

4 WING MILITARY FAMILY RESOURCE CENTRE SOCIETY (MFRCS)
Financial Statements
For the Year Ended March 31, 2023

4 WING MILITARY FAMILY RESOURCE CENTRE SOCIETY (MFRCS)

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For the Year Ended March 31, 2023

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INDEPENDENT AUDITOR'S REPORT

To the Members of 4 Wing Military Family Resource Centre Society (MFRCS)

Opinion

We have audited the financial statements of 4 Wing Military Family Resource Centre Society (MFRCS) (the organization), which comprise the statement of financial position as at March 31, 2023, and the statements of revenues and expenditures, 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 organization as at March 31, 2023, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO)

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 organization in accordance with 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 ASNPO, 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.

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Independent Auditor's Report to the To the Members of 4 Wing Military Family Resource Centre Society (MFRCS) *(continued)*

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.

Edmonton, Alberta
July 28, 2023



CHARTERED PROFESSIONAL ACCOUNTANTS

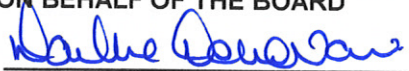
4 WING MILITARY FAMILY RESOURCE CENTRE SOCIETY (MFRCS)

Statement of Financial Position

As at March 31, 2023

	2023	2022
ASSETS		
CURRENT		
Cash	\$ 457,398	\$ 374,359
Restricted cash (Note 4)	197,219	267,724
Short term investments (Note 3)	300,000	157,327
Accounts receivable (Note 7)	266,741	224,258
Inventory	45,106	32,601
Goods and services tax recoverable	9,318	10,707
Prepaid expenses	41,681	7,038
	<u>1,317,463</u>	<u>1,074,014</u>
PROPERTY AND EQUIPMENT (Note 8)	315,101	343,137
LONG TERM INVESTMENTS (Note 3)	504,046	216,942
RESTRICTED CASH (Note 4)	113,078	474,877
	<u>\$ 2,249,688</u>	<u>\$ 2,108,970</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 62,031	\$ 37,780
Unearned revenue (Note 6)	63,347	54,427
Deferred revenue (Note 5)	197,219	267,724
Wages payable (Note 9)	179,715	118,575
Employee deductions payable	19,093	13,041
Pension contributions payable	4,580	2,231
	<u>525,985</u>	<u>493,778</u>
NET ASSETS		
Unrestricted	816,013	738,550
Invested in Capital Assets	315,102	343,138
Internally Restricted (Note 12)	506,039	506,039
Externally Restricted	86,549	27,465
	<u>1,723,703</u>	<u>1,615,192</u>
	<u>\$ 2,249,688</u>	<u>\$ 2,108,970</u>

ON BEHALF OF THE BOARD

 Trustee

 Trustee

See notes to financial statements



4 WING MILITARY FAMILY RESOURCE CENTRE SOCIETY (MFRCS)

Statement of Revenues and Expenditures

Year Ended March 31, 2023

	Unrestricted		Externally Restricted				Total 2023	Total 2022
	General Fund 2023	Child Care 2023	MFS Fund 2023	4 Wing Fund 2023	AGLC 2023	Special Projects 2023		
REVENUES								
COVID-19 funding	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 63,571
Fee for service	28,804	1,547,108	-	-	-	-	1,575,912	984,890
Fundraising and sponsorships	223,881	10,000	-	-	70,249	-	304,130	253,620
Gender based violence	-	-	-	-	-	-	-	14,800
Government grants	5,834	353,849	1,021,035	241,226	-	-	1,621,944	1,505,095
Interest earned	9,610	-	-	-	-	-	9,610	10,032
Other grants and subsidies	-	8,321	-	-	-	66,864	75,185	-
Other revenue	2,696	2,800	-	-	-	-	5,496	3,026
	270,825	1,922,078	1,021,035	241,226	70,249	66,864	3,592,277	2,835,034
EXPENSES								
Depreciation of capital assets	46,284	-	-	-	-	-	46,284	39,394
Management and administration	9	3,287	130,399	31,024	114	-	164,833	308,287
Program Costs	32,610	101,089	224,110	139,880	5,217	50,232	553,138	343,096
Resource Development	72,474	-	48	-	3,034	-	75,556	42,762
Wages and benefits	110,983	1,790,132	666,478	63,745	2,801	9,816	2,643,955	2,095,919
	262,360	1,894,508	1,021,035	234,649	11,166	60,048	3,483,766	2,829,458
EXCESS OF REVENUES OVER EXPENSES								
(NOTE 14)	\$ 8,465	\$ 27,570	\$ -	\$ 6,577	\$ 59,083	\$ 6,816	\$ 108,511	\$ 5,576

