

PolicyWise 2019-2020

Annual Report

HELPING ORGANIZATIONS SOAR



PolicyWise
for Children & Families

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Message from Board Chair

This fiscal year presented the organization with a significant financial challenge. The loss of the annual operating grant from the Government of Alberta was effective April 1, 2019. During the interim, the Board reviewed and approved new organizational goals to seek business in other markets across Canada, and potentially, around the globe.

The board is encouraged to see how the team rallied to meet this challenge. Work has begun to investigate opportunities in new markets, a new communication and marketing approach is underway, and everyone is engaged in identifying new opportunities.

PolicyWise has tremendous potential to reach new heights and gain national and international recognition for the fine work they do.

We are confident in the management and staff and envision a very bright future ahead.

Dr. James Talbot, *Chair*



Message from President & CEO

This past year has been rewarding in so many ways. The team has produced some outstanding work, and I encourage you to read about the projects further in this report. We are making a difference. Our clients say it. Our team feels it.

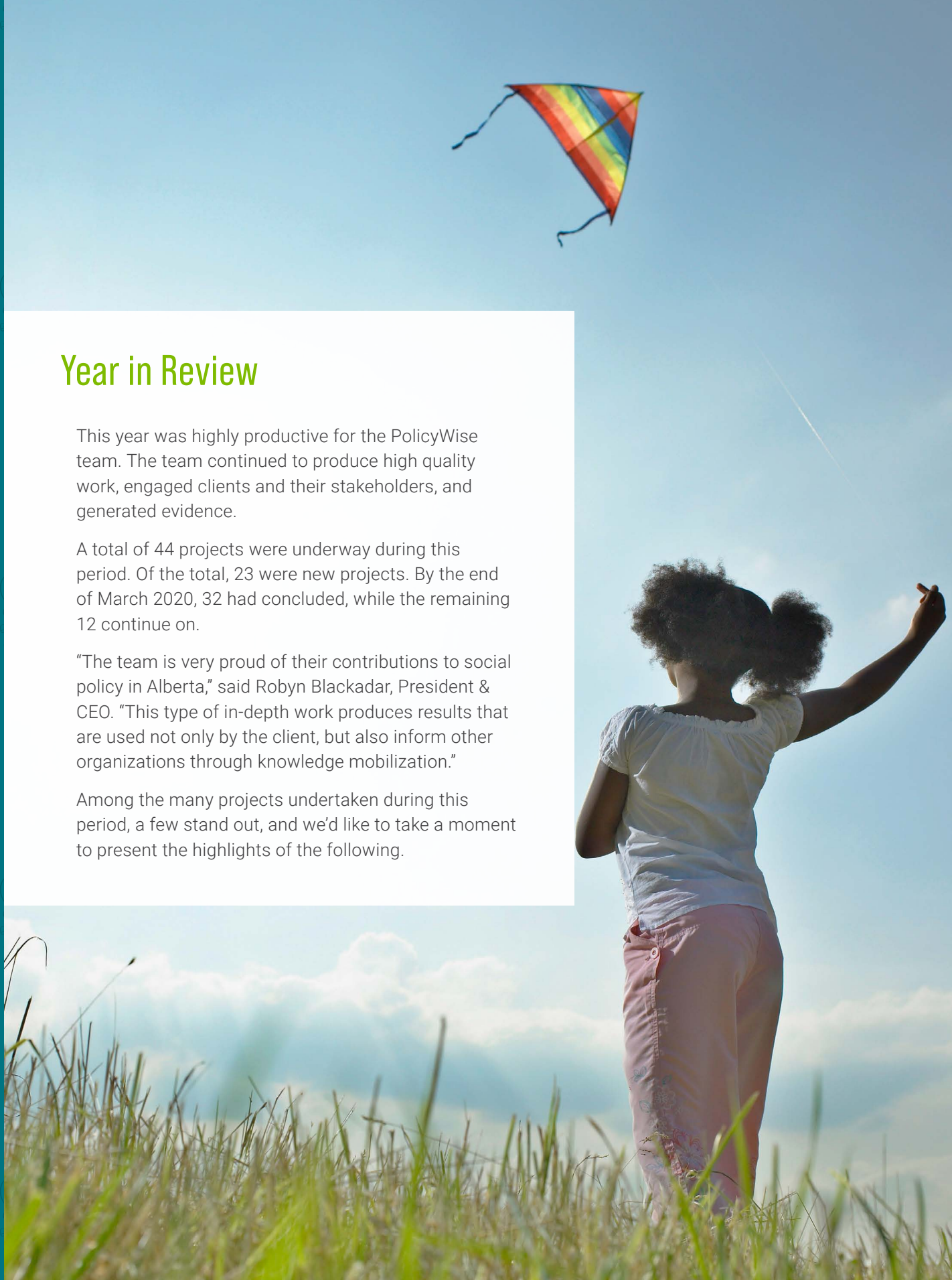
The loss of the annual operating grant kick-started an aggressive growth strategy. We applied for, and received approval from, Canada Revenue Agency to change our charitable objects, thus enabling us to seek business in markets outside Alberta.

