

**Carmichael Outreach Inc.**  
**Financial Statements**  
*June 30, 2021*

## Management's Responsibility

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To the Members of Carmichael Outreach Inc.:

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 are composed entirely of Directors who are neither management nor employees of the Organization. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities. The Board fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Board is also responsible for recommending the appointment of the Organization'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 may meet periodically and separately with, both the Board and management to discuss their audit findings.

September 28, 2021



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Executive Director

To the Members of Carmichael Outreach Inc.:

### Qualified Opinion

We have audited the financial statements of Carmichael Outreach Inc. (the "Organization"), which comprise the statement of financial position as at June 30, 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 Organization as at June 30, 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 Qualified Opinion

In common with many not-for-profit organizations, Carmichael Outreach Inc. derives a portion of its revenue from cash donations and fundraising, the completeness of which are not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of Carmichael Outreach Inc., and we are not able to determine whether any adjustments might be necessary to revenue, excess of revenue over expenses, assets and net assets.

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

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

Regina, Saskatchewan

September 28, 2021

*MNP* LLP  
Chartered Professional Accountants

**Carmichael Outreach Inc.**  
**Statement of Financial Position**

*As at June 30, 2021*

	<b>2021</b>	<b>2020</b>
<b>Assets</b>		
<b>Current</b>		
Cash	414,950	387,796
Accounts receivable	12,288	56,165
Prepaid expenses and deposits	3,663	2,255
Goods and Service Tax receivable	3,908	4,203
	<b>434,809</b>	450,419
<b>Capital assets (Note 3)</b>	<b>1,753,377</b>	1,786,209
	<b>2,188,186</b>	2,236,628
<b>Liabilities</b>		
<b>Current</b>		
Accounts payable and accruals (Note 5)	42,505	43,808
Deferred contributions (Note 6)	80,542	180,094
Deferred contributions related to capital assets (Note 7)	424,748	442,446
Current portion of term loan due on demand (Note 8)	30,936	28,719
	<b>578,731</b>	695,067
Term loan due on demand (Note 8)	<b>1,132,473</b>	1,149,731
	<b>1,711,204</b>	1,844,798
<b>Long-term debt (Note 9)</b>	<b>30,000</b>	40,000
	<b>1,741,204</b>	1,884,798
<b>Net Assets</b>		
Invested in Capital Assets	165,219	165,312
Unrestricted	281,763	186,518
	<b>446,982</b>	351,830
	<b>2,188,186</b>	2,236,628

Approved on behalf of the Board



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 Director



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 Director

The accompanying notes are an integral part of these financial statements

**Carmichael Outreach Inc.**  
**Statement of Operations**  
*For the year ended June 30, 2021*

	<b>2021</b>	<b>2020</b>
<b>Revenue</b> <i>(Schedule 1)</i>	<b>1,078,951</b>	868,803
<b>Expenses</b>		
Salaries and benefits	<b>540,931</b>	448,635
Programming	<b>111,044</b>	8,093
Amortization	<b>89,870</b>	83,159
Office	<b>50,567</b>	59,089
Interest on term loans due on demand	<b>43,004</b>	46,016
Grants	<b>32,112</b>	41,572
Fundraising	<b>24,235</b>	15,899
Professional fees	<b>18,540</b>	17,844
Utilities	<b>18,282</b>	22,494
Contract	<b>15,190</b>	12,755
Repairs and maintenance	<b>14,241</b>	17,733
Telephone	<b>12,154</b>	4,130
Vehicle	<b>7,948</b>	5,188
Property taxes	<b>4,907</b>	7,061
Insurance	<b>4,889</b>	8,647
Administrative	<b>4,083</b>	6,116
Bank charges and interest	<b>1,802</b>	1,403
Capital campaign	-	7,400
Advertising	-	4,549
Volunteer	-	555
	<b>993,799</b>	818,338
<b>Excess of revenue over expenses before other items</b>	<b>85,152</b>	50,465
<b>Other items</b>		
Gain on disposal of capital assets	-	4,774
Government assistance <i>(Note 10)</i>	<b>10,000</b>	-
Other income - Temporary Wage Subsidy	-	10,503
	<b>10,000</b>	15,277
<b>Excess of revenue over expenses</b>	<b>95,152</b>	65,742

