

**LITTLE WARRIORS**  
**Financial Statements**  
**Year Ended September 30, 2022**

**LITTLE WARRIORS**  
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**Year Ended September 30, 2022**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
Little Warriors

### **Qualified Opinion**

We have audited the financial statements of Little Warriors (the Society), which comprise the statement of financial position as at September 30, 2022, 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 Society as at September 30, 2022, 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 Society derives revenue from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Society. Therefore, we were not able to determine whether any adjustments might be necessary to operations, assets or net assets as at September 30, 2022.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Society in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with 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 Society'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 Society or to cease operations, or has no realistic alternative but to do so.

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

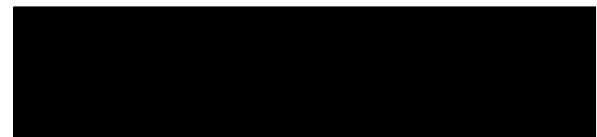
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**Auditor's Responsibilities for the Audit of the Financial Statement**

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 Society's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Society's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Society to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



CHARTERED PROFESSIONAL ACCOUNTANTS

**LITTLE WARRIORS**  
**Statement of Financial Position**  
**September 30, 2022**

	2022	2021
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash (Note 3)	\$ 2,839,398	\$ 1,018,869
Term deposits (Note 4)	2,955,947	4,038,875
Accounts receivable	36,296	15,209
Deposit	200,000	-
Inventory	7,287	5,959
Prepaid expenses	19,373	10,154
	<u>6,058,301</u>	<u>5,089,066</u>
INTERNALLY RESTRICTED FUNDS (Note 4)	1,751,040	1,163,499
PROPERTY AND EQUIPMENT (Note 5)	<u>3,962,122</u>	<u>4,009,124</u>
	<u>\$ 11,771,463</u>	<u>\$ 10,261,689</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities (Notes 6, 10)	\$ 195,636	\$ 209,713
Deferred contributions (Note 7)	3,195,382	2,189,437
	<u>3,391,018</u>	<u>2,399,150</u>
DEFERRED CONTRIBUTIONS RELATED TO PROPERTY AND EQUIPMENT (Note 8)	<u>787,495</u>	<u>842,448</u>
	<u>4,178,513</u>	<u>3,241,598</u>
<b>NET ASSETS</b>		
Invested in property and equipment	3,174,627	3,166,676
Internally restricted (Note 9)	1,751,040	1,163,499
Unrestricted	2,667,283	2,689,916
	<u>7,592,950</u>	<u>7,020,091</u>
	<u>\$ 11,771,463</u>	<u>\$ 10,261,689</u>

SUBSEQUENT EVENT (Note 11)

**APPROVED BY THE BOARD**

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

**LITTLE WARRIORS****Statement of Operations****Year Ended September 30, 2022**

	2022	2021
<b>REVENUE</b>		
Donations	\$ 2,091,517	\$ 1,210,910
Funds from other charities and foundations	1,682,897	2,555,459
Canada Emergency Wage Subsidy	442,378	556,766
Other	372,831	215,354
Fee for Service	114,636	33,033
Amortization of deferred contributions related to property and equipment (Note 8)	54,953	63,421
Interest	31,119	17,859
Prevent It! training and workshops	26,224	8,850
Merchandise sales	1,374	23,115
Critical Workers Benefit	-	23,255
	<b>4,817,929</b>	<b>4,708,022</b>
<b>EXPENSES</b>		
Salaries and benefits	2,846,986	2,625,765
Insurance	277,030	240,280
Contract labour (Note 10)	193,500	125,329
Ranch safety and security	181,680	178,908
Office and administration	177,909	186,669
Program expenses	159,461	97,397
Fundraising events (Note 10)	118,980	125,575
Telephone and utilities	94,348	73,313
Awareness campaign (Note 10)	87,147	70,865
Amortization of property and equipment	70,713	78,614
Repairs and maintenance	37,157	28,723
Loss on disposal of equipment	159	-
	<b>4,245,070</b>	<b>3,831,438</b>
<b>REVENUE OVER EXPENSES</b>	<b>\$ 572,859</b>	<b>\$ 876,584</b>

