

HEALTHY FAMILIES HEALTHY FUTURES SOCIETY
Statement of Cash Flows
Year Ended March 31, 2021

	2021	2020
OPERATING ACTIVITIES		
Excess of revenue over expenditures	\$ 37,007	\$ 44,611
Changes in non-cash working capital:		
Funds held in trust	1,630	2,794
Accounts receivable	14,709	(9,304)
Goods and services tax recoverable	(292)	1,186
Prepaid expenses	(1,100)	-
Security deposit	(500)	-
Accounts payable	194,475	(7,316)
Wages payable	44,110	(15,123)
Employee deductions payable	(9,337)	9,245
Deferred contributions	55,533	(89,708)
	<u>299,228</u>	<u>(108,226)</u>
Cash flow from (used by) operating activities	<u>336,235</u>	<u>(63,615)</u>
INVESTING ACTIVITY		
Restricted reserve fund payable	<u>319</u>	<u>302</u>
INCREASE (DECREASE) IN CASH FLOW	336,554	(63,313)
CASH - BEGINNING OF YEAR	<u>607,653</u>	<u>670,966</u>
CASH - END OF YEAR	<u>\$ 944,207</u>	<u>\$ 607,653</u>
CASH CONSISTS OF:		
Cash	\$ 191,261	\$ 107,637
Cash restricted for specific projects	19,992	4,329
Term deposits	664,800	409,378
Term deposits restricted for specific projects	-	20,104
Funds held in trust	54,466	52,836
Restricted reserve term deposit	13,688	13,369
	<u>\$ 944,207</u>	<u>\$ 607,653</u>

HEALTHY FAMILIES HEALTHY FUTURES SOCIETY
Notes to Financial Statements
Year Ended March 31, 2021

1. DESCRIPTION OF ACTIVITIES

Healthy Families Healthy Futures Society is a registered charity which is exempt from income tax under Section 149(1)(f) of the Income Tax Act. The Society provides multiple programs to support individuals and families including:

Home Visitation

Offering in-home mentorship, from a dedicated support person, starting as early as pregnancy and extending for the first six years of a child's life. Parents are equipped with the tools and skills they need to stimulate and nurture their child's development.

This program is provided in Athabasca, Calling Lake, Lac La Biche, Smoky Lake, Thorhild, Westlock, Lac Ste. Anne County, Mayerthorpe, Whitecourt, Woodlands County, Swan Hills, Fort Assiniboine, Barrhead, and surrounding areas. (2020-Athabasca, Barrhead, Lac Ste Anne, Mayerthorpe, Morinville, Swan Hills, Westlock, and surrounding areas)

FASD Mentorship

Mentorship for individuals who may be prenatally exposed to drugs and/or alcohol. Provides support to build and maintain a healthy lifestyle and build supportive networks.

This program is provided in Athabasca, Barrhead, Calling Lake, Lac Ste. Anne County, Swan Hills, Westlock, Whitecourt, Woodlands County, and surrounding areas. (2020-Athabasca and Whitecourt)

Parent Child Assistance Program (PCAP)

Support to reduce or stop alcohol and/or drug use during pregnancy and to encourage healthy lives for women and their children.

This program is provided in Athabasca, Barrhead, Calling Lake, Lac Ste. Anne County, Swan Hills, Westlock, Whitecourt, Woodlands County, and surrounding areas. (2020-Whitecourt)

Thrive Outreach

Supporting individuals impacted by abusive relationships to evaluate personal safety and create safety plans. Provides emotional support while encouraging the realization of individualized goals. Thrive Mentors also provide community education and awareness opportunities.

This program is available in Athabasca and Westlock. (2020 - Athabasca, Westlock, and Barrhead)

Westlock Family Connections

Caregiver Education and programs focusing on child development, asset building, parenting, and strengthening family bonds. Offered in Westlock and Westlock County commencing in the 2021 fiscal year.

Community Action for Healthy Relationships (CAHR)

A community collaboration project in Athabasca, Barrhead, and Westlock. It provides community awareness to address the issue of family violence.

