

# **Wood's Homes Society**

## **Consolidated Financial Statements and Independent Auditors' Report thereon**

**March 31, 2020**



## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Wood's Homes Society

### ***Opinion***

We have audited the consolidated financial statements of Wood's Homes Society (the Entity), which comprise:

- the consolidated statement of financial position as at March 31, 2020;
- the consolidated statement of operations and changes in fund balances for the year then ended;
- the consolidated statement of cash flows for the year then ended;
- and notes to the consolidated financial statements, including a summary of significant accounting policies

(hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at March 31, 2020, and its consolidated results of operations, and its consolidated 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 "Auditors' Responsibilities for the Audit of the Financial Statements" section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other 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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

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

## ***Auditors' 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 auditors' 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 the 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 Entity'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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Entity 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.
- 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.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

Chartered Professional Accountants

Calgary, Canada

June 2, 2020

# Wood's Homes Society

## Consolidated Statement of Financial Position

As at March 31, 2020, with comparative information for 2019

			2020	2019
	Operating	Capital	Total	Total
	\$	\$	\$	\$
<b>Assets</b>				
<b>Current assets</b>				
Cash and cash equivalents	2,832,058	1,443,750	4,275,808	2,848,115
Accounts receivable	1,550,273	4,052	1,554,325	1,458,468
Prepaid expenses	270,702	4,797	275,499	123,424
Due from The Wood's Homes Foundation (note 4)	41,645	11,617	53,262	62,997
Due from (to) funds	1,979,456	(1,979,456)	-	-
	6,674,134	(515,240)	6,158,894	4,493,004
<b>Capital assets</b> (note 5)	-	24,412,828	24,412,828	24,946,994
<b>Intangible asset</b> (note 6)	51,250	-	51,250	76,875
<b>Total assets</b>	6,725,384	23,897,588	30,622,972	29,516,873
<b>Liabilities</b>				
<b>Current liabilities</b>				
Accounts payable and accrued liabilities (note 7)	4,475,396	-	4,475,396	4,128,138
Deferred revenue	800,389	-	800,389	495,104
Current portion of long-term debt (note 9, 13)	-	109,590	109,590	96,818
	5,275,785	109,590	5,385,375	4,720,060
<b>Long-term debt</b> (note 9, 13)	-	3,257,044	3,257,044	2,938,015
<b>Leasehold inducement</b> (note 10)	-	30,131	30,131	58,162
<b>Deferred contributions</b> (note 11)	21,029	16,420,347	16,441,376	17,126,586
	5,296,814	19,817,112	25,113,926	24,842,823
<b>Fund balances</b>				
Unrestricted	1,428,570	4,080,476	5,509,046	4,674,050
<b>Total liabilities and fund balances</b>	6,725,384	23,897,588	30,622,972	29,516,873
<b>Commitments and contingencies</b> (note 15)				
<b>Subsequent events</b> (note 19)				

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

Signed on behalf of the Board of Directors

 Director

 Director

# Wood's Homes Society

## Consolidated Statement of Operations and Changes in Fund Balances

For the Year Ended March 31, 2020, with comparative information for 2019

				2020	2019
		Operating	Capital	Total	Total
		\$	\$	\$	\$
<b>Revenue</b>					
Contract	(note 12)	29,038,121	974,262	30,012,383	28,165,707
Fee for service		5,903,391	-	5,903,391	6,509,705
Operating grants		2,195,120	-	2,195,120	2,033,325
Amortization of deferred contributions	(note 11)	58,792	719,026	777,818	743,446
The Wood's Homes Foundation	(note 13)	747,899	-	747,899	799,537
Other income		397,242	14,937	412,179	237,311
		38,340,565	1,708,225	40,048,790	38,489,031
<b>Expenses</b>					
Salaries and benefits		29,874,487	-	29,874,487	28,534,212
Direct client		3,955,973	-	3,955,973	4,036,421
Facility		2,208,932	(26,591)	2,182,341	2,121,472
Administrative		1,978,077	138,630	2,116,707	2,283,940
Amortization of capital assets		-	1,058,661	1,058,661	1,063,794
Amortization of intangible asset		25,625	-	25,625	25,625
		38,043,094	1,170,700	39,213,794	38,065,464
<b>Excess of revenue over expenses</b>		297,471	537,525	834,996	423,567
<b>Fund balances – beginning of year</b>		1,131,099	3,542,951	4,674,050	4,250,483
<b>Fund balances - end of year</b>		1,428,570	4,080,476	5,509,046	4,674,050