Dealing with dual challenges of financial grant cuts and the emergence of the COVID-19 pandemic has demonstrated how resilient our team is. Not only are we working hard to seek new business, we're doing it under the strain of the pandemic, which has so greatly affected us all.

At the same time, really great work continues for our clients. Projects like the Alberta Nonprofit Network Data Strategy, and Integrated Hubs for Youth have produced some exciting outcomes... and we're just getting started. Both of these projects continue on in 2020.

I'm grateful to the Board, our team, and the clients and stakeholders with whom we have the privilege to work.

Robyn Blackadar, *President & CEO*



Year in Review

This year was highly productive for the PolicyWise team. The team continued to produce high quality work, engaged clients and their stakeholders, and generated evidence.

A total of 44 projects were underway during this period. Of the total, 23 were new projects. By the end of March 2020, 32 had concluded, while the remaining 12 continue on.

“The team is very proud of their contributions to social policy in Alberta,” said Robyn Blackadar, President & CEO. “This type of in-depth work produces results that are used not only by the client, but also inform other organizations through knowledge mobilization.”

Among the many projects undertaken during this period, a few stand out, and we’d like to take a moment to present the highlights of the following.

Alberta Nonprofit Network Data Strategy

PolicyWise for Children & Families is advancing the Alberta Nonprofit Data Strategy in partnership with the Government of Alberta Ministry of Culture, Multiculturalism, and Status of Women and the Alberta Nonprofit Network (ABNN).

The work towards an Alberta Nonprofit Data Strategy will advance aligned sector projects, identify partners to champion the data priorities, provide guidance, and enable data capacity-building opportunities in the sector. PolicyWise is preparing to engage partners in this process with a focus on four key areas: Government of Alberta data, nonprofit data hubs, nonprofit data and data sharing, and data capacity building.



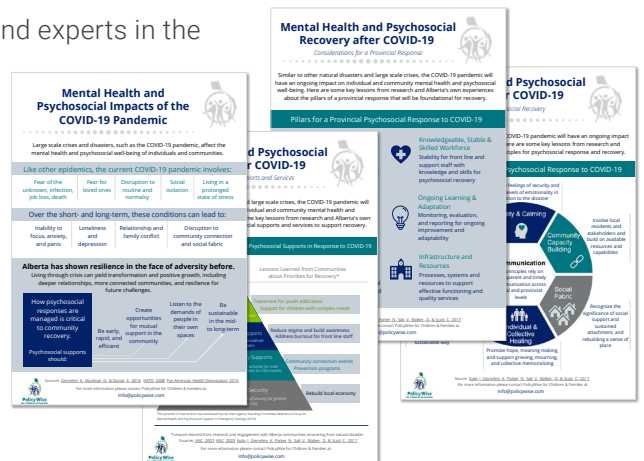
Journey Home Film Screening

PolicyWise partnered with the Native Counselling Services of Alberta and the Edmonton Community Foundation to host the screening launch of Journey Home on January 14, 2020, at the Royal Alberta Museum. Thank you to Elder Campiou, Allen Benson, the Honourable Patti Laboucane-Benson, and Denise Lightning for participating on a panel and Q&A session.

Disaster recovery psychosocial infographics

Like other population-level crises and disasters, the COVID-19 pandemic will have short- and long-term impacts on the mental health and psychosocial well-being of individuals and communities. However, Albertans have faced disaster before and shown great resilience.

PolicyWise has worked with Alberta communities and experts in the field following recent natural disasters and has learned about community priorities for psychosocial supports and response. PolicyWise developed a series of infographics to outline key lessons learned from research and Alberta's own experience with psychosocial response and recovery.





