

HomeFront Society for the Prevention of Domestic Violence
Financial Statements
For the year ended March 31, 2021

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Independent Auditor's Report

To the members of HomeFront Society for the Prevention of Domestic Violence

Qualified Opinion

We have audited the financial statements of HomeFront Society for the Prevention of Domestic Violence (the "Society"), 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, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Society as at March 31, 2021, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Society derives revenue from donations and fundraising activities the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Society. Therefore, we were not able to determine whether any adjustments might be necessary to donations and fundraising revenue, excess of revenues over expenses, and cash flows from operations for the year ended March 31, 2021, current assets as at March 31, 2021, and net assets as at March 31 for the 2021 year. Our audit opinion on the financial statements for the year ended March 31, 2021 was modified accordingly because of the possible effects of this limitation in scope.

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 qualified audit opinion.

Other Matter

We draw attention to the unaudited supplementary financial information included in Schedule 1 for the Society. These supplementary schedules have been included for information purposes only and are not audited or reviewed.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

BDO Canada LLP

Chartered Professional Accountants

Calgary, Alberta
June 14, 2021

HomeFront Society for the Prevention of Domestic Violence

Statement of Financial Position

March 31	2021	2020
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Assets

Current

Cash	\$ 529,384	\$ 637,615
Restricted short-term investments	357,682	354,140
Accounts receivable	5,000	5,000
Prepaid expenses	22,514	13,785
GST receivable	5,073	5,454
	919,653	1,015,994

Capital assets (Note 2)	19,957	28,206
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	\$ 939,610	\$ 1,044,200
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Liabilities and Net Assets

Current

Accounts payable and accrued liabilities	\$ 18,670	\$ 18,280
Deferred contributions (Note 3)	655,551	755,824
	674,221	774,104

Deferred contributions related to capital assets (Note 4)	3,397	4,761
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	677,618	778,865
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Net assets

Internally restricted (Note 5)	175,000	84,665
Unrestricted	86,992	90,336
	261,992	265,335

	\$ 939,610	\$ 1,044,200
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Approved on behalf of the board:

 , Director

 , Director

The accompanying notes are an integral part of these financial statements.

HomeFront Society for the Prevention of Domestic Violence

Statement of Changes in Net Assets

For the year ended March 31

	Internally restricted	Unrestricted	Total 2021	Total 2020
Balance, beginning of year	\$ 175,000	\$ 90,335	\$ 265,335	\$ 249,191
Excess (deficiency) of revenue over expenditures for the year	-	(3,343)	(3,343)	16,144
Balance, end of year	\$ 175,000	\$ 86,992	\$ 261,992	\$ 265,335

The accompanying notes are an integral part of these financial statements.

HomeFront Society for the Prevention of Domestic Violence

Statement of Operations

For the year ended March 31	2021	2020
Revenue		
Contributions	\$ 1,949,406	\$ 2,477,904
Fundraising contributions	11,219	208,539
Donations	74,280	32,686
Amortization of deferred contributions related to capital assets (Note 4)	1,364	1,925
Interest income	3,541	1,016
	<u>2,039,810</u>	<u>2,722,070</u>
Expenditures		
Amortization	8,249	4,234
Bank charges and interest	4,569	4,992
Community collaboration	7,915	8,023
Evaluation	84	617
Fundraising expenses	-	35,472
Office	171,112	129,693
Professional development	26,503	20,027
Professional fees	39,793	28,663
Public education and outreach	2,070	16,126
Salaries and related benefits	1,773,704	1,469,178
Travel and parking	6,855	24,047
Treatment	-	957,640
Victim support	2,299	7,214
	<u>2,043,153</u>	<u>2,705,926</u>
Excess (deficiency) of revenue over expenditures for the year	\$ (3,343)	\$ 16,144

The accompanying notes are an integral part of these financial statements.

HomeFront Society for the Prevention of Domestic Violence

Statement of Cash Flows

For the year ended March 31	2021	2020
Cash flows from operating activities		
Excess (deficiency) of revenue over expenditures for the year	\$ (3,343)	\$ 16,144
Adjustments for non-cash items		
Amortization	8,249	4,234
Amortization of deferred contributions related to capital assets	(1,364)	(1,925)
	<u>3,542</u>	<u>18,453</u>
Change in non-cash working capital items		
Accounts receivable	-	(5,000)
Prepaid expenses	(8,729)	(4,160)
GST receivable	381	(650)
Accounts payable and accrued liabilities	390	(91,425)
Deferred contributions	(100,273)	477,771
	<u>(104,689)</u>	<u>394,989</u>
Cash flows from investing activities		
Purchase of restricted short-term investments	(3,542)	(151,015)
Purchase of capital assets	-	(17,437)
	<u>(3,542)</u>	<u>(168,452)</u>
Increase (decrease) in cash during the year	(108,231)	226,537
Cash, beginning of year	637,615	411,078
Cash, end of year	\$ 529,384	\$ 637,615

The accompanying notes are an integral part of these financial statements.