HEALTHY FAMILIES HEALTHY FUTURES SOCIETY
Notes to Financial Statements
Year Ended March 31, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Significant accounting policies observed in the preparation of the financial statements are summarized below. These policies are in accordance with Canadian accounting standards for not-for-profit organizations unless otherwise noted.

Measurement uncertainty

When preparing financial statements according to Canadian accounting standards for not-for-profit organizations, management makes estimates and assumptions relating to:

- reported amounts of revenues and expenses
- reported amounts of assets and liabilities
- disclosure of contingent assets and liabilities.

Estimates are based on a number of factors including historical experience, current events and actions that the Society may undertake in the future, and other assumptions that management believes are reasonable under the circumstances. By their nature, these estimates are subject to measurement uncertainty and actual results could differ. In particular, estimates are used in accounting for certain items such as revenues and allowance for doubtful accounts.

Financial instruments policy

Initial and subsequent measurement

The Organization initially measures its financial assets and liabilities at fair value. Subsequent measurement of all financial assets and liabilities is at cost or amortized cost.

Financial assets measured at amortized cost on a straight-line basis include cash, cash restricted for specific projects, funds held in trust, term deposits, and the restricted reserve term deposit.

Financial liabilities measured at amortized cost on a straight-line basis include funds held in trust, accounts payable, and wages payable.

Transaction costs

Transaction costs related to financial instruments that will be subsequently measured at fair value are recognized in net income in the period incurred. Transactions costs related to financial instruments subsequently measured at amortized cost are included in the original cost of the assets or liability and recognized in net income over the life of the instrument using the straight-line method.

Impairment

For financial assets measured at cost or amortized cost, the Organization determines whether there are indications of possible impairment. When there is an indication of impairment, and the Organization determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows, a write-down is recognized in net income. A previously recognized impairment loss may be reversed to the extent of the improvement. The carrying amount of the financial asset may not be greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in net income.

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HEALTHY FAMILIES HEALTHY FUTURES SOCIETY
Notes to Financial Statements
Year Ended March 31, 2021

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

Cash and short term investments

Cash and funds held in trust consist of cash and bank accounts.

Short-term guaranteed investment certificates purchased with a maturity of one year or less are classified as cash equivalents, and are reported on the statement of financial position as term deposits and term deposits held for specific projects.

Cash restricted for specific projects and term deposits restricted for specific projects are funds that the Society has received from various sources and are required to spend the monies for specific programming.

The restricted reserve term deposit is a guaranteed investment certificate with a maturity of less than one year. The Society must have approval from Child and Family Services before utilizing these funds.

Property, plant and equipment

Property, plant and equipment costing less than \$5,000 are expensed in the year of acquisition. Items costing more than \$5,000 are capitalized but not amortized. This follows the accounting policy set out by the Alberta Ministry of Children's Services. This policy is not in agreement with Canadian accounting standards for not-for-profit organizations whereby property, plant, and equipment purchased would be capitalized and amortized over their estimated useful life.

Revenue recognition

Healthy Families Healthy Futures Society follows the deferral method of accounting for contributions.

Restricted contributions including government grants are recognized as revenue in the year in which the related expenses are incurred and there is a reasonable assurance that the Society has complied with and will continue to comply with all the necessary conditions to obtain the grants.

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. Endowment contributions are recognized as direct increases in net assets.

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.

Seminar fees are recognized as revenue when the seminars are held.

Contributed services

Volunteers including board members contribute a significant amount of their time each year. Because of the difficulty in determining their fair value, contributed services are not recognized in the financial statements.

HEALTHY FAMILIES HEALTHY FUTURES SOCIETY
Notes to Financial Statements
Year Ended March 31, 2021

3. 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. The following provides information about the Society's risk exposure as of March 31, 2021.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Society is exposed to this risk mainly in respect of its receipt of funds from its grantors.

4. CASH RESTRICTED FOR SPECIFIC PROJECTS

Cash restricted for specific projects relates to funds raised from a casino that are restricted as to its use.

5. FUNDS HELD IN TRUST

Healthy Families Healthy Futures Society holds funds in trust for the following organizations.