Multi-Year Trauma-Informed Services Action Plan

In collaboration with Alberta Justice and Solicitor General, PolicyWise developed and implemented a multi-year action plan to integrate trauma-informed practices in the youth criminal justice system. Trauma-informed practice is an approach that understands, recognizes, and responds to the effects of trauma in individuals. This project includes:

- » reviewing and synthesizing evidence to inform the action plan on a yearly basis
- » incorporating change management throughout the implementation process
- » developing and implementing an evaluation and monitoring framework
- » working with corrections staff to identify opportunities to make trauma-informed changes
- » providing in-person and on-line training to staff
- » ensuring policies and human resource practices reflect a trauma-informed lens

Family Resource Network

The Family Resource Network (FRN) model has been recently implemented by Children's Services to provide Alberta children, youth, and families with equitable access to a range of services targeting three outcome domains: child development, caregiver capacity building, and social connections and supports. PolicyWise is working with Children's Services to develop Standards of Practice for these new FRNs, as well as an Implementation Plan and an Ongoing Monitoring and Evaluation Plan for the Standards.

The research that was done around that really amped up the work that we started to do. Not because it changed it drastically, what it did was it actually defined it... Anecdotally we knew all that. But what the PolicyWise research was able to do was to give us numbers behind our anecdotes.

*~ Child and Youth Data Laboratory
Project Participant*

PolicyWise is much more thoughtful or informed about who actually makes use of the information and tries to package it to ensure relevance. And recognizes the relevance of lived experience as well as the expertise of front line experience, which outside of those two pieces is ivory tower stuff.

~ Client

This three-year project will involve a significant amount of engagement and collaboration with the FRNs, with iterative cycles of incorporating feedback to ensure that the deliverables are practical and contextualized.

ACEs Evaluation Framework

There is considerable momentum in research and practice to prevent and address adverse childhood experiences (ACEs) and support resiliency. In 2019, PolicyWise received funding to support the development and implementation of evidence-informed ACEs policy, practice, and evaluation in Alberta.

PolicyWise completed an environmental scan, preliminary engagement with service providers, and additional rapid literature scans. This project provided insight into the current state of evidence for ACEs screening and assessment and resulted in the development of a preliminary framework for collaborative cross-sector action on adversity, trauma, and resilience.



Rural Mental Health



The Rural Mental Health (RMH) project is a Canadian Mental Health Association (CMHA) Alberta Division project that aims to support mental health capacity in rural and remote communities across Alberta. This project involves training local Community Animators and developing a Rural Mental Health network.



PolicyWise is conducting an evaluation of the RMH project to understand and improve the design and implementation of the project.

To support the RMH project team's iterative and responsive implementation approach, PolicyWise is producing evaluation reports for CMHA on a quarterly basis.

It has been supportive and really we wouldn't be able to do what we're doing if we didn't have that different perspective as part of our team... The ongoing contribution and insight and perspective has been really valuable because it balances all the different perspectives we have on the team already and adds a layer... a level of credibility to have an outside evaluator being part of our team that we're not hiring to be 'yes men' but to capture what we're doing and the actual value that it is or isn't.

~ Rural Mental Health Project Participant

Financial Reporting

POLICYWISE FOR CHILDREN & FAMILIES

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WADE NOBLE & PARTNERS LLP CHARTERED PROFESSIONAL ACCOUNTANTS

*R. G. NOBLE, B. COMM., CPA, CA
*J. R. WADE, B. COMM., CGA, CPA, CA
*B. D. MAYER, B. MGMT., CPA, CA

P.O. BOX 100
ROCKY MOUNTAIN HOUSE
ALBERTA, T4T 1A1
(403) 845-3226
FAX (403) 845-5666

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
PolicyWise for Children & Families

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of PolicyWise for Children & Families (the Entity), which comprise the statement of financial position as at March 31, 2020, and the statements of revenue and expenses, 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 and other explanatory information.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Entity as at March 31, 2020 and the results of its operations, net assets and cash flows for the year then ended in accordance with Canadian Accounting Standards for Not for Profit Organizations.

Basis of Opinion

We conducted our audit in accordance with Canadian Generally Accepted Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Entity 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 opinion.

Responsibility of Management and the Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian Accounting Standards for Not for Profit Organizations, and 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 Entity'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 Entity or cease operations, or has no realistic alternative but to do so. The Board of Directors are responsible for overseeing the Entity's financial reporting process.

