YOUTH CENTRAL SOCIETY

Financial Statements

Year Ended October 31, 2021

YOUTH CENTRAL SOCIETY
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Year Ended October 31, 2021

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INDEPENDENT AUDITOR'S REPORT

To the Members of Youth Central Society

Opinion

We have audited the financial statements of Youth Central Society (the Society), which comprise the statement of financial position as at October 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 accompanying financial statements present fairly, in all material respects, the financial position of the Society as at October 31, 2021, 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 those 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 Society's ability to continue as a going concern, disclosing, as applicable, matters relating 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.

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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.

C&E LLP Chartered Professional Accountants

Calgary, Alberta
December 31, 2021

YOUTH CENTRAL SOCIETY

Statement of Financial Position

October 31, 2021

	2021	2020
ASSETS		
CURRENT		
Cash	**$ 366,767**	$ 194,833
Restricted cash *(Note 4)*	**27**	29,203
Accounts receivable	**8,728**	83,367
Inventory	**18,685**	4,720
Goods and services tax recoverable	**1,395**	1,579
Prepaid expenses	**1,011**	3,520
	396,613	317,222
CAPITAL ASSETS *(Note 5)*	**2,337**	2,155
	$ 398,950	$ 319,377
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable	**$ 11,583**	$ 12,643
DEFERRED CONTRIBUTIONS *(Note 6)*	**125,593**	287,098
	137,176	299,741
UNRESTRICTED NET ASSETS	**261,774**	19,636
	$ 398,950	$ 319,377

LEASE COMMITMENTS *(Note 7)*

ON BEHALF OF THE BOARD

_________________________ *Director*

_________________________ *Director*

YOUTH CENTRAL SOCIETY
Statement of Operations
Year Ended October 31, 2021

	2021	2020
REVENUES		
Foundation grants	**$ 279,521**	$ 154,589
Government grants	**166,625**	156,256
Donations	**140,073**	130,857
Fundraising revenue	**29,176**	32,995
Sponsorships and other revenue	**20,764**	23,305
Program generated revenue	**14,701**	7,630
	650,860	505,632
EXPENSES		
Salaries and wages	**427,587**	454,013
Rent	**57,421**	56,808
Program expense	**30,603**	41,630
Consultants	**20,620**	20,995
Youth foundation grant expenses	**8,700**	10,701
Insurance	**6,402**	6,131
Accounting fees	**5,488**	4,675
Telephone	**4,359**	4,359
Office	**3,181**	5,629
Training	**3,126**	15,536
Amortization	**2,228**	2,155
Other expenses	**1,676**	1,568
Bank and visa charges	**1,087**	736
Strategic planning	**43**	5,446
	572,521	630,382
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES FROM OPERATIONS	**78,339**	(124,750)
OTHER INCOME		
COVID-19 government subsidies *(Note 8)*	**163,799**	134,201
EXCESS OF REVENUES OVER EXPENSES	**$ 242,138**	$ 9,451

YOUTH CENTRAL SOCIETY
Statement of Changes in Net Assets
Year Ended October 31, 2021

	2021	2020
UNRESTRICTED NET ASSETS - BEGINNING OF YEAR	**$ 19,636**	$ 10,185
EXCESS OF REVENUES OVER EXPENSES	**242,138**	9,451
UNRESTRICTED NET ASSETS - END OF YEAR	**$ 261,774**	$ 19,636

YOUTH CENTRAL SOCIETY
Statement of Cash Flows
Year Ended October 31, 2021

	2021	2020
OPERATING ACTIVITIES		
Excess of revenues over expenses	$ 242,138	$ 9,451
Item not affecting cash:		
Amortization	2,228	2,155
	244,366	11,606
Changes in non-cash working capital:		
Restricted cash	29,176	(27,324)
Accounts receivable	74,639	(31,054)
Inventory	(13,965)	(4,720)
Goods and services tax recoverable	184	1,768
Prepaid expenses	2,509	1,295
Accounts payable	(1,059)	(5,175)
Deferred contributions	(161,505)	194,461
	(70,021)	129,251
Cash flow from operating activities	174,345	140,857
INVESTING ACTIVITY		
Purchase of capital assets	(2,411)	(2,190)
INCREASE IN CASH FLOW	171,934	138,667
Cash - beginning of year	194,833	56,166
CASH - END OF YEAR	$ 366,767	$ 194,833

1. NATURE OF ORGANIZATION

Youth Central Society (the Society) is incorporated under the Societies' Act of Alberta. The Society's goal is to motivate all Calgarians, corporations, governments, community groups, schools, businesses and individuals to promote and deliver a better quality of life for Calgary's youth.