**LITTLE WARRIORS****Statement of Changes in Net Assets****Year Ended September 30, 2022**

	Invested in Property and Equipment	Internally Restricted	Unrestricted	2022	2021
<b>NET ASSETS - BEGINNING OF YEAR</b>	\$ 3,166,676	\$ 1,163,499	\$ 2,689,916	\$ 7,020,091	\$ 6,143,507
Purchase of property and equipment	23,870	-	(23,870)	-	-
Disposal of equipment	(159)	-	159	-	-
Revenue over (under) expenses	(15,760)	1,817	586,802	572,859	876,584
Transfer (Note 9)	-	585,724	(585,724)	-	-
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 3,174,627</b>	<b>\$ 1,751,040</b>	<b>\$ 2,667,283</b>	<b>\$ 7,592,950</b>	<b>\$ 7,020,091</b>

**LITTLE WARRIORS****Statement of Cash Flows****Year Ended September 30, 2022**

	2022	2021
<b>OPERATING ACTIVITIES</b>		
Revenue over expenses	\$ 572,859	\$ 876,584
Items not affecting cash:		
Amortization of deferred contributions related to property and equipment	(54,953)	(63,421)
Amortization of property and equipment	70,713	78,614
Loss on disposal of equipment	159	-
	<u>588,778</u>	<u>891,777</u>
Changes in non-cash working capital (Note 12)	<u>760,234</u>	<u>14,112</u>
	<u>1,349,012</u>	<u>905,889</u>
<b>INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(23,870)	(27,377)
Transfer to internally restricted fund	(587,541)	(3,365)
	<u>(611,411)</u>	<u>(30,742)</u>
<b>INCREASE IN CASH</b>	<u>737,601</u>	<u>875,147</u>
Cash and term deposits - beginning of year	<u>5,057,744</u>	<u>4,182,597</u>
<b>CASH AND TERM DEPOSITS - END OF YEAR</b>	<u>\$ 5,795,345</u>	<u>\$ 5,057,744</u>
<b>CASH CONSISTS OF</b>		
Cash	\$ 2,839,398	\$ 1,018,869
Term deposits	<u>2,955,947</u>	<u>4,038,875</u>
	<u>\$ 5,795,345</u>	<u>\$ 5,057,744</u>



## LITTLE WARRIORS

### Notes to Financial Statements

Year Ended September 30, 2022

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#### 1. NATURE OF OPERATIONS

Little Warriors is a charitable organization incorporated under the Societies Act (Alberta). The Society educates adults about how to prevent, recognize and react responsibly to child sexual abuse. Little Warriors also provides information about the prevalence and frequency of child sexual abuse and information about healing and support resources. The Society operates a large multi-discipline treatment centre (Be Brave Ranch). The Be Brave Ranch is a residential ranch style treatment centre designed for children and youth who are the victims of sexual abuse. The Society is a registered charity under the Income Tax Act and, as such, is exempt from income taxes.

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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 term deposits

Cash is defined as cash on hand and cash on deposit, net of cheques issued and outstanding at the reporting date. Term deposits consist of cashable and non-redeemable term deposits with maturity dates of 90 days.

##### Inventory

Inventory is valued at the lower of cost and net realizable value.

##### Property and equipment

Property and equipment are recorded at cost less accumulated amortization. Property and equipment are amortized over their estimated useful lives using the declining balance method at the following rates:

Buildings	4%
Furniture and fixtures	17.5%
Tools and equipment	20%
Automotive equipment	30%
Computer equipment	30%
Computer software	50%

The Society regularly reviews its property and equipment to eliminate obsolete items.

