

**CALGARY LEARNS ASSOCIATION**  
**Financial Statements**  
**Year Ended December 31, 2020**

**CALGARY LEARNS ASSOCIATION**  
**Index to Financial Statements**  
**Year Ended December 31, 2020**

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## INDEPENDENT AUDITOR'S REPORT

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To the Members of Calgary Learns Association

*Opinion*

We have audited the financial statements of Calgary Learns Association (the Association), which comprise the statement of financial position as at December 31, 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 Association as at December 31, 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 Association 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 Association'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 Association or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Association's financial reporting process.

(continues)

Independent Auditor's Report to the Members of Calgary Learns Association *(continued)*

*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 Association'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 Association'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 Association 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.




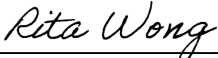
Calgary, Alberta  
March 29, 2021

C&E LLP Chartered Professional Accountants

**CALGARY LEARNS ASSOCIATION**  
**Statement of Financial Position**  
**December 31, 2020**

	2020	2019
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	\$ 351,061	\$ 262,833
Term deposits (Note 3)	384,000	384,000
Restricted cash (Note 4)	70,879	48,130
Restricted term deposits (Note 4)	1,062,513	873,887
Accounts receivable	3,801	10,407
Goods and services tax recoverable	1,471	1,997
Prepaid expenses	7,301	7,057
	<b>\$ 1,881,026</b>	<b>\$ 1,588,311</b>
 <b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities	\$ 118,457	\$ 12,601
Lease inducement	5,210	6,540
Deferred contributions (Note 6)	1,506,055	1,331,734
	<b>1,629,722</b>	<b>1,350,875</b>
 <b>NET ASSETS</b>		
Internally restricted	114,000	114,000
Unrestricted	137,304	123,436
	<b>251,304</b>	<b>237,436</b>
	<b>\$ 1,881,026</b>	<b>\$ 1,588,311</b>

**ON BEHALF OF THE BOARD**

  
 \_\_\_\_\_ Director  
  
 \_\_\_\_\_ Director

**CALGARY LEARNS ASSOCIATION**  
**Statement of Operations**  
**Year Ended December 31, 2020**

	2020	2019
<b>REVENUES</b>		
Alberta Advanced Education grants <i>(Note 6)</i>	\$ 2,170,705	\$ 2,418,937
Interest income	12,378	12,741
Other income	2,744	6,174
Donation	133	4,802
Casino revenue <i>(Note 6)</i>	13	26,602
Membership dues	-	6,425
	<u>2,185,973</u>	<u>2,475,681</u>
<b>EXPENSES</b>		
Grant expenditures <i>(Note 8)</i>	1,635,817	1,969,481
General and Administrative Expenses <i>(Schedule 1)</i>	536,288	502,097
	<u>2,172,105</u>	<u>2,471,578</u>
<b>EXCESS OF REVENUES OVER EXPENSES</b>	<u>\$ 13,868</u>	<u>\$ 4,103</u>

**CALGARY LEARNS ASSOCIATION**  
**Statement of Changes in Net Assets**  
**Year Ended December 31, 2020**

	Internally Restricted	Unrestricted	<b>2020</b>	2019
<b>NET ASSETS - BEGINNING OF YEAR</b>	\$ 114,000	\$ 123,436	<b>\$ 237,436</b>	\$ 233,333
Excess of revenues over expenses	-	13,868	<b>13,868</b>	4,103
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 114,000</b>	<b>\$ 137,304</b>	<b>\$ 251,304</b>	<b>\$ 237,436</b>

**CALGARY LEARNS ASSOCIATION**  
**Statement of Cash Flows**  
**Year Ended December 31, 2020**

	2020	2019
<b>OPERATING ACTIVITIES</b>		
Excess of revenues over expenses	\$ 13,868	\$ 4,103
Changes in non-cash working capital:		
Restricted cash	(22,749)	(16,211)
Accounts receivable	6,606	(9,436)
Goods and services tax recoverable	526	(536)
Accounts payable and accrued liabilities	105,856	(23,990)
Prepaid expenses	(244)	(17)
Lease inducement	(1,330)	1,430
Deferred contributions	174,321	423,425
	<u>262,986</u>	<u>374,665</u>
Cash flow from operating activities	<u>276,854</u>	<u>378,768</u>
<b>INVESTING ACTIVITIES</b>		
Redemption (acquisition) of term deposits	-	(372,128)
Redemption (acquisition) of restricted term deposits	(188,626)	(325,791)
Cash flow used by investing activities	<u>(188,626)</u>	<u>(697,919)</u>
<b>INCREASE (DECREASE) IN CASH FLOW</b>	<b>88,228</b>	<b>(319,151)</b>
Cash - beginning of year	<u>262,833</u>	<u>581,984</u>
<b>CASH - END OF YEAR</b>	<u><b>\$ 351,061</b></u>	<u><b>\$ 262,833</b></u>



# CALGARY LEARNS ASSOCIATION

## Notes to Financial Statements

Year Ended December 31, 2020

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### 1. PURPOSE OF THE ORGANIZATION

The Calgary Learns Association (the "Association") is dedicated to supporting Calgary organizations and practitioners to provide accessible and innovative foundational learning opportunities for adults facing barriers, and an equitable community where adult learners can fully participate with enhanced confidence and capacity.

