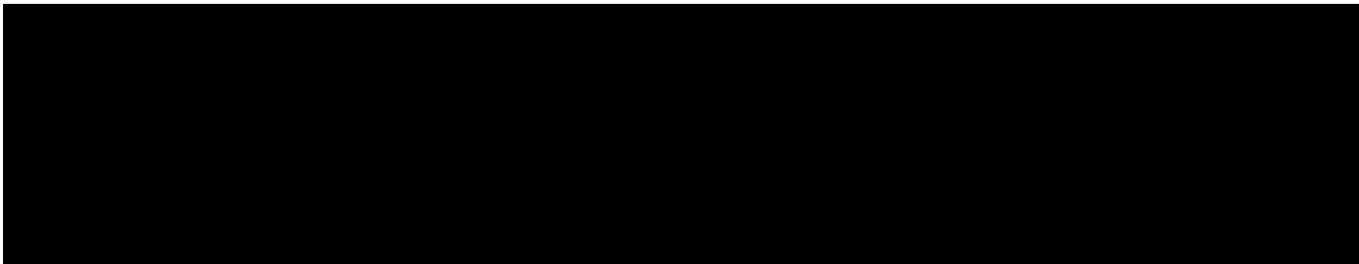


LITTLE WARRIORS
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Year Ended September 30, 2021

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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, 2021, 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, 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 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, 2021.

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.

(continues)

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.

Edmonton, Alberta

CHARTERED PROFESSIONAL ACCOUNTANTS

LITTLE WARRIORS
Statement of Financial Position
September 30, 2021

	2021	2020
ASSETS		
CURRENT		
Cash (Note 3)	\$ 1,018,869	\$ 1,812,990
Term deposits (Note 4)	4,038,875	2,369,607
Accounts receivable	15,209	13,769
Inventory	5,959	-
Prepaid expenses	10,154	13,221
	<u>5,089,066</u>	<u>4,209,587</u>
INTERNALLY RESTRICTED FUNDS (Note 4)	1,163,499	1,160,134
PROPERTY AND EQUIPMENT (Note 5)	<u>4,009,124</u>	<u>4,060,361</u>
	<u>\$ 10,261,689</u>	<u>\$ 9,430,082</u>
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities (Notes 6, 11)	\$ 209,713	\$ 159,227
Deferred contributions (Note 7)	<u>2,189,437</u>	<u>2,221,479</u>
	2,399,150	2,380,706
DEFERRED CONTRIBUTIONS RELATED TO PROPERTY AND EQUIPMENT (Note 8)	<u>842,448</u>	<u>905,869</u>
	<u>3,241,598</u>	<u>3,286,575</u>
NET ASSETS		
Invested in property and equipment	3,166,676	3,154,492
Internally restricted (Note 9)	1,163,499	1,160,134
Unrestricted	<u>2,689,916</u>	<u>1,828,881</u>
	<u>7,020,091</u>	<u>6,143,507</u>
	<u>\$ 10,261,689</u>	<u>\$ 9,430,082</u>
EXTRAORDINARY EVENT (Note 10)		

APPROVED BY THE BOARD

Director

Director

LITTLE WARRIORS
Statement of Operations
Year Ended September 30, 2021

	2021	2020
REVENUE		
Funds from other charities and foundations	\$ 2,555,459	\$ 2,321,021
Donations	1,210,910	1,003,942
Canada Emergency Wage Subsidy	556,766	122,755
Other	215,354	315,728
Amortization of deferred contributions related to property and equipment	63,421	74,184
Fee for Service	33,033	471
Critical Workers Benefit	23,255	-
Merchandise sales	23,115	-
Interest	17,859	35,023
Prevent It! training and workshops	8,850	24,151
	4,708,022	3,897,275
EXPENSES		
Salaries and benefits	2,625,765	2,178,905
Insurance	240,280	205,168
Ranch safety and security	178,908	179,309
Fundraising events (Note 11)	125,575	24,977
Contract labour (Note 11)	125,329	56,480
Computer maintenance and database	104,489	2,432
Amortization of property and equipment	78,614	88,503
Telephone and utilities	73,313	69,359
Awareness campaign (Note 11)	70,865	146,417
Program meals	49,714	27,044
Repairs and maintenance	32,504	30,356
Office	25,532	27,004
Program therapy supplies	24,940	42,746
Interest and bank charges	20,258	12,683
Merchandise	16,403	-
Program development	15,754	80,664
Program travel	6,988	9,557
Professional fees	5,738	5,535
Training	3,673	8,821
Travel and automotive	3,567	2,311
Volunteer recognition	3,229	4,656
Loss on disposal of equipment	-	2,278
	3,831,438	3,205,205
REVENUE OVER EXPENSES	\$ 876,584	\$ 692,070