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

**Carmichael Outreach Inc.**  
**Statement of Changes in Net Assets**  
*For the year ended June 30, 2021*

	<i>Invested in Capital Assets</i>	<i>Unrestricted</i>	<i>2021</i>	<i>2020</i>
Net assets, beginning of year	165,312	186,518	351,830	286,088
Excess of revenue over expenses for the year	-	95,152	95,152	65,742
Purchase of capital assets	57,039	(57,039)	-	-
Deferred revenue for capital projects recognized (Note 7)	17,698	(17,698)	-	-
Amortization	(89,870)	89,870	-	-
Repayment of term loans due on demand (Note 8)	15,040	(15,040)	-	-
Net assets, end of year	165,219	281,763	446,982	351,830

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

**Carmichael Outreach Inc.**  
**Statement of Cash Flows**  
*For the year ended June 30, 2021*

	<b>2021</b>	<b>2020</b>
<b>Cash provided by (used for) the following activities</b>		
<b>Operating</b>		
Cash receipts from grants, fundraising, and donation	890,648	971,285
Cash received from contributions	-	2
Cash paid for program service expenses	(212,645)	(223,159)
Cash paid for salaries and benefits	(533,964)	(461,553)
	<b>144,039</b>	<b>286,575</b>
<b>Financing</b>		
Advances of long-term debt	-	796,050
Interest paid	(44,806)	(47,419)
Repayment of long-term debt	(15,040)	-
	<b>(59,846)</b>	<b>748,631</b>
<b>Investing</b>		
Purchase of assets	(57,039)	(908,540)
Proceeds on disposal of capital assets	-	7,100
	<b>(57,039)</b>	<b>(901,440)</b>
<b>Increase in cash resources</b>	<b>27,154</b>	<b>133,766</b>
<b>Cash resources, beginning of year</b>	<b>387,796</b>	<b>254,030</b>
<b>Cash resources, end of year</b>	<b>414,950</b>	<b>387,796</b>

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



**1. Incorporation and nature of the organization**

The Organization was incorporated under the The Non-Profit Corporations Act of Saskatchewan as a not-for-profit organization and is a registered charity under the Income Tax Act. Its principal activities include providing facilities, recreation, social activities, education, clothing, food, household goods and other necessities to people in need in the City of Regina and surrounding area.

*Impact on operations of COVID-19 (coronavirus)*

In early March 2020 the impact of the global outbreak of COVID-19 (coronavirus) began to have 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.

The Organization's operations were impacted by COVID-19 due to reduction of operations, increased customer demand in industry, additional protection materials purchased in year, cancellation of events, and other cost management strategies.

**2. Significant accounting policies**

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations 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.

***Contributed goods and services***

The Organization recognizes donated goods and services when the fair values of such items are known or can be reasonably determined and they are used in the normal course of the Organization's operations and would otherwise have been purchased.

***Capital assets***

Capital assets are recorded at cost. The cost for contributed capital assets is considered to be fair value at the date of contribution.

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

	<b>Rate</b>
Buildings	4 %
Automotive	30 %
Computer equipment	45 %
Equipment	20 %
Signage	20 %

***Long-lived assets***

Long-lived assets consist of capital assets. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies.

The Organization performs impairment testing on long-lived assets held for use whenever events or changes in circumstances indicate that the carrying value of the asset, or group of assets, may not be recoverable. Impairment losses are recognized when the undiscounted future cash flows from its use and disposal are less than the asset's carrying amount. Impairment is measured as the amount by which the asset's carrying value exceeds its fair value. Any impairment is included in excess of revenue over expenses for the year.

