

BISSELL CENTRE

FINANCIAL STATEMENTS

March 31, 2021

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INDEPENDENT AUDITOR'S REPORT

To the members of Bissell Centre

Opinion

We have audited the accompanying financial statements of Bissell Centre, which comprise the statement of financial position as at March 31, 2021, and the statements of operations, 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 financial statements present fairly, in all material respects, the financial position of Bissell Centre as at March 31, 2021, and the results of its activities and its 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our 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.

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.

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 judgement 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.

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- 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 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 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.

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.

Zaguan & Co

Bergeron & Co. Chartered Professional Accountants

June 28, 2021 Edmonton, AB

BISSELL CENTRE STATEMENT OF OPERATIONS For the year ended March 31, 2021

	2021	2020
REVENUE	A 15 714 057	Ф (552 (77
Government grants	\$ 15,714,057	\$ 6,553,677
Resource development	2,383,915	2,572,866
Fees for services	1,251,523	531,378
Sales	865,580	1,025,740
United Way	414,443	371,194
Other income	5,233	26,250
	20,634,751	11,081,105
EXPENSES		
Wages and benefits	11,351,368	7,992,271
Service delivery and activities	3,665,607	1,273,492
Building costs	734,008	512,953
Office and general	482,291	370,402
Publicity and promotion	263,192	238,744
Travel	168,262	142,808
Finance and legal costs	82,934	78,487
Food services	15,250	51,544
	16,762,912	10,660,701
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES BEFORE OTHER ITEMS	3,871,839	420,404
OTHER ITEMS		
Amortization of deferred capital contributions (Note 12)	397,170	300,022
Amortization of capital assets	(540,261)	(441,338)
Share of excess of revenues over expenses in a joint venture (Note 7)	3,090	1,362
The state of the s	(140,001)	(139,954)
DYCEG OF DEVENUE OVER EVENCES		\$ 280,450
EXCESS OF REVENUE OVER EXPENSES	\$ <u>3,731,838</u>	3 200,430

BISSELL CENTRE STATEMENT OF FINANCIAL POSITION March 31, 2021

ASSETS

ASSETS		
	<u>2021</u>	<u>2020</u>
CURRENT Cash (Note 3) Accounts receivable (Note 4) Goods and Services Tax recoverable Prepaid expenses (Note 5) EFAN trust (Note 6)	\$ 4,519,195 3,048,892 69,781 124,670 1,459,244	\$ 2,390,766 584,786 62,098 89,307 48,858
	9,221,782	3,175,815
INTEREST IN A JOINT VENTURE (Note 7)	146,248	143,158
SERVUS CREDIT UNION COMMON SHARES	=	1,857
TANGIBLE CAPITAL ASSETS (Note 8)	8,678,672	8,451,025
TOTAL ASSETS	\$ <u>18,046,702</u>	\$ <u>11,771,855</u>
LIABILITIES		
CURRENT Accounts payable and accrued liabilities Payroll liabilities (Note 10) Deferred contributions (Note 11) Prepaid sales EFAN trust (Note 6)	\$ 572,342 553,358 2,320,543 12,702 1,459,244	\$ 173,201 655,662 1,834,096 4,481 48,858
	4,918,189	2,716,298
DEFERRED CAPITAL CONTRIBUTIONS (Note 12)	5,046,325	4,705,207
TOTAL LIABILITIES	9,964,514	7,421,505
NET ASSETS		
Net assets invested in capital assets Internally restricted net assets (Note 14) Unrestricted net assets	3,632,348 4,039,747 410,093	3,745,817 311,000 293,533
	8,082,188	4,350,350
TOTAL LIABILITIES AND NET ASSETS	\$ <u>18,046,702</u>	\$ <u>11,771,855</u>

Approved by the Governors:

B. gill Matthew Board Chair

Jill Matthew, Board Chair

Hooman Hosseinkhannazer, Finance, Audit & Farm Committee Chair

BISSELL CENTRE STATEMENT OF CHANGES IN NET ASSETS For the year ended March 31, 2021