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## **LITTLE WARRIORS**

### **Notes to Financial Statements**

**Year Ended September 30, 2022**

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

##### Leases

Leases are classified as either capital or operating leases. A lease that transfers substantially all of the benefits and risks of ownership is classified as a capital lease; all other leases are accounted for as operating leases. At the time the Society enters into a capital lease, an asset is recorded with its related long-term obligation to reflect the acquisition and financing. Rental payments under operating leases are expensed as incurred.

##### Contributed services

The Society is largely dependent on donated services of its many volunteers. Due to the difficulty in determining their fair value, contributed services are not recognized in the financial statements.

##### Contributed materials and facilities

Donated goods are recorded at their fair market value at the time of donation. Contributed materials and facilities without readily available market values are not recognized in the financial statements.

##### Revenue recognition

The Society 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.

Prevent It! training and workshops and fee for service revenue is recognized as services are performed and collection is reasonably assured.

Merchandise revenue is recognized when goods are delivered and collection is reasonably assured.

##### 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 useful life of property and equipment, accrued liabilities, deferred contributions and deferred contributions related to property and equipment. By their nature, these estimate are subject to measurement uncertainty and actual results could differ.

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**LITTLE WARRIORS****Notes to Financial Statements****Year Ended September 30, 2022****3. RESTRICTED CASH**

Cash includes \$75,513 (2021--\$100,437) in casino proceeds and \$30,934 (2021--\$66) in raffle funds which can only be used for programming and rent in accordance with the licensing agreement with the Alberta Gaming, Liquor and Cannabis Commission.

**4. TERM DEPOSITS**

	2022	2021
Cashable term deposits, maturity date October 25, 2023, interest rate at 0.65%.	\$ 3,704,494	\$ -
Cashable Term deposits, maturity date January 25, 2023, interest rate at 0.65%	1,002,493	-
Cashable term deposits, maturity date August 18, 2022, interest rate at 0.5%.	-	1,536,624
Non-redeemable term deposit, maturity date October 25, 2021, interest rate at 0.45%.	-	1,000,000
Non-redeemable term deposit, maturity date January 24, 2022, interest rate at 0.5%.	-	1,000,000
Cashable term deposits, maturity date April 26, 2022, interest rate at 0.35%.	-	661,444
Cashable term deposits, maturity date August 18, 2022, interest rate at 0.5%.	-	502,250
Non-redeemable term deposit, maturity date November 23, 2021, interest rate at 0.45%.	-	502,056
	<u>4,706,987</u>	<u>5,202,374</u>
Less amounts internally restricted	<u>(1,751,040)</u>	<u>(1,163,499)</u>
	<u>\$ 2,955,947</u>	<u>\$ 4,038,875</u>

The use of the term deposits totalling \$1,751,040 (2021--\$1,163,499) has been internally restricted by the Board of Directors (see Note 9).

**LITTLE WARRIORS****Notes to Financial Statements****Year Ended September 30, 2022****5. PROPERTY AND EQUIPMENT**

	Cost	Accumulated amortization	2022 Net book value	2021 Net book value
Land	\$ 2,900,000	\$ -	\$ 2,900,000	\$ 2,900,000
Buildings	1,274,176	336,978	937,198	955,429
Furniture and fixtures	454,809	362,851	91,958	111,464
Tools and equipment	18,450	12,309	6,141	4,655
Automotive equipment	114,861	97,285	17,576	25,108
Computer equipment	43,778	34,529	9,249	12,468
Computer software	14,371	14,371	-	-
	<u>\$ 4,820,445</u>	<u>\$ 858,323</u>	<u>\$ 3,962,122</u>	<u>\$ 4,009,124</u>

**6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

Included in accounts payable and accrued liabilities are the following:

	2022	2021
Vacation payable	\$ 108,879	\$ 102,601
Accounts payable	78,570	31,209
Accrued liabilities	8,187	75,903
	<u>\$ 195,636</u>	<u>\$ 209,713</u>

