

THE BUSINESS LINK BUSINESS SERVICE CENTRE

Financial Statements

For the Year Ended March 31, 2022



INDEPENDENT AUDITORS' REPORT

To the Members of The Business Link Business Service Centre

Opinion

We have audited the financial statements of The Business Link Business Service Centre (the Centre), which comprise the statement of financial position as at March 31, 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, the financial statements present fairly, in all material respects, the financial position of The Business Link Business Service Centre as at March 31, 2022, and the results of its operations and, changes in net financial assets, 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. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of The Business Link Business Service Centre in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

The financial statements for the year ended March 31, 2021 were audited by another auditor who expressed an unmodified opinion on those financial statements on June 10, 2021.

Other Information

Management is responsible for the other information. The other information comprises the information, other than the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information 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. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance 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 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.

(continues)



Independent Auditors' Report to the Members of the Business Link Business Service Centre (*continued*)

In preparing the financial statements, management is responsible for assessing the Centre'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 Centre or to cease operations, or has no realistic alternative but to do so.

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

Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but it 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 accounting standards for not-for-profit organizations, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Centre's internal control.
- Evaluate the appropriateness of accounting policies and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Centre's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Centre to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

METRIX GROUP LLP


Chartered Professional Accountants


Edmonton, Alberta
November 28, 2022

THE BUSINESS LINK BUSINESS SERVICE CENTRE
Statement of Financial Position
As at March 31, 2022

	2022	2021 (Note 11)
ASSETS		
CURRENT		
Cash and cash equivalents (Note 2)	\$ 5,163,371	\$ 3,314,775
Accounts receivable	30,331	94,471
Goods and Services Tax recoverable	76,572	30,804
Prepaid expenses and deposits	22,041	16,309
	5,292,315	3,456,359
TANGIBLE CAPITAL ASSETS (Note 3)	20,385	63,986
	\$ 5,312,700	\$ 3,520,345
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities (Note 4)	\$ 1,542,919	\$ 248,480
Deferred contributions (Note 5)	3,560,216	2,793,379
	5,103,135	3,041,859
NET ASSETS		
Invested in tangible capital assets	20,385	63,986
Unrestricted	189,180	414,500
	209,565	478,486
	\$ 5,312,700	\$ 3,520,345

ON BEHALF OF THE BOARD

DocuSigned by:

 Director

DocuSigned by:

 Director

THE BUSINESS LINK BUSINESS SERVICE CENTRE**Statement of Operations****For the Year Ended March 31, 2022**

	2022	2021 <i>(Note 11)</i>
REVENUE		
Other grants <i>(Note 7) (Schedule I - VIII)</i>	\$ 7,294,368	\$ 851,495
Federal government core funding	901,669	924,669
Provincial government core funding	850,000	850,000
Fees for services and materials	112,989	51,197
Sponsorships	5,238	15,115
Other revenue	4,613	973
	9,168,877	2,693,449
EXPENSES		
Grants paid out - Digital Economy Program	3,765,607	-
Contracted services	2,946,859	113,977
Salaries and benefits	2,138,898	1,942,273
Rent	136,032	139,683
Advertising and promotion	91,313	199,979
Memberships	62,571	58,568
Amortization	50,250	32,611
Office	45,328	11,024
Training	42,893	26,969
Professional fees	42,393	45,488
Telephone and internet	38,123	28,607
Equipment maintenance	32,611	58,316
Website and database support services	24,808	103,707
Insurance	7,978	6,560
Client outreach	4,305	3,516
Travel	3,824	11,737
Bank charges and interest	3,705	1,898
Bad debts	300	-
	9,437,798	2,784,913
DEFICIENCY OF REVENUE OVER EXPENSES BEFORE OTHER REVENUE	(268,921)	(91,464)
Gain on disposal of tangible capital assets	-	(3,550)
DEFICIENCY OF REVENUE OVER EXPENSES	\$ (268,921)	\$ (87,914)

THE BUSINESS LINK BUSINESS SERVICE CENTRE
Statement of Changes in Net Assets
For the Year Ended March 31, 2022

	Invested in Tangible Capital Assets	Unrestricted	2022	2021 (Note 11)
BALANCE, BEGINNING OF YEAR	\$ 63,986	\$ 414,500	\$ 478,486	\$ 566,400
Deficiency of revenue over expenses	-	(268,921)	(268,921)	(87,914)
Amortization of tangible capital assets	(50,250)	50,250	-	-
Purchase of tangible capital assets	6,649	(6,649)	-	-
BALANCE, END OF YEAR	\$ 20,385	\$ 189,180	\$ 209,565	\$ 478,486