LITTLE WARRIORS

Statement of Changes in Net Assets

Year Ended September 30, 2021

	Invested in Property and Equipment	Internally Restricted	Unrestricted	2021	2020
NET ASSETS - BEGINNING OF YEAR	\$ 3,154,492	\$ 1,160,134	\$ 1,828,881	\$ 6,143,507	\$ 5,451,437
Purchase of property and equipment	27,377	-	(27,377)	-	-
Revenue over (under) expenses	(15,193)	3,365	888,412	876,584	692,070
NET ASSETS - END OF YEAR	<u>\$ 3,166,676</u>	<u>\$ 1,163,499</u>	<u>\$ 2,689,916</u>	<u>\$ 7,020,091</u>	<u>\$ 6,143,507</u>

LITTLE WARRIORS
Statement of Cash Flows
Year Ended September 30, 2021

	2021	2020
OPERATING ACTIVITIES		
Revenue over expenses	\$ 876,584	\$ 692,070
Items not affecting cash:		
Amortization of deferred contributions related to property and equipment	(63,421)	(74,184)
Amortization of property and equipment	78,614	88,503
Loss on disposal of equipment	-	2,278
	<u>891,777</u>	<u>708,667</u>
Changes in non-cash working capital (Note 12)	<u>14,112</u>	<u>193,127</u>
	<u>905,889</u>	<u>901,794</u>
INVESTING ACTIVITIES		
Purchase of property and equipment	(27,377)	(84,182)
Proceeds on disposal of equipment	-	1
Transfer to internally restricted fund	(3,365)	(97,861)
	<u>(30,742)</u>	<u>(182,042)</u>
INCREASE IN CASH	<u>875,147</u>	<u>719,752</u>
Cash and term deposits - beginning of year	<u>4,182,597</u>	<u>3,462,845</u>
CASH AND TERM DEPOSITS - END OF YEAR	<u>\$ 5,057,744</u>	<u>\$ 4,182,597</u>
CASH CONSISTS OF		
Cash	\$ 1,018,869	\$ 1,812,990
Term deposits	<u>4,038,875</u>	<u>2,369,607</u>
	<u>\$ 5,057,744</u>	<u>\$ 4,182,597</u>

LITTLE WARRIORS
Notes to Financial Statements
Year Ended September 30, 2021

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.

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.

(continues)

LITTLE WARRIORS

Notes to Financial Statements

Year Ended September 30, 2021

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 estimates are subject to measurement uncertainty and actual results could differ.

LITTLE WARRIORS**Notes to Financial Statements****Year Ended September 30, 2021****3. RESTRICTED CASH**

Cash includes \$100,437 (2020--\$121,514) in casino proceeds and \$66 (2020--\$11,031) 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

