
Financial statements of Save the Children Canada

December 31, 2021

| | |
|---|------|
| Independent Auditor's Report | 1-2 |
| Statement of financial position | 3 |
| Statement of operations and changes in net assets | 4 |
| Statement of cash flows | 5 |
| Notes to the financial statements | 6-14 |

Independent Auditor's Report

To the Members of
Save the Children Canada

Opinion

We have audited the financial statements of Save the Children Canada (the "Organization"), which comprise the statement of financial position as at December 31, 2021, and the statements of operations and changes in net assets, and of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2021, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). 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 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 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 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 GAAS 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 GAAS, 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.

Deloitte LLP

Chartered Professional Accountants
Licensed Public Accountants
May 17, 2022

Save the Children Canada
Summary statement of financial position
As at December 31, 2021

| | 2021 | 2020 |
|--|-------------------|------------|
| | \$ | \$ |
| Assets | | |
| Current assets | | |
| Cash | 25,223,542 | 17,986,812 |
| Marketable securities | 2,233,073 | 2,283,160 |
| Accounts receivable | 1,959,202 | 1,469,004 |
| Advances to partners | 5,922,126 | 3,704,313 |
| Prepaid expenses | 141,203 | 91,108 |
| | 35,479,146 | 25,534,397 |
| Capital assets | 645,579 | 775,529 |
| | 36,124,725 | 26,309,926 |
| Liabilities | | |
| Current liabilities | | |
| Accounts payable and accrued liabilities | 2,180,928 | 846,688 |
| Deferred revenue | 26,771,639 | 19,549,556 |
| Deferred lease inducement | 56,070 | 66,750 |
| | 29,008,637 | 20,462,994 |
| Net assets | | |
| General fund | 2,632,519 | 2,023,132 |
| Strategic Initiatives Fund | 1,409,769 | 800,000 |
| Reserve fund | 3,073,800 | 3,023,800 |
| | 7,116,088 | 5,846,932 |
| | 36,124,725 | 26,309,926 |

The accompanying note is an integral part of the summary financial statements.

Approved by the Board



_____, Director



_____, Director

Save the Children Canada

Statement of operations and changes in net assets

Year ended December 31, 2021

| Notes | General Fund | Strategic Initiatives Fund | Reserve Fund | 2021 Total | General Fund | Strategic Initiatives Fund | Reserve Fund | 2020 Total | |
|---|-----------------|----------------------------|------------------|------------------|-------------------|----------------------------|----------------|------------------|-------------------|
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | |
| | (Note 15) | | | | (Note 15) | | | (Note 21) | |
| Revenue | | | | | | | | | |
| Contributions | 17 | 14,040,319 | — | — | 14,040,319 | 12,769,514 | — | — | 12,769,514 |
| Global Affairs Canada | | 35,864,869 | — | — | 35,864,869 | 24,763,517 | — | — | 24,763,517 |
| International grants | | 239,002 | — | — | 239,002 | 262,029 | — | — | 262,029 |
| Interest and other income | | 41,994 | — | — | 41,994 | 54,465 | — | — | 54,465 |
| Bequests | | 187,554 | — | 1,062,806 | 1,250,360 | 254,687 | — | 1,443,228 | 1,697,915 |
| Government subsidies | 19 | — | — | — | — | 1,026,025 | — | — | 1,026,025 |
| | | 50,373,738 | — | 1,062,806 | 51,436,544 | 39,130,237 | — | 1,443,228 | 40,573,465 |
| Program expenses | | | | | | | | | |
| International | 11 and 17 14 | 40,584,142 | 15,206 | — | 40,599,348 | 30,324,437 | — | — | 30,324,437 |
| Canadian | | 1,681,308 | — | — | 1,681,308 | 1,478,319 | — | — | 1,478,319 |
| | | 42,265,450 | 15,206 | — | 42,280,656 | 31,802,756 | — | — | 31,802,756 |
| Operating and other expenses | | | | | | | | | |
| Fundraising | 11 | 4,713,127 | 111,230 | — | 4,824,357 | 4,322,890 | — | — | 4,322,890 |
| Communication | | 405,031 | 63,795 | — | 468,826 | 397,059 | — | — | 397,059 |
| General administration | 11 | 2,333,163 | — | — | 2,333,163 | 2,076,171 | — | — | 2,076,171 |
| Amortization | | 165,404 | — | — | 165,404 | 163,506 | — | — | 163,506 |
| | | 7,616,725 | 175,025 | — | 7,791,750 | 6,959,626 | — | — | 6,959,626 |
| | | 49,882,175 | 190,231 | — | 50,072,406 | 38,762,382 | — | — | 38,762,382 |
| Excess (deficiency) of revenue over expenses for the year before the undernoted | | 491,563 | (190,231) | 1,062,806 | 1,364,138 | 367,855 | — | 1,443,228 | 1,811,083 |
| Foreign exchange (losses) gains | | (10,314) | — | — | (10,314) | 38,602 | — | — | 38,602 |
| Change in unrealized (losses) gains on marketable securities | | — | — | (84,668) | (84,668) | — | — | 62,885 | 62,885 |
| Excess (deficiency) of revenue over expenses for the year | | 481,249 | (190,231) | 978,138 | 1,269,156 | 406,457 | — | 1,506,113 | 1,912,570 |
| Net assets, beginning of year | | 2,023,132 | 800,000 | 3,023,800 | 5,846,932 | 760,562 | 200,000 | 2,973,800 | 3,934,362 |
| Inter-fund transfers | 9 | 128,138 | 800,000 | (928,138) | — | 856,113 | 600,000 | (1,456,113) | — |
| Net assets, end of year | | 2,632,519 | 1,409,769 | 3,073,800 | 7,116,088 | 2,023,132 | 800,000 | 3,023,800 | 5,846,932 |