NET ASSETS	Internally Restricted (Note 14)	Invested in capital assets	Unrestricted	Total <u>2021</u>	Total 2020
Balance, beginning of year	\$ 311,000	\$ 3,745,817	\$ 293,533	\$ 4,350,350	\$ 4,069,900
Excess of revenues over expenses	-	(143,092)	3,874,930	3,731,838	280,450
Investment in capital assets	(#J	29,623	(29,623)	(ce)	-
Internally imposed restrictions (Note 14)	3,728,747		(3,728,747)		
Balance, end of year	\$_4,039,747	\$ 3,632,348	\$ 410,093	\$ 8,082,188	\$ <u>4,350,350</u>

BISSELL CENTRE CASH FLOW STATEMENT For the year ended March 31, 2021

	<u>2021</u>	<u>2020</u>
OPERATING ACTIVITIES Cash received from grants Cash received from donations Cash received from sales and other income Cash paid for operations Cash paid to employees	13,838,894 2,778,442 2,050,727 (4,994,868) (11,514,951)	7,114,563 2,140,866 1,668,371 (2,639,019) (7,874,332)
	2,158,244	410,449
FINANCING ACTIVITIES Capital grants received	738,287	863,669
INVESTING ACTIVITIES Purchase of capital assets	(768,102)	(1,004,548)
INCREASE IN CASH	2,128,429	269,570
CASH, beginning of year	2,390,766	2,121,196
CASH, end of year	\$ <u>4,519,195</u>	\$ <u>2,390,766</u>

1. PURPOSE OF THE NOT-FOR-PROFIT ORGANIZATION

Bissell Centre ("Bissell" or the "Centre") is an Edmonton, Alberta based organization established to relieve poverty for individuals or families who are poor, of low income, or in need. Bissell works with communities to empower people to move from poverty to cultural, social and economic prosperity. Bissell builds relationships with those who access their programs and services, those who volunteer and work at Bissell, and those in the greater community committed to addressing issues of poverty.

Bissell Centre is a registered charity incorporated under the Societies Act of Alberta, and therefore is exempt from income tax pursuant to the Income Tax Act.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

Management's use of estimates

a) The preparation of these financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the current year. These estimates are reviewed periodically and adjustments are made to income as appropriate in the year they become known.

Revenue recognition

b) The Centre uses the deferral method of accounting for contributions (i.e. government grants, resource development, and income from the United Way). Externally restricted contributions are recorded as deferred contributions and they are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized when received or receivable if the amount can be estimated and collection is reasonably assured.

Sales, fees for services, and other income are recognized as revenue when performance has been achieved or the goods have been received by the client, the amount is determinable and collection is reasonably assured.

Contributions restricted for the purchase of capital assets to be amortized are deferred. They will be recognized in revenues using the same method and rate used for amortization of capital assets acquired to which they relate.

Financial instruments

c) The Centre initially measures its financial assets and financial liabilities at fair value. Bissell subsequently measures all its financial assets and financial liabilities at amortized cost.

Financial assets measured at amortized cost include cash, accounts receivable and the EFAN Trust account.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities, payroll liabilities, and the EFAN trust account.

Transaction costs related to financial instruments that are subsequently measured at amortized cost are recorded with the financial asset or liability and amortized to income using a straight-line amortization method over the duration of the financial instrument.

Impairment

d) Financial assets measured at cost or amortized cost are tested for impairment if there are indications of possible impairment. The amount of the write-down is recognized in net income. A previously recognized impairment loss may be reversed to the extent of the improvement, either directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment loss not been recognized previously. The amount of the reversal is recognized in net income.

Cash and cash equivalents

e) The Centre's policy is to present bank balances, including bank overdrafts when bank balances fluctuate frequently from being positive to overdrawn. Term deposits with a maturity period of three months or less from the date of acquisition are presented under cash and cash equivalents if term deposits do not relate to reserves that the Centre cannot use for current transactions.

