

**TERRA CENTRE FOR TEEN PARENTS**  
**Financial Statements**  
**Year Ended December 31, 2020**

**TERRA CENTRE FOR TEEN PARENTS**  
**Index to Financial Statements**  
**Year Ended December 31, 2020**

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	Page
AUDITORS' REPORT	3 - 4
FINANCIAL STATEMENTS	
Statement of Financial Position	5
Statement of Operations	6
Statement of Changes in Net Assets	7
Statement of Cash Flows	8
Notes to Financial Statements	9 - 14

## INDEPENDENT AUDITOR'S REPORT

To the Members of  
Terra Centre for Teen Parents

### **Qualified Opinion**

We have audited the financial statements of Terra Centre for Teen Parents (the Centre), 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, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Centre 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 Qualified Opinion**

In common with many charitable organizations, the Centre derives revenue from various sources such as fundraising and donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenue sources was limited to the amounts recorded in the records of the Centre. Therefore, we were not able to determine whether any adjustments might be necessary to operations, assets or net assets.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Centre 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 qualified audit 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 Centre'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 Centre or to cease operations, or has no realistic alternative but to do so.

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

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**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 Centre'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 Centre'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 Centre 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  
March 24, 2021



CHARTERED PROFESSIONAL ACCOUNTANTS

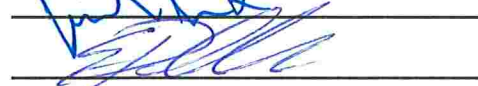
# TERRA CENTRE FOR TEEN PARENTS

## Statement of Financial Position

December 31, 2020

	2020	2019
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash and short-term investments (Note 3)	\$ 5,547,692	\$ 5,191,534
Accounts receivable (Note 4)	177,838	124,916
Prepaid expenses (Note 12)	382,563	44,333
	<u>6,108,093</u>	<u>5,360,783</u>
PROPERTY AND EQUIPMENT (Note 5)	183,260	183,318
	<u>\$ 6,291,353</u>	<u>\$ 5,544,101</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities	\$ 435,020	\$ 314,339
Deferred contributions (Note 6)	4,656,527	4,285,894
	<u>5,091,547</u>	<u>4,600,233</u>
DEFERRED CONTRIBUTIONS RELATED TO PROPERTY AND EQUIPMENT (Note 7)	11,136	14,574
	<u>5,102,683</u>	<u>4,614,807</u>
<b>NET ASSETS</b>		
Invested in property and equipment	172,124	168,744
Internally restricted (Note 10)	-	46,218
Unrestricted	1,016,546	714,332
	<u>1,188,670</u>	<u>929,294</u>
	<u>\$ 6,291,353</u>	<u>\$ 5,544,101</u>
EXTRAORDINARY EVENT (Note 8)		

APPROVED BY THE BOARD

 Director  
 Director

**TERRA CENTRE FOR TEEN PARENTS****Statement of Operations****Year Ended December 31, 2020**

	2020	2019
<b>REVENUE</b>		
Other (Note 11)	\$ 1,297,001	\$ 607,777
Government of Alberta - Strengthening Hope	722,878	1,119,780
Edmonton and Area Child and Family Services Authority	659,510	882,252
Health Canada	425,975	425,975
Edmonton and Area Day Care subsidy	381,766	785,418
Fundraising and donations	380,219	501,234
Ministry of Children's Services - ELCC	275,605	347,302
Day care parent fees	268,552	562,386
United Way	268,148	268,148
City of Edmonton - F.C.S.S. grant	185,276	185,276
Bingo and casino revenue	70,063	66,780
Capital campaign	37,582	49,015
C5 Collaboration grants	16,635	98,803
Amortization of deferred contributions related to property and equipment	3,438	3,438
	<u>4,992,648</u>	<u>5,903,584</u>
<b>EXPENSES</b>		
Salaries and benefits	3,566,179	4,318,419
Strengthening Hope payments	393,234	774,645
Program	231,062	210,113
Office supplies and professional fees	159,802	107,586
Fundraising (Note 13)	149,598	105,565
Occupancy costs and insurance	106,211	127,409
Recruitment, staff development and travel	91,887	134,732
C5 Collaboration disbursements	16,635	98,803
Resource development	12,105	14,692
Amortization	6,559	4,979
	<u>4,733,272</u>	<u>5,896,943</u>
<b>REVENUE OVER EXPENSES</b>	<u>\$ 259,376</u>	<u>\$ 6,641</u>