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

# Wood's Homes Society

## Consolidated Statement of Cash Flows

For the Year Ended March 31, 2020, with comparative information for 2019

	2020	2019
	\$	\$
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Excess of revenue over expenses	834,996	423,567
Items not affecting cash		
Amortization of capital assets	1,058,661	1,063,794
Amortization of deferred contributions	(777,818)	(743,446)
Amortization of intangible asset	25,625	25,625
Amortization of leasehold inducement	(28,031)	(28,030)
	1,113,433	741,510
Net changes in non-cash working capital affecting operations (note 14)	444,266	963,279
	1,557,699	1,704,789
<b>Investing activities</b>		
Purchase of capital assets	(524,495)	(920,549)
Net changes in non-cash working capital related to capital assets (note 14)	(29,920)	3,668
	(554,415)	(916,881)
<b>Financing activities</b>		
Deferred contributions received	92,608	207,845
Proceeds from issuance of long-term debt	435,000	-
Payments on long-term debt	(103,199)	(52,065)
	424,409	155,780
<b>Increase in cash and cash equivalents</b>	1,427,693	943,688
<b>Cash and cash equivalents – beginning of year</b>	2,848,115	1,904,427
<b>Cash and cash equivalents – end of year</b>	4,275,808	2,848,115

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

# **Wood's Homes Society**

## **Notes to Consolidated Financial Statements**

### **March 31, 2020, with comparative information for 2019**

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#### **1. Nature of operations**

Wood's Homes Society ("the Society") is incorporated under the Societies Act (Alberta) and is registered as a charity under the Canadian Income Tax Act and accordingly is exempt from income tax.

On December 30, 2011 the Society established a wholly owned subsidiary, Wood's Homes, under the Alberta Companies Act through the issuance of shares. On April 1, 2012 Wood's Homes was granted status as a registered charity under the Canadian Income Tax Act and accordingly is exempt from income tax.

These consolidated financial statements include the accounts of Wood's Homes Society and Wood's Homes (collectively "Wood's"). Wood's mission is to promote and assist the development and well-being of children, youth and families within the community. Various government ministries and other funders have contracted with Wood's to deliver such services. Additional revenues are provided by the Wood's Homes Foundation (note 3 and note 13), charitable activities and donations.

#### **2. Significant accounting policies**

##### **Basis of accounting**

The consolidated financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO) as issued by the Canadian Accounting Standards Board.

##### **Principles of consolidation**

The consolidated financial statements include the accounts of Wood's Homes Society and its wholly owned subsidiary, Wood's Homes. Intercompany balances and transactions are eliminated on consolidation. The Wood's Homes Foundation is also wholly-owned and controlled by the Society, but has not been consolidated in these consolidated financial statements (note 3).

##### **Fund accounting**

The Operating Fund accounts for Wood's program delivery and administrative activities. This fund reports unrestricted resources and restricted operating grants.

The Capital Fund reports the assets, liabilities, revenues and expenses related to Wood's capital assets, including rental income related to its capital assets.

Amounts due to/from funds are non-interest bearing with no repayment terms.

##### **Revenue recognition**

Wood's follows the deferral method of accounting for contributions.

Restricted contributions related to general operations are recognized as revenue of the Operating Fund in the year in which the related expenses are incurred. Restricted contributions related to capital assets are recognized as revenue in the Capital Fund as the related capital assets are amortized.

