

**The CanLearn Society For
Persons with Learning Difficulties**

Financial Statements

August 31, 2023



INDEPENDENT AUDITOR'S REPORT

To the Members of The CanLearn Society For Persons with Learning Difficulties

Opinion

We have audited the financial statements of The CanLearn Society For Persons with Learning Difficulties (the "Society"), which comprise the statement of financial position as at August 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 August 31, 2023, 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 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.

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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.

RSM Canada LLP

Chartered Professional Accountants
November 23, 2023
Calgary, Alberta

The CanLearn Society For Persons with Learning Difficulties
Statement of Financial Position
August 31, 2023

	2023	2022
Assets		
Current assets		
Cash	\$ 577,126	\$ 975,765
Restricted cash (note 3)	20,220	119,472
Investments (note 4)	526,000	56,000
Accounts receivable	48,940	119,361
Prepaid expenses	<u>22,335</u>	<u>26,714</u>
	1,194,621	1,297,312
Investments (note 4)	124,404	-
Investments related to the endowment fund (note 5)	643,184	598,283
Tangible capital assets (note 6)	<u>15,287</u>	<u>44,827</u>
	<u>\$ 1,977,496</u>	<u>\$ 1,940,422</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	\$ 84,492	\$ 63,601
Canada Emergency Business Account loan	-	29,606
Deferred contribution related to the Canada Emergency Business Account	-	466
Deferred contributions related to operations (note 7)	633,550	681,242
Deferred contributions related to tangible capital assets (note 8)	<u>15,287</u>	<u>44,827</u>
	<u>733,329</u>	<u>819,742</u>
Net Assets		
Endowment fund (note 5)	651,871	651,316
Internally restricted funds (note 10)	300,404	180,404
Unrestricted	<u>291,892</u>	<u>288,960</u>
	<u>1,244,167</u>	<u>1,120,680</u>
	<u>\$ 1,977,496</u>	<u>\$ 1,940,422</u>
Commitment (note 11)		

Approved on behalf of the Board,


 _____, Director


 _____, Director

The CanLearn Society For Persons with Learning Difficulties
Statement of Operations
Year Ended August 31, 2023

	2023	2022
Revenue		
Fees for service	\$ 667,894	\$ 622,637
Literacy programs	588,229	617,603
Financial assistance services	338,369	253,171
Clinical programs	123,121	112,817
Casino	83,747	65,961
Investment income (notes 5 and 9)	72,488	49,998
Donations	27,864	34,545
Amortization of deferred contributions related to tangible capital assets (note 8)	29,540	31,242
Contributed goods	20,959	16,067
PGI fundraiser	13,363	27,268
Capacity building	15,393	15,373
Government assistance	466	1,368
Fundraising events	-	20,356
	<u>1,981,433</u>	<u>1,868,406</u>
Expenses		
Salaries and wages	1,108,269	1,066,950
Sub-contracts	482,071	468,157
Rental	86,450	90,466
Projects	43,114	38,855
Amortization	29,540	31,242
Advertising and promotion	26,160	1,779
Office	21,009	22,369
Professional fees	25,995	21,550
Gifts-in-kind	22,482	7,862
Fundraising	15,913	16,559
Insurance	14,714	12,868
Travel	12,136	10,147
Interest and bank charges	11,425	11,590
Board	3,569	3,206
	<u>1,902,847</u>	<u>1,803,600</u>
Revenue over expenses before the following	<u>78,586</u>	<u>64,806</u>
Other income (loss)		
Gain on disposal of endowment fund investments	37,460	-
Change in fair value of endowment fund investments	6,886	(101,289)
	<u>44,346</u>	<u>(101,289)</u>
Excess (deficiency) of revenue over expenses	<u>\$ 122,932</u>	<u>\$ (36,483)</u>

The CanLearn Society For Persons with Learning Difficulties
Statement of Changes in Net Assets
Year Ended August 31, 2023

	Endowment fund (note 5)	Internally restricted funds (note 10)	Unrestricted	Total	
				2023	2022
Net assets, beginning of year	\$ 651,316	\$ 180,404	\$ 288,960	\$ 1,120,680	\$ 1,156,571
Add: Net income	-	-	-	-	(101,289)
Endowment fund contribution (note 5)	555	-	-	555	592
Excess (deficiency) of revenue over expenses	-	-	122,932	122,932	(36,483)
Interfund transfer	<u>-</u>	<u>120,000</u>	<u>(120,000)</u>	<u>-</u>	<u>-</u>
Net assets, end of year	<u>\$ 651,871</u>	<u>\$ 300,404</u>	<u>\$ 291,892</u>	<u>\$ 1,244,167</u>	<u>\$ 1,019,391</u>

The CanLearn Society For Persons with Learning Difficulties
Statement of Cash Flows
Year Ended August 31, 2023

