

### BISSELL CENTRE

### FINANCIAL STATEMENTS

### March 31, 2022

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\* Professional Corporation

#### 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, 2022, 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, 2022, 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.

- 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.

Bergeron & Co. Chartered Professional Accountants

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June 27, 2022 Edmonton, AB

### BISSELL CENTRE STATEMENT OF OPERATIONS For the year ended March 31, 2022

	2022	<u>2021</u>
REVENUE		
Government grants	\$ 12,785,461	\$ 15,714,057
Resource development	2,999,759	2,383,915
Sales	1,947,042	883,136
Fees for services	1,310,587	1,251,523
United Way	85,019	414,443
Other income	37,210	5,233
	19,165,078	20,652,307
EXPENSES		
Wages and benefits	11,284,156	11,368,924
Service delivery and activities	2,454,331	3,704,990
Building costs	1,424,586	734,008
Office and general	434,671	442,908
Publicity and promotion	359,676	263,192
Travel	232,566	168,262
Food services	138,935	15,250
Finance and legal costs	99,051	82,934
	16,427,972	16,780,468
EXCESS OF REVENUE OVER EXPENSES		
BEFORE OTHER ITEMS	2,737,106	3,871,839
OTHER ITEMS		
Amortization of deferred capital contributions (Note 12)	504,876	397,170
Amortization of capital assets	(648,096)	(540,261)
Share of (deficiency) excess of		(,)
revenues over expenses in a joint venture (Note 7)	(5,175)	3,090
	(148,395)	(140,001)
	(170,373)	(140,001)
EXCESS OF REVENUE OVER EXPENSES	\$_2,588,711	\$_3,731,838

# BISSELL CENTRE STATEMENT OF FINANCIAL POSITION March 31, 2022

ASSETS	A	S	S	E	T	S	
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ASSETS		
	<u>2022</u>	<u>2021</u>
CURRENT	¢ 10 564 522	¢ 4510 105
Cash (Note 3)	\$ 10,564,533 2,216,473	\$ 4,519,195 3,048,892
Accounts receivable (Note 4) Goods and Services Tax recoverable	37,693	69,781
Prepaid expenses	94,669	124,670
EFAN trust (Note 6)	726,777	1,459,244
El Mit trust (Note 0)		
	13,640,145	9,221,782
INTEREST IN A JOINT VENTURE (Note 7)	141,073	146,248
TANGIBLE CAPITAL ASSETS (Note 8)	_ 8,494,121	8,678,672
TOTAL ASSETS	\$ <u>22,275,339</u>	\$ <u>18,046,702</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 220,935	\$ 572,343
Payroll liabilities (Note 10)	578,940	553,358
Deferred contributions (Note 11)	5,411,174	2,320,543
Prepaid sales	14,395	12,702
EFAN trust (Note 6)	726,777	1,459,244
	6,952,221	4,918,190
<b>DEFERRED CAPITAL CONTRIBUTIONS</b> (Note 12)	_ 4,652,220	5,046,325
TOTAL LIABILITIES	_11,604,441	9,964,515
NET ASSETS		
Net assets invested in capital assets	3,841,900	3,632,347
Internally restricted net assets (Note 14)	5,122,000	4,039,747
Unrestricted net assets	1,706,998	410,093
	_10,670,898	8,082,187
TOTAL LIABILITIES AND NET ASSETS	\$ <u>22,275,339</u>	\$ <u>18,046,702</u>

Approved by the Governors:

B. gill m=11har, Governor Lighthouse

\_, Governor

### BISSELL CENTRE STATEMENT OF CHANGES IN NET ASSETS For the year ended March 31, 2022

NET ASSETS	Internally Restricted (Note 14)	Invested in capital assets	Unrestricted	Total <u>2022</u>	Total 2021
Balance, beginning of year	\$ 4,039,747	\$ 3,632,347	\$ 410,093	\$ 8,082,187	\$ 4,350,349
Excess of revenues over expenses	*	(143,220)	2,731,931	2,588,711	3,731,838
Investment in capital assets	-	352,773	(352,773)	-	-
Internally imposed restrictions (Note 14)	1,082,253		(1,082,253)		
Balance, end of year	\$_5,122,000	\$ 3,841,900	\$_1,706,998	\$ 10,670,898	\$ 8,082,187

### BISSELL CENTRE CASH FLOW STATEMENT For the year ended March 31, 2022

	2022	2021
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	16,771,181 3,069,304 3,250,636 (5,433,136) (11,259,874)	13,838,894 2,778,442 2,050,727 (4,994,868) (11,514,951)
	6,398,111	2,158,244
FINANCING ACTIVITIES Capital grants received	110,771	738,287
INVESTING ACTIVITIES Purchase of capital assets	(463,544)	(768,102)
INCREASE IN CASH	6,045,338	2,128,429
CASH, beginning of year	4,519,195	2,390,766
CASH, end of year	\$_10,564,533	\$ 4,519,195

#### 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

g) 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

j) 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

	2022	2021
Internally restricted cash - Future Forward Fund Internally restricted cash - Building Capital Fund Internally restricted cash - Operating Reserve Total internally restricted cash	\$ 250,000 1,900,000 2,972,000 5,122,000	\$ 250,000 973,187 2,816,560 4,039,747
Externally restricted cash - Deferred contributions Externally restricted cash - Deferred income Total externally restricted cash	5,411,174 14,395 5,425,569	2,320,543 12,702 2,333,245
Total restricted cash	10,547,569	6,372,992
Unrestricted cash	16,964	(1,853,797)
Total Cash	\$ <u>10,564,533</u>	\$ <u>4,519,195</u>
ACCOUNTS RECEIVABLE		
	<u>2022</u>	2021
Trade receivables Resource development receivable Grants receivable Due from employees	\$ 166,660 117,973 1,929,840 	\$ 120,764 102,499 2,824,929 700

#### 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, 2022 is \$30,112 (2021 - \$30,903), this balance is included in accounts payable.