Unrestricted contributions are recognized as revenue in the appropriate fund when received or receivable if the amount can be reasonably estimated and collection is reasonably assured.

##### **Cash and Cash Equivalents**

Cash consists of cash on hand and balances with banks. Cash Equivalents consist of short-term deposits with original maturities of less than three months.



# Wood's Homes Society

## Notes to Consolidated Financial Statements

### March 31, 2020, with comparative information for 2019

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#### 2. Significant accounting policies (continued)

##### Revenue recognition (continued)

Contract, operating grants and fee for service revenues are recognized when the related service is provided.

Other income consists of rent income, investment income and one-time facility improvement funding and is recognized in the appropriate fund when earned or as related services are provided.

##### Use of estimates

The consolidated financial statements of Wood's have been prepared in accordance with Canadian accounting standards for not-for-profit organizations which require management to make assumptions and estimates that affect the reported amount of assets, liabilities, revenues and expenses. Actual amounts could differ from those estimates (note 12).

In March 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization and has had significant financial, economic and social impacts.

As a precautionary measure, Wood's has implemented mandatory working from home requirements for all non-front line staff. Woods has implemented numerous health and safety procedures designed to protect clients and staff from COVID-19.

As at the date of the report, no funder had indicated, either formally or informally, funding levels would be negatively impacted by the COVID-19 outbreak. Furthermore, management has assessed the financial impact of the COVID-19 pandemic and did not identify any significant impact on the consolidated financial statements of Wood's as at March 31, 2020.

The COVID-19 outbreak presents uncertainty over future cash flows, may cause significant changes to the assets or liabilities and may have a significant impact on future operations. An estimate of the financial effect is not practicable at this time.

##### Donated materials and services

Donated materials and services, including volunteer services, are not recognized in the consolidated financial statements.

##### Capital assets

Capital assets are recorded at cost. Donated capital assets are recorded at fair value at the date of contribution to the extent that fair value can be reasonably estimated. Amortization is recorded using the straight-line method over the following estimated useful lives:

Buildings	40 years
Paving and concrete	20 years
Equipment	10 years
Computers and audio visual equipment	3 years
Vehicles	3 years

Leasehold improvements are amortized over the life of the lease. Capital assets are assessed for indicators of impairment on an annual basis.

# Wood's Homes Society

## Notes to Consolidated Financial Statements

### March 31, 2020, with comparative information for 2019

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#### 2. Significant accounting policies (continued)

##### Intangible asset

The intangible asset consists of costs incurred to purchase the right to operate 100 contract foster care beds previously operated by another foster care provider and is recorded at cost less accumulated amortization. Amortization is recorded over the estimated useful life of 10 years on a straight-line basis. Intangible assets are assessed for indicators of impairment on an annual basis.

##### Pension plan

Wood's maintains a voluntary defined contribution pension plan for its employees. Wood's matches union employees' contributions up to 4% of their gross salary and contributes 5% to 10% of non-union employees' gross salary depending on their term of service. Pension contributions are expensed in period the employee worked and are included in salaries and benefits.

##### Financial instruments

Wood's initially measures financial assets and financial liabilities at their fair value. It subsequently measures its financial assets and financial liabilities at amortized cost. The financial assets include cash, cash equivalents, accounts receivable, and due from The Wood's Homes Foundation. The financial liabilities include accounts payable and accrued liabilities, and long-term debt.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there are any indicators of impairment, the Society determines if there is a significant adverse change in the expected amount of the timing of future cash flows from the financial asset. If there is a significant adverse change in the timing of the future cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset, or the amount the Society expects to realize by exercising its right to any collateral. If events and circumstances reverse in a current period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial impairment charge.