	2023	2022
Cash provided by (used in):		
Operating activities		
Excess (deficiency) of revenue over expenses	\$ 122,932	\$ (36,483)
Add (deduct) items not affecting cash		
Amortization	29,540	31,242
Deferred contributions related to tangible capital assets	(29,540)	(31,242)
Gain on disposal of endowment fund investments	(37,460)	-
Change in fair value of endowment fund investments	(6,886)	101,289
Government assistance	(466)	(1,368)
Imputed interest on the Canada Emergency Business Account loan	394	1,410
	<u>78,514</u>	<u>64,848</u>
Changes in non-cash working capital		
Restricted cash (note 3)	99,252	3,838
Accounts receivable	70,421	60,560
Prepaid expenses	4,379	(7,163)
Goods and Services Tax recoverable	-	202
Accounts payable and accrued liabilities	20,891	16,174
Deferred contributions related to operations (note 7)	(47,692)	122,721
	<u>147,251</u>	<u>196,332</u>
	<u>225,765</u>	<u>261,180</u>
Financing activities		
Endowment fund contributions received	555	592
Repayments of Canada Emergency Business Account loan	(30,000)	-
	<u>(29,445)</u>	<u>592</u>
Investing activities		
Purchase of investments	(650,404)	-
Disposal of investments	56,000	74,404
Endowment fund contribution	(555)	(592)
Purchase of endowment fund investments	(636,159)	-
Disposal of endowment fund investments	636,159	-
	<u>(594,959)</u>	<u>73,812</u>
Cash inflow (outflow)	(398,639)	335,584
Cash, beginning of year	<u>975,765</u>	<u>640,181</u>
Cash, end of year	<u>\$ 577,126</u>	<u>\$ 975,765</u>

Non-cash transactions:

The Society received a donation of tangible capital assets with a fair market value of \$NIL (2022 - \$5,309) that has been recorded as a deferred contribution related to tangible capital assets (note 8).

The CanLearn Society For Persons with Learning Difficulties

Notes to Financial Statements

August 31, 2023

1. Nature of operations

The CanLearn Society For Persons with Learning Difficulties (the "Society") is a not-for-profit organization incorporated under the *Societies Act* of Alberta. The Society unlocks potential so all can learn by providing assessments, services and programs to individuals with learning difficulties and ADHD, providing innovative literacy and social-emotional programming. CanLearn provides a mix of funded programs and fee-based services. The fee-based services are offered on a subsidized sliding scale so all families that need help can access services. Subsidies are provided through the CanLearn financial assistance fund.

As a registered charity, the Society is exempt from the payment of income tax under Section 149(1)(f) of the *Income Tax Act* of Canada.

2. Significant accounting policies

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO") and include the following significant accounting policies:

(a) Revenue recognition

The Society follows the deferral method of accounting for contributions which include donations, fundraising, financial assistance and grants.

Restricted contributions including literacy programs, clinical programs, financial assistance, capacity building, casino and special projects are recognized as revenue in the year in which the related expenses are incurred. Restricted contributions including PGI fundraiser and other fundraising events are recognized as revenue when the event has taken place and collection is reasonably assured. Restricted contributions relating to tangible capital assets are deferred and recognized into revenue on the same basis as the amortization expense related to the acquired tangible capital assets. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Endowment contributions are recognized as direct increases in net assets. Investment income from investments related to the endowment fund are recorded in the general operating fund.

Fee for services are recognized as revenue when the services have been performed and collection is reasonably assured.

Government assistance is recognized as income in the year when the related qualifying expenses are incurred. When the Society qualifies to receive a forgivable loan, it accounts for it in the same manner as government assistance and the forgivable portion of the loan is recognized as income when the Society has received the funds and meets the stipulation under the government assistance loan program for forgiveness, and not at the time such loans are forgiven.

The CanLearn Society For Persons with Learning Difficulties
Notes to Financial Statements
August 31, 2023

Investment income is recognized as revenue when earned, and collection is reasonably assured.

(b) Investments

Investments include non-cashable guaranteed investment certificates, which are held to fund the internally restricted operating reserve (note 10). Interest income earned on the investment certificates is recorded to the general operating fund.

(c) Tangible capital assets

Purchased tangible capital assets are recorded at cost. Donated tangible capital assets (note 8) are recorded at fair value at the date of donation, if reasonably determinable. Amortization on tangible capital assets is provided using the straight-line method over the estimated useful life of the tangible capital asset and commences in the fiscal year the asset is placed in use, as follows:

Computer software	5 years
Furniture and fixtures	5 years
Leasehold improvements	3 years
Computer hardware	3 years

When conditions indicate a tangible capital asset is impaired, the carrying value of the tangible capital asset is written down to the asset's fair value or replacement cost. The write-down of the tangible capital assets is recorded as an expense in the statement of operations. A write-down is not reversed.