The Association is a not-for-profit organization incorporated under the Societies Act of Alberta. As a registered charity, the Association is exempt from the payment of income tax under the Income Tax Act of Canada.

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### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Basis of presentation

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO") in Part III of the CPA Canada Handbook, and in management's opinion, have been properly prepared within reasonable limits of materiality and within the framework of the significant accounting policies summarized below:

#### Revenue recognition

The Association follows the deferral method of accounting for contributions. Restricted grants and casino revenue are recognized as revenue in the year in which the related expenses are incurred.

Membership dues are recognized as revenue when earned, in the period to which the membership applies.

Interest is recognized as revenue on an accrual basis when it is earned.

Unrestricted donation revenue is recognized as revenue when received or the amount to be received can be reasonably estimated and collection is reasonably assured.

#### Property and equipment

Purchased property and equipment are recorded at cost. Contributed property and equipment are recorded at fair value at the date of contribution.

Property and equipment with costs in excess of \$1,000 are capitalized and amortized over the useful life of the asset with a full year of amortization taken in the year of acquisition.

Property and equipment acquired during the year but not placed into use are not amortized until they are placed into use.

All of the Association's property and equipment has been fully amortized.

#### Contributed materials and services

The Association recognizes contributions of materials and services when their fair value can be reasonably estimated, the materials and services are used in the normal course of operations, and they would otherwise have been purchased.

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**CALGARY LEARNS ASSOCIATION**  
**Notes to Financial Statements**  
**Year Ended December 31, 2020**

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

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 financial liabilities are measured at amortized cost, unless otherwise noted.

The Association assesses impairment of all its financial assets measured at cost or amortized cost. When there is an indication of impairment, the Association 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 Association 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 statement of operations.

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 Association 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, deferred contributions, allowance for doubtful accounts, legal contingencies, and employee compensation plans.

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3. TERM DEPOSITS

	<b>2020</b>	<b>2019</b>
Cashable guaranteed investment certificates ("GICs") with annual compound interest rates from 0.82% to 2.48%, maturing in 2021 (2019 - 2.15% to 2.63%, maturing in 2020)	<b>\$ 384,000</b>	<b>\$ 384,000</b>

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**CALGARY LEARNS ASSOCIATION**  
**Notes to Financial Statements**  
**Year Ended December 31, 2020**

4. RESTRICTED CASH AND TERM DEPOSITS

The Association maintains separate bank accounts and individual investments to segregate restricted grant and casino funds.

	2020	2019
<u>Cash</u>		
Grant	\$ 6,728	\$ 33,904
Casino	64,151	14,226
	70,879	48,130
 <u>Term deposits</u>		
Grant and casino: GICs with annual interest rates from 0.05% to 0.95%, maturing in 2021 (2019 - from 1.60% to 2.16%, maturing in 2020) and high interest savings.	1,062,513	873,887
 GRAND TOTAL	\$ 1,133,392	\$ 922,017

5. COMMITMENTS

The Association has a long term lease with respect to its premises. The lease contains renewal options and provides for payment of utilities, property taxes and maintenance costs. Future minimum lease payments as at December 31, 2020, are as follows:

2021	\$ 26,760
2022	26,760
2023	26,760
2024	24,530
	\$ 104,810

**CALGARY LEARNS ASSOCIATION**  
**Notes to Financial Statements**  
**Year Ended December 31, 2020**

6. DEFERRED CONTRIBUTIONS

- a) Deferred contributions represent unspent resources subject to externally imposed restrictions requiring that the funds be used for specific purposes. These contributions have been received and deferred as follows:

	Beginning	Contributions Received/ (Returned)	Revenues Recognized	Ending
Alberta Advanced Education ("AE") Community Adult Learning Program ("CALP" - see 5 b))	\$ 820,256	\$ 2,392,905	\$ 2,006,054	\$ 1,207,107
Previously deferred CALP amounts returned	-	(68,074)	-	(68,074)
Professional Development ("PD") Grant	337,619	-	152,991	184,628
Previously deferred PD amounts returned	-	(13,000)	-	(13,000)
Interest income earned	11,660	6,156	11,660	6,156
<b>Total AE grants</b>	<b>1,169,535</b>	<b>2,317,987</b>	<b>2,170,705</b>	<b>1,316,817</b>
Casino funds	103,099	1,101	13	104,187
Calgary Foundation grant	40,000	-	-	40,000
Jeannie's fund	19,100	25,951	-	45,051
	<b>\$ 1,331,734</b>	<b>\$ 2,345,039</b>	<b>\$ 2,170,718</b>	<b>\$ 1,506,055</b>

- b) The Association is required to distribute 80% of grants from the annual CALP funds received from AE to its member organizations for approved activities. The Association provides two different types of funding to its member organizations: program funding and initiative funding. To be eligible for funding, the program or project must meet the foundational learning needs of adults in one of the following areas: Adult Basic Literacy, English Language Learning, Essential Skills Development or Indigenous Programming.