Information Other than the Financial Statements and Auditors' Report Thereon

Management is responsible for the other information. The other information comprises the annual report but does not include the financial statements or our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report. Our opinion on the financial statements does not cover the other information included in the annual report and we do not express any form of assurance on conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. When we read the annual report, if we conclude that there is a material misstatement therein we are required to communicate the matter to the Board of Directors.

INDEPENDENT AUDITORS' REPORT (continued...)

Auditor's Responsibility 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 Entity'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 Entity'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 Entity 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 the Board of Directors 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.

Wade Noble & Partners LLP

Chartered Accountants

Rocky Mountain House, Alberta
June 3, 2020

*DENOTES PROFESSIONAL CORPORATION



Statement of Financial Position

POLICYWISE FOR CHILDREN & FAMILIES

STATEMENT OF FINANCIAL POSITION MARCH 31

	Operations Fund	Research Fund	2020 Total	2019 Total
ASSETS				
Current				
Cash and cash equivalents	\$ 1,288,301	\$ 133,539	\$ 1,421,840	\$ 3,053,842
Short-term investments (Note 4)	3,436,779	-	3,436,779	2,348,474
Amounts receivable (Note 3)	24,792	125,844	150,636	790,264
Prepaid expenses	29,124	-	29,124	49,430
Interfund loans and advances (Note 6)	<u>(3,458,133)</u>	<u>3,458,133</u>	<u>-</u>	<u>-</u>
	<u>1,320,863</u>	<u>3,717,516</u>	<u>5,038,379</u>	<u>6,242,010</u>
Long-term investments (Note 4)	255,299	2,547,029	2,802,328	4,110,651
Property, plant and equipment (Note 5)	42,614	267,778	310,392	378,684
Restricted investments (Note 4)	<u>-</u>	<u>6,205,850</u>	<u>6,205,850</u>	<u>6,025,100</u>
	<u>\$ 1,618,776</u>	<u>\$ 12,738,173</u>	<u>\$ 14,356,949</u>	<u>\$ 16,756,445</u>
LIABILITIES				
Current				
Amounts payable	\$ 60,609	\$ 167,081	\$ 227,690	\$ 340,014
Deferred contributions (Schedule 1)	<u>516,493</u>	<u>2,232,842</u>	<u>2,749,335</u>	<u>4,095,737</u>
	<u>577,102</u>	<u>2,399,923</u>	<u>2,977,025</u>	<u>4,435,751</u>
Deferred contributions (Schedule 1)	-	2,802,328	2,802,328	3,746,421
Deferred capital contributions (Note 7)	<u>-</u>	<u>116,762</u>	<u>116,762</u>	<u>145,953</u>
	<u>577,102</u>	<u>5,319,013</u>	<u>5,896,115</u>	<u>8,328,125</u>
Commitments (Note 9)				
Contingent liabilities (Note 11)				
NET ASSETS				
Net assets invested in property, plant and equipment	42,614	151,016	193,630	232,730
Internally restricted net assets (Note 8)	-	6,205,850	6,205,850	6,025,100
Unrestricted net assets	<u>999,060</u>	<u>1,062,294</u>	<u>2,061,354</u>	<u>2,170,490</u>
	<u>1,041,674</u>	<u>7,419,160</u>	<u>8,460,834</u>	<u>8,428,320</u>
	<u>\$ 1,618,776</u>	<u>\$ 12,738,173</u>	<u>\$ 14,356,949</u>	<u>\$ 16,756,445</u>

Approved by the board:


 _____ director

 _____ director

See accompanying notes to the financial statements

Statement of Revenues and Expenses

POLICYWISE FOR CHILDREN & FAMILIES STATEMENT OF REVENUES AND EXPENSES YEAR ENDED MARCH 31

	Operations Fund	Research Fund	2020 Total	2019 Total
REVENUES				
Grants (Schedule 1)	\$ 745,796	\$ 3,908,614	\$ 4,654,410	\$ 4,879,114
Recovered expenses	17,624	282,489	300,113	393,817
Investment income (loss) (Note 4)	22,977	(28,945)	(5,968)	801,331
Donations	5,525	4,013	9,538	74,824
	<u>791,922</u>	<u>4,166,171</u>	<u>4,958,093</u>	<u>6,149,086</u>
EXPENDITURES				
Salaries and subcontractors	509,260	2,581,722	3,090,982	3,209,070
Research grants and awards	-	112,100	112,100	230,126
Communications and knowledge transfer	25,306	20,500	45,806	69,900
Research contracts	-	874,738	874,738	964,406
Consulting	13,986	51,682	65,668	119,359
Office and equipment rental	117,921	287,692	405,613	391,690
Travel	15,255	43,561	58,816	93,350
Amortization	10,654	65,539	76,193	98,484
Information technology and office expense	31,986	120,345	152,331	269,365
Legal and audit fees	19,767	4,281	24,048	37,110
Board expenses	19,261	-	19,261	15,261
Committee expenses	23	-	23	111
	<u>763,419</u>	<u>4,162,160</u>	<u>4,925,579</u>	<u>5,498,232</u>
EXCESS OF REVENUES OVER EXPENSES	<u>\$ 28,503</u>	<u>\$ 4,011</u>	<u>\$ 32,514</u>	<u>\$ 650,854</u>

See accompanying notes to the financial statements

Statement of Changes in Net Assets

POLICYWISE FOR CHILDREN & FAMILIES

STATEMENT OF CHANGES IN NET ASSETS YEAR ENDED MARCH 31

2020	Unrestricted Net Assets	Internally Restricted Net Assets	Invested in Property, Plant and Equipment	Total
Balance, beginning of year	\$ 2,170,490	\$ 6,025,100	\$ 232,730	\$ 8,428,320
Excess of revenues over expenses	32,514	-	-	32,514
Amortization of capital contributions	(29,191)	-	29,191	-
Amortization of property, plant and equipment	76,193	-	(76,193)	-
Purchase of property, plant and equipment	(7,902)	-	7,902	-
Allocation to reserve	(180,750)	180,750	-	-
	<u>\$ 2,061,354</u>	<u>\$ 6,205,850</u>	<u>\$ 193,630</u>	<u>\$ 8,460,834</u>

2019	Unrestricted Net Assets	Internally Restricted Net Assets	Invested in Property, Plant and Equipment	Total
Balance, beginning of year	\$ 1,667,738	\$ 5,901,176	\$ 208,552	\$ 7,777,466
Excess of revenues over expenses	650,854	-	-	650,854
Amortization of capital contributions	(36,490)	-	36,490	-
Amortization of property, plant and equipment	98,484	-	(98,484)	-
Purchase of property, plant and equipment	(91,557)	-	91,557	-
Increase in deferred capital contributions	5,385	-	(5,385)	-
Allocation to reserve	(123,924)	123,924	-	-
	<u>\$ 2,170,490</u>	<u>\$ 6,025,100</u>	<u>\$ 232,730</u>	<u>\$ 8,428,320</u>

See accompanying notes to the financial statements

Statement of Cash Flows

POLICYWISE FOR CHILDREN & FAMILIES

STATEMENT OF CASH FLOWS YEAR ENDED MARCH 31

	Operations Fund	Research Fund	2020 Total	2019 Total
OPERATING				
Excess of revenues over expenses	\$ 28,503	\$ 4,011	\$ 32,514	\$ 650,854
<i>Items not affecting cash flows:</i>				
Amortization of property, plant and equipment	10,654	65,539	76,193	98,484
Amortization of capital contributions	-	(29,191)	(29,191)	(36,490)
Unrealized loss on investments	29,958	599,320	629,278	852
	<u>69,115</u>	<u>639,679</u>	<u>708,794</u>	<u>713,700</u>
Net changes in non-cash working capital	<u>(519,882)</u>	<u>(1,223,002)</u>	<u>(1,742,884)</u>	<u>(1,223,081)</u>
Cash used for operating activities	<u>(450,767)</u>	<u>(583,323)</u>	<u>(1,034,090)</u>	<u>(509,381)</u>
FINANCING				
Interfund transfers	<u>(1,105,433)</u>	<u>1,105,433</u>	-	-
Cash (used for) from financing activities	<u>(1,105,433)</u>	<u>1,105,433</u>	-	-
INVESTING				
Purchase of investments	(73,562)	(516,448)	(590,010)	(753,679)
Purchase of property, plant and equipment	<u>(3,418)</u>	<u>(4,484)</u>	<u>(7,902)</u>	<u>(91,557)</u>
Cash used for investment activities	<u>(76,980)</u>	<u>(520,932)</u>	<u>(597,912)</u>	<u>(845,236)</u>
DECREASE IN CASH AND CASH EQUIVALENTS	(1,633,180)	1,178	(1,632,002)	(1,354,617)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>2,921,481</u>	<u>132,361</u>	<u>3,053,842</u>	<u>4,408,459</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 1,288,301</u>	<u>\$ 133,539</u>	<u>\$ 1,421,840</u>	<u>\$ 3,053,842</u>