The accompanying notes are an integral part of the financial statements.

Save the Children Canada**Statement of cash flows**

Year ended December 31, 2021

| | 2021 | 2020 |
|--|--------------------|------------|
| | \$ | \$ |
| | | (Note 21) |
| Operating activities | | |
| Excess of revenue over expenses for the year | 1,269,156 | 1,912,570 |
| Items not affecting cash flows | | |
| Change in unrealized losses (gains) on marketable securities | 84,668 | (62,885) |
| Amortization of capital assets | 165,404 | 163,506 |
| Amortization of deferred lease inducement | (10,680) | (4,402) |
| | 1,508,548 | 2,008,789 |
| Changes in working capital items | | |
| Accounts receivable | (490,198) | (942,367) |
| Advances to partners | (2,217,813) | 2,264,514 |
| Prepaid expenses | (50,095) | 50,391 |
| Accounts payable and accrued liabilities | 1,334,240 | (135,510) |
| Deferred revenue | 7,222,083 | 6,648,722 |
| | 7,306,765 | 9,894,539 |
| Investing activities | | |
| Purchase of marketable securities, net | (34,581) | (45,022) |
| Purchases of capital assets | (35,454) | (43,244) |
| | (70,035) | (88,266) |
| Financing activity | | |
| Deferred lease inducement | — | 71,152 |
| Net increase in cash for the year | 7,236,730 | 9,877,425 |
| Cash, beginning of year | 17,986,812 | 8,109,387 |
| Cash, end of year | 25,223,542 | 17,986,812 |

As indicated in Note 3, certain of the Organization's cash and marketable securities are restricted.

The accompanying notes are an integral part of the financial statements.

1. Nature of operations

As a member of the world's leading independent child rights organization, Save the Children Canada's (the "Organization") mission is to inspire breakthroughs in the way the world treats children, and to achieve immediate and lasting change in their lives. The Organization works to create a world in which every child attains the right to survival, protection, development and participation.

The Organization is a registered charity under the *Income Tax Act (Canada)*, was incorporated in 1946 under Part II of the *Canada Corporations Act* and was continued under the *Canada Not-for-Profit Corporations Act* on March 4, 2014. The Organization is, at the same time, a member of a federated model called Save the Children Association ("Save the Children"), a Swiss Membership organization.

Save the Children comprises 30 independent non-profit organization members (27 full members and 3 associate members). In 2011, members of the association created a global implementing structure called Save the Children International ("SCI"), a United Kingdom based charitable entity. All the members of Save the Children are working to deliver a shared strategy, including vision, mission, values and theory of change. While each member continues to direct and support its own programs, internationally these are implemented by SCI to be delivered through a merged operation within 117 countries, managed through seven regional hubs and reporting to a central office.