THE BUSINESS LINK BUSINESS SERVICE CENTRE**Statement of Cash Flows****For the Year Ended March 31, 2022**

	2022	2021 <i>(Note 11)</i>
OPERATING ACTIVITIES		
Deficiency of revenue over expenses	\$ (268,921)	\$ (87,914)
Items not affecting cash:		
Amortization of tangible capital assets	50,250	32,611
Gain on disposal of tangible capital assets	-	(3,550)
	(218,671)	(58,853)
Change in non-cash working capital		
Accounts receivable	64,140	42,443
Goods and Services Tax recoverable	(45,768)	(19,183)
Prepaid expenses	(5,733)	1,736
Accounts payable and accrued liabilities	1,294,439	59,264
Deferred contributions	766,838	1,871,499
	1,855,245	1,896,906
INVESTING ACTIVITIES		
Purchase of tangible capital assets	(6,649)	(25,404)
Proceeds on disposal of tangible capital assets	-	3,550
	(6,649)	(21,854)
INCREASE IN CASH AND CASH EQUIVALENTS	1,848,596	1,875,052
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	3,314,775	1,439,723
CASH AND CASH EQUIVALENTS, END OF YEAR <i>(Note 2)</i>	\$ 5,163,371	\$ 3,314,775

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

THE BUSINESS LINK BUSINESS SERVICE CENTRE

Notes to Financial Statements

Year Ended March 31, 2022

PURPOSE OF THE ORGANIZATION

The Business Link Business Service Centre (the "Centre") is a not-for-profit company established to provide business information and information-related assistance to entrepreneurs in the Province of Alberta. The Centre has operations in both Calgary and Edmonton.

The Centre was incorporated on November 13, 2001 under the *Alberta Business Corporations Act* as a company limited by guarantee and is exempt from taxes under subsection 149.1 of the *Income Tax Act*, Canada.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Presentation

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

(b) Cash and cash equivalents

Cash and cash equivalents is comprised of items that are readily convertible to known amounts of cash, are subject to an insignificant risk of change in value, and have a maturity of 90 days or less at acquisition. Cash consists of cash on hand, deposits held with Canadian financial institutions less any cheques written in excess of the bank balances.

(c) Tangible Capital Assets

All tangible capital assets with an original cost of greater than \$3,500 and an economic life greater than one year are capitalized. Otherwise, costs are expensed as incurred. Purchased tangible capital assets are recorded at cost. Contributed tangible capital assets are recorded at fair value at the date of the contribution. Amortization is provided over the assets' estimated useful lives, using the following annual rates and methods:

Leasehold improvements	7 years	Straight-line method
Equipment	5 years	Straight-line method
Computer hardware	3 years	Straight-line method
Video equipment	3 years	Straight-line method

The Centre regularly reviews its tangible capital assets to eliminate obsolete items. In the year of acquisition amortization is calculated at the one-half of these rates for all capital assets except leasehold improvements for which amortization is recorded on a monthly basis. No amortization is recorded in the year of disposition.

Tangible capital assets acquired during the year but not placed into use are not amortized until they are placed into use.

(CONT'D)

THE BUSINESS LINK BUSINESS SERVICE CENTRE

Notes to Financial Statements

Year Ended March 31, 2022

1. ACCOUNTING POLICIES (CONT'D)

(d) Revenue Recognition

The Centre follows the deferral method of accounting for contributions. Externally restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Sublease and cost recovery revenue is recognized as the service is provided and costs are incurred, and the amount can be reasonably estimated and collection is reasonably assured.

Fees for services and materials are recognized in the period when rendered and the amount can be reasonably estimated and collection is reasonably assured.

Sponsorships are recognized when the amount can be reasonably estimated and collection is reasonably assured.

Other revenue is recognized when the service is rendered and the amount can be reasonably estimated and collection is reasonably assured.

(e) Contributed Services

Contributions of materials are recognized both as contributions and expenses in the statement of operations when a fair value can be reasonably estimated, the materials are used in the normal course of the Centre's operations, and would otherwise have been purchased.

The Province of Alberta contributes to the operations of the Centre by providing and maintaining call centre services. The fair value of the contributed facilities and services are not readily available and are not reflected in the financial statements.