See accompanying notes to the financial statements

POLICYWISE FOR CHILDREN & FAMILIES

NOTES TO FINANCIAL STATEMENTS MARCH 31, 2020

1. NATURE OF OPERATIONS

PolicyWise for Children & Families (the Entity) was incorporated as a not for profit corporation under the Alberta Business Corporations Act on March 21, 2003 and is exempt from taxation. Effective April 1, 2004 the Entity was registered as a registered charity under the Income Tax Act. The Entity's mission is to develop, support and integrate research across sectors and disciplines to provide a strong, evidence based foundation for identifying and promoting effective public policy and service delivery to improve the well-being of Alberta's children, families and communities.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements were prepared in accordance with Canadian accounting standards for not for profit organizations as issued by the Accounting Standards Board in Canada and include the following significant accounting policies:

(a) Cash

Cash includes cash on deposit with a Canadian financial institution earning interest at 0% to 0.5% per annum.

(b) Fund accounting

The Operations Fund accounts for the Entity's administration and governance activities. The Research Fund is maintained to finance direct research, research evaluations and support and dissemination activities.

POLICYWISE FOR CHILDREN & FAMILIES

NOTES TO FINANCIAL STATEMENTS MARCH 31, 2020

(c) Property, Plant and Equipment

Property, plant and equipment are recorded at cost less accumulated amortization. The Entity provides for amortization using rates and methods designed to amortize the cost of the property, plant and equipment over their estimated useful lives. Amortization rates and methods are as follows:

Office Furniture	-	20%	Declining balance
Office Equipment	-	20%	Declining balance
Leasehold improvements	-	10%	Straight line

In the year of acquisition amortization is calculated at one-half of the normal rates and no amortization is recorded in the year of disposition.

(d) 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 reported amounts of assets and liabilities at the date of the financial statements and the reported amount of revenue and expenses during the reporting period. Actual results could differ from those estimated. Estimates are used when accounting for items and matters such as recognition of deferred capital contributions and amortization of property, plant and equipment.

(e) Donated Services and In Kind Contributions

The value of donated services and in kind contributions are not recognized in these financial statements.

(f) Cash Flow Reporting

The Entity follows the indirect method in reporting its cash flows from operating activities.

POLICYWISE FOR CHILDREN & FAMILIES

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Revenue

The Entity follows the deferral method in accounting for contributions. Restricted grant and donation contributions are recognized as revenue in the year which the related expenses are incurred. Unrestricted grant and donation contributions are recognized as revenue when they are received or receivable if the amount receivable can be reasonably estimated and its collection is reasonably assured. Restricted investment income is recognized when the related expenses are incurred. Unrestricted investment income is recognized as revenue when earned. Recovered expenses are recognized as revenue as the product or service is delivered and the amount receivable can be reasonably estimated and its collection is reasonably assured.

(h) Financial Instruments

i) Measurement of financial instruments

When a financial asset is acquired or a financial liability is issued it is recorded at its fair value except for certain related party transactions. The entity subsequently measures all its financial assets and financial liabilities at amortized cost less any impairments except for financial instruments that are quoted in an active market. Financial instruments that are quoted in an active market are measured at fair value. Financial assets measured at amortized cost include cash and cash equivalents and amounts receivable. Financial assets measured at fair value included short-term, long-term and restricted investments. Financial liabilities measured at amortized cost include amounts payable.

ii) Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in net income. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in net income in the year incurred.

iii) Transaction costs

The Entity recognizes its transaction costs in net income in the period incurred. However, financial instruments that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their origination, issuance or assumption.

POLICYWISE FOR CHILDREN & FAMILIES

**NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2020**

3. AMOUNTS RECEIVABLE

The amounts receivable consist of:

	2020	2019
Trade receivable	\$ 125,844	\$754,314
GST rebate receivable	<u>24,792</u>	<u>35,950</u>
	<u>\$ 150,636</u>	<u>\$790,264</u>

4. INVESTMENTS

Investments consist of:

	2020	2019
Short-term investments	\$ 3,436,779	\$2,348,474
Long-term investments	<u>2,802,328</u>	<u>4,110,651</u>
Restricted investments	<u>6,205,850</u>	<u>6025,100</u>
	<u>\$ 12,444,957</u>	<u>\$12,484,225</u>

The Entity's investments are held in money market and mutual funds managed by an external investment management company and are measured at fair market value.