Inventory measurement

f) Inventory is not recorded in these financial statements as all products sold are donated products and sold for a nominal charge.

Capital assets

Purchased capital assets are recorded at cost. Assets costing less than \$5,000 are recorded as expenses and are not amortized. Contributed capital assets are recorded at fair value at the date of contribution, if a fair value is determinable. Amortization is recorded at the following rates, which have been established by estimates of useful lives. Additions during the current year are amortized at one-half their normal rates, and no amortization is taken in the year of disposition. Amortization expense is reported in the statement of operations. Construction in progress is not amortized until the construction project is completed and fully operational.

Automotive equipment	2 & 3.33 yrs	straight-line
Furniture and equipment	5 yrs	straight-line
Computer hardware	3 yrs	straight-line
Leasehold improvements	2 yrs	straight-line
Building	25 yrs	straight-line
Moonlight Bay Centre	25 yrs	straight-line

When a tangible capital asset no longer has any long-term service potential for the Centre, the excess of its net carrying amount over any residual value should be recognized as an expense in the statement of operations.

Interest in a joint venture

h) Interest in a joint venture is accounted for using the equity method. The investment is initially measured at cost and subsequently adjusted to include the Centre's pro-rated share of the earnings of the joint venture, computed by the consolidation method. The Centre also applies this method in accounting for a change in ownership.

Contributed materials and services

i) Due to the complexity of valuing contributed time, items, products or services. The organization does not record those contributions in these financial statements.

Cost allocation

Expenses identifiable to specific programs are charged directly and applied consistently each year. Administrative expenditures are allocated to regular programs in proportion to the percentage of expenses in each department. Amortization expense is allocated directly to program costs when specific assets are easily linked to the program; whereas occupancy space is used to allocate building amortization and general repairs and maintenance. All other general amortization expense is allocated to the administrative program.

3. RESTRICTED CASH

	2021	2020
Internally restricted cash - Future Forward Fund Internally restricted cash - Building Capital Fund Internally restricted cash - Operating Reserve Total internally restricted cash	\$ 250,000 973,187 2,816,560 4,039,747	\$ 10,000 101,000 200,000 311,000
Externally restricted cash - Deferred contributions Externally restricted cash - Deferred income Total externally restricted cash	2,320,543 12,702 2,333,245	1,834,096 4,481 1,838,577
Total restricted cash	6,372,992	2,149,577
Unrestricted cash	(1,853,797)	241,189
Total Cash	\$ <u>4,519,195</u>	\$ 2,390,766
ACCOUNTS RECEIVABLE		
	<u>2021</u>	<u>2020</u>
Trade receivables Resource development receivable Grants receivable Due from employees	\$ 120,764 102,499 2,824,929 	\$ 38,885 82,582 463,319
	\$ 3,048,892	\$ 584,786

5. CREDIT CARDS

4.

The Centre holds credit cards with an authorized maximum liability of \$50,000. Interest on the credit cards is charged at 0%. The amount payable as at March 31, 2021 is \$30,903 (2020 - prepaid balance of \$7,047), this balance is included in accounts payable and accrued liabilities (2020 - prepaid expenses).

6. TRUST ASSETS AND LIABILITIES

The Centre maintains bank accounts which represent monies held in trust for the Edmonton Fetal Alcohol Network Society (EFAN) for which the Bissell Centre is acting as its custodian. The balances in these accounts at March 31, 2021 totaled \$1,459,244 (2020 - \$48,858).