HomeFront Society for the Prevention of Domestic Violence

Notes to the Financial Statements

March 31, 2021

Nature of operations

HomeFront Society for the Prevention of Domestic Violence (“HomeFront” or “the Society”) was incorporated under the Alberta Societies Act on May 14, 2001 as a not-for-profit organization and is a registered charitable organization under Section 149(1)(f) of the Income Tax Act and, accordingly, is exempt from income taxes. Therefore, no provision for income taxes is recorded in the accounts.

Prior to its incorporation as a society, HomeFront operated as a project of United Way Calgary and Area (“United Way”) known as the Calgary Justice Working Committee. HomeFront’s goal is to reduce domestic violence in Calgary and provide a structurally linked system that is cohesive, specialized and integrated with community services. HomeFront collaborates with the City of Calgary Police Service, Alberta Justice, Chief Crown Prosecutor’s Office, the Probation Office, and numerous other social services agencies to achieve its goal. In addition to this collaborative effort, a voluntary board oversees the operations of HomeFront.

1. Summary of significant accounting policies

Basis of accounting

The financial statements of HomeFront have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations (“ASNPO”). The financial statements have, in management’s opinion, been properly prepared using careful judgment with reasonable limits of materiality and within the framework of the significant accounting policies.

Measurement uncertainty

The valuation of contributions receivable is based on management’s best estimate of the collectability of these receivables. The valuation of capital assets is based on management’s best estimates of the future recoverability of these assets and the determination of costs subject to classification as capital assets. The amounts recorded for amortization of the capital assets and amortization of deferred contributions related to capital assets are based on management’s best estimates of the remaining useful lives and period of future benefit of the related assets. The valuation of accounts payable and accrued liabilities is based on management’s best estimate of the incurred expenses.

By their nature, these estimates are subject to measurement uncertainty, and the effect on the financial statements of changes in such estimates in future periods could be significant.

Cash

Cash consists of cash held at financial institutions.

Restricted short-term investments

Short-term investments consist of cashable guaranteed investment certificates maturing in April, May 2021 and January 2022. The cashable guaranteed investment certificates earn interest at fixed rates of 1%, 1% and 1.25%, respectively (2020 - 1%).

The restricted short-term investments consist of funding provided by various contributors. The funding is restricted for use by the contributors for specific program expenses and is not available for general use.

HomeFront Society for the Prevention of Domestic Violence

Notes to the Financial Statements

March 31, 2021

1. Summary of significant accounting policies (continued)

Revenue recognition

HomeFront follows the deferral method of accounting for contributions. Restricted contributions from the various contributors to HomeFront are recognized as revenue in the year in which the related expenditures are incurred.

Restricted contributions for the purchase of capital assets are deferred and recognized as revenue on the same basis as the amortization expense related to the acquired capital assets.

Unrestricted contributions are recognized as revenue when received or receivable.

Restricted and unrestricted contributions receivable are recorded if the amount can be reasonably estimated and collection is reasonably assured.

Interest income is recognized as it is earned.

Capital assets

Purchased capital assets are recorded at cost. Amortization on capital assets is provided using the declining balance method at the following annual rates:

Asset	Rate
Computer software	30%
Database	30%
Furniture and office equipment	20%

In the event that facts and circumstances indicate that the Society's long-lived assets may be impaired, an evaluation of recoverability would be performed. Such an evaluation entails comparing the estimated future undiscounted cash flows associated with the asset to the asset's carrying amount to determine if a write down to market value or discounted cash flow is required. Any excess of the net carrying amount over any residual value is recognized as an expenditure in the statement of operations.

Impairment of long-lived assets

Contributed services

The Calgary Police Service, the Crown Prosecutor's Office, Alberta Justice and the Probation Office and other social service agencies provide significant support to HomeFront in a coordinated effort to carry out its service delivery activities. Due to the constraints of time and cost, and access to information from these entities, management is unable to quantify a fair value for the services provided by these entities in order for Homefront to carry out its service delivery activities. Since HomeFront would not otherwise have paid for the services if they were not made available, they are not recognized in the financial statements.

HomeFront's ability to carry out its service delivery activities are dependent on the continuing support of these entities in addition to the financial support obtained through contributions, donations and fundraising activities.

