

Action Dignity Society
Financial Statements
March 31, 2023

To the Members of Action Dignity Society:

Opinion

We have audited the financial statements of Action Dignity Society (the "Society"), which comprise the statement of financial position as at March 31, 2023, 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 March 31, 2023, 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.

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.

Calgary, Alberta

June 15, 2023

MNP LLP

Chartered Professional Accountants

Action Dignity Society Statement of Financial Position

As at March 31, 2023

	2023	2022
Assets		
Current		
Cash and cash equivalents <i>(Note 4)</i>	524,134	278,142
Restricted cash <i>(Note 5)</i>	848,980	502,498
Investments <i>(Note 6)</i>	-	340,000
Accounts receivable	140,369	66,723
Goods and Services Tax recoverable	7,515	4,548
Prepaid expenses and deposits	3,728	3,300
	1,524,726	1,195,211
Capital assets <i>(Note 7)</i>	33,357	46,224
	1,558,083	1,241,435
Liabilities		
Current		
Accounts payable and accruals <i>(Note 8)</i>	86,810	96,841
Wages and vacation payable	57,685	52,918
Deferred contributions <i>(Note 5)</i>	848,980	502,498
	993,475	652,257
Deferred contributions related to capital assets <i>(Note 9)</i>	11,458	16,369
	1,004,933	668,626
Commitments <i>(Note 11)</i>		
Net Assets		
Invested in capital assets	21,899	29,855
Unrestricted	520,063	442,954
Internally restricted <i>(Note 3)</i>	11,188	100,000
	553,150	572,809
	1,558,083	1,241,435

Approved on behalf of the Board

Hiroko Nakao

Director



Director

The accompanying notes are an integral part of these financial statements

Action Dignity Society
Statement of Operations
For the year ended March 31, 2023

	2023	2022
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Revenue		
Grants	1,764,390	2,470,935
Donations	40,236	44,972
Casino	13,285	31,379
Sub-rental income	8,590	-
Memberships	975	290
Interest	1,506	1,910
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	1,828,982	2,549,486
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Expenses		
Advertising and publicity	4,129	2,590
Bad debts	1,612	-
Bank charges and interest	1,633	2,315
Board development and annual general meeting	7,023	2,843
Communication	6,617	7,977
Consulting	88,125	240,734
Honorarium and community volunteer support	18,422	50,624
Insurance	11,166	8,661
Meetings and workshops	45,219	57,302
Memberships and licenses	1,700	937
Other operating	1,905	13,368
Postage, printing and office supplies	13,496	7,453
Professional development	2,504	4,228
Professional fees	26,461	24,520
Program	88,106	192,276
Program supplies	20,039	3,681
Rent	53,400	51,898
Repairs and maintenance	6,787	15,566
Salaries and benefits	1,295,001	1,732,660
Special events and community forum	103,359	12,503
Telephone and internet services	3,875	3,092
Training	25,196	25,511
Travel	14,910	3,587
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Total expenses	1,840,685	2,464,326
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(Deficiency) excess of revenue over expenses before other income (expense)	(11,703)	85,160
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Other income (expense)		
Amortization of deferred contributions related to capital assets	4,911	7,015
Amortization expense	(12,867)	(15,592)
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	(7,956)	(8,577)
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(Deficiency) excess of revenue over expenses	(19,659)	76,583
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The accompanying notes are an integral part of these financial statements

Action Dignity Society
Statement of Changes in Net Assets
For the year ended March 31, 2023

	<i>Invested in Capital assets</i>	<i>Unrestricted</i>	<i>Internally restricted</i>	2023	2022
Net assets, beginning of year	29,855	442,954	100,000	572,809	496,227
(Deficiency) excess of revenue over expenses	(7,956)	(11,703)	-	(19,659)	76,583
Use of internally restricted funds	-	88,812	(88,812)	-	-
Net assets, end of year	21,899	520,063	11,188	553,150	572,810

