

HEALTHY FAMILIES HEALTHY FUTURES SOCIETY
Financial Statements
Year Ended March 31, 2022

HEALTHY FAMILIES HEALTHY FUTURES SOCIETY
Index to Financial Statements
Year Ended March 31, 2022

	Page
INDEPENDENT AUDITOR'S REPORT	1 - 3
FINANCIAL STATEMENTS	
Statement of Financial Position	4
Statement of Revenues and Expenditures	5 - 6
Statement of Changes in Net Assets	7
Statement of Cash Flows	8
Notes to Financial Statements	9 - 14

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, 2022, 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, 2022, 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 \$23,928, and net income for the period is understated by \$3,110. Closing net assets invested in capital assets are understated by \$23,928.

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 \$8,850 of prepaid expenses in 2022, resulting in an understatement of prepaid expense assets of \$8,850. In 2022, there were \$5,683 in prepaid expenses relating to 2022 that were expensed in 2021, therefore there is a net understatement of net income for the period of \$3,167. Closing operating net assets are understated by \$8,850.

Our audit opinion on the financial statements for the year ended March 31, 2022 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.

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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 20, 2022

FRIESEN VINEY STASIUK
CHARTERED PROFESSIONAL ACCOUNTANTS

HEALTHY FAMILIES HEALTHY FUTURES SOCIETY
Statement of Financial Position
March 31, 2022

	2022	2021 <i>(Note 11)</i>
ASSETS		
CURRENT		
Cash	\$ 176,640	\$ 191,261
Cash restricted for specific projects <i>(Note 4)</i>	19,992	19,992
Term deposits	667,948	664,800
Funds held in trust <i>(Note 5)</i>	54,949	54,466
Restricted reserve term deposit <i>(Note 6)</i>	13,776	13,688
Accounts receivable	574	624
Goods and services tax recoverable	3,499	2,684
Prepaid expenses	1,400	1,100
Security deposit	2,000	2,000
	\$ 940,778	\$ 950,615
LIABILITIES AND NET ASSETS		
CURRENT		
Funds held in trust <i>(Note 5)</i>	\$ 54,949	\$ 54,466
Accounts payable	37,111	66,208
Wages payable	101,224	88,428
Deferred contributions <i>(Note 7)</i>	352,446	368,666
	545,730	577,768
RESTRICTED RESERVE FUND PAYABLE <i>(Note 6)</i>	13,776	13,688
	559,506	591,456
NET ASSETS		
Accumulated surplus	381,272	359,159
	\$ 940,778	\$ 950,615

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, 2022

	Budget (Unaudited) 2022	2022	2021
REVENUE			
Children's Services - Home Visitation Program funding	\$ 580,000	\$ 536,738	\$ 469,601
NWC Alberta FASD Services Network	370,650	384,306	276,230
Children's Services - Hub Operations funding	223,340	217,946	208,117
Health Canada funding	94,722	107,232	54,554
Children's Services - Westlock Family Connections Program funding	50,000	50,000	50,000
Community Initiatives Program	47,845	47,845	-
Alberta Health Services	35,390	35,391	35,391
Alberta Elder Abuse Awareness Council Grant	-	30,150	-
Contract Accounting Fees	20,000	20,000	20,000
Other grants and membership revenue	400	12,878	22,487
Canadian Women's Foundation Grant	8,031	8,031	16,969
Interest revenue	6,000	4,314	6,011
Workshops and fundraising	-	2,748	9,305
FCSSAA Grant	1,903	1,903	33,227
Donations	-	1,869	6,590
Expense recoveries and miscellaneous	-	1,676	6,778
Community Foundations of Canada Grant	-	-	15,690
Deferred contributions	26,274	-	4,458
	<u>1,464,555</u>	<u>1,463,027</u>	<u>1,235,408</u>
STAFFING EXPENDITURES			
Total staffing	<u>1,133,092</u>	<u>1,145,142</u>	<u>976,541</u>
DIRECT CLIENT EXPENDITURES			
Travel and subsistence	129,826	100,826	40,128
Telephone and communications	20,935	23,970	21,734
Nutritional supplements	9,800	23,298	8,679
Staff training	10,050	14,551	6,395
Materials and supplies	12,900	12,033	19,598
Evaluation and monitoring	10,500	9,968	10,409
Program awareness	4,062	8,129	2,679
Education and workshop	2,800	6,179	1,978
	<u>200,873</u>	<u>198,954</u>	<u>111,600</u>

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HEALTHY FAMILIES HEALTHY FUTURES SOCIETY
Statement of Revenues and Expenditures (continued)
Year Ended March 31, 2022

	Budget (Unaudited) 2022	2022	2021
FACILITY EXPENDITURES			
Rental of space	\$ 45,340	\$ 42,552	\$ 47,430
Facility insurance	5,427	5,838	5,181
Building maintenance	1,400	1,014	1,234
	<u>52,167</u>	<u>49,404</u>	<u>53,845</u>
ADMINISTRATIVE EXPENDITURES			
Purchase/rental of office equipment	5,373	14,147	21,470
Audit fees	10,250	9,942	9,942
Office materials, supplies and postage	5,550	5,602	5,170
Liability insurance	4,300	4,219	3,900
Telephone and communications	3,902	3,068	1,566
Association dues	2,538	2,446	2,637
Personal protective equipment	2,447	2,168	5,612
Board expenses	2,120	1,574	138
Annual General Meeting	1,350	1,403	1,266
Bank charges	1,200	1,219	896
IT Support	1,900	995	692
Fundraising	-	521	2,251
Equipment repairs and maintenance	200	110	875
	<u>41,130</u>	<u>47,414</u>	<u>56,415</u>
TOTAL EXPENDITURES	<u>1,427,262</u>	<u>1,440,914</u>	<u>1,198,401</u>
TOTAL EXCESS OF INCOME OVER EXPENDITURES	<u>\$ 37,293</u>	<u>\$ 22,113</u>	<u>\$ 37,007</u>