The Society is a registered charity as defined under paragraph 149 of the Income Tax Act, and therefore, is not subject to income tax.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

Capital assets

Capital assets are stated at cost less accumulated amortization. Capital assets are amortized over their estimated useful lives at the following rates and methods:

Computer equipment	3 years	straight-line method

Revenue recognition

Youth Central 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. Endowment contributions are recognized as direct increases in net assets.

Restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Unrestricted investment income is recognized as revenue when earned.

Financial instruments

Financial instruments are recorded at fair value when acquired or issued, with the exception of related party transactions that are measured at the carrying amount or exchange amount, as appropriate. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs are recognized as an expense in the period incurred for all financial instruments subsequently measured at fair value. Financial instruments that are subsequently measured at amortized cost are adjusted by the transaction costs and financing fees that are directly attributable to their organization, issuance or assumption.

All financial assets and liabilities are measured at amortized cost unless otherwise noted.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Donated materials and services

Donated materials and services are recorded in the financial statements at fair market value when fair market value can be reasonably estimated and the materials or services are used in the normal course of business and would otherwise have been purchased.

The Society's programs benefit from substantial services in the form of volunteer time, which is not recorded in the Society's financial statements, because of the difficulty of determining their fair value.

Measurement uncertainty

When preparing financial statements according to ASNPO, management makes estimates and assumptions relating to:

- reported amounts of revenues and expenses
- reported amounts of assets and liabilities
- disclosure of contingent assets and liabilities.

Estimates are based on a number of factors including historical experience, current events and actions that the Society may undertake in the future, and other assumptions that management believes are reasonable under the circumstances. By their nature, these estimates are subject to measurement uncertainty and actual results could differ. In particular, estimates are used in accounting for certain items such as revenues, allowance for doubtful accounts, useful lives of capital assets, asset impairments, legal contingencies, employee compensation plans, and employee benefit plans.

3. FINANCIAL INSTRUMENTS

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 and concentration as of October 31, 2021.

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Society is exposed to credit risk primarily due to its accounts receivable. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information. The Society has a significant number of contributors which minimizes concentration of credit risk.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Society is exposed to this risk mainly in respect of its receipt of funds from its contributors and other related sources, deferred contributions subject to spending restrictions, and accounts payable.

Unless otherwise noted, it is management’s opinion that the Society is not exposed to other significant risks arising from these financial instruments.

4. RESTRICTED CASH

Restricted cash arises from the proceeds of casinos held during the year. The use of these proceeds is externally restricted in accordance with Alberta Gaming and Liquor Commission requirements. Funds held in this account are classified as deferred contributions until the related expenditures are incurred.

5. CAPITAL ASSETS

	Cost	Accumulated amortization	**2021 Net book value**	2020 Net book value
Computer equipment	$ 12,595	$ 10,258	**$ 2,337**	$ 2,155

6. DEFERRED CONTRIBUTIONS

Deferred contributions represent unspent resources subject to externally imposed restrictions requiring that funds be used for specific purposes.

	2021	2020
Deferred contributions		
Balance, beginning of year	**$ 287,098**	$ 92,637
Contributions received	**71,932**	282,098
Amounts recognized as revenue during the year	**(233,437)**	(87,637)
Balance, end of year	**$ 125,593**	$ 287,098

7. LEASE COMMITMENTS

Future minimum lease payments for the Society's operating lease relating to its office space are as follows:

2022	$ 4,263

8. COVID-19

The COVID-19 pandemic has severely impacted economies around the world, including those in which the Society operates. Measures taken to contain the spread of the virus, including travel bans, social distancing mandates, and required closures of non-essential services have created significant disruptions in the operations of many businesses and not-for-profit organizations.

The Society's 2021 fiscal year was significantly impacted by the pandemic, resulting in its eligibility for support through government wage and rent subsidy programs.

Management expects that operations will continue to be affected while COVID-19 remains a significant public health risk. Because the total duration and economic severity of the pandemic remains unclear at this time, it is not possible to reliably estimate the impact on the financial position and operations of the Society's future periods.