The work of the Centre is dependent on the voluntary services of many individuals who are experts and industry leaders of specialized subject matters. Since these services are not normally purchased by the Centre and because of the difficulty of determining their fair value, donated services are not recognized in the financial statements.

(CONT'D)

THE BUSINESS LINK BUSINESS SERVICE CENTRE

Notes to Financial Statements

Year Ended March 31, 2022

1. ACCOUNTING POLICIES (CONT'D)

(f) Financial Instruments

i) Measurement

The Centre initially measures its financial assets and liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instruments.

The Centre subsequently measures its financial assets and liabilities at amortized cost, except for marketable securities that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in the statement of operations.

Financial assets measured at amortized cost include cash, short-term investments and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

The Centre has no financial assets measured at fair value.

ii) Impairment

At the end of each reporting period, the Centre assesses whether there are any indications that the financial asset measured at amortized cost may be impaired. Objective evidence of impairment may include breach of a funding contract. When there is an indication of impairment, the Centre determines whether a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial asset. The carrying amount of the asset is reduced to the highest of the present value of the cash flows to be expected to be generated by holding the asset discounted using a current market rate of interest appropriate to the asset and the amount that could be realized by selling the asset at the statement of financial position date.

The carrying amount of the asset is reduced directly or through the use of an allowance account. The amount of the reduction is recognized as an impairment loss in the statement of operations.

When the extent of impairment of a previously written-down asset decreases and the decrease can be related to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed to the extent of the improvement, either directly or by adjusting the allowance account. The amount of the reversal is recognized in the statement of operations in the period the reversal occurs.

(g) Pension Expenses

The Centre's contributions for current and past service benefits are expensed in the year in which they became due.

(h) Allocation of Funding Project Administration Expenses

The Centre incurs various expenses that are related to administering various funding projects. These allocated expenses are based on a consistent basis that aims to estimate the proportion of benefit.

(CONT'D)

THE BUSINESS LINK BUSINESS SERVICE CENTRE**Notes to Financial Statements****Year Ended March 31, 2022****1. ACCOUNTING POLICIES (CONT'D)**

(i) Use of estimates

The financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations. The precise determination of many assets and liabilities is dependent on future events. As a result, the preparation of financial statements for a period involves the use of estimates and approximations which have been made using careful judgment. Actual results could differ from those estimates and approximations. Significant estimates pertain to the physical and economic lives of tangible capital assets, the recoverability of accounts receivable, and the administrative expenses related to various funding projects.

2. CASH AND CASH EQUIVALENTS

	<u>2022</u>	<u>2021</u>
ATB Financial - DEP account	\$ 4,736,379	\$ -
ATB Financial - ERIN account	176,173	1,879,481
ATB Financial - savings account	170,673	313,829
ATB Financial - operating account	80,146	1,121,465
	<u>\$ 5,163,371</u>	<u>\$ 3,314,775</u>

3. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated Amortization	Net Book Value	
			2022	2021
Computer hardware	\$ 44,970	\$ 24,585	\$ 20,385	\$ 27,628
Leasehold improvements	190,020	190,020	-	30,650
Equipment	169,591	169,591	-	5,708
Video equipment	101,541	101,541	-	-
	<u>\$ 506,122</u>	<u>\$ 485,737</u>	<u>\$ 20,385</u>	<u>\$ 63,986</u>

THE BUSINESS LINK BUSINESS SERVICE CENTRE**Notes to Financial Statements****Year Ended March 31, 2022****4. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	2022	2021
Trade	\$ 1,478,509	\$ 166,776
Accrued vacation pay	38,069	35,819
Salaries and benefits	24,685	24,795
Local Authorities Pension Plan	1,656	19,778
Payroll remittances	-	1,312
	\$ 1,542,919	\$ 248,480

5. DEFERRED CONTRIBUTIONS

Deferred contributions are unspent externally restricted funds that are related to expenses to be incurred in a future year. Changes in the deferred contributions balance are as follows:

	2022	2021
Balance, Beginning of Year	\$ 2,793,379	\$ 921,880
Add: Contributions received during the year	9,812,874	2,697,638
Less: Amount recognized as revenue during the year	(9,046,037)	(826,138)
Balance, End of Year	\$ 3,560,216	\$ 2,793,379
The balance is comprised of the following:		
Alberta Digital Economy Program	\$ 3,310,009	\$ -
Edmonton Regional Innovation Networks	95,963	2,067,544
Immigrant Entrepreneur	75,566	10,219
Indigenous Business Development Services	45,345	-
Community Futures Alberta	33,333	50,000
Government of Alberta core funding	-	619,323
Business Improvement Area Edmonton	-	46,293
	\$ 3,560,216	\$ 2,793,379