7. INTEREST IN A JOINT VENTURE

The Centre is a co-owner in the Inner City Youth Housing Project, an unincorporated joint venture along with Boyle Street Community Services and Edmonton City Centre Church Corporation. Each owner has a 33.33% interest in the joint venture. The share of the Centre in the assets, liabilities, net assets, revenues, expenses and in the cash flows from operating, financing and investing are as follows:

		(u	2021 maudited)	(1	2020 unaudited)
FINANCIAL POSIT	TION Assets	\$	249,150	\$	276,012
	Liabilities Net Assets	\$ 	102,902 146,248 249,150	\$ 	133,989 142,023 276,012
OPERATIONS	Revenues	\$	84,678	\$	83,253
	Expenses Excess of revenue over expenses	\$ \$	(80,453) 4,225	\$ \$	(83,027) 226
CASH FLOWS	Lacess of revenue over expenses	Ψ	1,222.20	-	
CASITIEOWS	Cash flows from operations	\$	5,248	\$	5,686
	Cash flows from financing activities	\$	(11,697)	\$	(11,405)
	Cash flows from investing activities	\$	10,119	\$	(2,605)
	Increase (Decrease) in cash	\$	3,670	\$	(8,324)

As co-owner of ICYHP, the Centre has guaranteed 33.33% of the mortgages with Canada Mortgage and Housing Corporation. The Centre may also be liable for the guarantee provided by the other investors. The Centre has not demanded any consideration in exchange for these obligations. As of March 31, 2021 the mortgages have a balance of \$271,553 (2020 - \$306,645) and are secured by land and buildings of ICYHP having a net book value of \$413,886 (2020 - \$423,504).

There are no significant differences in accounting policies from those followed by the Centre.

8. CAPITAL ASSETS

		Accumulated	Net Bo	ok Value
	Cost	Amortization	2021	2020
Automotive equipment	\$ 188,	327 \$ 180,142	\$ 8,185	\$ 24,555
Furniture and equipment	473,	553 454,997	18,556	8,736
Computer hardware	234,	244 202,759	31,485	52,234
Leasehold improvements	1,433,	244 95,180	1,338,064	78
Building	10,061,	512 5,158,858	4,902,654	5,245,444
Moonlight Bay Centre	1,936,	562 1,192,193	744,369	804,290
Construction in progress	13,	192 -	13,192	693,599
Land	_1,622,	<u>-</u>	1,622,167	1,622,167
	\$15,962,	<u>801</u> \$ <u>7,284,129</u>	\$ <u>8,678,672</u>	\$ <u>8,451,025</u>

9. OPERATING LINE OF CREDIT

The Centre has arranged for a demand operating loan with CIBC authorized to a maximum balance of \$500,000 and a term instalment loan authorized to a maximum of \$600,000. Both facilities are secured by a general security agreement providing a first charge and security interest in and to all of the Centre's present and after acquired personal property.

The demand operating loan and the term instalment loan bear interest at CIBC's prime rate, compounded daily and payable monthly in arrears. CIBC's prime rate at March 31, 2021 was 2.45%.

10. GOVERNMENT REMITTANCES

The amount owing for government remittances is \$56,470 (2020 - \$99,353). This amount is included in payroll liabilities.

11. DEFERRED CONTRIBUTIONS

Opening Funds received		Funds used	Ending	
OPERATING Core services Safe affordable housing Health and wellness	\$ 948,034 664,331 10,724	\$ 3,252,048 3,143,936	\$ (2,228,129) (3,599,232) (7,038)	\$ 1,971,953 209,035 3,686
CAPITAL ASSETS Core Services Learning and development	211,007	88,036 47,833	(211,007)	88,036 47,833
	\$ <u>1,834,096</u>	\$ 6,531,853	\$ <u>(6,045,406)</u>	\$ 2,320,543

12. DEFERRED CAPITAL CONTRIBUTIONS

			Amounts amortized to					
		Opening	Fur	ds received	8	revenue		Ending
Buildings	\$	3,290,247	\$	4,618	\$	(239,238)	\$	3,055,627
Computers		22,014		-		(8,806)		13,208
Moonlight Bay		699,347		-		(59,921)		639,426
Leasehold improvements	720	693,599	-	733,669	_	(89,205)	_	1,338,063
And the second of the second o	\$_	4,705,207	\$	738,287	\$_	(397,170)	\$_	5,046,324

13. HOMEWARD TRUST DISCLOSURE REQUIREMENTS

The Bissell Centre manages contracts from Homeward Trust through the Centre's Safe Affordable Housing and its Core Services programs. The following is a breakdown of the revenue received during the year, the accounts receivable as at March 31, 2021 and the amounts of revenue deferred as at March 31, 2021.