**TERRA CENTRE FOR TEEN PARENTS**

**Statement of Changes in Net Assets**

**Year Ended December 31, 2020**

	Invested In Property and Equipment	Internally Restricted	Unrestricted	2020	2019
<b>NET ASSETS - BEGINNING OF YEAR</b>	\$ 168,744	\$ 46,218	\$ 714,332	<b>\$ 929,294</b>	\$ 922,653
Purchase of property and equipment	6,501	-	(6,501)	-	-
Transfer (Note 10)	-	(46,218)	46,218	-	-
Revenue over (under) expenses	(3,121)	-	262,497	<b>259,376</b>	6,641
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 172,124</b>	<b>\$ -</b>	<b>\$ 1,016,546</b>	<b>\$ 1,188,670</b>	<b>\$ 929,294</b>

**TERRA CENTRE FOR TEEN PARENTS****Statement of Cash Flows****Year Ended December 31, 2020**

	<b>2020</b>	<b>2019</b>
<b>OPERATING ACTIVITIES</b>		
Revenue over expenses	\$ 259,376	\$ 6,641
Items not affecting cash:		
Amortization of deferred contributions related to property and equipment	(3,438)	(3,438)
Amortization	6,559	4,979
	<u>262,497</u>	<u>8,182</u>
Changes in non-cash working capital items:		
Accounts receivable	(52,922)	(16,058)
Prepaid expenses	(338,230)	1,173
Accounts payable and accrued liabilities	120,681	(8,274)
Deferred contributions	370,633	(58,066)
	<u>100,162</u>	<u>(81,225)</u>
	<u>362,659</u>	<u>(73,043)</u>
<b>INVESTING ACTIVITY</b>		
Purchase of equipment	(6,501)	(9,300)
<b>INCREASE (DECREASE) IN CASH</b>	<b>356,158</b>	<b>(82,343)</b>
Cash and short-term investments - beginning of year	<u>5,191,534</u>	<u>5,273,877</u>
<b>CASH AND SHORT-TERM INVESTMENTS - END OF YEAR</b>	<b>\$ 5,547,692</b>	<b>\$ 5,191,534</b>
<b>CASH CONSISTS OF:</b>		
Cash	\$ 5,257,170	\$ 4,903,888
Term deposits	290,522	287,646
	<u>\$ 5,547,692</u>	<u>\$ 5,191,534</u>



## TERRA CENTRE FOR TEEN PARENTS

### Notes to Financial Statements

Year Ended December 31, 2020

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#### 1. NATURE OF OPERATIONS

Terra Centre for Teen Parents is a charitable organization incorporated under the Societies Act (Alberta) and is exempt from income taxes. The Centre is a community based service, providing a range of supports and services to pregnant and parenting teens including young fathers. A holistic approach is used recognizing the complex needs and issues that impact on the life of the parent and child. The Centre provides opportunities for parents to increase their ability to respond to the needs of their children more effectively, return to school, secure employment, to have healthier relationships and connect with other community services. The Centre strives to provide the supports necessary to improve outcomes for both child and parent, helping to build promising futures where the potential of both is more fully realized.

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#### 2. SIGNIFICANT ACCOUNTING POLICIES

##### Basis of presentation

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

##### Cash and short-term investments

Cash and short-term investments are defined as cash on hand and cash on deposit, net of cheques issued and outstanding at the reporting date and redeemable short-term deposits with maturity dates of less than six months.

##### Property and equipment

Property and equipment are stated at cost less accumulated amortization. Property and equipment are amortized over their estimated useful lives on the straight-line method at the following rates:

Building	20 years
Equipment	5 years
Leasehold improvements	5 years

##### Contributed goods and services

Volunteers contribute time to assist the Centre in carrying out its services. Due to the difficulty in determining their fair value, the contribution of time is not recognized in the financial statements.