	<u>2021</u>	<u>2020</u>
Prevention of Relationship Abuse Action Committee	<u>\$ 54,466</u>	<u>\$ 52,836</u>

6. RESTRICTED RESERVE FUND PAYABLE

The financial statements of the Society are reviewed annually by the Alberta Corporate Service Centre. On the completion of the statement analysis the actual surplus and amount that can be retained is determined. Since there is a delay between the end of the funding period and the determination of the annual surplus, the determined surplus transfer relates to the prior year's activity. Funds from the reserve may be applied for purposes approved by North Central Alberta Child & Family Services.

HEALTHY FAMILIES HEALTHY FUTURES SOCIETY
Notes to Financial Statements
Year Ended March 31, 2021

7. DEFERRED CONTRIBUTIONS

	2021	2020
Community Initiatives Program grant	\$ 47,845	\$ -
NWC Alberta FASD Services Network grant funding	32,500	17,888
Prevention of Relationship Abuse Action Committee (Thrive Program) donations	30,000	30,000
Thrive Program donations and fundraising	20,434	12,488
Casino funds	19,883	24,341
Home Visitation grants	16,604	24,104
Westlock Family Connections (2020-Westlock Parent Link Centre) donations and fundraising amounts	15,388	14,015
Canadian Women's Foundation grant	8,031	-
Home Visitation unspent contract dollars from prior years	5,884	5,884
FASD programming donations	2,208	2,206
FCSSAA Grant	1,903	-
Pembina Gateway Network funding	-	14,221
	\$ 200,680	\$ 145,147

The Community Initiatives Program grant is to be utilized to operate and sustain the Thrive Program. Funds are required to be utilized by March 21, 2022.

The FCSSAA grant is to be utilized to support vulnerable Albertans to have their social well-being needs met, which have been compromised during or as a result of the COVID-19 pandemic.

The Society received a \$25,000 grant from the Canadian Women's Foundation to help offset expenses due to the COVID-19 pandemic. To date \$16,969 has been spent.

8. CONTINGENT LIABILITY

The employees of the Healthy Families Healthy Futures Society can bank up to 60 days to utilize in the event of an extended absence from employment due to health related issues. Days are banked at 1.5 per month based on the employees full time equivalent rate. The amount accumulated for sick days has not been recorded in the financial statements given the benefit is not paid out upon termination of employment and typically the Society would not replace an employee that is away on sick leave.

At March 31, 2021, the employees of the Society had banked \$59,114 (2020 - \$55,743) of sick time.

The Society has a Visa card with a \$10,000 limit.

HEALTHY FAMILIES HEALTHY FUTURES SOCIETY
Notes to Financial Statements
Year Ended March 31, 2021

9. LEASE COMMITMENTS

The Society has leased a premises in Westlock with a term ending March 2023. Base monthly lease payments are \$2,116 plus GST for the duration of the lease. Within the agreement is an option to renew the lease for one year after the lease expires with a renegotiation of the monthly lease amount.

The Society has leased a premises in Whitecourt with a term ending July 2023. Monthly lease payments are \$949.76 plus GST, with the exclusion of May 2020 and May 2021 in which there is no lease payment required. Within the agreement is an option to renew the lease for an additional thirty six months with a renegotiation of the monthly lease amount.

The Society currently leases office space in Athabasca at a rate of \$1,000 per month. The lease does not have a predetermined term, as it is a month to month lease.

10. EFFECTS OF COVID-19 ON OPERATIONS

Restrictions that were in place in the 2021 fiscal year due to the COVID-19 pandemic resulted in the Society's employees having to complete their duties virtually for much of the year. This led to the Society having underspent monies across their programming. It is not anticipated that this will continue to be the case for all of 2022.

In addition, the Government of Alberta had a hiring freeze on for publicly funded programs for a part of the 2021 fiscal year. The result for the Society was employees in new locations were hired later on in the year than was anticipated, leading to underspent monies in those programs. It is anticipated that salaries expense will meet the approved budget amounts in 2022.

11. ECONOMIC DEPENDENCE

The Society has had no indication that funding sources confirmed for the 2021-2022 fiscal year will be limited or reduced due to the COVID-19 pandemic.
