

Women Building Futures Society
Financial Statements
June 30, 2020

Management's Responsibility

To the Members of Women Building Futures Society:

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian accounting standards for not-for-profit organizations. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Board of Directors and Audit Committee are composed entirely of Directors who are neither management nor employees of the Society. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial statements. The Audit Committee has the responsibility of meeting with management and external auditors to discuss the internal controls over the financial reporting process, auditing matters and financial reporting issues. The Audit Committee is also responsible for recommending the appointment of the Society's external auditors.

MNP LLP is appointed by the members to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Audit Committee and management to discuss their audit findings.

October 1, 2020

signed by "Carol Moen"

President

signed by "Minnie Huynh"

Finance Manager

Independent Auditor's Report

To the Members of Women Building Futures Society:

Opinion

We have audited the financial statements of Women Building Futures Society (the "Society"), which comprise the statement of financial position as at June 30, 2020, 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 accompanying financial statements present fairly, in all material respects, the financial position of the Society as at June 30, 2020, and the results of its operations 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 Society 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.

Other Matter

The financial statements for the six months ended June 30, 2019 were audited by another auditor who expressed an unmodified opinion on those financial statements on September 26, 2019.

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 Society'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 Society or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Society'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 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 Society'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 Society'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 Society 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.

Edmonton, Alberta

October 1, 2020

MNP LLP

Chartered Professional Accountants

Women Building Futures Society

Statement of Financial Position

As at June 30, 2020

| | 2020 | 2019 |
|---|-------------------|-------------------|
| Assets | | |
| Current | | |
| Cash and cash equivalents | 5,586,196 | 3,940,108 |
| Restricted cash (Note 3) | 38 | 74,450 |
| Accounts receivable (Note 4) | 624,045 | 652,870 |
| Prepaid expenses | 134,075 | 178,924 |
| | 6,344,354 | 4,846,352 |
| Capital assets (Note 5) | 6,844,700 | 7,612,133 |
| | 13,189,054 | 12,458,485 |
| Liabilities | | |
| Current | | |
| Accounts payable and accrued liabilities (Note 6) | 289,677 | 501,826 |
| Deferred contributions (Note 7) | 3,099,055 | 2,222,961 |
| Deferred revenue (Note 8) | 209,565 | 202,520 |
| Loan payable (Note 9) | 61,601 | 84,001 |
| | 3,659,898 | 3,011,308 |
| Deferred capital contributions (Note 10) | 5,637,939 | 6,419,640 |
| | 9,297,837 | 9,430,948 |
| Commitments (Note 13) | | |
| Significant event (Note 15) | | |
| Net Assets | | |
| Invested in capital assets | 1,145,160 | 1,108,492 |
| Internally restricted (Note 11) | 867,000 | 867,000 |
| Unrestricted | 1,879,057 | 1,052,045 |
| | 3,891,217 | 3,027,537 |
| | 13,189,054 | 12,458,485 |

Approved on behalf of the Board

signed by "Amanda Rosychuk"

Director

signed by "Perri Skelton"

Director

The accompanying notes are an integral part of these financial statements

Women Building Futures Society
Statement of Operations
For the year ended June 30, 2020

| | <i>12 Months Ended June 30 2020</i> | <i>6 Months Ended June 30 2019</i> |
|---|---|--|
| <hr/> | | |
| Revenue | | |
| Grants <i>(Note 7) (Schedule 1)</i> | 3,558,797 | 1,294,963 |
| Tuition <i>(Note 8)</i> | 2,273,436 | 1,300,472 |
| Sponsorship <i>(Note 7)</i> | 702,880 | 835,000 |
| Rental income | 359,889 | 184,054 |
| Donations and casino <i>(Note 7), (Note 12)</i> | 84,885 | 69,201 |
| Other | 62,360 | 80,021 |
| Interest income | 50,039 | 5,594 |
| | <hr/> | <hr/> |
| | 7,092,286 | 3,769,305 |
| <hr/> | | |
| Expenses | | |
| Salaries and benefits <i>(Schedule 1)</i> | 3,946,129 | 1,995,190 |
| General and administrative | 937,915 | 555,761 |
| Program expenses | 692,160 | 518,558 |
| Marketing and advertising | 456,706 | 235,117 |
| Building expenses | 115,675 | 114,389 |
| Interest and bank charges <i>(Note 9)</i> | 8,402 | 4,614 |
| Bad debts (recovery) | (1,221) | 68,288 |
| | <hr/> | <hr/> |
| | 6,155,766 | 3,491,917 |
| <hr/> | | |
| Excess of revenue over expenses before other items | 936,520 | 277,388 |
| <hr/> | | |
| Other items | | |
| Amortization of deferred capital contributions <i>(Note 10)</i> | 929,092 | 488,122 |
| Amortization of capital assets | (1,001,932) | (540,025) |
| | <hr/> | <hr/> |
| | (72,840) | (51,903) |
| <hr/> | | |
| Excess of revenue over expenses | 863,680 | 225,485 |
| <hr/> | | |