THE BUSINESS LINK BUSINESS SERVICE CENTRE**Notes to Financial Statements****Year Ended March 31, 2022****6. CONTRACTUAL OBLIGATIONS**

The Centre has an operating lease for its premises requiring payments in the amount of \$5,579 per month, under a lease expiring in October 2023. The minimum annual lease payments for the next two years are as follows:

2023	\$ 66,950
2024	39,054
	<u>\$ 106,004</u>

7. OTHER FUNDING

	<u>2022</u>	2021
Alberta Digital Economy Program (<i>Schedule II</i>)	\$ 6,689,990	\$ -
Indigenous Business Development Services program (<i>Schedule I</i>)	254,505	243,300
Immigrant Entrepreneur (<i>Schedule III</i>)	137,114	96,911
Business Improvement Area Program (<i>Schedule VII</i>)	102,543	28,707
Edmonton Regional Innovation Networks program (<i>Schedule VI</i>)	79,833	24,694
Canada Digital Adoption Program (<i>Schedule IV</i>)	29,407	-
Canada-Alberta Job Grant	976	-
Indigenous Procurement Initiative (<i>Schedule V</i>)	-	82,426
COVID-19 (<i>Schedule VIII</i>)	-	350,000
MB Event and Project Management	-	11,375
Canada Summer Job	-	14,082
	<u>\$ 7,294,368</u>	<u>\$ 851,495</u>

THE BUSINESS LINK BUSINESS SERVICE CENTRE

Notes to Financial Statements

Year Ended March 31, 2022

8. LOCAL AUTHORITIES PENSION PLAN

Employees of the Centre participate in the Local Authorities Pension Plan (LAPP), which is covered by the Public Sector Pension Plans Act. LAPP is financed by employer and employee contributions and investment earnings of the LAPP Fund.

The Centre is required to make current service contributions to LAPP of 8.45% of pensionable earnings up to the Canada Pension Plan year's maximum pensionable earnings and 12.80% for the excess. Employees of the Centre are required to make current service contributions of 7.45% of pensionable earnings up to the year's maximum pensionable earnings and 11.80% on pensionable earnings above this amount.

Total current and past service contributions made by the Centre to LAPP in March 31, 2022 were \$140,560 (2021 - \$121,759). Total current and past service contributions made by the employees of the Centre to the LAPP in March 31, 2022 were \$120,069 (2021 - \$103,411).

At December 31, 2021, LAPP disclosed an actuarial surplus of \$11.92 billion (2020 - \$4.96 billion surplus).

9. FINANCIAL INSTRUMENTS

The following analysis provides information about the Centre's risk exposure and concentration as of March 31, 2022.

(a) Credit Risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Centre is exposed to credit risk from customers. The Centre's primary customers are Federal and Provincial governments which minimizes credit risk.

(b) Liquidity Risk

Liquidity risk is the risk the Centre will encounter difficulties in meeting its financial liability obligations. The Centre is exposed to this risk mainly in respect of its receipt of funds from its customers, funding agencies, and accounts payable. The Centre mitigates this risk by monitoring cash activities and expected outflows through budgeting and maintaining investments that may be converted to cash in the near-term if unexpected cash outflows arise.

There are no significant changes in the risk profile of the financial instruments of the Centre from prior year.

THE BUSINESS LINK BUSINESS SERVICE CENTRE

Notes to Financial Statements

Year Ended March 31, 2022

10. ECONOMIC DEPENDENCE

The Centre is economically dependent on Western Economic Diversification as it receives core funding in the amount of \$901,669 (2021 - \$924,669).

The Centre is economically dependent on Minister of Jobs, Economy and Innovation as it receives core funding in the amount of \$850,000 (2021 - \$850,000).

11. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current year's presentation including the following.

The 2021 financial statement revenues and expenses include amounts arising from the Edmonton Regional Innovation Network (ERIN) agreement with Alberta Innovates. During 2022, the Centre determined it was acting as an agent with respect to the Edmonton Regional Innovation Network (ERIN) agreement and, as such, has reclassified these amounts to report them on a net basis. The impact of this change has been to decrease both other government grant revenue and contracted services expenses by \$1,856,217.