##### Changes in accounting policies

In March 2018, the Canadian Accounting Standards Board issued "Basis for Conclusions - Accounting Standards Improvements for Not-for-Profit Organizations" resulting in the introduction of three new sections in the Canadian Accounting Standards for Not-for-Profit Organizations Part III of the Handbook as follows:

Section 4433, Tangible capital assets held by not-for-profit organizations, which directs organizations to apply the accounting guidance of Section 3061, Property Plant and Equipment in Part II of the Handbook. In so doing, the new section requires that organizations annually assess for indicators of partial impairment of tangible capital assets, to be recorded where applicable, as a non-reversible impairment expense. In addition, where practical, to componentize capital assets when estimates can be made of the useful lives of the separate components.

This section is applied on a prospective basis with the exception of the transitional provision to recognize an adjustment to opening net assets for partial impairments of tangible assets that existed as at April 1, 2019.

The implementation of these changes had no impact on the financial statements.

# Wood's Homes Society

## Notes to Consolidated Financial Statements

### March 31, 2020, with comparative information for 2019

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#### 2. Significant accounting policies (continued)

##### Changes in accounting policies (continued)

Section 4434, Intangible assets held by not-for-profit organizations, which directs organizations to annually assess intangible assets, and where applicable to record an impairment expense should the net carrying value be higher than the asset's fair value or replacement cost.

This section is applied on a prospective basis with the exception of the transitional provision to recognize an adjustment to opening net assets for partial impairment of intangible assets that existed as at April 1, 2019.

The implementation of these changes had no impact on the financial statements.

Section 4441, Collections held by not-for-profit organizations, which defines a collection and directs organizations to record such assets on the statement of financial position at either cost or nominal value. It is anticipated that all collections will be accounted for using the same method, with the exception of organizations that opt to account for collections at cost, whereby the cost for certain collections either held or contributed cannot be determined. Such items are to be accounted for at a nominal value. In addition, collections are written down when there is evidence that the net carrying amount exceeds fair value.

Organizations are permitted to retrospectively capitalize collections at their cost or fair value at the date of acquisition, or fair value or replacement cost as at April 1, 2019, based on the most readily determinable value. In addition, an adjustment to opening net assets is permitted to recognize any partial impairment of the value of collections that existed as at April 1, 2019.

The implementation of these changes had no impact on the financial statements.

The amendments are effective for financial statements for fiscal years beginning on or after January 1, 2019.

#### 3. The Wood's Homes Foundation

The Wood's Homes Foundation ("the Foundation") is a wholly owned subsidiary of Wood's Homes Society. The Foundation is a public foundation, the purpose of which is to advance the mission, goals and objectives of Wood's. The Foundation is a registered charity under the Canadian Income Tax Act.

The Foundation has not been consolidated in Wood's Homes Society's consolidated financial statements. Financial statements for the Foundation are available upon request. A financial summary for the Foundation as at December 31, 2019 and 2018 and for the years then ended are as follows:

**Wood's Homes Society**  
**Notes to Consolidated Financial Statements**  
**March 31, 2020, with comparative information for 2019**

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**3. The Wood's Homes Foundation (continued)**

**The Wood's Homes Foundation**  
**Statement of Financial Position**  
**As at December 31,**

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Total assets	<u>9,240,522</u>	<u>8,045,137</u>
Total liabilities	<u>1,982,918</u>	<u>2,046,045</u>
Fund balances		
Unrestricted	1,929,172	1,223,944
Internally restricted	3,050,353	2,672,626
Externally restricted	2,155,346	1,979,789
Restricted for endowment	<u>122,733</u>	<u>122,733</u>
Total fund balances	<u>7,257,604</u>	<u>5,999,092</u>
	<u>9,240,522</u>	<u>8,045,137</u>

**Statement of Operations**  
**For the year ended December 31,**

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Total revenues	2,258,425	2,194,636
Total expenses	1,164,767	1,103,135
Total increase (decrease) in value of investments	1,010,057	(92,579)
Total distributions to Wood's	<u>845,203</u>	<u>1,127,443</u>
Excess (deficiency) of revenue over expenses	<u>1,258,512</u>	<u>(128,521)</u>