(d) Contributed materials and services

Contributed materials and services are recorded as revenue and expenses when the fair market value is reasonably determinable and when they are used in the normal course of the Society's operations and would otherwise have been purchased.

Volunteers contribute significant hours of service per year to assist the Society in carrying out its services and delivering activities. Because of the difficulty in determining their fair value, contributed services are not recognized in these financial statements.

The CanLearn Society For Persons with Learning Difficulties
Notes to Financial Statements
August 31, 2023

(e) Financial instruments

The Society initially measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions that are measured at the exchange amount.

The Society subsequently measures all its financial assets and financial liabilities at amortized cost, except for endowment fund investments that are quoted in an active market which are measured at fair value. Changes in fair value are recognized the statement of operations.

Financial assets measured at amortized cost include cash, restricted cash, investments and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

Financial assets measured at cost or amortized cost are tested for impairment, at the end of each year, to determine whether there are indicators that the asset may be impaired. The amount of the write-down, if any, is recognized in the statement of operations. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account. The reversal may be recorded provided it is no greater than the amount that had been previously reported as a reduction in the asset and it does not exceed original cost. The amount of the reversal is recognized in the statement of operations.

(f) Measurement uncertainty

The valuation of accounts receivable is based on management's best estimate of the provision for doubtful accounts.

The valuation of tangible 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 tangible capital assets. The amounts recorded for amortization of the tangible capital assets are based on management's best estimates of the remaining useful lives and period of future benefit of the related assets.

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.

3. Restricted cash

Restricted cash reflects funds that have been collected through casino proceeds and are therefore externally restricted by the Alberta Gaming, Liquor and Cannabis Commission. The Society maintains a separate bank account for casino funds.

The CanLearn Society For Persons with Learning Difficulties
Notes to Financial Statements
August 31, 2023

4. Investments

	2023	2022
Two year non-cashable guaranteed investment certificate at fixed interest rate of 5.3% per annum with a maturity date of November 29, 2024	\$ 124,404	\$ -
One year cashable guaranteed investment certificate at fixed interest rate of 4.0% per annum with a maturity date of November 29, 2023	100,000	-
One year cashable guaranteed investment certificate at fixed interest rate of 4.0% per annum with a maturity date of November 29, 2023	50,000	-
One year cashable guaranteed investment certificate at fixed interest rate of 4.0% per annum with a maturity date of November 29, 2023	200,000	-
One year non-cashable guaranteed investment certificate at fixed interest rate of 5.26% per annum with a maturity date of July 17, 2024	120,000	-
One year non-cashable guaranteed investment certificate at fixed interest rate of 5.45% per annum with a maturity date of August 30, 2024	56,000	-
Guaranteed investment certificates matured in the year	<u>-</u>	<u>56,000</u>
	650,404	56,000
Less: Due within one year	<u>526,000</u>	<u>56,000</u>
	<u>\$ 124,404</u>	<u>\$ -</u>

The CanLearn Society For Persons with Learning Difficulties
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August 31, 2023

5. Endowment fund and investment income

The Jack and Louise Lee Fund has been established in the amount of \$651,871 (2022 - \$651,316) to provide a source of income to be used for the charitable purposes of the Society. The funds are restricted in that the Society cannot encroach on the established amount of the endowment investment. Income from the endowment shall be distributed to the Society no less often than annually. During the year, the Society sold the existing underlying investment, and entered into a long-term investment pooling arrangement with the Calgary Foundation, in anticipation of greater returns and diversification opportunity. The investments related to the endowment fund have a book cost of \$636,159 (2022 - \$541,953) and fair market value of \$643,184 (2022 - \$598,283). During the year, a donation of \$555 (2022 - \$592) was received toward the endowment fund.

Included in investment income is dividends from the Jack and Louise Lee Fund in the amount of \$1,468 (2022 - \$25,240).

6. Tangible capital assets

			Net Book Value	
	Cost	Accumulated Amortization	2023	2022
Computer hardware	\$ 84,381	\$ 75,263	\$ 9,118	\$ 32,756
Computer software	42,579	36,410	6,169	11,319
Furniture and fixtures	47,636	47,636	-	752
Leasehold improvements	<u>13,157</u>	<u>13,157</u>	<u>-</u>	<u>-</u>
	<u>\$ 187,753</u>	<u>\$ 172,466</u>	<u>\$ 15,287</u>	<u>\$ 44,827</u>

The CanLearn Society For Persons with Learning Difficulties
Notes to Financial Statements
August 31, 2023

7. Deferred contributions related to operations

The Society received certain grants that were subject to spending restrictions. Restricted grants received and expended were as follows:

	Beginning Balance, September 1, 2022	Additions	Utilization	Closing Balance, August 31, 2023
Fee for service - financial assistance	\$ 91,227	\$ 88,566	\$ 151,841	\$ 27,952
Clinical programs	68,317	416,141	414,395	70,063
Special projects	5,880	35,773	31,970	9,683
Family literacy	332,935	636,703	588,229	381,409
Capacity building	59,243	22,550	10,393	71,400
Casino fund	107,622	20,000	83,747	43,875
PGI fundraiser	<u>16,018</u>	<u>13,150</u>	<u>-</u>	<u>29,168</u>
	<u>\$ 681,242</u>	<u>\$ 1,232,883</u>	<u>\$ 1,280,575</u>	<u>\$ 633,550</u>

	Beginning Balance, September 1, 2021	Additions	Utilization	Closing Balance, August 31, 2022
Fee for service - financial assistance	\$ 6,030	\$ 170,147	\$ 84,950	\$ 91,227
Clinical programs	33,785	417,677	383,145	68,317
Special projects	6,260	42,095	42,475	5,880
Family literacy	367,169	555,417	589,651	332,935
Capacity building	38,751	41,174	20,682	59,243
Casino fund	84,256	86,976	63,610	107,622
PGI fundraiser	<u>22,270</u>	<u>12,901</u>	<u>19,153</u>	<u>16,018</u>
	<u>\$ 558,521</u>	<u>\$ 1,326,387</u>	<u>\$ 1,203,666</u>	<u>\$ 681,242</u>

8. Deferred contributions related to tangible capital assets

	2023	2022
Balance, beginning of year	\$ 44,827	\$ 70,760
Additions	-	5,309
Utilization	<u>(29,540)</u>	<u>(31,242)</u>
Balance, end of year	<u>\$ 15,287</u>	<u>\$ 44,827</u>

The CanLearn Society For Persons with Learning Difficulties
Notes to Financial Statements
August 31, 2023

9. The Calgary Foundation and investment income

The Calgary Foundation holds and administers \$277,554 (2022 - \$269,290) on behalf of the Society. The principal amount is not available for withdrawal by the Society and, as such, is not included in these financial statements. However, grants from the funds in the amount of \$13,232 (2022 - \$10,745) have been paid to the Society and are included in investment income.

10. Internally restricted funds

The CanLearn Board of Directors has established an Operating Reserve fund in the amount of \$300,404 (2022 - \$180,404) to address unanticipated operating contingencies. During the year, the Board of Directors approved a transfer of \$120,000 (2022 - \$50,000) from the unrestricted to the internally restricted funds. These funds are not available for use without the approval of the Board.

11. Lease commitment

On August 1, 2023 the Society entered a new one-year lease agreement, effective until July 31, 2024. Future minimum lease payments for the next year are \$75,602.

12. Financial instruments

The Society is exposed to the following significant financial risks:

(a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Society is exposed to interest rate price risk to the extent that the investments bear interest at fixed rates.

(b) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The financial instruments that potentially subject the Society to a significant concentration of credit risk consist primarily of cash, restricted cash and investments. The Society mitigates its exposure to credit loss by placing its cash, restricted cash and investments with major financial institutions.

Accounts receivable typically has no significant concentration of credit risk with any one party or industry. As such, credit risk of accounts receivable is considered low.

The CanLearn Society For Persons with Learning Difficulties
Notes to Financial Statements
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(c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Society's endowment fund is subject to market risk (note 5). The endowment fund's portfolio consists of various types of securities which are subject to market fluctuations. The Society has mitigated this risk exposure by investing the fund in a large long-term diversified pooling fund arrangement with the Calgary Foundation.

(d) Liquidity risk

Liquidity risk is the risk that the Society will encounter difficulty in meeting obligations associated with financial liabilities. The financial liabilities consist of accounts payable and accrued liabilities. Management closely monitors cash flow requirements to ensure that it has sufficient cash on demand to meet operational and financial obligations.

There have been no changes to any significant risk exposures from the previous year-end.

13. Disclosure requirements

As required under Section 7(2) of the Charitable Fundraising Regulation of Alberta, the Society is required to disclose the following:

Gross fundraising contributions received in the current year were \$13,363 (2022 - \$47,625).

All monies received from fundraising were used for administrative and marketing expenses. No specific item was purchased which accounted for over 10% of the contributions received.

All expenses incurred for the purposes of soliciting contributions were \$NIL (2022 - \$NIL).

No amounts were paid as remuneration to an outside consultant or employees for fundraising activities in 2023 or 2022.

14. Related party transactions

During the year, the Society received donations from a number of directors aggregating to \$3,483 (2022 - \$3,677).

These transactions are in the normal course of operations and are measured at the exchange amount which is the amount of consideration established and agreed to by the related parties.