Investment income (loss) consist of:

	2020	2019
Interest, dividends and other income	\$ 679,056	\$ 855,553
Unrealized gain (loss) on investments	<u>(629,278)</u>	<u>(852)</u>
Investment management fees	<u>(55,746)</u>	<u>(53,370)</u>
	<u>\$ (5,968)</u>	<u>\$ 801,331</u>

5. PROPERTY, PLANT AND EQUIPMENT

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net 2020</u>	<u>Net 2019</u>
Office furniture	\$ 329,339	\$ 230,030	\$ 99,309	\$ 124,136
Office equipment	723,984	524,946	199,038	240,897
Leasehold improvements	<u>14,320</u>	<u>2,275</u>	<u>12,045</u>	<u>13,651</u>
	<u>\$ 1,067,643</u>	<u>\$ 757,251</u>	<u>\$ 310,392</u>	<u>\$ 378,684</u>

POLICYWISE FOR CHILDREN & FAMILIES

NOTES TO FINANCIAL STATEMENTS MARCH 31, 2020

6. INTERFUND LOANS AND ADVANCES

Transfers between the Operations Fund and Research Fund are made to maximize investment income on cash and cash equivalents and investments. The loans and advances have no set terms of repayment.

7. DEFERRED CAPITAL CONTRIBUTIONS

Capital assets acquired for the Research Fund are funded from external capital contributions. External capital contributions are recognized as revenue in the year in which the amortization of the related property, plant and equipment is incurred.

	2020	2019
Opening deferred capital contributions	\$ 145,953	\$ 177,055
Property, plant and equipment additions	-	5,385
Amortization of deferred capital contributions	<u>(29,191)</u>	<u>(36,487)</u>
	<u>\$ 116,762</u>	<u>\$ 145,953</u>

8. INTERNALLY RESTRICTED NET ASSETS

Effective January 1, 2016, the Board of Directors placed a restriction on the long-term research fund investments. The capital of the long-term research fund investments is to be maintained at a minimum of \$5,700,000, as indexed using the consumer price index. The balance at year-end is \$6,205,850 (2019 - \$6,025,100).

Annually, the Board of Directors will determine if any capital can be withdrawn to fund upcoming research projects.

POLICYWISE FOR CHILDREN & FAMILIES

NOTES TO FINANCIAL STATEMENTS MARCH 31, 2020

9. COMMITMENTS

The Entity has two ten year office leases, one effective until September 30, 2027 with the option to renew for one further five year term, and a second lease effective until January 31, 2028. The minimum lease payments are as follows:

2021	\$171,767
2022	174,339
2023	177,556
2024	196,212
2025	198,786
Thereafter	<u>561,939</u>
	<u>\$1,480,599</u>

10. RELATED PARTY TRANSACTIONS

During the year, the Entity procured consulting services in the amount of \$75,556 (2019 - \$30,812) and received a donation in-kind for services provided in the amount of \$4,013 from a company controlled by a key employee's spouse. The transactions were 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.

Amounts owing to related parties included in trade payables at year-end were \$4,843 (2019 - \$6,024).

11. CONTINGENT LIABILITIES

Under the terms of the Entity's grant agreements signed with certain grant providers, use of the funds are restricted for various purposes. Per the agreements, providers may request repayment of all or part of the grant proceeds, should the Entity fail to fulfil any of the terms and conditions agreed to. Further, provided the agreements have not been terminated, the Entity may request a retention of any unexpended grant proceeds remaining upon the expiry of the term of the agreements.

As at the date of the audit report, management is not aware of any grant providers requesting repayment of the grant proceeds previously received.

POLICYWISE FOR CHILDREN & FAMILIES

NOTES TO FINANCIAL STATEMENTS MARCH 31, 2020

12. FINANCIAL INSTRUMENTS

Transacting in financial instruments exposes the Entity to certain financial risks and uncertainties. These risks include:

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a loss for the other party by failing to discharge an obligation. The Entity provides credit to its clients in the normal course of operations. Amounts receivable are generally unsecured with established terms of repayment. The Entity is exposed to some possible credit risks due to the concentration of amounts receivable from certain customers. Five customers comprise 75% of the total amounts receivable balance.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Entity manages liquidity risk by continuously monitoring cash flows.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Entity is not exposed to currency risk as it does not deal in foreign currencies.