The accompanying notes are an integral part of these financial statements

Action Dignity Society
Statement of Cash Flows
For the year ended March 31, 2023

	2023	2022
Cash provided by (used for) the following activities		
Operating		
(Deficiency) excess of revenue over expenses	(19,659)	76,583
Amortization	12,867	15,592
Amortization of deferred capital contributions related to capital assets	(4,911)	(7,015)
	(11,703)	85,160
Changes in working capital accounts		
Accounts receivable	(73,646)	404,240
Goods and Services Tax recoverable	(2,967)	(1,064)
Prepaid expenses and deposits	(428)	(1,216)
Accounts payable and accruals	(10,031)	31,778
Wages and vacation payable	4,767	(43,191)
Deferred contributions	346,482	(558,162)
	252,474	(82,455)
Investing		
Purchase of capital assets	-	(11,371)
Purchase of investments	-	(440,000)
Proceeds on disposal of investments	340,000	140,000
	340,000	(311,371)
Increase (decrease) in cash resources	592,474	(393,826)
Cash resources, beginning of year	780,640	1,174,466
Cash resources, end of year	1,373,114	780,640
Cash resources are composed of:		
Cash	524,134	278,142
Restricted cash	848,980	502,498
	1,373,114	780,640

The accompanying notes are an integral part of these financial statements

1. Incorporation and nature of the organization

Action Dignity Society (the "Society") is a not-for-profit entity incorporated under the Societies Act on December 16, 2002 and became a registered charity in October 2012. The Society is a community-based organization that facilitates the collective voice of Calgary's visible minority communities, in order to influence social, economic, and political change through collaborative action. The activity of the Society is carried out chiefly, but not exclusively, in Calgary and vicinity, in the Province of Alberta. As a registered charity, the Society is exempt from income taxes under section 149(1) of the *Income Tax Act* (the "Act"). To maintain its status as a tax exempt entity under the act, the Society must meet certain requirements within the Act. In the opinion of management, these requirements have been met.

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 and include the following significant accounting policies:

Cash and cash equivalents

Cash and cash equivalents include balances with banks and short-term investments with maturities of three months or less. Cash subject to restrictions that prevent its use for current purposes is included in restricted cash.

Investments

Investments consist of short-term and long-term guaranteed investment certificates ("GICs") recorded at amortized cost.

Goods and services tax recoverable

Goods and services tax paid is recoverable at 50% as a rebate. The unrecoverable amount is recorded as expenses with the rebate recorded as a receivable.

Capital assets

Capital assets are recorded at cost less accumulated amortization. Assets acquired over \$3,000 are capitalized to the appropriate accounts.

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution plus all costs directly attributable to the acquisition.

Amortization is provided using the following methods at rates intended to amortize the cost of assets over their estimated useful lives.

	Method	Rate
Computer equipment	declining balance	30%
Furniture and fixtures	declining balance	20%
Leasehold improvements	straight-line	term of lease 5 years

Revenue recognition

The 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. Sub-rental income is recognized as earned. Endowment contributions are recognized as direct increases in net assets.

Collected fees, donations and fundraising revenues are recognized as revenue when received or receivable.

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

Contributed services

Volunteers contribute many hours per year to assist the Society in carrying out its services and programs. Due to the difficulty in determining their fair value, contributed services are not recognized in the financial statements.

Financial instruments

The Society recognizes financial instruments when the Society becomes party to the contractual provisions of the financial instrument.

Arm's length financial instruments

Financial instruments originated/acquired or issued/assumed in an arm's length transaction ("arm's length financial instruments") are initially recorded at their fair value.

At initial recognition, the Society may irrevocably elect to subsequently measure any arm's length financial instrument at fair value. The Society has not made such an election during the year. The Society subsequently measures all arm's length transactions at cost or amortized cost.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in (deficiency) excess of revenue over expenses. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

Financial asset impairment

The Society assesses impairment of all its financial assets measured at cost or amortized cost. The Society groups assets for impairment testing when there are numerous assets affected by the same factors. When there is an indication of impairment, the Society determines whether it has resulted in a significant adverse change in the expected timing or amount of future cash flows during the year.

The Society reduces the carrying amount of any impaired financial assets to the highest of: the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets at the statement of financial position date; and the amount expected to be realized by exercising any rights to collateral held against those assets.

Any impairment, which is not considered temporary, is included in current year (deficiency) excess of revenue over expenses.