The accompanying notes are an integral part of these financial statements

Women Building Futures Society Statement of Changes in Net Assets

For the year ended June 30, 2020

| | <i>Invested in capital assets</i> | <i>Internally restricted</i> | <i>Unrestricted</i> | <i>12 Months Ended June 30 2020</i> | <i>6 Months Ended June 30 2019</i> |
|---|---------------------------------------|----------------------------------|---------------------|---|--|
| Net assets, beginning of year | 1,108,492 | 867,000 | 1,052,045 | 3,027,537 | 2,802,052 |
| Excess (deficiency) of revenue over expenses | (72,840) | - | 936,520 | 863,680 | 225,485 |
| Invested in capital assets, net | 109,508 | - | (109,508) | - | - |
| Net assets, end of year | 1,145,160 | 867,000 | 1,879,057 | 3,891,217 | 3,027,537 |

The accompanying notes are an integral part of these financial statements

Women Building Futures Society
Statement of Cash Flows
For the year ended June 30, 2020

| | <i>12 Months Ended June 30 2020</i> | <i>6 Months Ended June 30 2019</i> |
|---|---|--|
| Cash provided by (used for) the following activities | | |
| Operating | | |
| Excess of revenue over expenses | 863,680 | 225,485 |
| Forgiveness of loan payable | (22,400) | (11,200) |
| Bad debts (recovery) | (1,221) | 68,288 |
| Amortization of deferred capital contributions | (929,092) | (488,122) |
| Amortization of capital assets | 1,001,932 | 540,025 |
| | 912,899 | 334,476 |
| Changes in working capital accounts | | |
| Restricted cash | 74,412 | (34,661) |
| Accounts receivable | 30,046 | 61,212 |
| Prepaid expenses | 44,849 | (86,714) |
| Accounts payable and accrued liabilities | (212,149) | 270,996 |
| Deferred contributions | 876,094 | 1,509,572 |
| Deferred revenue | 7,045 | (108,003) |
| | 1,733,196 | 1,946,878 |
| Financing | | |
| Increase in deferred capital contributions <i>(Note 10)</i> | 147,391 | 22,607 |
| Investing | | |
| Purchase of capital assets | (234,499) | (59,125) |
| Increase in cash resources | 1,646,088 | 1,910,360 |
| Cash resources, beginning of year | 3,940,108 | 2,029,748 |
| Cash resources, end of year | 5,586,196 | 3,940,108 |

The accompanying notes are an integral part of these financial statements

Women Building Futures Society

Notes to the Financial Statements

For the year ended June 30, 2020

1. Incorporation and nature of the organization

Women Building Futures Society (the "Society") is a social purpose organization located in Edmonton, Alberta. As a non-profit organization incorporated under the Societies Act (Alberta) and a registered charity under the Income Tax Act (Canada), the Society is exempt from income taxes under the Income Tax Act, provided certain requirements of the Income Tax Act are met.

Since 1988, the Society's Mission has been to help women move from poverty and underemployment to achieve economic freedom through employment in the Alberta construction trades which include oil and gas, mining, energy, forestry, manufacturing, transportation and road building. The Society delivers pre-apprenticeship and heavy equipment operator training programs for women and successfully prepares and integrates women into the Alberta construction industry. Programs run year round and are delivered in classrooms and training facilities across Western Canada. The Society's main facility in Edmonton also supports women in transition with subsidized housing solely for women and their children.

2. Significant accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations set out in Part III of the CPA Canada Handbook - Accounting, as issued by the Accounting Standards Board in Canada using the following significant accounting policies:

Revenue recognition

The Society follows the deferral method of accounting for contributions which include donations and casino and grants. 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. Operating contributions are recognized in the year to which they relate. Contributions of capital assets and contributions restricted for the purchase of capital assets are deferred and amortized into revenue at a rate corresponding with the amortization rate for the related capital assets.

Tuition and rental income are recognized as revenue in the year to which they relate.

Interest income is comprised of interest from cash and cash equivalents and is recognized on an accrual basis.

Sponsorships and other revenue are recognized as revenue in the period when the services are provided or the goods are sold.

Cash and cash equivalents

Cash and cash equivalents includes balances with banks.

Capital assets

Purchased capital assets are recorded at cost.