	2021	2020
Cashable term deposit, maturity date August 18, 2022, interest rate at 0.5%.	\$ 502,250	\$ 500,000
Cashable term deposit, maturity date August 18, 2022, interest rate at 0.5%.	502,250	500,000
Cashable term deposit, maturity date August 18, 2022, interest rate at 0.5%.	517,187	-
Cashable term deposit, maturity date August 18, 2022, interest rate at 0.5%.	517,187	-
Cashable term deposit, maturity date April 26, 2022, interest rate at 0.35%.	502,854	-
Cashable term deposit, maturity date April 26, 2022, interest rate at .035%.	158,590	-
Non-redeemable term deposit, maturity date October 25, 2021, interest rate at 0.45%.	1,000,000	1,029,741
Non-redeemable term deposit, maturity date January 24, 2022, interest rate at 0.5%.	1,000,000	1,000,000
Non-redeemable term deposit, maturity date November 23, 2021, interest rate at 0.45%.	502,056	500,000
	<u>5,202,374</u>	<u>3,529,741</u>
Less amounts internally restricted	<u>(1,163,499)</u>	<u>(1,160,134)</u>
	<u>\$ 4,038,875</u>	<u>\$ 2,369,607</u>

The use of the term deposits totalling \$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, 2021

5. PROPERTY AND EQUIPMENT

	Cost	Accumulated amortization	2021 Net book value	2020 Net book value
Land	\$ 2,900,000	\$ -	\$ 2,900,000	\$ 2,900,000
Buildings	1,253,782	298,353	955,429	975,404
Furniture and fixtures	454,809	343,345	111,464	135,108
Tools and equipment	16,260	11,605	4,655	5,818
Automotive equipment	114,861	89,753	25,108	35,868
Computer equipment	43,165	30,697	12,468	8,163
Computer software	14,371	14,371	-	-
	<u>\$ 4,797,248</u>	<u>\$ 788,124</u>	<u>\$ 4,009,124</u>	<u>\$ 4,060,361</u>

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Included in accounts payable and accrued liabilities are the following:

	2021	2020
Vacation payable	\$ 102,601	\$ 80,825
Accrued liabilities	75,903	16,907
Accounts payable	31,209	61,495
	<u>\$ 209,713</u>	<u>\$ 159,227</u>

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:

	2021	2020
Restricted donations - Be Brave Ranch	\$ 2,088,934	\$ 2,088,934
Casino proceeds	100,437	121,514
Raffle proceeds	66	11,031
	<u>\$ 2,189,437</u>	<u>\$ 2,221,479</u>

Deferred contributions related to the Be Brave Ranch are restricted for the operations of the Be Brave Ranch.

LITTLE WARRIORS

Notes to Financial Statements

Year Ended September 30, 2021

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:

	2021	2020
Balance at beginning of year	\$ 905,869	\$ 980,053
Less amounts amortized	(63,421)	(74,184)
Balance at end of year	\$ 842,448	\$ 905,869

9. INTERNALLY RESTRICTED NET ASSETS

	2021	2020
Stability Fund	\$ 1,004,909	\$ 1,001,858
Capital Reserve Fund	158,590	158,276
	\$ 1,163,499	\$ 1,160,134

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 a cashable term deposit 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. The funds are held in a non-redeemable term deposit and can only be used with Board approval.

10. 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, public health orders required organizations to temporarily close or restrict capacity and social distancing protocols were enforced. The Society had to follow the public health guidelines while operating their programs as an essential service.

LITTLE WARRIORS

Notes to Financial Statements

Year Ended September 30, 2021

11. RELATED PARTY TRANSACTIONS

The Society paid \$84,865 (2020--\$149,797) to a company controlled by a current Director of the Society. Funds expended were included in the awareness campaign \$68,209 (2020--\$134,422), fundraising expenses \$15,375 (2020-\$15,375) and contract labour \$1,281 (2020--\$0).

Accounts payable includes \$7,298 (2020--\$5,260) 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.

12. CHANGES IN NON-CASH WORKING CAPITAL

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

	2021	2020
Accounts receivable	\$ (1,440)	\$ 14,164
Inventory	(5,959)	-
Prepaid expenses	3,067	(10,091)
Accounts payable and accrued liabilities	50,486	56,680
Deferred contributions	(32,042)	132,374
	<u>\$ 14,112</u>	<u>\$ 193,127</u>

LITTLE WARRIORS

Notes to Financial Statements

Year Ended September 30, 2021

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, 2021.

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, 2021.

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.
