

Non-Consolidated Financial Statements of

**CATHOLIC FAMILY
SERVICE SOCIETY**

And Independent Auditors' Report thereon

Year ended March 31, 2021

CATHOLIC FAMILY SERVICE SOCIETY

Non-Consolidated Statement of Financial Position

March 31, 2021, with comparative information for 2020

	2021	2020
Assets		
Current assets:		
Cash	\$ 194,308	\$ -
Accounts receivable	85,651	103,903
GST receivable	11,779	18,681
Prepaid expenses	32,273	32,273
	<u>324,011</u>	<u>154,857</u>
Capital assets (note 5)	59,793	39,583
Intangible assets (note 6)	4,746	5,933
	<u>\$ 388,550</u>	<u>\$ 200,373</u>

Liabilities and Net Assets

Current liabilities:		
Bank indebtedness	\$ -	\$ 8,173
Accounts payable	44,081	25,303
Deferred revenue	8,708	8,708
Due to related party (note 7)	150,000	-
	<u>202,789</u>	<u>42,184</u>
Due to related party (note 7)	48,000	60,000
Net assets	137,761	98,189
Commitments (note 8)		
Contingency (note 9)		
	<u>\$ 388,550</u>	<u>\$ 200,373</u>

See accompanying notes to non-consolidated financial statements.

On behalf of the Board:



Director



Director

CATHOLIC FAMILY SERVICE SOCIETY

Non-Consolidated Statement of Earnings and Retained Earnings

Year ended March 31, 2021, with comparative information for 2020

	2021	2020
Revenue:		
Ministry of Social Services	\$ 1,330,505	\$ 1,294,980
Immigration, Refugees and Citizenship Canada	1,041,159	639,520
Fee for service	294,159	437,474
Donations and fundraising	160,820	40,015
Archdiocese of Regina	50,000	50,040
United Way	31,500	33,000
Regina Separate School Board	20,900	20,900
Catholic Family Services Foundation (note 7)	15,000	15,000
Interest income	39	42
Ministry of Education	-	22,191
	2,944,082	2,553,162
Expenses:		
Amortization of capital assets	27,457	26,173
Amortization of intangible assets	1,187	1,482
Board meetings	3,102	5,295
Building occupancy	491,597	481,102
Client relations	1,059	1,864
Conferences and training	11,702	19,600
Insurance	5,302	4,319
Memberships	5,410	6,645
Miscellaneous	1,327	1,613
Office	26,488	27,385
Operating fees	27,680	21,886
Professional fees	9,460	21,951
Programming	58,064	56,913
Salaries and benefits	2,196,501	1,838,303
Software license and maintenance fees	14,917	12,333
Travel	23,257	25,701
	2,904,510	2,552,565
Excess of revenue over expenses	39,572	597
Net assets, beginning of year	98,189	97,592
Net assets, end of year	\$ 137,761	\$ 98,189

See accompanying notes to non-consolidated financial statements.

CATHOLIC FAMILY SERVICE SOCIETY

Non-Consolidated Statement of Cash Flows

Year ended March 31, 2021, with comparative information for 2020

	2021	2020
Cash provided by (used in):		
Operations:		
Excess of revenue over expenses	\$ 39,572	\$ 597
Items not involving cash:		
Amortization of capital assets	27,457	26,173
Amortization of intangible assets	1,187	1,482
Changes in non-cash operating working capital:		
Accounts receivable	18,252	(60,125)
GST receivable	6,902	(14,187)
Prepaid expenses	-	16,133
Accounts payable	18,778	9,098
Deferred revenue	-	(13,941)
	112,148	(34,770)
Financing:		
Due to related party (note 7)	138,000	-
	138,000	-
Investing:		
Proceeds from sale of investments	-	5,436
Purchase of capital assets	(47,667)	(29,752)
	(47,667)	(24,316)
Increase (decrease) in cash	202,481	(59,086)
(Bank indebtedness) cash, beginning of year	(8,173)	50,913
Cash (bank indebtedness), end of year	\$ 194,308	\$ (8,173)

See accompanying notes to non-consolidated financial statements.