Interest rate risk

Interest rate risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Entity is not exposed to significant interest rate risk.

POLICYWISE FOR CHILDREN & FAMILIES

NOTES TO FINANCIAL STATEMENTS MARCH 31, 2020

12. FINANCIAL INSTRUMENTS (continued)

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Entity is exposed to price risk to the extent that changes to the fair market value of its investments consisting of mutual funds could significantly effect future cash flows.

13. ECONOMIC DEPENDENCE

The Entity is economically dependent on the Province of Alberta, as a significant amount of the grant funding received is from Alberta Children's Services and Alberta Health.

14. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current method of presentation.

Schedule 1: Schedule of Deferred Contributions

Schedule 1

POLICYWISE FOR CHILDREN & FAMILIES SCHEDULE OF DEFERRED CONTRIBUTIONS YEAR ENDED MARCH 31, 2020

	Beginning of Period	Contributions Received (Repaid)	Revenue Recognized	End of Period	Current	Long Term
OPERATIONS FUND						
Initial Operations Fund	\$ 1,262,289	\$ -	\$ 745,796	\$ 516,493	\$ 516,493	\$ -
RESEARCH FUND						
Alberta Health	1,478,202	93,089	1,280,539	290,752	290,752	-
Alberta Children Services	700,231	607,000	794,127	513,104	269,376	243,728
The Alberta First Nations Information Governance Centre	27,403	-	27,403	-	-	-
Alberta Community & Social Services	355,180	74,329	309,880	119,629	119,629	-
Child Bright	-	31,667	31,667	-	-	-
Alberta Health Services	-	866,432	266,928	599,504	599,504	-
Anonymous Donor	142,437	124,858	267,295	-	-	-
Calgary Public Libraries	24,961	25,000	49,961	-	-	-
Alberta PCAP Council	6,000	-	6,000	-	-	-
Canadian Mental Health Association (Alberta Region)	30,151	66,155	78,250	18,056	18,056	-
Stollery Foundation & Don and Joan Stanley Family Fund	59,914	-	59,914	-	-	-
GRIT Evaluation	-	10,500	1,050	9,450	9,450	-
CanFASD	-	4,000	4,000	-	-	-
Alberta Culture and Tourism	35,000	211	35,211	-	-	-
Initial Research Fund	3,439,148	-	248,783	3,190,365	656,765	2,533,600
Initial Data Lab Fund	271,242	-	271,242	-	-	-
Journey Home Calgary	-	3,500	-	3,500	3,500	-
PAE Harmonization	10,000	3,800	13,800	-	-	-
GRIT Data Dashboards	-	20,299	20,299	-	-	-
Centre for Suicide Prevention	-	105,000	3	104,997	104,997	-
Ethical Decision Making	-	250	250	-	-	-
Alberta Advanced Education	-	150,000	89,187	60,813	60,813	-
Calgary Foundation Data Readiness	-	23,635	23,635	-	-	-
Common Data Vocabulary	-	125,000	-	125,000	100,000	25,000
	<u>6,579,869</u>	<u>2,334,725</u>	<u>3,879,424</u>	<u>5,035,170</u>	<u>2,232,842</u>	<u>2,802,328</u>
GRAND TOTAL	<u>\$ 7,842,158</u>	<u>\$ 2,334,725</u>	<u>\$ 4,625,220</u>	<u>\$ 5,551,663</u>	<u>\$ 2,749,335</u>	<u>\$ 2,802,328</u>

Grant revenue of \$4,654,410 (2019 - \$4,879,113) consists of revenue recognized from deferred contributions of \$4,625,220 (2019 - \$4,907,136) and revenue recognized from unamortized external capital contributions of \$29,190 (2019 - \$36,490) and less donation revenue of nil (2019 - \$64,512).



Policy Wise

for Children & Families

Edmonton

1000, 9925 - 109 Street NW
Edmonton, AB T5K 2J8
T: 780-944-8630
F: 780-944-8637

Calgary

402, 609 - 14 Street NW
Calgary, AB T2N 2A1
T: 587-354-4805
F: 587-354-0558

info@policywise.com • www.policywise.com