The Organization continues to design programs, coordinate with donors and provide technical assistance to ensure program quality, monitoring and reporting. The Organization's program delivery is centered on five thematic priorities in health and nutrition, education, child poverty, child protection and child rights governance. These activities are funded through grants from institutional donors such as Global Affairs Canada and multilateral funding institutions, partnerships with corporations and foundations, and donations from the public.

In addition to development and humanitarian programming, an important part of the Organization's work is achieved through advocacy campaigning and engaging Canadians to take action to advance children's rights. The Organization's current campaign, Protect a Generation: Children Cannot Wait, is calling on world leaders to invest in protecting children from the triple threat of conflict, climate change and COVID-19. The goal of this is to stop the pandemic from reversing decades of hard-won progress advancing children's access to food, education, healthcare, vaccinations, and protection. The Organization prioritizes responding to the needs of the most marginalized, deprived and hardest to reach children living in places like war zones, remote communities and refugee camps who are most at risk.

The Organization controls STCC NPO by virtue of common Board members. STCC NPO was incorporated under the *Canada Not-for-Profit Corporations Act* on October 22, 2018 and established to pass through certain costs not related to Canadian operations and coordinate activities of the Organization with those of other Save the Children members.

2. Summary of significant accounting policies

Basis of presentation

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations using the deferral method of reporting restricted contributions, and reflect the following significant accounting policies. The financial statements of STCC NPO have not been consolidated with the financial statements of the Organization. Details of this non-consolidated entity are provided in Note 16.

Financial instruments

The Organization's financial assets are comprised of cash, marketable securities, accounts receivable and advances to partners. Financial liabilities are comprised of accounts payable and accrued liabilities.

2. Summary of significant accounting policies (continued)

Financial instruments (continued)

Financial assets and financial liabilities are initially recognized at fair value when the Organization becomes a party to the contractual provisions of the financial instruments. Subsequently, all financial instruments are measured at amortized cost, except for investments in marketable securities quoted in active markets, which are carried at fair value. Any subsequent changes in fair value are recorded in the Statement of operations and changes in net assets.

The fair value of marketable securities is determined directly from published bid prices in an active market.

Marketable securities

Marketable securities are comprised of mutual funds traded in active markets.

Advances to partners

Advances to partners, represent funding advanced to SCI and project partners for international and domestic projects and are recognized as program expenses when the underlying costs are incurred.

Capital assets

Capital assets are recorded at cost. Amortization is recorded on the straight-line basis as follows:

| | |
|-----------------------------------|---------------|
| Furniture, fixtures and equipment | 5 years |
| Computer hardware | 3 years |
| Computer software | 3 years |
| Leasehold improvements | Term of lease |

Revenue recognition

The Organization uses the deferral method of accounting for restricted contributions. Under this method, restricted contributions and grants are deferred and recognized as revenue when the related eligible program expenses are incurred.

Interest and other income includes dividend and interest income. Unrealized investment gains and losses are separately presented on the statement of operations and changes in the net assets.

Government subsidies

The Organization applied for and recognized government subsidies which are described in Note 19. The nature of the subsidies relates to assistance provided at the Federal and Provincial level during COVID-19 pandemic and to which the Organization qualified. These government subsidies have been recorded in the revenue line in the Statement of operations and changes in net assets.

Donated services

The Organization's activities include time donated by a number of volunteers. Since no objective basis exists for recording and assigning values to these donated services, they are not reflected in these financial statements.

2. Summary of significant accounting policies (continued)

Expenses

Program expenses are recorded on the accrual basis. General administration and fundraising expenses are recorded on the accrual basis and represent expenses incurred in Canada.

Deferred lease inducement

Deferred lease inducement consist of a leasehold improvement allowance which is amortized on the straight-line basis over the term of the lease.

Allocation of expenses

The Organization allocates general support costs consisting of rent and utilities, and shared costs, to program and fundraising expenses based on budgeted headcount.

Foreign currency translation

Assets and liabilities denominated in foreign currencies are translated into Canadian dollars at exchange rates in effect on the reporting dates, and revenue and expenses are translated at rates which approximate those in effect on the transaction dates. Foreign exchange gains and losses are included in the Statement of operations and changes in net assets.