HEALTHY FAMILIES HEALTHY FUTURES SOCIETY
Statement of Changes in Net Assets
Year Ended March 31, 2022

	2022	2021
NET ASSETS - BEGINNING OF YEAR	\$ 359,159	\$ 322,152
Excess of revenue over expenditures	<u>22,113</u>	<u>37,007</u>
NET ASSETS - END OF YEAR	<u>\$ 381,272</u>	<u>\$ 359,159</u>

HEALTHY FAMILIES HEALTHY FUTURES SOCIETY
Statement of Cash Flows
Year Ended March 31, 2022

	2022	2021 <i>(Note 11)</i>
OPERATING ACTIVITIES		
Excess of revenue over expenditures	\$ 22,113	\$ 37,007
Changes in non-cash working capital:		
Funds held in trust	483	1,630
Accounts receivable	50	14,709
Goods and services tax recoverable	(815)	(292)
Prepaid expenses	(300)	(1,100)
Security deposit	-	(500)
Accounts payable	(29,097)	26,489
Wages payable	12,796	44,110
Employee deductions payable	-	(9,337)
Deferred contributions	(16,220)	223,519
	<u>(33,103)</u>	<u>299,228</u>
Cash flow from (used by) operating activities	<u>(10,990)</u>	<u>336,235</u>
INVESTING ACTIVITY		
Restricted reserve fund payable	<u>88</u>	<u>319</u>
INCREASE (DECREASE) IN CASH FLOW	(10,902)	336,554
CASH - BEGINNING OF YEAR	<u>944,207</u>	<u>607,653</u>
CASH - END OF YEAR	\$ 933,305	\$ 944,207
CASH CONSISTS OF:		
Cash	\$ 176,640	\$ 191,261
Cash restricted for specific projects	19,992	19,992
Term deposits	667,948	664,800
Funds held in trust	54,949	54,466
Restricted reserve term deposit	13,776	13,688
	<u>\$ 933,305</u>	<u>\$ 944,207</u>

HEALTHY FAMILIES HEALTHY FUTURES SOCIETY
Notes to Financial Statements
Year Ended March 31, 2022

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.

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.

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.

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.

Westlock Family Connections

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

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.

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.

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HEALTHY FAMILIES HEALTHY FUTURES SOCIETY
Notes to Financial Statements
Year Ended March 31, 2022

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

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 Society 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 Society determines whether there are indications of possible impairment. When there is an indication of impairment, and the Society 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, 2022

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, 2022

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, 2022.

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.

Prevention of Relationship Abuse Action Committee	\$ 54,949	\$ 54,466
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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, 2022

7. DEFERRED CONTRIBUTIONS

	2022	2021 <i>(Note 11)</i>
Alberta Children's Services contract funding	\$ 174,278	\$ 125,622
Thrive Program donations and fundraising	38,351	20,434
Prevention of Relationship Abuse Action Committee (Thrive Program) donations	30,000	30,000
Westlock Family Connections (2020 and prior Parent Link Council) donations and fundraising	26,544	15,388
Casino funds	19,883	19,883
Alberta Elder Abuse Awareness Council grant funding	19,850	-
NWC Alberta FASD Services Network grant funding	18,844	62,354
Home Visitation grants	16,604	16,604
Home Visitation unspent contract dollars from prior years	5,884	5,884
FASD programming donations	2,208	2,208
Community Initiatives Program grant	-	47,845
Public Health Agency of Canada	-	12,510
Canadian Women's Foundation grant	-	8,031
FCSSAA grant	-	1,903
	\$ 352,446	\$ 368,666

Alberta Children's Services consists of unspent contract dollars from the 2021 and 2022 fiscal years for each of the Westlock and Whitecourt Hubs, as well as the Home Visitation programs.

The Society received a \$50,000 grant from the Elder Abuse Awareness Council of Alberta for programming. The deferred contributions at March 31, 2022 are slated to be expended in the 2023 fiscal year.

The Community Initiatives Program grant is to be utilized to operate and sustain the Thrive Program. Funds were utilized in the 2022 fiscal year.

The Public Health Agency of Canada grant was utilized to provide nutritional supplements, and additional fruits and vegetables to clients of the Home Visitation program.

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. Remaining funds were utilized in the 2022 fiscal year.

The Society received a \$25,000 grant from the Canadian Women's Foundation to help offset expenses due to the COVID-19 pandemic. Remaining funds were utilized in the 2022 fiscal year.

HEALTHY FAMILIES HEALTHY FUTURES SOCIETY
Notes to Financial Statements
Year Ended March 31, 2022

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, 2022 the employees of the Society had banked \$52,847 (2021 - \$59,114) of sick time.

The Society has a Visa card with a \$15,000 (2021 - \$10,000) limit.

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 prior 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. These restrictions were lifted during the 2022 fiscal year.

11. PRIOR YEAR RECLASSIFICATION

During the 2022 fiscal year it was determined that \$167,986 in unspent grants from the 2021 fiscal year were approved by the funders to be carried over to be spent in a future year. The 2021 comparative balance sheet and statement of cash flows reflect this adjustment, with a decrease in accounts payable of \$167,986 and a corresponding increase in deferred contributions of \$167,986. There is no change to the excess of revenues over expenditures for the 2021 fiscal year.

The deferred contributions financial statement note 7 has been updated accordingly.