HomeFront Society for the Prevention of Domestic Violence

Notes to the Financial Statements

March 31, 2021

1. Summary of significant accounting policies (continued)

Financial instruments

The Society's financial instruments consist of cash, restricted short-term investments, contributions receivable, and accounts payable and accrued liabilities. The Society's financial instruments are initially measured at fair value and subsequently measured at amortized cost, with the exception of equities quoted in an active market, which are required to be measured at fair value, and financial instruments which are designated at fair value.

At the end of each reporting period, the Society assesses whether there are any indications that a financial asset, or a group of similar financial assets, measured at cost or amortized cost may be impaired. When there is an indication of impairment, and the net realizable value amount is less than the carrying amount, the carrying amount is written down accordingly.

2. Capital assets

	2021		2020	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Furniture and fixtures	\$ 34,185	\$ 32,479	\$ 34,185	\$ 32,052
Computer equipment	101,402	85,297	101,402	78,395
Computer software	139,982	137,836	139,982	136,916
	<u>275,569</u>	<u>255,612</u>	<u>275,569</u>	<u>247,363</u>
Net book value		<u>\$ 19,957</u>		<u>\$ 28,206</u>

3. Deferred contributions

Deferred contributions are comprised of the unspent portion of externally restricted operating funding received in the current period from various government and community sources that are related to the subsequent period.

	2021	2020
Balance, beginning of year	\$ 755,824	\$ 278,053
Amounts received during the year	1,938,557	3,196,900
Amounts recognized as revenue during the year	<u>(2,038,830)</u>	<u>(2,719,129)</u>
Balance, end of year	<u>\$ 655,551</u>	<u>\$ 755,824</u>

HomeFront Society for the Prevention of Domestic Violence

Notes to the Financial Statements

March 31, 2021

4. Deferred contributions related to capital assets

Deferred contributions related to capital assets are comprised of the unamortized portion of contributed capital assets and contributions from government and community donors restricted for the purchase of capital assets.

	2021	2020
Balance, beginning of year	\$ 4,761	\$ 6,686
Amounts amortized to revenue	(1,364)	(1,925)
Balance, end of year	\$ 3,397	\$ 4,761

5. Internally restricted net assets

During 2012, the Board of Directors passed a motion to set aside internally restricted net assets sufficient to cover three months of operating expenses and to cover programming beyond the current pilot project stages.

6. Fundraising revenues and expenses

In accordance with regulation, Section 7(2)(e) of the "Charities Fundraising Act and Regulation", gross fundraising contributions received were \$11,219 (2020 - \$208,539).

Expenses incurred in the year for the purposes of soliciting contributions were \$218 (2019 - \$36,472).

HomeFront does not compensate directors for their services performed on the Board of the Society.

7. Financial instruments

The Society is exposed to the following in respect of the financial instruments held:

- (a) Credit risk
The financial instruments that potentially subject the Society to a significant concentration of credit risk consist primarily of cash and restricted short-term investments.

The Society has a concentration of credit risk with respect to cash and restricted short-term investments as substantially all of its cash and restricted short-term investments are held at one financial institution, and as such, the Society is exposed to the risks of the institution.
 - (b) Liquidity risk
Liquidity risk relates to the risk the Society will encounter difficulty in meeting obligations associated with its financial liabilities. The financial liability on its statement of financial position consists of accounts payable and accrued liabilities.
 - (c) Interest rate risk
The Society is exposed to interest rate price risk to the extent that short-term investments earn interest at fixed rates. COVID-19 has had a significant effect on the financial markets. The extent of any future impact on the Society's investments or operations as a result of COVID-19 is unknown.
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HomeFront Society for the Prevention of Domestic Violence

Notes to the Financial Statements

March 31, 2021

8. COVID-19

The global pandemic has disrupted economic activities worldwide. In many countries, including Canada, businesses were forced to cease or limit operations for long periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services, have triggered significant disruptions to businesses worldwide resulting in an economic slowdown.

As a result of the outbreak of COVID-19, the Society implemented public health official recommendations that included temporary suspension of events and reduced staff attendance at its premises in accordance with public health official guidelines and recommendations.

To assist businesses during the pandemic, governments and banks have provided monetary and fiscal interventions to stabilize economic conditions. The Society received the Critical Worker Benefit of \$23,255 during the year ended March 31, 2021.

Although the disruption from the virus is expected to be temporary, given the dynamic nature of these circumstances, the duration of business disruption and the related financial impact cannot be reasonably estimated at this time. Management is continually monitoring the developments and will make changes to operations as required.

9. Comparative figures

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year earnings.