Reserve Fund

The Reserve Fund was internally restricted by the Board of Directors to provide a reserve of approximately six months of operating expenses to protect the Organization in adverse circumstances. It is funded by an allocation of bequest contributions and through Board approved transfer of unrestricted contributions from the General Fund. Funding in excess of the Reserve Fund target is transferred to the General Fund or may be used for other specific expenses as determined by the Board of Directors.

Strategic Initiatives Fund

The Strategic Initiatives Fund is internally restricted and was established in 2016 to be funded from transfers from the General Fund and used for specific purposes in building the capacity of the Organization and funding longer term initiatives, as determined by the Board of Directors.

Donations in-kind

Donations in-kind are valued at fair value. The recognition of donations in-kind is limited to donations where the Organization takes possession or constructive title of the donation in-kind and either the Organization was the original recipient of the donations, or was involved in partnership with the end user third party organization, or the donations were used in the Organization's programs. Donations in-kind are recorded as revenue and expense at the time when they are received by the beneficiary of the donation in-kind.

Use of estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingencies at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Accounts requiring significant estimates and assumptions include the valuation of marketable securities, accrued liabilities, the recognition of deferred revenue, and amortization of capital assets.

3. Restricted assets

| | 2021 \$ | 2020 \$ |
|---|--------------------|-------------|
| Total cash and marketable securities | | |
| Cash | 25,223,542 | 17,986,812 |
| Marketable securities (Note 4) | 2,233,073 | 2,283,160 |
| | 27,456,615 | 20,269,972 |
| Externally restricted | | |
| Deferred revenue (Note 6) | 26,771,639 | 19,549,556 |
| Payable to partners | 368,025 | 102,474 |
| Less: advances to partners | (5,922,126) | (3,704,313) |
| | 21,217,538 | 15,947,717 |
| Cash and marketable securities not subject to external restrictions and before internally restricted net assets | 6,239,077 | 4,322,255 |
| Internally restricted | | |
| Strategic Initiatives Fund | 1,409,769 | 800,000 |
| Reserve Fund | 3,073,800 | 3,023,800 |
| | 4,483,569 | 3,823,800 |
| Unrestricted cash and marketable securities | 1,755,508 | 498,455 |

4. Marketable securities

Marketable securities consist of the following:

| | 2021 Cost \$ | 2021 Fair value \$ | 2020 Cost \$ | 2020 Fair value \$ |
|--------------|--------------------|-----------------------------|--------------------|-----------------------------|
| Mutual funds | 2,320,769 | 2,233,073 | 2,286,188 | 2,283,160 |

5. Capital assets

| | Cost \$ | Accumulated amortization \$ | 2021 Net book value \$ | 2020 Net book value \$ |
|-----------------------------------|------------------|-----------------------------------|---------------------------------|---------------------------------|
| Furniture, fixtures and equipment | 296,593 | 193,523 | 103,070 | 148,276 |
| Computer hardware | 630,709 | 575,238 | 55,471 | 47,445 |
| Computer software | 538,368 | 538,368 | — | — |
| Leasehold improvements | 880,630 | 393,592 | 487,038 | 579,808 |
| | 2,346,300 | 1,700,721 | 645,579 | 775,529 |

6. Deferred revenue

Deferred revenue consists of the following:

| | 2021 | 2020 |
|-----------------------|-------------------|------------|
| | \$ | \$ |
| Global Affairs Canada | 22,758,045 | 14,663,940 |
| Donations | 2,387,478 | 4,451,722 |
| International Grants | 907,223 | 29,639 |
| Foundations | 718,893 | 404,255 |
| | 26,771,639 | 19,549,556 |

7. Deferred lease inducement

| | 2021 | 2020 |
|-----------------------|-----------------|---------|
| | \$ | \$ |
| Opening balance | 66,750 | — |
| Add: additions | — | 71,152 |
| Less: amortization | (10,680) | (4,402) |
| Ending balance | 56,070 | 66,750 |
| Less: current portion | 10,673 | 10,673 |
| | 45,397 | 56,077 |