## LITTLE WARRIORS

### Notes to Financial Statements

Year Ended September 30, 2022

#### 7. 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:

	2022	2021
Restricted donations - Be Brave Ranch	\$ 2,088,935	\$ 2,088,934
Restricted donations - Adult Treatment Centre	1,000,000	-
Deferred donations	3,088,935	2,088,934
Casino proceeds	75,513	100,437
Raffle proceeds	30,934	66
	<u>\$ 3,195,382</u>	<u>\$ 2,189,437</u>

Deferred donations related to the Be Brave Ranch are restricted for the operations of the Be Brave Ranch and the deferred donations related to the Adult Treatment Centre are restricted for the development of an Adult Treatment Centre.

#### 8. 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 change in deferred contributions related to property and equipment for the year are as follows:

	2022	2021
Balance at beginning of year	\$ 842,448	\$ 905,869
Less amounts amortized	(54,953)	(63,421)
Balance at end of year	<u>\$ 787,495</u>	<u>\$ 842,448</u>

**LITTLE WARRIORS**  
**Notes to Financial Statements**  
**Year Ended September 30, 2022**

**9. INTERNALLY RESTRICTED NET ASSETS**

	2022	2021
Stability Fund	\$ 1,006,449	\$ 1,004,909
Capital Reserve Fund	744,591	158,590
	<u>\$ 1,751,040</u>	<u>\$ 1,163,499</u>

The Stability Fund was established to provide for the future cost of ongoing programs in the event of an unanticipated loss of funding and represents approximately three months of operating expenses. The funds are held in cashable term deposits and can only be used with Board approval.

The Capital Reserve Fund was established for ongoing maintenance and repairs of the Be Brave Ranch property and represents the next three years of estimated maintenance and repairs detailed by a third party engineering study. During the current year, \$585,724 was transferred to the Capital Reserve Fund from Unrestricted Net Assets. This amount represents the estimated maintenance and repairs for 2023 - 2025 based on the engineering study. The funds are held in cashable term deposits and can only be used with Board approval.

**10. RELATED PARTY TRANSACTIONS**

The Society paid \$126,755 (2021--\$84,865) to a company controlled by a current Director of the Society. Funds expended were included in the awareness campaign \$80,457 (2021--\$68,209), fundraising events \$15,375 (2021--\$15,375), contract labour \$30,750 (2021--\$1,281) and administration \$173 (2021--\$0).

Accounts payable includes \$19,031 (2021--\$7,298) payable to a company controlled by a current Director of the Society.

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

**11. SUBSEQUENT EVENT**

The Society intends to build and operate an Adult Treatment Centre in 2023. A contract with [REDACTED] has been signed.

## LITTLE WARRIORS

### Notes to Financial Statements

Year Ended September 30, 2022

#### 12. CHANGES IN NON-CASH WORKING CAPITAL

Changes in non-cash working capital items and their effect of increasing (decreasing) cash are as follows:

	2022	2021
Accounts receivable	\$ (21,087)	\$ (1,440)
Deposit	(200,000)	-
Inventory	(1,328)	(5,959)
Prepaid expenses	(9,219)	3,067
Accounts payable and accrued liabilities	(14,077)	50,486
Deferred contributions	1,005,945	(32,042)
	<u>\$ 760,234</u>	<u>\$ 14,112</u>

#### 13. FINANCIAL INSTRUMENTS

The Society's financial instruments consist of cash, term deposits, accounts receivable and accounts payable and accrued liabilities.

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

##### 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 Society's main credit risk relates to accounts receivable. Accounts receivable are generally amounts due from donors and funders. It is management's opinion that there is no significant credit risk as of September 30, 2022.

##### Liquidity risk

Liquidity risk arises from the possibility that the Society 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 September 30, 2022.

##### Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Society is exposed to interest rate risk arising on its interest bearing assets.