The Association's grant cycle aligns to AE's CALP grant (July 1 to June 30).

Program funding is distributed in three installments:

1. 40% is paid at the beginning of the grant term upon the Association's receipt of the CALP grant from AE.
2. 40% is paid mid way through the grant.
3. 20% is paid out upon approval of a final program report in the subsequent fiscal period.

Initiative funding is distributed in two installments:

1. 80% is paid upon approval of the project by the Association's Board of Directors and AE.
2. 20% is paid out upon approval of a final project report in the subsequent fiscal period.

7. INTERNALLY RESTRICTED NET ASSETS

The Board of Directors has internally restricted a portion of net assets, which has been designated for specific uses in subsequent periods. Internally restricted funds cannot be spent without Board approval.

\$84,000 (2019 - \$84,000) of internally restricted net assets are intended as an operating reserve to allow the Association to sustain operations should unforeseen circumstances arise, and \$30,000 (2019 - \$30,000) is intended for long term disability coverage of key employees.

# CALGARY LEARNS ASSOCIATION

## Notes to Financial Statements

Year Ended December 31, 2020

### 8. OPERATING REQUIREMENTS

Alberta Advanced Education ("AE") is the provincial ministry that manages the Community Adult Learning Program ("CALP"), the source of the Association's major grant. CALP's operating requirements stipulate that the Association must allocate a minimum of 80% of their annual CALP grant to member agencies for programming/special projects operating during the CALP funding period of July 1 - June 30. A maximum of 15% of that portion may be allocated to special projects. Any unallocated funding is to be returned to AE unless formal approval is granted by AE to carry the funds to the following year. For the years ended 2020 and 2019, it is management's opinion that the Association was in compliance with these requirements.

The following is a reconciliation of AE CALP contributions received to total grant expenditures for the Association's fiscal period:

	<u>2020</u>	<u>2019</u>
CALP grant received from AE for programs and operations ( <i>Note 6</i> )	\$ 2,392,905	\$ 2,392,905
Prior year program portion and carryforwards for distribution	410,536	419,701
Total required grant distribution to members 100% of program portion (July 2020 - June 2021) plus 20% of prior year program portion (2019: Jan - June 2020)	2,324,860	2,372,887
Less 20% of program grant distribution for next year (Jan - June 2021) (2019: Jan - June 2020)	(382,865)	(385,604)
Add: Prior year interest earned for distribution	11,660	7,130
Unused funding to carry forward	(277,584)	(24,932)
Less: Unused funds returned to AE	(40,254)	-
<b>TOTAL GRANT EXPENDITURES</b>	<b>\$ 1,635,817</b>	<b>\$ 1,969,481</b>

### 9. ADDITIONAL INFORMATION TO COMPLY WITH DISCLOSURE REQUIREMENTS OF THE CHARITABLE FUND RAISING ACT OF ALBERTA REGULATIONS

Gross fundraising contributions received in the year were \$nil (2019 - \$nil).

All expenses incurred for the purpose of soliciting contributions were \$nil (2019 - \$nil).

No funds were paid as remuneration to fund-raising businesses, including any expense or fees paid to fundraising businesses or as reimbursements to fundraising businesses. No amount was paid to employees for fundraising activities (2019 - \$nil).

### 10. FINANCIAL INSTRUMENTS

The Association 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 Association's risk exposure and concentration as of December 31, 2020.

(continues)

**CALGARY LEARNS ASSOCIATION**

**Notes to Financial Statements**

**Year Ended December 31, 2020**

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10. FINANCIAL INSTRUMENTS *(continued)*

Liquidity risk

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

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

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11. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation. The reclassifications have no effect on prior year excess of revenues over expenses.

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12. COVID-19

The COVID-19 pandemic has severely impacted economies around the world, including those in which the Association 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 Association's 2020 fiscal year was significantly impacted by the pandemic. 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 as at the date of the auditor's report, it is not possible to reliably estimate the impact on the financial position and operations of the Association's future periods.

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**CALGARY LEARNS ASSOCIATION**  
**General and Administrative Expenses**  
**Year Ended December 31, 2020**

**(Schedule 1)**

	<b>2020</b>	<b>2019</b>
Salaries, wages and benefits	<b>\$ 409,888</b>	\$ 343,364
Rent	<b>54,993</b>	59,090
Professional fees	<b>40,682</b>	40,969
Other expenses	<b>9,885</b>	5,527
Office expenses	<b>5,651</b>	14,028
Granting process and other grants	<b>5,270</b>	20,696
Events for members	<b>4,320</b>	9,304
Board expenses	<b>2,224</b>	1,848
Consulting	<b>1,929</b>	5,857
Insurance	<b>1,446</b>	1,414
	<b>\$ 536,288</b>	\$ 502,097