CATHOLIC FAMILY SERVICE SOCIETY

Notes to Non-Consolidated Financial Statements

Year ended March 31, 2021

1. Nature of operations:

Catholic Family Service Society (the "Society") is a social services agency dedicated to the promotion and maintenance of the integrity of the family as the basic unit of society. The Society is incorporated under the *Non-Profit Corporations Act of Saskatchewan*, and is also a registered charitable organization as provided for under the *Income Tax Act*.

2. Basis of presentation:

The non-consolidated financial statements for the year ended March 31, 2021 have been prepared in accordance with Canadian accounting standards for not-for-profit organizations outlined in Part III of the CPA Handbook.

a) Non-consolidated financial statements:

The Society and Catholic Family Service Society of Regina (Foundation) Inc. are under control of the same Board of Directors. Separate financial statements are prepared for each organization.

These financial statements present only the statement of financial position, the statement of operations and net assets and cash flows of the Society and do not include those of the Foundation.

Note 7 presents the summarized financial position, results of operations and cash flows of the Foundation.

b) COVID-19 impact assessment

The COVID-19 outbreak has been declared a pandemic by the World Health Organization, resulting in an economic slowdown. The current challenging economic climate may lead to adverse changes in cash flows and working capital levels, which may also have a direct impact on the Society's operating results and financial position in the future. The situation is dynamic and the ultimate duration and magnitude of the impact on the economy and the financial effect on the Society is not known at this time.

CATHOLIC FAMILY SERVICE SOCIETY

Notes to Non-Consolidated Financial Statements (continued)

Year ended March 31, 2021

3. Significant accounting policies:

The Society's significant accounting policies are as follows:

(a) 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.

Ministry of Social Services revenue is provided based on a predetermined estimate of the level of service to be offered by the Society for supportive programs. This funding is reviewed annually and may be increased or decreased in response to actual results.

Fees for service and rental income are recognized as revenue when the services are rendered.

(b) Income taxes:

The Not for profit corporation is a registered charity and, as such, no income taxes are payable on reported income under paragraph 149(1)(f) of the *Income Tax Act*.

(c) Financial instruments:

Financial instruments are recorded at fair value on initial recognition and subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Society has not elected to carry any instruments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Society determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset, or the amount the Society expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

CATHOLIC FAMILY SERVICE SOCIETY

Notes to Non-Consolidated Financial Statements (continued)

Year ended March 31, 2021

3. Significant accounting policies (continued):

(d) Capital assets:

Capital assets are stated at cost or deemed cost less accumulated amortization. These assets are amortized over their useful lives on a straight-line basis at the following rates and methods:

Asset	Rate
Computer equipment	3 years
Furniture and fixtures	5 years
Leasehold improvements	term of lease

(e) Intangible assets:

Software is stated at cost less accumulated amortization. The software is being amortized on a straight-line basis over its estimated useful life of five years.

(f) Use of estimates:

The preparation of non-consolidated financial statements 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 period. Significant items subject to such estimates and assumptions include the valuation of accounts receivable and the carrying amounts of capital assets and intangible assets. Actual results could differ from those estimates.

4. Economic dependence:

The Society receives approximately 45% (2020 - 51%) of its funding from the Ministry of Social Services. As a result, the Society is dependent upon the continuation of this funding to maintain operations at their current level.