See notes to financial statements

4 WING MILITARY FAMILY RESOURCE CENTRE SOCIETY (MFRCS)

Statement of Changes in Net Assets

For the Year Ended March 31, 2022

	Unrestricted	Invested in Capital Assets	Internally Restricted	Externally Restricted	Total	Total
NET ASSETS - BEGINNING OF YEAR	\$ 738,550	\$ 343,138	\$ 506,039	\$ 27,465	\$ 1,615,192	\$ 1,609,615
Excess of revenues over expenses	36,034	-	-	72,477	108,511	5,577
Amortization transferred to capital asset fund	46,284	-	-	-	46,284	39,394
Amortization transferred from general fund	-	(46,284)	-	-	(46,284)	(39,394)
Property and equipment purchases transferred to capital asset fund	(4,855)	-	-	(13,393)	(18,248)	(119,548)
Property and equipment purchases transferred from externally restricted funds	-	13,393	-	-	13,393	119,548
Property and equipment purchases transferred from unrestricted funds	-	4,855	-	-	4,855	-
NET ASSETS - END OF YEAR	\$ 816,013	\$ 315,102	\$ 506,039	\$ 86,549	\$ 1,723,703	\$ 1,615,192

See notes to financial statements

4 WING MILITARY FAMILY RESOURCE CENTRE SOCIETY (MFRCS)

**Statement of Cash Flows
Year Ended March 31, 2023**

	2023	2022
OPERATING ACTIVITIES		
Cash receipts from members and funders	\$ 3,489,601	\$ 2,784,388
Cash paid to suppliers and employees	(3,392,229)	(2,800,715)
Goods and services tax	1,389	(7,002)
	<u>98,761</u>	<u>(23,329)</u>
Cash flow from (used by) operating activities		
INVESTING ACTIVITIES		
Purchase of property and equipment	(18,249)	(119,548)
GIC transactions	(429,777)	260,042
	<u>(448,026)</u>	<u>140,494</u>
Cash flow from (used by) investing activities		
INCREASE (DECREASE) IN CASH FLOW	(349,265)	117,165
Cash - beginning of year	<u>1,116,961</u>	999,795
CASH - END OF YEAR	\$ 767,696	\$ 1,116,960
CASH CONSISTS OF:		
Cash	\$ 457,398	\$ 374,359
Restricted cash - current	197,219	267,724
Restricted cash - long term	113,078	474,877
	<u>\$ 767,695</u>	<u>\$ 1,116,960</u>

See notes to financial statements

1. PURPOSE OF THE ORGANIZATION

4 Wing Military Family Resource Centre Society (MFRCS) ("the Society") is a not-for-profit organization incorporated provincially under the Companies Act of Alberta. As a registered charity the society is exempt from the payment of income tax under Section 149(1) of the Income Tax Act.

The Society provides programs and services that promote the well-being of military families and the surrounding community under the vision "Community Strength through Family Strength".

The mission of the Society is to enable a mission ready force by addressing the challenges faced by Canadian Forces members and their families that result from military service, and to work for the general betterment of life for military families withing 4 Wing's area of responsibility. The Society assesses the needs of the community and responds with a professional and consistent system of support, programs, services, and activities. This community-based system of family support is to be aimed at promoting health and social well-being.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPO).

Cash and restricted cash

Cash includes cash only. Restricted cash includes amounts that are restricted for specific use.

Short term and Long term investments

Short-term investments are carried at amortized cost and consist primarily of GICs with original maturities beyond three months and less than twelve months at the purchase date.

Restricted short term investments include GICs and are valued at cost plus accrued interest. The carrying amounts approximate fair value as they are renewed on an annual basis.

Investments that are classified as long term includes GICs with the maturity dates beyond one calendar year or they are restricted internally to be held for other than current purposes.

Inventory

Inventory consists of materials and supplies to be consumed in the rendering of services, in addition to promotional items for sale or giveaway. Inventory is valued at the lower of cost and net realizable value with the cost being determined on a first-in, first-out basis.

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 amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

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

Revenue recognition - Fund accounting

4 Wing Military Family Resource Centre Society (MFRCS) follows the restricted fund method of accounting for contributions.