8. Commitments

(a) The Organization has entered into operating commitments and rental leases with various expiry dates to March 2025. The annual payments are as follows:

| | \$ |
|------|------------------|
| 2022 | 642,175 |
| 2023 | 638,389 |
| 2024 | 636,634 |
| 2025 | 158,543 |
| | 2,075,741 |

(b) The Organization received funding from Global Affairs Canada to support projects in various countries. The funding is dependent upon agreements, which require, in some cases, that the Organization contribute to the project(s) a cost share as a set percentage in the form of cash. Future cost share commitments consist of the following:

| | Total cost share commitments | Secured commitments | Balance |
|----------------|---|--------------------------------|------------------|
| | \$ | \$ | \$ |
| 2022 | 872,917 | 675,476 | 197,441 |
| 2023 | 968,554 | 843,635 | 124,919 |
| 2024 and after | 3,975,562 | 772,079 | 3,203,483 |
| | 5,817,033 | 2,291,190 | 3,525,843 |

Subsequent to the year end, the Organization has secured an additional \$133,579 (\$688,260 in 2020).

9. Inter-fund transfers

During the year, the Board of Directors approved the following inter-fund transfers:

- (a) \$128,138 (\$856,113 in 2020) from the Reserve Fund to the General Fund;
- (b) \$800,000 (\$600,000 in 2020) from the Reserve Fund to the Strategic Initiatives Fund.

10. Guarantees

In the normal course of business, the Organization enters into agreements that meet the definition of a guarantee. The Organization's primary guarantees subject to disclosure are as follows:

- (a) The Organization has provided indemnities under a lease agreement for the use of an operating facility. Under the terms of this agreement, the Organization agrees to indemnify the counter parties for various items including, but not limited to, all liabilities, loss, suits, and damages arising during, on or after, the term of the agreement. The maximum amount of any potential future payment cannot be reasonably estimated.
- (b) The Organization indemnifies all directors and volunteers for various items, including but not limited to, all costs to settle suits or actions due to services provided to the Organization, subject to certain restrictions. The Organization has purchased liability insurance to mitigate the cost of any potential future suits or actions. The amount of any potential future payment cannot be reasonably estimated. There were no known actions as at December 31, 2021 and 2020.

11. Allocation of expenses

| | Fundraising | Program expenses | General administration | 2021 |
|--------------------|--------------------|-------------------------|-------------------------------|------------------|
| | \$ | \$ | \$ | \$ |
| Rent and utilities | 140,783 | 281,566 | 140,783 | 563,132 |
| Shared costs | 111,682 | 223,363 | 111,682 | 446,726 |
| | 252,465 | 504,929 | 252,465 | 1,009,859 |
| | Fundraising | Program expenses | General administration | 2020 |
| | \$ | \$ | \$ | \$ |
| Rent and utilities | 115,768 | 293,874 | 178,105 | 587,747 |
| Shared costs | 84,162 | 213,642 | 129,480 | 427,284 |
| | 199,930 | 507,516 | 307,585 | 1,015,031 |

12. Accounts payable and accrued liabilities

There are no outstanding government remittances as at December 31, 2021 and 2020.

13. Additional information

The Organization is a member of Imagine Canada and has been accredited under its Standards Program, which requires disclosure of the amount of donations received for income tax purposes.

During the year, the Organization issued donation receipts for income tax purposes in the amount of \$10,859,686 (\$10,484,925 in 2020).

14. International program expenses

International program expenses by region, including program management

| | 2021 | 2020 |
|------------------------|-------------------|------------|
| | \$ | \$ |
| West Africa | 19,552,372 | 11,664,465 |
| Program management | 4,365,850 | 4,141,750 |
| Middle East | 4,621,488 | 4,746,462 |
| East Africa | 4,183,692 | 5,162,231 |
| South America | 3,991,660 | 1,373,925 |
| International Partners | 2,693,682 | 2,506,602 |
| India/Asia | 717,163 | 183,268 |
| Southern Africa | 465,663 | 238,748 |
| Central America | 7,778 | 294,416 |
| North America | — | 12,570 |
| | 40,599,348 | 30,324,437 |

International program expenses by context

| | 2021 | 2020 |
|-------------------------------------|-------------------|------------|
| | \$ | \$ |
| International Development | 25,495,697 | 15,979,372 |
| International Humanitarian Response | 15,103,651 | 14,345,065 |
| | 40,599,348 | 30,324,437 |