The Society reverses impairment losses on financial assets when there is a decrease in impairment and the decrease can be objectively related to an event occurring after the impairment loss was recognized. The amount of the reversal is recognized in (deficiency) excess of revenue over expenses in the year the reversal occurs.

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 revenue 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 is based on the estimated useful lives of capital assets.

By their nature, these judgments are subject to measurement uncertainty, and the effect on the financial statements of changes in such estimates and assumptions in future years could be material. These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in excess of revenue over expenses in the year in which they become known.

Action Dignity Society
Notes to the Financial Statements
For the year ended March 31, 2023

3. Restrictions on net assets

Internally restricted net assets

During the year, the Society's Board of Directors internally restricted \$nil (2022 – \$nil) of unrestricted net assets to be held for expenditures at the Board's discretion. These internally restricted amounts are not available for other purposes without approval of the Board of Directors.

4. Cash and cash equivalents

Cash and cash equivalents consists of the following:

	2023	2022
Cash	1,373,114	680,640
Redeemable GIC with a maturity date of June 3, 2022 generating interest at a rate of 0.15% per annum	-	100,000
Amounts reported as restricted cash (Note 7)	(862,950)	(502,498)
	510,164	278,142

5. Restricted cash and deferred contributions

Restricted cash and deferred contributions consist of unspent contributions externally restricted for eligible expenses as disclosed in the contribution agreements. Recognition of these amounts as revenue is deferred to periods when the eligible expenditures are made.

Changes in restricted cash and deferred contributions are as follows:

	<i>Beginning</i>	<i>Received during the year</i>	<i>Recognized in revenue</i>	<i>Ending</i>
United Way	-	534,022	(344,753)	189,269
City of Calgary - Family and Community Support Services	52	312,382	(312,383)	51
City of Calgary - Other	3,414	56,390	(50,875)	8,929
Casino	20,392	73,214	(13,299)	80,307
Calgary Foundation	86,418	353,000	(278,456)	160,962
Calgary Women's Foundation	-	215,000	(170,048)	44,952
WES Mariam Assefa fund	159,165	20,030	(170,258)	8,937
Other	233,057	580,333	(457,817)	355,573
	502,498	2,144,371	(1,797,889)	848,980

Action Dignity Society
Notes to the Financial Statements
For the year ended March 31, 2023

6. Investments

Investments consist of the following:

	2023	2022
Non-redeemable GIC with a maturity date of March 3, 2023 generating interest at a rate of 0.35% per annum.	-	300,000
Non-redeemable GIC with a maturity date of March 3, 2023 generating interest at a rate of 0.75% per annum.	-	40,000
	-	340,000

Subsequent to year end, the Society purchased GICs totaling \$340,000.

- \$300,000 redeemable GIC earning interest at 3% per annum, maturing April 13, 2024 and,
- \$40,000 non-redeemable GIC earning 3.45% per annum maturing April 13, 2024.

7. Capital assets

	<i>Cost</i>	<i>Accumulated amortization</i>	<i>2023 Net book value</i>	<i>2022 Net book value</i>
Computer equipment	77,409	61,881	15,528	22,183
Furniture and fixtures	31,919	21,718	10,201	12,751
Leasehold improvements	74,340	66,712	7,628	11,290
	183,668	150,311	33,357	46,224

8. Accounts payable and accruals

The Society has a limit on a corporate credit card from a Canadian bank for \$40,000 (2022 - \$40,000). The credit card is secured by a non-redeemable GIC with a carrying value of \$40,000 (note 6). At March 31, 2023, \$18,415 (2022 - \$11,984) was outstanding on the credit card and is included in accounts payable and accruals.

9. Deferred contributions related to capital assets

Deferred contributions related to capital assets 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:

	2023	2022
Balance, beginning of year	16,369	23,384
Less: Amounts recognized as revenue during the year	(4,911)	(7,015)
Balance, end of year	11,458	16,369

10. 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 rate, currency, credit, liquidity or other price risks arising from these financial instruments except as otherwise disclosed.

11. Commitments

The Society has lease agreements for premises and equipment. The estimated minimum annual payments until maturity are as follows:

2024	54,732
2025	24,458
2026	2,834
2027	2,834
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	84,858
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12. Comparative figures

Certain comparative figures have been reclassified to conform with current year presentation.