**Wood's Homes Society**  
**Notes to Consolidated Financial Statements**  
**March 31, 2020, with comparative information for 2019**

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**3. The Wood's Homes Foundation (continued)**

**Statement of Cash Flows**  
**For the year ended December 31,**

	<b>2019</b>	<b>2018</b>
	\$	\$
Cash from (used in) operations	1,289,027	(303,320)
Cash (used in) from financing and investing activities	(1,472,739)	314,365
(Decrease) increase in cash	(183,712)	11,045

**4. Due from The Wood's Homes Foundation**

Amounts due from The Wood's Homes Foundation are unsecured, non-interest bearing and due on demand.

**5. Capital assets**

	<b>Cost</b>	<b>Accumulated Amortization</b>	<b>2020 Net Book Value</b>	<b>2019 Net Book Value</b>
	\$	\$	\$	\$
Land	4,714,983	-	4,714,983	4,414,983
Buildings	27,546,482	8,737,831	18,808,651	19,345,106
Paving and concrete	552,509	165,752	386,757	414,382
Leasehold improvements	1,170,534	1,130,944	39,590	75,921
Equipment	1,307,181	1,143,681	163,500	180,530
Computers and audio visual equipment	1,249,525	970,515	279,010	484,113
Vehicles	175,405	155,068	20,337	31,959
Total capital assets	36,716,619	12,303,791	24,412,828	24,946,994

**6. Intangible asset**

	<b>Cost</b>	<b>Accumulated Amortization</b>	<b>2020 Net Book Value</b>	<b>2019 Net Book Value</b>
	\$	\$	\$	\$
Foster Care rights	256,250	205,000	51,250	76,875

# Wood's Homes Society

## Notes to Consolidated Financial Statements

### March 31, 2020, with comparative information for 2019

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#### 7. Government remittances payable

Accounts payable and accrued liabilities includes government remittances consisting of payroll remittance amounts to be paid to government authorities were \$253,503 at March 31, 2020 (2019 - \$235,131).

#### 8. Line of credit

Wood's has a demand revolving credit facility of \$1,500,000 (2019 - \$1,500,000) of which \$nil was drawn at March 31, 2020 (2019 - \$nil). The facility bears interest at prime plus 0.5% and is collateralized by a general security agreement over all property and assets.

#### 9. Long-term debt

	2020	2019
	\$	\$
Mortgages payable	3,366,634	3,034,833
Less: Current portion	(109,590)	(96,818)
	<u>3,257,044</u>	<u>2,938,015</u>

Wood's has the following mortgages payable:

- a) A mortgage payable of \$2,424,669 (2019 - \$2,484,280) due to the Toronto-Dominion Bank. The mortgage bears interest at 4.08% per annum (2019 - 4.08%) and is repayable in monthly blended payments of principal and interest of \$13,260 (2019 - \$13,260). The mortgage matures December 28, 2023. During the year, \$99,415 (2019 - \$23,511) of interest expense was included in administrative expenses in the Capital Fund. Wood's has pledged the Inglewood property as collateral which has a carrying value of \$4,254,231 (2019 - \$4,280,647).
- b) A mortgage payable of \$428,782 (2019 - \$nil) due to the Wood's Homes Foundation. The mortgage bears interest at 5.34% per annum (2019 - nil %) and is repayable in monthly blended payments of principal and interest of \$2,615 (2019 - \$nil). The mortgage matures June 21, 2024. During the year, \$17,312 (2019 - \$nil) of interest expense was included in administrative expenses in the Capital Fund. The mortgage is unsecured.
- c) A mortgage payable of \$259,964 (2019 - \$285,436) due to the Toronto-Dominion Bank. The mortgage bears interest at 4.75% per annum (2019 - 4.75%) and is repayable in monthly blended payments of principal and interest of \$3,207 (2019 - \$3,207). The mortgage matures May 1, 2023. During the year, \$13,017 (2019 - \$13,854) of interest expense was included in administrative expenses in the Capital Fund. Wood's has pledged the Lethbridge property as collateral which has a carrying value of \$650,543 (2019 - \$661,729).
- d) A mortgage payable of \$253,219 (2019 - \$265,023) due to the Toronto-Dominion Bank. The mortgage bears interest at 3.2% per annum (2019 - 3.2%) and is repayable in monthly blended payments of principal and interest of \$1,676 (2019 - \$1,676). The mortgage matures April 1, 2021. During the year, \$8,309 (2019 - \$8,680) of interest expense was included in administrative expenses in the Capital Fund. Wood's has pledged a Temple property as collateral which has a carrying value of \$365,110 (2019 - \$371,827).