The Centre recognizes donated goods and services when an amount can be reasonably determined and a donation receipt is issued.

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## TERRA CENTRE FOR TEEN PARENTS

### Notes to Financial Statements

Year Ended December 31, 2020

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#### 2. SIGNIFICANT ACCOUNTING POLICIES (*continued*)

##### Revenue recognition

The Centre follows the deferral method of accounting for contributions. Contributions, including operating grants, are included in revenue in the year in which they are received or receivable, with the exception that contributions to fund a specific future period's expenses are included in revenue in that later period. Grants received for the acquisition of property and equipment are deferred and amortized to revenue on the same basis as the related property and equipment.

Day care parent fees are recognized as revenue during the period to which they apply.

##### 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.

##### Use of estimates

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 amounts reported in the financial statements. Significant estimates include collectibility of receivables, useful life of property and equipment, accrued liabilities, deferred contributions and deferred contributions related to property and equipment. By their nature, these estimates are subject to measurement uncertainty and actual results could differ.

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#### 3. RESTRICTED CASH

Cash and short-term investments include \$80,740 (2019--\$56,036) in casino and bingo proceeds which can only be used in accordance with the licensing agreement with the Alberta Gaming, Liquor and Cannabis Commission.

Cash and short-term investments also include \$135,044 (2019--\$134,494) in childcare subsidy which can only be used for childcare subsidy claims approved by the Government of Alberta.

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**TERRA CENTRE FOR TEEN PARENTS****Notes to Financial Statements****Year Ended December 31, 2020****4. ACCOUNTS RECEIVABLE**

Accounts receivable consists of the following:

	2020	2019
Canada Emergency Wage Subsidy	\$ 119,840	\$ -
Accounts receivable	65,029	134,202
Allowance for doubtful accounts	(7,031)	(9,286)
	<u>\$ 177,838</u>	<u>\$ 124,916</u>

During the year, the Centre recorded bad debts of \$4,935 (2019--\$8,420). This amount is included in office supplies and professional fees expense.

**5. PROPERTY AND EQUIPMENT**

	Cost	Accumulated amortization	2020 Net book value	2019 Net book value
Land	\$ 157,500	\$ -	\$ 157,500	\$ 157,500
Building	346,166	334,976	11,190	13,766
Equipment	153,114	138,544	14,570	12,052
Leasehold improvements	62,131	62,131	-	-
	<u>\$ 718,911</u>	<u>\$ 535,651</u>	<u>\$ 183,260</u>	<u>\$ 183,318</u>

## TERRA CENTRE FOR TEEN PARENTS

### Notes to Financial Statements

Year Ended December 31, 2020

#### 6. DEFERRED CONTRIBUTIONS

A portion of receipts received in the year are deferred to be recognized as revenue in future years as the related expenses are incurred. Deferred contributions consist of the following:

	2020	2019
Capital campaign	\$ 2,782,122	\$ 2,751,770
Government of Alberta - Strengthening Hope	704,286	559,937
Restricted donations	255,779	163,816
Ministry of Children's Services - ELCC	197,865	332,053
Government of Alberta - child care subsidy	135,044	134,494
Health Canada	115,757	-
Other	97,280	67,523
Edmonton Community Foundation	94,323	97,687
Bingo and casino revenue	89,771	64,377
Edmonton Public School Board	72,019	34,795
Edmonton and Area Child and Family Services Authority	48,772	25,000
United Way Federal Emergency Community Support Fund	36,914	-
Government of Alberta - ECALA	19,966	10,974
Alberta Health Services	6,629	6,996
Government of Alberta - mental health	-	19,842
Government of Alberta	-	16,630
	<u>\$ 4,656,527</u>	<u>\$ 4,285,894</u>

#### 7. DEFERRED CONTRIBUTIONS RELATED TO PROPERTY AND EQUIPMENT

Deferred contributions related to property and equipment represent contributions received to fund the cost of property and equipment additions. The changes in deferred contributions related to property and equipment for the year are as follows:

	2020	2019
Balance at beginning of year	\$ 14,574	\$ 18,012
Less amounts recognized as revenue	(3,438)	(3,438)
Balance at end of year	<u>\$ 11,136</u>	<u>\$ 14,574</u>

## TERRA CENTRE FOR TEEN PARENTS

### Notes to Financial Statements

Year Ended December 31, 2020

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#### 8. EXTRAORDINARY EVENT

In March 2020, the Government of Alberta declared a state of emergency due to the COVID-19 pandemic. In order to prevent the spread of the virus, many businesses were required to temporarily close or restrict capacity and activities. The Centre had to close the childcare centre and provide other community services virtually. The childcare centre was reopened in September 2020 but daycare subsidy and parent fees were significantly reduced due to the closure.

In order to mitigate the impact of reduced revenue the Centre successfully qualified for the Canada Emergency Wage Subsidy provided by the Federal Government. They also received several other grants to provide emergency services to clients.

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#### 9. ECONOMIC DEPENDENCE

The Centre is economically dependent on government grants and funding for its continued viability.

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#### 10. INTERNALLY RESTRICTED

The Board of Directors had internally restricted \$46,218 from unrestricted net assets to fund future years' unbudgeted expenses and future special projects. During the year, \$46,218 was approved for use from the fund. The use of internally restricted funds must be approved by the Board of Directors.

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#### 11. OTHER REVENUE

	2020	2019
Canada Emergency Wage Subsidy	\$ 935,086	\$ -
Private grants	106,413	54,167
Other	89,019	164,544
Edmonton Community Foundation	51,136	44,736
Government of Alberta - Restart grants	37,100	-
Government of Alberta - ECALA	20,141	49,329
Government of Alberta - Mental Health	16,614	135,615
Edmonton Public School Board	12,776	15,205
Interest	12,647	19,409
City of Edmonton FCSS Social Service Support for COVID-19	12,000	-
United Way Federal Emergency Community Support Fund	3,701	-
Alberta Health Services	368	21,275
Chimo retreat	-	11,756
Training grants	-	24,569
ATB housing	-	2,172
EPCOR	-	35,000
Stollery Foundation	-	30,000
	<u>\$ 1,297,001</u>	<u>\$ 607,777</u>

## **TERRA CENTRE FOR TEEN PARENTS**

### **Notes to Financial Statements**

**Year Ended December 31, 2020**

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#### **12. CAPITAL CAMPAIGN**

The Centre has secured the purchase of a building for a community centre to more effectively serve participants. An offer to purchase has been signed and a \$350,000 deposit has been made and recorded in prepaid expenses. Possession of the building is May 31, 2021.

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#### **13. CHARITABLE FUNDRAISING ACT AND REGULATION DISCLOSURE**

Included in fundraising costs are salaries and benefits of \$127,844 (2019--\$68,104) related to fundraising activities for the current year.

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#### **14. ENDOWMENT CONTRIBUTION**

The Centre established a permanent endowment with the Edmonton Community Foundation in 2007. The endowment is held and administered by the Edmonton Community Foundation. The Centre is the specified recipient of the income earned on this fund, but has no access to the principal amount of the investment.

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#### **15. FINANCIAL INSTRUMENTS**

The Centre's financial instruments consist of cash and short-term investments, accounts receivable and accounts payable and accrued liabilities.

The Centre is exposed to the following risks through its financial instruments:

##### ***(a) 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 Centre's main credit risk relates to accounts receivable. Account receivable are generally the result of fees charged to clients and amounts due from government agencies. The Centre's clients are numerous which reduces the concentration of credit risk. It is management's opinion that there is no significant credit risk as of December 31, 2020.

##### ***(b) Liquidity risk***

Liquidity risk arises from the possibility that the Centre might encounter difficulty in settling its debts or in meeting its obligations related to financial liabilities. It is management's opinion that there is no significant liquidity risk as of December 31, 2020.

##### ***(c) 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 Centre is exposed to interest rate risk arising on its interest bearing assets.

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