The Society maintains the following funds:

The General Fund accounts for the society's program delivery and administrative activities. This fund reports unrestricted resources and restricted operating grants outside of those reported under the restricted Military Family Services ("MFS") and 4 Wing Cold Lake ("4 Wing") Fund. Revenues for restricted contributions are reported under the general fund when the related expenses are incurred.

The MFS Fund reports the core funding received from Military Family Services (MFS) net of expenses incurred under the externally restricted use of proceeds.

The 4 Wing Fund reports the core funding received from 4 Wing Cold Lake net of expenses incurred under the externally restricted use of proceeds.

The Alberta Gaming Liquor and Cannabis Commission (AGLC) Fund reports the restricted contributions received and reported to the AGLC. These funds are also maintained in a separate bank accounts as per AGLC directive.

The Special Projects (SP) Fund reports the operations of programs funded through restricted contributions which do not belong to any of the above funds. These projects are comparable in both the nature of their operations and the restrictions placed on their funding.

Revenues are recognized in the following ways:

Fees for service income is recognized as revenue when amounts are received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Any amounts received prior to services being rendered are recorded as deferred revenue, and are only recognized once the service has been rendered.

Fundraising and sponsorship income is recognized as revenue when amounts are received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Government grants are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Interest earned is comprised on interest earned on GIC investments. This income is recognized as revenue when it is earned.

Financial instruments

Financial instruments are recorded at fair value when acquired or issued. 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 on the acquisition, sale, or issue of financial instruments are expensed when incurred.

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4 WING MILITARY FAMILY RESOURCE CENTRE SOCIETY (MFRCS)

Notes to Financial Statements For the Year Ended March 31, 2023

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

Property and equipment

Property and equipment is stated at cost or deemed cost less accumulated amortization and is amortized over its estimated useful life on a declining balance basis at the following rates:

Equipment	10%
Leasehold improvements	10%

The organization regularly reviews its property and equipment to eliminate obsolete items. Government grants are treated as a reduction of property and equipment cost.

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

Contributed services

The operations of the organization depend on both the contribution of time by volunteers and donated materials from various sources. When the fair value of donated materials and services cannot be reasonably determined they are not reflected in the financial statements.

When a fair value can be reasonably estimated and when the contributed materials or services are used in the normal course of operations, they are expensed and the associated contribution revenue is recognized.

3. INVESTMENTS

	2023	2022
	\$ -	\$ -
Non-redeemable GIC bearing fixed annual interest of 2.41%, maturing April 25, 2022	-	157,327
Non-redeemable GIC bearing fixed annual interest of 4.44%, maturing November 30, 2023	300,000	-
TOTAL - SHORT TERM INVESTMENTS	300,000	157,327
Non-redeemable GIC bearing annual fixed interest of 0.93% maturing September 26, 2024	175,168	216,942
Non-redeemable GIC bearing fixed annual interest of 4.15% maturing August 5, 2024	200,000	-
Non-redeemable GIC bearing fixed annual interest of 2.60%, maturing April 25, 2025	128,878	-
	-	-
	-	-
	-	-
TOTAL - LONG TERM INVESTMENTS	504,046	216,942

4 WING MILITARY FAMILY RESOURCE CENTRE SOCIETY (MFRCS)

Notes to Financial Statements

For the Year Ended March 31, 2023

4. RESTRICTED CASH

Short term restricted cash is comprised of MFS 2023-24 quarter 1 funding & True Patriot Love.
 Long term restricted cash is comprised of contributions received from the Alberta Gaming, Liquor and Cannabis Commission (AGLC) that are maintained in a separate account per AGLC directive, a savings account, and funding subject to externally imposed usage restrictions.

	<u>2023</u>		<u>2022</u>
Restricted cash - short term	\$ 197,219	\$	267,724
Restricted cash - long term	113,078		474,877
	<u>\$ 310,297</u>	\$	<u>742,601</u>

5. UNEARNED REVENUE

	<u>2023</u>		<u>2022</u>
Event deposits	\$ 7,863	\$	6,454
Childcare fees	5,485		17,773
Childcare deposits	50,000		30,200
Refundable registration deposits	-		100
	-		-
	-		-
	-		-
	<u>\$ 63,348</u>	\$	<u>54,527</u>

6. DEFERRED REVENUE

	<u>2023</u>		<u>2022</u>
<u>MFS</u>			
Opening balance	\$ 267,724	\$	266,522
Funds received	753,311		622,130
Funds earned	(1,021,035)		(888,652)
Funds received - Q1 deposit for subsequent year	195,583		267,724
	<u>195,583</u>		<u>267,724</u>
<u>True Patriot Love</u>			
Opening balance	-		-
Funds received	25,000		-
Funds earned	(23,364)		-
	<u>1,636</u>		<u>-</u>
	<u>\$ 197,219</u>	\$	<u>267,724</u>