# Wood's Homes Society

## Notes to Consolidated Financial Statements

### March 31, 2020, with comparative information for 2019

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#### 9. Long-term debt (continued)

The minimum amounts of principal which will be repaid on mortgages are as follows:

	\$
2021	109,750
2021	114,481
2023	119,420
2024	124,576
2025	129,958
Thereafter	2,768,449

#### 10. Leasehold inducement

On January 1, 2016, Wood's entered into a ten year lease expiring December 31, 2025 and received \$55,472 from the landlord to assist in paying for leasehold improvements. The leasehold inducement is amortized over the life of the lease.

On May 16, 2016, Wood's entered into a five year lease expiring May 15, 2021 and received \$84,000 from the landlord to assist in paying for leasehold improvements. The leasehold inducement is amortized over the life of the lease.

#### 11. Deferred contributions

##### a) Operating fund

Deferred contributions in the operating fund represent externally restricted amounts received that have not been spent, including amounts restricted for the rent expenses of Eastside Family Centre.

	2020	2019
	\$	\$
Balance – beginning of year	2,947	25,654
Contributions received	76,874	5,613
Recognized as contribution revenue	(58,792)	(28,320)
Balance – end of year	21,029	2,947

# Wood's Homes Society

## Notes to Consolidated Financial Statements

### March 31, 2020, with comparative information for 2019

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#### 11. Deferred contributions (continued)

##### b) Capital fund

Deferred contributions in the capital fund represent the unamortized portion of restricted contributions which have been expended on Wood's capital assets.

Changes in deferred contributions in the Capital Fund are as follows:

	2019	2019
	\$	\$
Balance – beginning of year	17,123,639	17,636,533
Contributions received	15,734	202,232
Recognized as contribution revenue	(719,026)	(715,126)
Balance – end of year	16,420,347	17,123,639

#### 12. Contract revenues

Under the terms of the contracts with various funding agencies, excess funds received over specific operating expenditures as budgeted in Wood's funding applications may be repayable in the current or following year. Management estimates the amount that is likely to be repaid to the funding agencies and records this in accrued liabilities and as a reduction to contract revenues. The funding agencies may approve the retention of these funds for specified purposes, or may request the amount to be repaid. The actual amount retained or required to be repaid to funding agencies may differ from management's estimate as the calculation of excess funds is carried out by the funding agencies subsequent to year-end.

Any differences in the amounts recovered or paid from the amounts accrued are recorded in the year recovered as contract revenues or a reduction of contract revenues. As at March 31, 2020, \$1,389,657 (2019 – \$1,113,773) was recorded as the estimated amount repayable to funders.

#### 13. Related party transactions

Transactions between the Foundation and Wood's occur in the normal course of operations and are recorded at the exchange amount.

During the year, Wood's recorded the following transactions with the Foundation:

- a) Recorded as revenue \$747,899 (2019 – \$799,537) from the Foundation to advance the mission, goals and objectives of the agency;
- b) Recorded as long-term debt \$435,000 (2019 – \$nil) owing to the Foundation for funds borrowed in order to acquire a property to be used in programming, and recorded principal and interest payments totalling \$23,533 (2019 - \$nil) in respect of payment obligations on this debt; and,
- c) Recorded as additions to deferred contributions \$15,734 (2019 – \$163,232) received from the Foundation (note 12).