CATHOLIC FAMILY SERVICE SOCIETY

Notes to Non-Consolidated Financial Statements (continued)

Year ended March 31, 2021

5. Capital assets:

				2021	2020
	Cost	Accumulated amortization		Net book value	Net book value
Computer equipment	\$ 85,917	\$ 67,909	\$	18,008	\$ 4,418
Furniture and fixtures	119,246	79,701		39,545	32,701
Leasehold improvements	22,431	20,191		2,240	2,464
	\$ 227,594	\$ 167,801	\$	59,793	\$ 39,583

6. Intangible assets:

				2021	2020
	Cost	Accumulated amortization		Net book value	Net book value
Software	\$ 78,903	\$ 74,157	\$	4,746	\$ 5,933

7. Catholic Family Service Society of Regina (Foundation) Inc.:

The Society controls Catholic Family Service Society of Regina (Foundation) Inc. ("the Foundation"). The Foundation raises funds from the net proceeds of special activities and events and from the community. The Foundation was incorporated under the *Non-Profit Corporations Act of Saskatchewan* in July 1996 and began activities in April 1997. The Foundation is a registered charity under the *Income Tax Act*. The members of the Foundation are the Board of Directors for the Society. The members of the Society elect the Foundation's Board of Directors and, according to the Foundation's bylaws, all resources of the Foundation must be provided or used for the Society's benefit. The Foundation's financial statements have not been consolidated in the Society's financial statements. Financial statements of the Foundation are available upon request. A financial summary of the Foundation as at March 31, 2021 (unaudited) is as follows:

				2021	2020
Financial position					
Total assets		\$	321,942	\$	298,591
Total liabilities			-		2,300
Net assets		\$	321,942	\$	296,291

CATHOLIC FAMILY SERVICE SOCIETY

Notes to Non-Consolidated Financial Statements (continued)

Year ended March 31, 2021

7. Catholic Family Service Society of Regina (Foundation) Inc. (continued):

Results of operations

Total revenue	\$	41,784	\$	21,350
Total expenses		(15,091)		(30,255)

Cash flows provided by (used in)

Operating activities	\$	(7,189)	\$	(8,791)
Investing activities		150,000		-
Financing activities		(137,460)		-

During the year the Society received \$15,000 (2020 - \$15,000) from the Foundation which is included in the total expenditures above. The Society also owes \$48,000 (2020 - \$60,000) to the Foundation as at year end which is non-interest bearing and is due April 2023. The Society also owes \$150,000 (2020 - \$nil) to the Foundation as at year end for a Line of Credit, with the amount dispersed due within 45 calendar days of disbursement. Subsequent to year end, the full amount was repaid in April 2021 which is within the 45 day deadline.

8. Commitments:

The Society has long term leases with respect to its premises. Future minimum lease payments for the next five years are as follows:

2022	\$	232,026
2023		235,361
2024		238,757
2025		242,213
2026		245,732
Thereafter		1,261,672

9. Contingency:

As a condition of the grant agreement with the Ministry of Social Services, upon receiving the audited non-consolidated financial statements, the Ministry will perform a review of the grant revenue monies received by the Society for the fiscal year end. If, upon the review, it is determined that a portion of the current year's funding is repayable, the Society will be required to repay the Ministry. The amount of any potential repayment of grant monies at year end is not determinable and any repayment will be recognized in the year in which the repayment is determined.

CATHOLIC FAMILY SERVICE SOCIETY

Notes to Non-Consolidated Financial Statements (continued)

Year ended March 31, 2021

10. Risk management:

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 analysis provides information about the Society's risk exposure as of March 31, 2021, which has not significantly changed from the prior year.

(a) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Society is exposed to credit risk from accounts receivable from clients and granting agencies and cash. The largest share of the Society's revenues come from governments, school boards and large agencies where risk of collection is considered to be low. The credit risk on cash is limited because the counterparties are chartered banks with high credit ratings assigned by national credit-rating agencies.

(b) Liquidity risk:

Liquidity risk is the risk that the Society will not be able to meet a demand for cash or fund its obligations as they come due. Liquidity risk also includes the risk of the Society not being able to liquidate assets in a timely manner at a reasonable price.

The Society monitors its cash flow throughout the year to ensure its billing practices take into account the timing and level of its cash obligations. The Society has sufficient funds from which to operate and this risk is considered to be low.