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

***Revenue recognition***

The Organization 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.

Fundraising revenue is recognized when received.

Donations and grants received that are capital in nature are deferred and recognized over the useful life of the related contributed capital asset.

***Measurement uncertainty***

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.

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

***Income taxes***

The Organization is registered as a charitable organization under the Income Tax Act (the "Act") and as such is exempt from income taxes and is able to issue donation receipts for income tax purposes. In order to maintain its status as a registered charity under the Act, the Organization must meet certain requirements within the Act.

***Financial instruments***

The Organization recognizes its financial instruments when the Organization becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value, including financial assets and liabilities originated and issued in a related party transaction with management.

All financial instruments are subsequently measured at cost or amortized cost.

Transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at amortized cost or cost.

***Financial asset impairment:***

The Organization assesses impairment of all of its financial assets measured at cost or amortized cost. When there is an indication of impairment, the Organization determines whether it has resulted in a significant adverse change in the expected timing or amount of future cash flows during the year. If so, the Organization 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; 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 excess of revenue over expenses.

The Organization 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 the excess of revenue over expenses in the year the reversal occurs.

***Government assistance***

The Organization recognizes government assistance when there is a reasonable assurance that it will comply with the conditions required to qualify for the assistance, and that the assistance will be received. Government assistance toward current expenses is recognized in income for the period as other income.

**Carmichael Outreach Inc.**  
**Notes to the Financial Statements**  
*For the year ended June 30, 2021*

**3. Capital assets**

	<i>Cost</i>	<i>Accumulated amortization</i>	<i>2021 Net book value</i>	<i>2020 Net book value</i>
Buildings	1,888,657	206,880	1,681,777	1,694,812
Automotive	39,075	31,100	7,975	11,392
Computer equipment	29,093	28,263	830	1,510
Equipment	95,919	33,522	62,397	77,997
Signage	622	224	398	498
	<b>2,053,366</b>	<b>299,989</b>	<b>1,753,377</b>	<b>1,786,209</b>

During the year, \$nil (2020 - \$76,220) in cash donations was contributed for building asset additions.

**4. Line of credit**

At June 30, 2021, the Organization had a line of credit totaling \$50,000 (2020 - \$50,000), none of which was drawn. The line of credit bears interest at bank prime plus 2.50% and is secured by a general security agreement.

**5. Accounts payable and accruals**

	<i>2021</i>	<i>2020</i>
Accounts payable and accruals	500	8,654
Payroll liabilities	15,638	7,924
Accrued liabilities	26,367	27,230
	<b>42,505</b>	<b>43,808</b>

**6. Deferred contributions**

Contributions are received from contributors who have restricted their use for specific programs operated by the organization. Recognition of these amounts as revenue is deferred to periods when the specified expenditures are made.

Changes in the deferred contribution balance are as follows:

	<i>2021</i>	<i>2020</i>
Balance beginning of year	180,094	40,133
Received during the year	360,071	410,460
Recognized as revenue during the year	(459,623)	(270,499)
	<b>80,542</b>	<b>180,094</b>

**Carmichael Outreach Inc.**  
**Notes to the Financial Statements**  
*For the year ended June 30, 2021*

**7. Deferred contributions related to capital assets**

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

	<b>2021</b>	<b>2020</b>
Balance, beginning of year	<b>442,446</b>	384,661
Amount received during the year	-	76,220
Recognized as revenue during the year	<b>(17,698)</b>	(18,435)
Balance, end of year	<b>424,748</b>	442,446

**8. Term loan due on demand**

	<b>2021</b>	<b>2020</b>
Mortgage payable in monthly installments, of \$5,816 including interest at 3.38%, secured by building with a net book value of \$1,618,362 (2020 - \$1,628,755) and a general security agreement, due January 2046.	<b>1,163,410</b>	1,178,450
Less: current portion of term loan due on demand	<b>(30,936)</b>	(28,719)
	<b>1,132,474</b>	1,149,731

Principal repayments on term loan due on demand in each of the next five years, are estimated as follows:

2022	30,936
2023	31,998
2024	33,097
2025	34,233
2026	36,623

Long-term debt is subject to certain financial covenants with respect to the Organization providing audited financial statements within 90 days of year-end. As at June 30, 2021, the Organization is in compliance with all such covenants.

