

CALGARY LEARNS ASSOCIATION

Financial Statements

Year Ended December 31, 2022

CALGARY LEARNS ASSOCIATION
Index to Financial Statements
Year Ended December 31, 2022

	Page
INDEPENDENT AUDITOR'S REPORT	1 - 2
FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statement of Revenues and Expenses	4
Statement of Changes in Net Assets	5
Statement of Cash Flows	6
Notes to Financial Statements	7 - 12
General and Administrative Expenses (<i>Schedule 1</i>)	13

INDEPENDENT AUDITOR'S REPORT

To the Members of Calgary Learns Association

Opinion

We have audited the financial statements of Calgary Learns Association (the association), which comprise the statement of financial position as at December 31, 2022, and the statements of revenues and expenses, 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 December 31, 2022, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO)

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the association in accordance with ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with ASNPO, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the association or to cease operations, or has no realistic alternative but to do so.

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

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.

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Independent Auditor's Report to the To the Members of Calgary Learns Association (continued)

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.

Calgary, Alberta
April 17, 2023


C&E LLP Chartered Professional Accountants

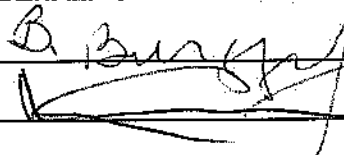

CALGARY LEARNS ASSOCIATION

Statement of Financial Position

December 31, 2022

	<u>2022</u>	<u>2021</u>
ASSETS		
CURRENT		
Cash	\$ 183,973	\$ 382,168
Term deposits (Note 3)	384,000	384,000
Restricted cash (Note 4)	96,811	16,874
Restricted term deposits (Note 4)	1,051,640	1,507,413
Accounts receivable	15,067	2,421
Goods and services tax recoverable	1,376	3,594
Prepaid expenses	8,695	7,692
	<u>\$ 1,741,562</u>	<u>\$ 2,304,162</u>
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities	\$ 19,049	\$ 25,441
Lease inducement	2,550	3,880
Deferred contributions (Note 6)	1,420,345	1,997,710
	<u>1,441,944</u>	<u>2,027,031</u>
NET ASSETS		
Internally restricted (Note 7)	114,000	114,000
Unrestricted	185,618	163,131
	<u>299,618</u>	<u>277,131</u>
	<u>\$ 1,741,562</u>	<u>\$ 2,304,162</u>

ON BEHALF OF THE BOARD

 Director
 Director

See notes to financial statements

CALGARY LEARNS ASSOCIATION
Statement of Revenues and Expenses
Year Ended December 31, 2022

	2022	2021
REVENUES		
Government of Alberta grants <i>(Note 6)</i>	\$ 3,160,919	\$ 2,632,047
Calgary Foundation grant <i>(Note 6)</i>	70,000	8,750
Casino revenue <i>(Note 6)</i>	40,000	3
Interest income	18,565	5,834
Rotary Club grant <i>(Note 6)</i>	6,500	-
Other income and donations	3,922	3,596
	<u>3,299,906</u>	<u>2,650,230</u>
EXPENSES		
Community Adult Learning Program (CALP) grant expenditures <i>(Note 8)</i>	2,005,393	1,952,156
General and Administrative Expenses <i>(Schedule 1)</i>	702,717	621,560
iFLAG grant expenditures	563,184	34,940
Other grant expenditures	6,125	15,747
	<u>3,277,419</u>	<u>2,624,403</u>
EXCESS OF REVENUES OVER EXPENSES	<u>\$ 22,487</u>	<u>\$ 25,827</u>

CALGARY LEARNS ASSOCIATION
Statement of Changes in Net Assets
Year Ended December 31, 2022

	Internally Restricted	Unrestricted	2022	2021
NET ASSETS - BEGINNING OF YEAR	\$ 114,000	\$ 163,131	\$ 277,131	\$ 251,304
Excess of revenues over expenses	-	22,487	22,487	25,827
NET ASSETS - END OF YEAR	\$ 114,000	\$ 185,618	\$ 299,618	\$ 277,131

CALGARY LEARNS ASSOCIATION
Statement of Cash Flows
Year Ended December 31, 2022

	2022	2021
OPERATING ACTIVITIES		
Excess of revenues over expenses	\$ 22,487	\$ 25,827
Changes in non-cash working capital:		
Restricted cash	(79,937)	54,005
Accounts receivable	(12,646)	1,380
Goods and services tax recoverable	2,218	(2,123)
Accounts payable and accrued liabilities	(6,392)	(93,016)
Prepaid expenses	(1,003)	(391)
Lease inducement	(1,330)	(1,330)
Deferred contributions	(577,365)	491,655
	<u>(676,455)</u>	<u>450,180</u>
Cash flow from (used by) operating activities	<u>(653,968)</u>	<u>476,007</u>
INVESTING ACTIVITY		
Proceeds from (purchase of) term deposits	<u>455,773</u>	<u>(444,900)</u>
INCREASE (DECREASE) IN CASH FLOW	<u>(198,195)</u>	<u>31,107</u>
Cash - beginning of year	<u>382,168</u>	<u>351,061</u>
CASH - END OF YEAR	<u>\$ 183,973</u>	<u>\$ 382,168</u>