Amortization is provided using the straight-line method at rates intended to amortize the cost of assets over their estimated useful lives.

| | Rate |
|------------------------|-------------|
| Building | 4 % |
| Computer equipment | 33 % |
| Digital ecosystem | 25 % |
| Furniture and fixtures | 20 % |

2. Significant accounting policies *(Continued from previous page)*

Long-lived assets

Long-lived assets consist of capital assets, which are measured and amortized as described in the applicable accounting policies.

The Society writes down long-lived assets held for use when conditions indicate that the asset no longer contributes to the Society's ability to provide goods and services. The asset is also written-down when the value of future economic benefits or service potential associated with the asset is less than its net carrying amount. When the Society determines that a long-lived asset is impaired, its carrying amount is written down to the asset's fair value.

Controlled organization

The Fixit Chicks Inc., which is controlled by the Society, is not consolidated in the Society's financial statements.

Donated goods and services

The work of the Society is dependent on donated goods and volunteer services. These goods and services are not normally purchased by the Society and because of the difficulty in determining their fair market value, donated goods and services are not recognized in the financial statements.

Financial instruments

All financial instruments are initially recorded at their fair value, including financial assets and liabilities originated and issued in a related party transaction measured at their carrying or exchange amount in accordance with Section 3840 *Related Party Transactions*. At initial recognition, the Society may irrevocably elect to subsequently measure any financial instrument at fair value. The Society has not made such an election during the year.

The Society subsequently measures investments in equity instruments quoted in an active market at fair value. All other financial assets and liabilities are subsequently measured at amortized cost.

Transaction costs and financing fees directly attributable to financial instruments subsequently measured at fair value are immediately recognized in the excess of revenues over expenses for the current period. Transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

The Society assesses impairment of all of its financial assets measured at cost or amortized cost when there is an indication of impairment. Any impairment which is not considered temporary is included in current year excess of revenues over expenses.

Measurement uncertainty (use of estimates)

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations 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 revenues and expenses during the reporting period.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization of capital assets and amortization of deferred capital contributions is based on the estimated useful lives of capital assets.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in excess of revenues over expenses in the years in which they become known.

3. Restricted cash

Externally restricted cash includes \$38 (2019 - \$74,450) in proceeds from a casino which can only be used in accordance with the licensing agreements with the Alberta Gaming and Liquor Commission.

Women Building Futures Society Notes to the Financial Statements

For the year ended June 30, 2020

4. Accounts receivable

| | 2020 | 2019 |
|---------------------------------|---------|---------|
| Grants | 191,937 | 21,083 |
| Sponsorship | 190,000 | 320,000 |
| Tuition | 165,360 | 241,568 |
| GST | 77,647 | 28,824 |
| Other | - | 48,137 |
| | 624,944 | 659,612 |
| Allowance for doubtful accounts | (899) | (6,742) |
| | 624,045 | 652,870 |

5. Capital assets

| | Cost | Accumulated amortization | 2020 Net book value | 2019 Net book value |
|------------------------|------------|-----------------------------|---------------------------|---------------------------|
| Building | 10,453,828 | 5,217,555 | 5,236,273 | 5,623,598 |
| Computer equipment | 682,266 | 511,148 | 171,118 | 165,057 |
| Digital ecosystem | 2,266,767 | 1,667,823 | 598,944 | 972,258 |
| Furniture and fixtures | 608,465 | 595,100 | 13,365 | 26,220 |
| Land | 825,000 | - | 825,000 | 825,000 |
| | 14,836,326 | 7,991,626 | 6,844,700 | 7,612,133 |

6. Accounts payable and accrued liabilities

Included in accounts payable and accrued liabilities are government remittances of \$6,242 (2019 - \$nil).

7. Deferred contributions

Deferred contributions represents restricted funding which has not been expended at period end:

| | Opening balance | Contributions received or receivable | Contributions recognized as revenue | Transfers | 2020 |
|----------------------|--------------------|--|---|-----------|-----------|
| Grants | 1,836,126 | 4,642,473 | (3,558,797) | (147,391) | 2,772,411 |
| Sponsorships | 20,279 | 697,879 | (702,880) | - | 15,278 |
| Donations and casino | 80,548 | 9,810 | (84,885) | - | 5,473 |
| Student awards fund | 286,008 | 203,757 | (183,872) | - | 305,893 |
| | 2,222,961 | 5,553,919 | (4,530,434) | (147,391) | 3,099,055 |

Transfers includes \$147,391 (2019 - \$22,607) to deferred capital contributions (Note 10) and \$nil (2019 - \$11,605) from donations and casino to student awards and funds.

The student awards fund represents funding received to grant scholarship monies for students requiring assistance paying their full tuition.