15. General Fund

| | Operations | Invested in capital assets | 2021 Total |
|---------------------------------|-------------------|-----------------------------------|-------------------|
| | \$ | \$ | \$ |
| Balance, beginning of year | 1,247,603 | 775,529 | 2,023,132 |
| Excess of revenue over expenses | 646,653 | (165,404) | 481,249 |
| Inter-fund transfers (Note 9) | 128,138 | — | 128,138 |
| Purchases of capital assets | (35,454) | 35,454 | — |
| | 1,986,940 | 645,579 | 2,632,519 |

15. General Fund (continued)

| | Operations \$ | Invested in capital assets \$ | 2020 Total \$ |
|---|------------------|-------------------------------------|---------------------|
| Balance, beginning of year | (135,229) | 895,791 | 760,562 |
| Excess (deficiency) of revenue over expenses | 569,963 | (163,506) | 406,457 |
| Inter-fund transfers (Note 9) | 856,113 | — | 856,113 |
| Purchases of capital assets | (43,244) | 43,244 | — |
| | <u>1,247,603</u> | <u>775,529</u> | <u>2,023,132</u> |

16. STCC NPO

Financial summaries of STCC NPO as at, and for the years ended, December 31, 2021 and 2020, are as follows:

Financial position

| | 2021 \$ | 2020 \$ |
|-------------------|-------------------------|----------------|
| Total assets | 1,218,296 | 479,073 |
| Total liabilities | 1,128,217 | 426,432 |
| Total net assets | 90,079 | 52,641 |
| | <u>1,218,296</u> | <u>479,073</u> |

Results of operations

| | 2021 \$ | 2020 \$ |
|---------------------------------|-------------------|------------|
| Total revenue | 1,186,838 | 909,198 |
| Total expenses | 1,149,400 | 859,015 |
| Excess of revenue over expenses | 37,438 | 50,183 |

Related party balances and transactions

During the year, the Organization made payments on behalf of STCC NPO in the amount of \$1,089,399 (\$834,015 in 2020), of which \$685,969 (\$118,254 in 2020) is outstanding from STCC NPO as at December 31, 2021.

17. Donations in-kind

The financial statements include \$926,955 (\$625,006 in 2020) with respect to donations in-kind, which is included in contributions revenue and program expenses in the Statement of operations and changes in net assets.

18. Significant event - COVID-19

On March 11, 2020, the World Health Organization characterized the outbreak of a strain of the novel coronavirus ("COVID-19") as a pandemic which has resulted in a series of public health and emergency measures that have been put in place to combat the spread of the virus. The duration and impact of COVID-19 is unknown at this time and it is not possible to reliably estimate the impact that the length and severity of these developments will have on future periods.

19. Canada Emergency Wage Subsidy (CEWS)

The Organization applied for and recognized COVID-19 related wage subsidies offered by the Federal government. The Organization received wage subsidies totaling nil (\$1,026,025 in 2020).

The Organization has reduced its restricted contributions in the amount of nil (\$361,820 in 2020) and has included this amount as part of deferred revenue as at December 31, 2020 to ensure that program expenses are not overfunded.

20. Liquidity risk

Liquidity risk is the risk that the Organization will not be able to meet its financial obligations as they fall due including maintaining a Reserve Fund. The Organization's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Organization's reputation. Financial instruments exposed to credit risk include accounts payable and accrued liabilities.

21. Comparative amounts

The following prior year comparative figures have been reclassified to conform to the current year's financial statement presentation:

| | As amended | 2020 As previously presented |
|---|-------------------|---------------------------------|
| | \$ | \$ |
| Statement of financial position | | |
| Assets | | |
| Current assets | | |
| Accounts receivable | 1,469,004 | 543,348 |
| Advances to partners | 3,704,313 | 4,629,969 |
| | <u>5,173,317</u> | <u>5,173,317</u> |
| Statement of operations and changes in net assets | | |
| Revenue | | |
| Contributions | 12,769,514 | 11,714,315 |
| International grants | 262,029 | 1,317,228 |
| | <u>13,031,543</u> | <u>13,031,543</u> |

The Statement of cash flows was amended accordingly.