CALGARY LEARNS ASSOCIATION

Notes to Financial Statements

Year Ended December 31, 2022

1. PURPOSE OF THE ORGANIZATION

As Calgary's granting council for the Community Adult Learning Program ("CALP"), Calgary Learns (the "Association") supports the foundational learning needs of adults through program grants, professional development and advocacy on a local level.

The Association is a not-for-profit organization incorporated under the Societies Act of Alberta. As a registered charity, the Association is exempt from the payment of income tax under the Income Tax Act of Canada.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO") in Part III of the CPA Canada Handbook, and in management's opinion, have been properly prepared within reasonable limits of materiality and within the framework of the significant accounting policies summarized below:

Revenue recognition

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

Membership dues are recognized as revenue when earned, in the period to which the membership applies.

Interest is recognized as revenue on an accrual basis when it is earned.

Unrestricted donation revenue is recognized as revenue when received or the amount to be received can be reasonably estimated and collection is reasonably assured.

Property and equipment

Purchased property and equipment are recorded at cost. Contributed property and equipment are recorded at fair value at the date of contribution.

Property and equipment with costs in excess of \$1,000 are capitalized and amortized over the useful life of the asset with a full year of amortization taken in the year of acquisition.

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

All of the Association's property and equipment has been fully amortized.

Contributed materials and services

The Association recognizes contributions of materials and services when their fair value can be reasonably estimated, the materials and services are used in the normal course of operations, and they would otherwise have been purchased.

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CALGARY LEARNS ASSOCIATION

Notes to Financial Statements

Year Ended December 31, 2022

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

Financial instruments

Financial instruments are recorded at fair value when acquired or issued, with the exception of related party transactions that are measured at the carrying amount or exchange amount, as appropriate. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs are recognized as an expense in the period incurred for all financial instruments subsequently measured at fair value. Financial instruments that are subsequently measured at amortized cost are adjusted by the transaction costs and financing fees that are directly attributable to their organization, issuance or assumption.

All financial assets and financial liabilities are measured at amortized cost, unless otherwise noted.

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 current year statement of operations.

Measurement uncertainty

When preparing financial statements according to ASNPO, 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 association 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, deferred contributions, allowance for doubtful accounts, legal contingencies, and employee compensation plans.

3. TERM DEPOSITS

	<u>2022</u>	<u>2021</u>
Cashable guaranteed investment certificates ("GICs") with annual compound interest rates from 1.46% to 5.13%, maturing in 2023 (2021 - 0.65% to 1.34%, maturing in 2022)	<u>\$ 384,000</u>	<u>\$ 384,000</u>

CALGARY LEARNS ASSOCIATION

Notes to Financial Statements

Year Ended December 31, 2022

4. RESTRICTED CASH AND TERM DEPOSITS

The Association maintains separate bank accounts and individual investments to segregate restricted grant and casino funds.

	<u>2022</u>	<u>2021</u>
<u>Cash</u>		
Grant	\$ 10,619	\$ 10,742
Casino	86,192	6,132
	<u>96,811</u>	<u>16,874</u>
<u>Term deposits</u>		
Grant and casino: GICs with annual interest rate of 3.95%, maturing in 2023 (2021 - from 0.05% to 0.61%, maturing in 2022) and high interest savings.	<u>1,051,640</u>	<u>1,507,413</u>
GRAND TOTAL	<u>\$ 1,148,451</u>	<u>\$ 1,524,287</u>

5. COMMITMENTS

The association has a long term lease with respect to its premises. The lease contains renewal options and provides for payment of utilities, property taxes and maintenance costs. Future minimum lease payments as at December 31, 2022, are as follows:

2023	\$ 26,760
2024	24,530
	<u>\$ 51,290</u>

CALGARY LEARNS ASSOCIATION

Notes to Financial Statements

Year Ended December 31, 2022

6. DEFERRED CONTRIBUTIONS

- a) Deferred contributions represent unspent resources subject to externally imposed restrictions requiring that the funds be used for specific purposes. These contributions have been received and deferred as follows:

