Non-Consolidated Financial Statements of

CATHOLIC FAMILY SERVICE SOCIETY

And Independent Auditors' Report thereon

Year ended March 31, 2022

KPMG

KPMG LLP
Hill Centre Tower II
1881 Scarth Street, 20th Floor
Regina Saskatchewan S4P 4K9
Canada
Tel (306) 791-1200
Fax (306) 757-4703

INDEPENDENT AUDITORS' REPORT

To the Members of Catholic Family Service Society

Opinion

We have audited the non-consolidated financial statements of Catholic Family Service Society (the Entity), which comprise:

- the non-consolidated statement of financial position as at March 31, 2022
- the non-consolidated statement of operations and net assets for the year then ended
- the non-consolidated statement of cash flows for the year then ended
- and notes to the non-consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the non-consolidated financial position of the Entity as at March 31, 2022, and its non-consolidated results of operations and its non-consolidated 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 ***"Auditors' Responsibilities for the Audit of the Financial Statements"*** section of our auditors' report.

We are independent of the Entity 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.

KPMG LLP, an Ontario limited liability partnership and member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.
KPMG Canada provides services to KPMG LLP.

In preparing the financial statements, management is responsible for assessing the Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

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

Auditors' 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 auditors' 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 the 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 Entity'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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Entity 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.
- 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.

KPMG LLP

Chartered Professional Accountants

Regina, Canada

May 26, 2022

CATHOLIC FAMILY SERVICE SOCIETY

Non-Consolidated Statement of Financial Position

March 31, 2022, with comparative information for 2021

		2022		2021
Assets				
Current assets:				
Cash	$	168,313	$	194,308
Accounts receivable		98,937		85,651
GST receivable		12,328		11,779
Prepaid expenses		29,347		32,273
		308,925		324,011
Capital assets (note 5)		50,848		59,793
Intangible assets (note 6)		3,797		4,746
	$	363,570	$	388,550
Liabilities and Net Assets				
Current liabilities:				
Accounts payable	$	38,176	$	44,081
Deferred revenue		8,708		8,708
Due to related party (note 7)		-		150,000
		46,884		202,789
Due to related party (note 7)		36,000		48,000
Net assets		280,686		137,761
Commitments (note 8)				
Contingency (note 9)				
	$	363,570	$	388,550

See accompanying notes to non-consolidated financial statements.

On behalf of the Board:

Stacey Hack Director

J. Harper Boucher Director

Stacey Hack, Board Chair, May 27, 2022

CATHOLIC FAMILY SERVICE SOCIETY

Non-Consolidated Statement of Operations and Net Assets

Year ended March 31, 2022, with comparative information for 2021

	2022	2021
Revenue:		
Ministry of Social Services	$ 1,332,217	$ 1,330,505
Immigration, Refugees and Citizenship Canada	1,305,924	1,041,159
Fee for service	415,192	294,159
Donations and fundraising	42,276	160,820
Archdiocese of Regina	50,000	50,000
United Way	31,500	31,500
Regina Catholic School Board	20,900	20,900
Catholic Family Services Foundation (note 7)	15,000	15,000
Interest income	-	39
	3,213,009	2,944,082
Expenses:		
Amortization of capital assets	30,521	27,457
Amortization of intangible assets	949	1,187
Board meetings	11,883	3,102
Building occupancy	413,936	491,597
Client relations	1,097	1,059
Conferences and training	20,591	11,702
Insurance	7,425	5,302
Memberships	6,360	5,410
Miscellaneous	-	1,327
Office	32,588	26,488
Operating fees	13,014	27,680
Professional fees	34,638	9,460
Programming	63,695	58,064
Salaries and benefits	2,376,709	2,196,501
Software license and maintenance fees	37,198	14,917
Travel	19,480	23,257
	3,070,084	2,904,510
Excess of revenue over expenses	142,925	39,572
Net assets, beginning of year	137,761	98,189
Net assets, end of year	$ 280,686	$ 137,761

See accompanying notes to non-consolidated financial statements.

CATHOLIC FAMILY SERVICE SOCIETY

Non-Consolidated Statement of Cash Flows

Year ended March 31, 2022, with comparative information for 2021

	2022	2021
Cash provided by (used in):		
Operations:		
Excess of revenue over expenses	$ 142,925	$ 39,572
Items not involving cash:		
Amortization of capital assets	30,521	27,457
Amortization of intangible assets	949	1,187
Changes in non-cash operating working capital:		
Accounts receivable	(13,286)	18,252
GST receivable	(549)	6,902
Prepaid expenses	2,926	-
Accounts payable	(5,905)	18,778
	157,581	112,148
Financing:		
Due to related party (note 7)	(162,000)	138,000
Investing:		
Purchase of capital assets	(21,576)	(47,667)
(Decrease) increase in cash	(25,995)	202,481
Cash (bank indebtedness), beginning of year	194,308	(8,173)
Cash, end of year	$ 168,313	$ 194,308

See accompanying notes to non-consolidated financial statements.

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, 2022 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.

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.

3. Significant accounting policies (continued):

(b) Income taxes:

The Society 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.

(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.

3. Significant accounting policies (continued):

(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. Actual results could differ from those estimates.

4. Economic dependence:

The Society receives approximately 41% (2021 - 45%) of its funding from the Ministry of Social Services and approximately 41% (2021 - 36%) of its funding from Immigration, Refugees and Citizenship Canada. As a result, the Society is dependent upon the continuation of this funding to maintain operations at their current level.

5. Capital assets:

	Cost	Accumulated amortization	2022 Net book value	2021 Net book value
Computer equipment	$ 95,566	$ 80,774	$ 14,792	$ 18,008
Furniture and fixtures	131,172	97,132	34,040	39,545
Leasehold improvements	22,431	20,415	2,016	2,240
	$ 249,169	$ 198,321	$ 50,848	$ 59,793

6. Intangible assets:

	Cost	Accumulated amortization	2022 Net book value	2021 Net book value
Software	$ 78,903	$ 75,106	$ 3,797	$ 4,746

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, 2022 (unaudited) is as follows:

	2022	2021
Financial position		
Total assets	$ 321,397	$ 321,942
Total liabilities	7,943	-
Net assets	$ 313,454	$ 321,942

	2022	2021
Results of operations		
Total revenue	$ 8,919	$ 41,784
Total expenses	(15,107)	(15,091)
Cash flows provided by (used in)		
Operating activities	$ (23,054)	$ (7,189)
Investing activities	(150,000)	150,000
Financing activities	162,000	(137,460)

During the year the Society received $15,000 (2021 - $15,000) from the Foundation which is included in the total expenditures above. The Society also owes $36,000 (2021 - $48,000) to the Foundation as at year end which is non-interest bearing and is due April 2023. The Society also owes $nil (2021 - $150,000) to the Foundation as at year end for a Line of Credit.

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:

2023	$ 235,361
2024	238,757
2025	242,213
2026	245,732
2027	249,314
Thereafter	1,012,358

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.

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, 2022, 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.

10. Risk management: (continued):

(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 it 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.