Women Building Futures Society
Notes to the Financial Statements
For the year ended June 30, 2020

8. Deferred revenue

Deferred revenue represents amounts received which relate to future years:

| | <i>Opening balance</i> | <i>Amounts received or receivable</i> | <i>Recognized as revenue</i> | 2020 |
|---------|----------------------------|---|----------------------------------|----------------|
| Tuition | 202,520 | 2,108,859 | (2,101,814) | 209,565 |

9. Loan payable

2020 **2019**

Canada Mortgage and Housing Corporation ("CMHC") Residential Rehabilitation Assistance Program ("RRAP") forgivable loan, bearing interest at 7.375%, repayable on demand, amortized into revenue in monthly installments of \$1,867, through March 2023. The portion of the loan forgiven in the current period totaled \$22,400 (6 months ended June 30, 2019 - \$11,200)

61,601 **84,001**

Under the terms of the forgivable loan agreement, the Society is required to comply with certain covenants and terms. The terms include agreed upon rental rates and maximum household income for tenants.

10. Deferred capital contributions

Deferred capital contributions consist of the unamortized amount of contributions received for the purchase of capital assets. Recognition of these amounts as revenue is deferred to periods when the related capital assets are amortized. Changes in deferred capital contributions are as follows:

| | <i>12 Months Ended June 30 2020</i> | <i>6 Months Ended June 30 2019</i> |
|---|---|--|
| Balance, beginning of year | 6,419,640 | 6,885,155 |
| Amounts transferred during the period (<i>Note 7</i>) | 147,391 | 22,607 |
| Less: amortization during the period | (929,092) | (488,122) |
| Balance, end of year | 5,637,939 | 6,419,640 |

11. Internally restricted net assets

2020 **2019**

| | | |
|-----------------------------------|----------------|----------------|
| Financial Stabilization Reserve | 532,000 | 532,000 |
| Capital Asset Replacement Reserve | 335,000 | 335,000 |
| | 867,000 | 867,000 |

The Financial Stabilization Reserve was established to provide for future unexpected shortfalls in operating funding as well as to provide for future strategic opportunities.

The Capital Asset Replacement Reserve was established to provide for future capital repairs to the building.

Access to the funds requires prior Board Approval.

Women Building Futures Society

Notes to the Financial Statements

For the year ended June 30, 2020

12. Edmonton Community Foundation

The JudyLynn Archer Fund and the Women Building Futures Fund Family of Funds are endowment funds established through the Edmonton Community Foundation totaling \$413,035 as of December 31, 2019 (December 31, 2018 - \$320,008). The Society receives an annual distribution from both of these endowment funds.

During the year, the Society received \$47,527 (6 months ended June 30, 2019 - \$1,000), of which \$47,527 (2019 - \$nil) is included in deferred contributions at June 30, 2020.

13. Commitments

The Society is contingently liable to the extent of \$340,500 (2019 - \$340,500) under the terms of a letter of guarantee in favour of the Minister of Employment, Immigration & Industry Workforce Supports Division Employment & Training Services relating to the tuition programs currently approved by the Society.

14. Financial instruments

The Society, as part of its operations, carries a number of financial instruments. It is management's opinion that the Society is not exposed to significant interest, currency, credit, liquidity or other price risks arising from these financial instruments except as otherwise disclosed.

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 in the event of non-performance by counterparties in connection with its accounts receivable. The Society regularly monitors the activities and balances in its accounts receivable to manage its credit risk and to assess the need for an allowance for any doubtful accounts. The Society deals with creditworthy counterparties to mitigate the risk of financial loss from defaults.

Accounts receivable from two sources represents 45% of total accounts receivable as at June 30, 2020. The Society believes that there is minimal risk associated with the collection of these receivables.

Liquidity risk

Liquidity risk is the risk that the Society will encounter difficulty in meeting obligations associated with financial liabilities. The Society manages its liquidity risk by monitoring its operating requirements. The Society prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations. Accounts payable and accrued liabilities are generally due within 60 days of receipt of an invoice.

15. Significant event

During the year, there was a global outbreak of COVID-19 (coronavirus), which has had a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. As a result, the Society temporarily suspended in-class training for a period but has since restarted programming while following provincial and federal restrictions and regulations.

At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Society as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus.

Women Building Futures Society
Schedule 1 - Family and Community Support Services
Revenues and Expenses
For the year ended June 30, 2020

| | <i>12 Months Ended June 30 2020</i> | <i>6 Months Ended June 30 2019</i> |
|--|---|--|
| Revenue | | |
| Family and Community Support Services | 120,444 | 60,222 |
| Expenses | | |
| Salaries and benefits | 120,444 | 60,222 |
| Excess of revenue over expenses | - | - |