	Beginning	Contributions Received	Revenues Recognized	Ending
Government of Alberta ("GoA")				
Community Adult Learning Program ("CALP" - see 6 b))	\$ 1,107,354	\$ 2,392,906	\$ 2,495,525	\$ 1,004,735
Professional Development ("PD") Grant	50,000	100,000	100,000	50,000
Interest income earned	2,382	20,400	2,382	20,400
iFlag	650,060	-	563,012	87,048
Total GoA grants	1,809,796	2,513,306	3,160,919	1,162,183
Casino funds	104,559	72,884	40,000	137,443
Calgary Foundation grant	31,250	100,000	70,000	61,250
Jeannie's fund	45,605	13,864	-	59,469
Rotary Club grant	6,500	-	6,500	-
	\$ 1,997,710	\$ 2,700,054	\$ 3,277,419	\$ 1,420,345

- b) The Association is required to distribute 80% of grants from the annual CALP funds received from the Government of Alberta ("GoA") to its member organizations for approved activities. The Association provides two different types of grants to its member organizations: program grants and initiative grants. To be eligible for grant selection and approval, the program or project must meet the foundational learning needs of adults in one of the categories outlined in the CALP guidelines.

The Association's grant cycle aligns to the GoA's CALP grant (July 1 to June 30).

Program funding is distributed in three installments:

1. 40% is paid at the beginning of the grant term upon the Association's receipt of the CALP grant from the GoA.
2. 40% is paid mid way through the grant.
3. 20% is paid out upon approval of a final program report in the subsequent fiscal period.

Initiative funding is distributed in two installments:

1. 80% is paid upon approval of the project by the Association's Board of Directors and the GoA.
2. 20% is paid out upon approval of a final project report in the subsequent fiscal period.

7. INTERNALLY RESTRICTED NET ASSETS

The Board of Directors has internally restricted a portion of net assets, which has been designated for specific uses in subsequent periods. Internally restricted funds cannot be spent without Board approval.

\$84,000 (2021 - \$84,000) of internally restricted net assets are intended as an operating reserve to allow the Association to sustain operations should unforeseen circumstances arise, and \$30,000 (2021 - \$30,000) is intended for long term disability coverage of key employees.

CALGARY LEARNS ASSOCIATION

Notes to Financial Statements

Year Ended December 31, 2022

8. OPERATING REQUIREMENTS

The Alberta Government manages the Community Adult Learning Program ("CALP"), the source of the Association's major grant. CALP's operating requirements stipulate that the Association must allocate a minimum of 80% of their annual CALP grant to member agencies for programming/special projects operating during the CALP funding period of July 1 - June 30. A maximum of 15% of that portion may be allocated to special projects. Any unallocated funding is to be returned to the GoA unless formal approval is granted by the GoA to carry the funds to the following year. For the years ended 2022 and 2021, it is management's opinion that the Association was in compliance with these requirements.

The following is a reconciliation of the GoA's CALP contributions received to total grant expenditures for the Association's fiscal period:

	2022	2021
CALP grant received from the GoA for programs and operations (Note 6)	\$ 2,392,905	\$ 2,392,905
Prior year program portion and carryforwards for distribution	628,772	660,449
Total required grant distribution to members 100% of program portion (July 2022 - June 2023) plus 20% of prior year program portion (2021: Jan - June 2022)	2,543,096	2,574,773
Less 20% of program grant distribution for next year (Jan - June 2023) (2021: Jan - June 2022)	(382,865)	(382,865)
Add: Prior year interest earned for distribution	2,383	6,156
Unused funding to carry forward	(157,221)	(245,908)
TOTAL GRANT EXPENDITURES	\$ 2,005,393	\$ 1,952,156

9. ADDITIONAL INFORMATION TO COMPLY WITH DISCLOSURE REQUIREMENTS OF THE CHARITABLE FUND RAISING ACT OF ALBERTA REGULATIONS

Gross fundraising contributions received in the year were \$nil (2021 - \$nil).

All expenses incurred for the purpose of soliciting contributions were \$nil (2021 - \$nil).

No funds were paid as remuneration to fund-raising businesses, including any expense or fees paid to fundraising businesses or as reimbursements to fundraising businesses. No amount was paid to employees for fundraising activities (2021 - \$nil).

CALGARY LEARNS ASSOCIATION
Notes to Financial Statements
Year Ended December 31, 2022

10. FINANCIAL INSTRUMENTS

The association is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the association's risk exposure and concentration as of December 31, 2022.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The association is exposed to this risk mainly in respect of its receipt of funds from its contributors, and deferred contributions subject to external spending restrictions.

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

11. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation. The reclassifications have no effect on prior year excess of revenues over expenses.

CALGARY LEARNS ASSOCIATION
General and Administrative Expenses
(Schedule 1)

Year Ended December 31, 2022

	2022	2021
Salaries, wages and benefits	\$ 566,143	\$ 486,411
Rent	61,284	57,480
Professional fees	52,357	51,559
Office expenses	7,762	9,118
Other expenses	5,344	5,269
Board expenses	3,157	2,336
Granting process	2,781	1,280
Insurance	2,192	1,782
Consulting	1,697	1,368
Events for members	-	4,957
	\$ 702,717	\$ 621,560

Barbara