	Revenue		Receivable		<u>Deferred</u>	
Homeless to Homes (H2H)	\$ 1,577,695	\$	78,601	\$	136,937	
Hope Terrace (PSH)	777,957		27,569		1,504	
Outreach Housing Team (OHT)	1,405,849		199,899		.= :	
Expo Centre (Covid-19)	1,518,860		-		, . .	
Winter Warming	4		(2)		2 0	
Outreach Housing Prototype	441,085	_	22,813	_	30,807	
	\$_5,721,446	\$	328,882	\$	169,248	

14. INTERNALLY RESTRICTED NET ASSETS

Future Forward Fund

The Future Forward Fund is intended to provide funds to meet special targets of opportunity or that further the mission and vision of the Centre with may or may not have specific expectation of incremental or long-term increased income. This reserve is also intended as a source of internal funds for organizational capacity building.

The targeted fund balance for this fund, as passed by the Board of Governors, is from \$100,000 to \$250,000.

Building Capital Fund

The Building Capital Fund is to ensure there is funding available to cover major repairs on the Centre's facilities and equipment that would not normally be funded under normal operations. The Capital fund is also intended for reserving funds to acquire additional buildings to support the Bissell Centre's growth.

The targeted fund balance for this fund, as passed by the Board of Governors, is from \$250,000 to \$2,000,000.

Operating Reserve

The Operating Reserve is to ensure the stability of the mission, programs, employment, ongoing operations of the organization and to manage cash flow on a day-to-day basis, thereby maintaining financial flexibility and stability.

The targeted fund balance for this fund, as passed by the Board of Governors, is from 15% to 35% of the Centre's annual budget.

The changes in the internally restricted fund balances are as follows:

	Future Forward Fund		(Building Capital Fund		Operating Reserve		2021		2020
Opening balance	\$	10,000	\$	101,000	\$	200,000	\$	311,000	\$	111,000
Internally imposed restrictions	-	240,000	-	872,187	_	2,616,560		3,728,747	-	200,000
Closing balance	\$_	250,000	\$_	973,187	\$_	2,816,560	\$_4	4,039,747	\$_	311,000

15. EDMONTON COMMUNITY FOUNDATION'S BISSELL FUND

The Centre is the beneficiary of the Edmonton Community Foundation's Bissell Fund. Assets of this fund are not the property of the Bissell Centre but the income generated from the fund is transferred to the Centre. As at December 31, 2020, the balance in the Foundation's Bissell Fund was \$598,913 (2019 - \$594,667).

16. FUND DEVELOPMENT

Resource development expenses incurred for the purpose of soliciting contributions were \$808,579 (2020 - \$750,347). Of which \$437,972 (2020 - \$417,867) were paid as remuneration to employees whose duties mostly involve fundraising.

An amount of \$6,566 (2020 - \$20,646) was paid to a thrid party to administer a campaign.

17. FINANCIAL INSTRUMENTS

The Centre is exposed to various risks through its financial instruments.

Credit risk:

The Centre's main credit risks relate to its accounts receivable and grants receivable.

Interest rate risk:

The Centre is exposed to interest rate risk on its floating interest rate financial instruments, which include cash, and its operating line of credit. Changes in CIBC's prime interest rate represent a cash flow risk.

Liquidity risk:

The Centre is exposed to liquidity risk mainly in respect of its accounts payable, payroll liabilities and also through the security provided to the ICYHP joint venture for its mortgages.

18. COMPARATIVE INFORMATION

Certain corresponding amounts have been reclassified to conform with the current year presentation of the financial statements.