During the year, the Society provided executive support services and office rent to the Foundation for which no amount has been recorded in the consolidated financial statements (2019 - \$nil).



# Wood's Homes Society

## Notes to Consolidated Financial Statements

### March 31, 2020, with comparative information for 2019

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#### 14. Net change in non-cash working capital

The net change in non-cash working capital balances related to operations consists of the following:

##### a) Operating Fund

	<b>2020</b>	<b>2019</b>
	\$	\$
(Increase) decrease in accounts receivable	(104,826)	373,035
(Increase) decrease in prepaid expenses	(152,075)	50,312
Decrease (increase) in Due from Wood's Homes Foundation	21,352	(78,475)
Increase in accounts payable and accrued liabilities	374,530	551,157
Increase in deferred revenue	305,285	67,250
	<b>444,266</b>	<b>963,279</b>

##### b) Capital fund

	<b>2020</b>	<b>2019</b>
	\$	\$
Decrease (increase) in accounts receivable	8,969	(3,238)
(Increase) in prepaid expenses	-	(4,797)
(Increase) decrease in Due from Wood's Homes Foundation	(11,617)	673
(Decrease) increase in accounts payable and accrued liabilities	(27,272)	11,030
	<b>(29,920)</b>	<b>3,668</b>

#### 15. Commitments and contingencies

The Society is committed to the following future payments under lease agreements:

	<b>\$</b>
2021	490,132
2022	379,364
2023	225,397
2024	152,059
2025	143,326

From time to time, the Society is subject to claims that arise in the ordinary course of operations. Liability for these claims, if any, is recorded to the extent that the probability of a loss is likely and is estimable.

During the year ended March 31, 2020, an employee of Wood's Homes was fatally wounded while on duty. Both Alberta Occupational Health and Safety and the Calgary Police Service are conducting investigations. At this time, it is not known whether this incident will result in any claim against Wood's, or whether there will be any financial impact. No provision for any claim has been made in these consolidated financial statements.

# **Wood's Homes Society**

## **Notes to Consolidated Financial Statements**

### **March 31, 2020, with comparative information for 2019**

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#### **16. Financial instruments**

Wood's exposure to risks arising from financial instruments are outlined as follows:

##### **Credit and interest rate risk**

Wood's credit risk exposure relates to cash, cash equivalents and accounts receivable. Cash and cash equivalents are held with Canadian financial institutions, and accounts receivable is due from reputable funders and donors with no history of non-payment. Wood's long-term debt bears interest at fixed rates. Accordingly, management believes the Wood's exposure to credit risk and interest rate risk is not significant.

During the year, \$63,087 of interest income (2019 – \$28,870) in the Operating Fund and \$14,937 (2019 - \$1,645) in the Capital Fund was recorded in other income on the Consolidated Statement of Operations and Changes in Fund Balances.

##### **Liquidity risk**

Wood's mitigates its liquidity risk by keeping adequate cash resources on hand to meet all of its payment requirements. In addition, Wood's has arranged a line of credit to allow it to maintain its liquidity in unusual circumstances.

#### **17. Fundraising expenses**

Section 7(2) of the Charitable Fund-raising Act of Alberta requires Wood's to disclose the expenses incurred for the purpose of soliciting contributions.

During the year, Wood's incurred:

- Remuneration to employees whose principal duties involve fund-raising: \$43,417 (2019 – \$38,785); and
- Direct expenses incurred for the purpose of soliciting contributions: \$4,541 (2019 – \$5,192).

#### **18. Comparative figures**

Certain prior year figures have been reclassified to conform to the current year's presentation.

#### **19. Subsequent Events**

In response to the COVID-19 pandemic, three funders have amended contracts with Wood's to provide additional funding to offset costs directly incurred to prevent and handle COVID-19 outbreaks. Alberta Health Services has explicitly stated the residential programs are an essential service. As a result, there is access to personal protective equipment, testing and other resources available to Wood's.