4 WING MILITARY FAMILY RESOURCE CENTRE SOCIETY (MFRCS)

Notes to Financial Statements
For the Year Ended March 31, 2023

7. ACCOUNTS RECEIVABLE

	<u>2023</u>	<u>2022</u>
4 Wing Funding	\$ 143,125	\$ 127,362
Government of Alberta - Subsidy	110,303	84,743
CFMWS	214	-
Veterans Family Program	-	3,829
Accounts Receivable - Other	-	8,324
Child Care Customers	2,775	-
Military Family Support Society	10,325	-
	<u>\$ 266,742</u>	<u>\$ 224,258</u>

8. PROPERTY AND EQUIPMENT

	Cost	Accumulated amortization	2023 Net book value	2022 Net book value
Equipment	\$ 232,132	\$ 101,782	\$ 130,350	\$ 135,982
Leasehold improvements	255,484	70,733	184,751	207,155
	<u>\$ 487,616</u>	<u>\$ 172,515</u>	<u>\$ 315,101</u>	<u>\$ 343,137</u>

9. WAGES PAYABLE

	<u>2023</u>	<u>2022</u>
Salaries payable	\$ 49,179	\$ 28,867
Banked overtime payable	15,792	6,964
Vacation payable	114,744	82,744
	<u>\$ 179,715</u>	<u>\$ 118,575</u>

10. IN-KIND CONTRIBUTIONS

During the year, the Society received measurable donated goods and services totaling \$42,750 (2022 - \$0).

11. ECONOMIC DEPENDENCE

The organization receives the majority of their annual funding in addition to cost-free infrastructure through various agreements represented by Military Family Services (MFS). Should the core provisions of these agreements substantially change, management is of the opinion that the society's offerings would need to be revised in order to continue functioning as a going concern. Funding from MFS makes up 28% of their total revenue in 2023 (2022 - 33%).

4 WING MILITARY FAMILY RESOURCE CENTRE SOCIETY (MFRCS)

Notes to Financial Statements

For the Year Ended March 31, 2023

12. INTERNALLY RESTRICTED OPERATIONAL RESERVE FUND

The internally restricted net assets consist of amounts that have been internally restricted by way of the board directive to cover future shortages should there be significant changes to the Society's funding. The balance of internally restricted net assets is \$506,039 (2022 - \$506,039).

13. FINANCIAL INSTRUMENTS

The organization 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 organization's risk exposure and concentration as of March 31, 2023.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The organization is exposed to this risk mainly in respect of its receipt of funds from its funders and other related sources and accounts payable.

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. Market risk comprises three types of risk: currency rate risk, interest rate risk and other price risk. The organization is mainly exposed to interest rate risk.

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. In seeking to minimize the risks from interest rate fluctuations, the organization manages exposure through its normal operating and financing activities. The organization is exposed to interest rate risk primarily through its term deposits.

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

14. STATEMENT OF USAGE OF FUNDS

	<u>2023</u>	<u>2022</u>
<u>MFS Fund</u>		
Available funds	\$ -	\$ -
Excess of revenues over expenses	-	(32,068)
Deficit covered by general funding	-	32,068
	<hr/>	<hr/>
MFS Fund - End of Period	-	-
<u>4 Wing Fund</u>		
Available funds	-	76,690
Excess of revenues over expenses	6,577	41,064
Funds spent on purchase of capital assets	(6,577)	(117,754)
	<hr/>	<hr/>
4 Wing Fund - End of Period	-	-

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4 WING MILITARY FAMILY RESOURCE CENTRE SOCIETY (MFRCS)

Notes to Financial Statements

For the Year Ended March 31, 2023

14. STATEMENT OF USAGE OF FUNDS (continued)

	<u>2023</u>	<u>2022</u>
<u>4 Wing Fund</u>		
<u>AGLC (Including Raffle)</u>		
Available funds	23,141	23,141
Excess of revenues over expenses	59,083	-
	<u>-</u>	<u>-</u>
AGLC - End of Period	<u>82,224</u>	<u>23,141</u>
<u>Special Projects</u>		
Available funds	-	-
Excess of revenue over expenses	6,816	-
Funds spent on purchase of property and equipment	<u>(6,816)</u>	<u>-</u>
ELCC - End of Period	<u>-</u>	<u>-</u>

15. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.