The mortgage is due on demand and therefore has been classified as current.

**9. Long-term debt**

	<b>2021</b>	<b>2020</b>
Conexus loan payable with no set monthly installments. Loan is interest free until December 2022 after which monthly interest only payments are required at 5% per annum between January 2023 and December 2025. The loan is unsecured and is due in full on December 2025.	<b>30,000</b>	40,000

**10. Government assistance**

The Organization secured an interest-free loan through the Canada Emergency Business Account (CEBA) program to support the Organization during the COVID-19 pandemic. No principal repayments are required until December 2022. Repayment of the balance of the loan on or before December 31, 2022 will result in loan forgiveness of 25% or \$10,000 of the loan. After 2022, any unpaid balances will be converted to a three year term at a 5% interest rate. Government assistance is recognized as revenue when the Organization become entitled to the grant. As such, \$10,000 on the CEBA loan has been recognized as debt forgiveness (refer to Note 9).

**11. Contributed materials and services**

During the year, the following goods and services were contributed and are reflected in the statements at their respective fair values: donated food of \$12,903 (2020- \$8,061), donated supplies of \$102,322 (2020 - \$19,793), and donated rent of \$nil (2020 - \$24,431).

**12. Financial instruments**

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

***Interest rate risk***

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk.

The Organization is also exposed to interest rate cash flow risk with respect to its mortgage for \$1,163,410 obtained through Conexus Credit Union. The mortgage has a variable interest rate of 3.38%.

***Liquidity risk***

Liquidity risk is the risk that the Organization will encounter difficulty in meeting obligations associated with financial liabilities. The Organization enters into transactions to purchase goods and services on credit and borrow funds from financial institutions or other creditors, for which repayment is required at various maturity dates.

***Credit concentration***

As at June 30, 2021, three customers (2020 - three customers) accounted for 100% (2020 - 84%) of the accounts receivable. The Organization believes that there is no unusual exposure associated with the collection of these receivables. The Organization performs regular credit assessments of its customers and provides allowances for potentially uncollectible accounts receivable.

**Carmichael Outreach Inc.**  
**Schedule 1 - Schedule of Revenue**  
*For the year ended June 30, 2021*

	<b>2021</b>	<b>2020</b>
<b>Revenue</b>		
Grants		
Access Children's Fund	15,000	7,500
Capital Campaign Grants Recognized	17,698	18,435
CIF Food Security	27,917	22,917
CIF Life Skills Grant	20,000	4,583
City of Regina	55,000	50,000
COVID Emergency Response	15,000	50,000
Employment	20,017	7,049
Food Rescue Emergency	10,000	7,500
Homelessness Partner Strategy	54,909	113,044
Legacies and Bequests	15,000	16,667
Namerind COVID Grant	134,323	27,500
SaskMilk	-	5,000
SaskTel TelCare	3,125	833
SSCF	28,333	20,000
	416,322	351,028
Fundraising		
5 Days	26,658	39,288
Band Swap	-	1,200
Christmas	91,405	104,800
Golf tournament	25,675	-
Hymn Sing	-	1,829
Various fundraising events (Lean on Me, Life Skills, etc.)	61,995	2,270
	205,733	149,387
Donations		
Corporate Donations	90,697	94,543
Church	24,406	14,692
General	194,731	144,429
Gifts in kind	115,225	52,283
SSCF	-	3,333
100 Women Who Care	-	13,950
	425,059	323,230
Other		
Contracts	31,837	42,450
General Income	-	1,623
Programs	-	1,085
	31,837	45,158
	1,078,951	868,803