\$ 2,216,473

\$ 3,048,892

#### 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, 2022 totaled \$726,777 (2021 - \$1,459,244).

#### 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:

FINANCIAL POSIT	CION		2022		<u>2021</u>
FINANCIAL POSI	Assets	\$	257,946	\$	249,150
OPERATIONS	Liabilities Net Assets	\$ 	104,659 153,287 257,946	\$ 	102,902 146,248 249,150
Revenues Expenses		\$ \$	82,465 (87,640)	\$ \$	84,678 (81,5 <u>88</u> )
CASH FLOWS	Excess of revenue over expenses	\$	(5,175)	\$	3,090
	Cash flows from operations	\$	12,733	\$	5,248
	Cash flows from financing activities	\$	(11,980)	\$	(11,697)
	Cash flows from investing activities	\$	(2,611)	\$	10,119
	Increase (Decrease) in cash	\$	(1,858)	\$	3,670

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, 2022 the mortgages have a balance of \$235,612 (2021 - \$271,553) and are secured by land and buildings of ICYHP having a net book value of \$441,392 (2021 - \$413,886).

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

#### 8. CAPITAL ASSETS

		Accumulated	Net Boo	ok Value
	Cost	<b>Amortization</b>	2022	2021
Automotive equipment	\$ 188,327	\$ 188,327	\$ -	\$ 8,185
Furniture and equipment	501,628	463,972	37,656	18,556
Computer hardware	270,090	224,836	45,254	31,485
Leasehold improvements	1,554,292	295,947	1,258,345	1,338,064
Building	10,130,075	5,507,029	4,623,046	4,902,654
Moonlight Bay Centre	1,936,562	1,252,114	684,448	744,369
Construction in progress	223,205	-	223,205	13,192
Land	1,622,167		1,622,167	1,622,167
	\$16,426,346	\$ 7,932,225	\$ 8,494,121	\$ 8,678,672

#### 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, 2022 was 2.70%.

#### 10. GOVERNMENT REMITTANCES

The amount owing for government remittances is \$42,392 (2021 - \$56,470). This amount is included in payroll liabilities.

#### 11. DEFERRED CONTRIBUTIONS

	Opening	Funds received	Funds used	Ending
OPERATING				
Core services \$	1,971,953	\$ 11,622,346	\$ (8,528,895)	\$ 5,065,404
Safe affordable housing	209,035	4,522,421	(4,542,550)	188,906
Health and wellness	3,686	3,972	-	7,658
CAPITAL ASSETS				
Core Services	88,036	90,060	28,890	149,206
Learning and development	47,833		(47,833)	
\$	2,320,543	\$ <u>16,238,799</u>	\$ <u>(13,148,168</u> )	\$_5,411,174

#### 12. DEFERRED CAPITAL CONTRIBUTIONS

						Amounts		
					<u>a</u>	mortized to		
		Opening	Fun	ds received		revenue		<b>Ending</b>
Buildings	\$	3,055,627	\$	45,679	\$	(239,993)	\$	2,861,313
Computers		13,208		-		(8,802)		4,406
Moonlight Bay		639,426		-		(59,922)		579,504
Leasehold improvements	_	1,338,064	===	65,092	_	(196, 159)	_	1,206,997
	\$_	5,046,325	\$	110,771	\$_	(504,876)	\$_	4,652,220

#### 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, 2022 and the amounts of revenue deferred as at March 31, 2022.

		Receivable		<u>Deferred</u>		
Homeless to Homes (H2H)	\$	1,517,164	\$	54,026	\$	35,010
Hope Terrace (PSH)		775,614		1,511		_
Outreach Housing Team (OHT)		1,368,441		73,785		20,309
Outreach Housing Prototype	_	785,275	((	20,463		45,342
	\$_	4,446,494	\$	149,785	\$	100,661

#### 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:

	F	Future Forward Fund		Building Capital Fund	Operating Reserve	2022	2021	
Opening balance	\$	250,000	\$	973,187	\$ 2,816,560	\$ 4,039,747	\$	311,000
Internally imposed restrictions	_	_	_	926,813	155,440	1,082,253		3,728,747
Closing balance	\$_	250,000	\$_	1,900,000	\$ 2,972,000	\$_5,122,000	\$_	4,039,747

#### 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, 2021, the balance in the Foundation's Bissell Fund was \$660,789 (2020 - \$598,913).

#### 16. FUND DEVELOPMENT

Resource development expenses incurred for the purpose of soliciting contributions were \$918,184 (2021 - \$808,579). Of which \$473,074 (2021 - \$437,972) were paid as remuneration to employees whose duties mostly involve fundraising.

An amount of \$543 (2021 - \$6,566) 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.