

THE BUSINESS LINK BUSINESS SERVICE CENTRE

Financial Statements

For the Year Ended March 31, 2024



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, 2024, 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, 2024, 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 Information

Management is responsible for the other information. The other information comprises the information included in the *Annual Report*, but does not include the financial statements and our auditors' report thereon. The *Annual Report* is expected to be made available to us after the date of this auditors' report. 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.

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.

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

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
June 18, 2024

THE BUSINESS LINK BUSINESS SERVICE CENTRE**Statement of Financial Position****As at March 31, 2024**

	2024	2023
ASSETS		
CURRENT		
Cash and cash equivalents (Note 2)	\$ 1,446,026	\$ 7,349,598
Accounts receivable	1,625,540	172,500
Goods and Services Tax recoverable	234,675	167,361
Prepaid expenses and deposits	44,810	11,741
	3,351,051	7,701,200
TANGIBLE CAPITAL ASSETS (Note 3)	3,068	6,492
	\$ 3,354,119	\$ 7,707,692
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities (Note 4)	\$ 631,182	\$ 794,163
Deferred contributions (Note 5)	1,816,462	6,376,064
	2,447,644	7,170,227
NET ASSETS		
Invested in tangible capital assets	3,068	6,492
Unrestricted	903,407	530,973
	906,475	537,465
	\$ 3,354,119	\$ 7,707,692

ON BEHALF OF THE BOARD


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Director

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Director

THE BUSINESS LINK BUSINESS SERVICE CENTRE**Statement of Operations****For the Year Ended March 31, 2024**

	2024	2023
REVENUE		
Other grants <i>(Note 6) (Schedule I - VI)</i>	\$ 9,835,047	\$ 4,629,863
Federal government core funding	901,669	901,669
Provincial government core funding	850,000	850,000
Fees for services and materials	96,085	122,970
Interest	11,810	23,804
Sponsorships	6,500	25,500
	11,701,111	6,553,806
EXPENSES		
Grants paid out	4,754,749	539,207
Contracted services	3,141,960	2,679,058
Salaries and benefits	2,524,660	2,280,893
Advertising and promotion	348,493	155,947
Rent	180,311	145,783
Office	91,702	75,617
Professional fees	61,072	58,750
Travel	55,146	73,078
Memberships	51,814	63,496
Client outreach	33,574	11,755
Equipment maintenance	23,975	37,890
Website and database support services	21,014	31,178
Training	11,383	15,167
Amortization	8,398	13,893
Insurance	8,044	10,210
Bank charges and interest	7,380	3,140
Telephone and internet	6,851	25,358
Bad debts	1,575	5,486
	11,332,101	6,225,906
EXCESS OF REVENUE OVER EXPENSES	\$ 369,010	\$ 327,900

THE BUSINESS LINK BUSINESS SERVICE CENTRE
Statement of Changes in Net Assets
For the Year Ended March 31, 2024

	Invested in Tangible Capital Assets	Unrestricted	2024	2023
BALANCE, BEGINNING OF YEAR	\$ 6,492	\$ 530,973	\$ 537,465	\$ 209,565
Excess of revenue over expenses	-	369,010	369,010	327,900
Amortization of tangible capital assets	(8,398)	8,398	-	-
Purchase of tangible capital assets	4,974	(4,974)	-	-
BALANCE, END OF YEAR	\$ 3,068	\$ 903,407	\$ 906,475	\$ 537,465

THE BUSINESS LINK BUSINESS SERVICE CENTRE**Statement of Cash Flows****For the Year Ended March 31, 2024**

	2024	2023
OPERATING ACTIVITIES		
Excess of revenue over expenses	\$ 369,010	\$ 327,900
Items not affecting cash:		
Amortization of tangible capital assets	8,398	13,893
	377,408	341,793
Change in non-cash working capital		
Accounts receivable	(1,453,040)	(142,169)
Goods and Services Tax recoverable	(67,313)	(90,789)
Prepaid expenses	(33,069)	10,300
Accounts payable and accrued liabilities	(162,982)	(748,756)
Deferred contributions	(4,559,602)	2,815,848
	(5,898,598)	2,186,227
INVESTING ACTIVITIES		
Purchase of tangible capital assets	(4,974)	-
	(4,974)	-
INCREASE IN CASH AND CASH EQUIVALENTS	(5,903,572)	2,186,227
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	7,349,598	5,163,371
CASH AND CASH EQUIVALENTS, END OF YEAR (Note 2)	\$ 1,446,026	\$ 7,349,598

THE BUSINESS LINK BUSINESS SERVICE CENTRE

Notes to Financial Statements

Year Ended March 31, 2024

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, 2024

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, 2024**

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 accounts for the Local Authorities Pension Plan as a defined contribution plan, specifically, employer contributions for current and past service pension benefits are recorded as expenses in the year in which they become due. The Centre does not recognize its share of the pension benefit obligation (*Note 8*).

(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, 2024****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

Cash and cash equivalents includes \$180,051 (2023 - \$6,376,064) of unspent externally restricted grant funding as disclosed in *Note 5*.

3. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated Amortization	Net Book Value	
			2024	2023
Computer hardware	\$ 49,944	\$ 46,876	\$ 3,068	\$ 6,492
Leasehold improvements	190,020	190,020	-	-
Equipment	169,591	169,591	-	-
Video equipment	101,541	101,541	-	-
	<u>\$ 511,096</u>	<u>\$ 508,028</u>	<u>\$ 3,068</u>	<u>\$ 6,492</u>

THE BUSINESS LINK BUSINESS SERVICE CENTRE**Notes to Financial Statements****Year Ended March 31, 2024****4. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	<u>2024</u>	<u>2023</u>
Trade	\$ 508,749	\$ 694,120
Salaries and benefits	121,715	84,072
Local Authorities Pension Plan	718	15,971
	<u>\$ 631,182</u>	<u>\$ 794,163</u>

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:

	<u>2024</u>	<u>2023</u>
Balance, Beginning of Year	\$ 6,376,064	\$ 3,560,216
Add: Contributions received during the year	4,559,018	8,420,631
Less: Amount recognized as revenue during the year	(9,118,620)	(5,604,783)
Balance, End of Year	<u>\$ 1,816,462</u>	<u>\$ 6,376,064</u>
The balance is comprised of the following:		
Alberta Digital Economy Program	\$ 1,653,186	\$ 3,251,020
Immigrant Entrepreneur	109,502	254,225
Indigenous Business Development Services	53,774	192,792
Canada Digital Adoption Program	-	2,236,360
Government of Alberta core funding	-	425,000
Community Futures Alberta	-	16,667
	<u>\$ 1,816,462</u>	<u>\$ 6,376,064</u>

THE BUSINESS LINK BUSINESS SERVICE CENTRE**Notes to Financial Statements****Year Ended March 31, 2024****6. OTHER FUNDING**

	2024	2023
Canada Digital Adoption Program (<i>Schedule IV</i>)	\$ 5,792,018	\$ 3,593,495
Alberta Digital Economy Program (<i>Schedule II</i>)	3,553,083	607,188
Immigrant Entrepreneur (<i>Schedule III</i>)	273,613	190,875
Indigenous Business Development Services program (<i>Schedule I</i>)	216,333	237,800
Canada-Alberta Job Grant	-	507
	\$ 9,835,047	\$ 4,629,865

7. ECONOMIC DEPENDENCE

The Centre is economically dependent on Western Economic Diversification as it receives core funding in the amount of \$901,669 (2023 - \$901,669).

The Centre is economically dependent on Minister of Jobs, Economy and Innovation as it receives core funding in the amount of \$850,000 (2023 - \$850,000).

THE BUSINESS LINK BUSINESS SERVICE CENTRE

Notes to Financial Statements

Year Ended March 31, 2024

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 12.23% 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 11.23% on pensionable earnings above this amount.

Total current and past service contributions made by the Centre to LAPP in March 31, 2024 were \$133,881 (2023 - \$137,137). Total current and past service contributions made by the employees of the Centre to the LAPP in March 31, 2024 were \$118,494 (2023 - \$126,215).

At December 31, 2022, LAPP disclosed an actuarial surplus of \$12.67 billion (2021 - \$11.92 billion surplus).

9. FINANCIAL INSTRUMENTS

The following analysis provides information about the Centre's risk exposure and concentration as of March 31, 2024.

(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**Schedule of Indigenous Business Development Services Revenue and Expenses****For the Year Ended March 31, 2024****Schedule I**

	2024	2023
REVENUE		
Grants	\$ 216,333	\$ 237,800
	216,333	237,800
EXPENSES		
Salaries and benefits	157,446	200,886
Advertising and promotion	17,537	14,905
Rent	17,272	4,220
Memberships	5,092	2,254
Professional fees	4,233	-
Travel	3,788	6,269
Office	3,086	1,118
Equipment maintenance	2,415	1,295
Client outreach	1,743	2,655
Contracted services	1,011	3,358
Insurance	797	-
Training	692	-
Telephone and internet	685	840
Amortization	228	-
Bad debts	157	-
Bank charges and interest	151	-
	216,333	237,800
DEFICIENCY OF REVENUE OVER EXPENSES	\$ -	\$ -

THE BUSINESS LINK BUSINESS SERVICE CENTRE
Schedule of Alberta Digital Economy Program Revenue and Expenses
For the Year Ended March 31, 2024

Schedule II

	<u>2024</u>	<u>2023</u>
REVENUE		
Grants	\$ 3,553,083	\$ 607,188
EXPENSES		
Grants paid out	2,487,382	65,000
Contracted services	547,172	164,008
Salaries and benefits	367,580	285,476
Advertising and promotion	79,809	50,448
Rent	26,671	11,012
Memberships	9,031	2,878
Professional fees	7,955	1,483
Office	5,486	4,485
Training	5,418	4,200
Equipment maintenance	4,390	3,898
Travel	3,390	11,943
Client outreach	2,952	987
Bank charges and interest	2,429	110
Insurance	1,342	-
Telephone and internet	1,304	1,260
Amortization	457	-
Bad debts	315	-
	3,553,083	607,188
EXCESS OF REVENUE OVER EXPENSES	\$ -	\$ -

THE BUSINESS LINK BUSINESS SERVICE CENTRE
Schedule of Immigrant Entrepreneur Revenue and Expenses
For the Year Ended March 31, 2024

Schedule III

	2024	2023
REVENUE		
Grants	\$ 273,613	\$ 190,875
Sponsorships	-	8,000
EXPENSES		
Salaries and benefits	176,255	163,606
Advertising and promotion	26,224	4,251
Rent	25,871	7,404
Client outreach	13,680	2,376
Memberships	7,251	-
Travel	6,667	9,333
Professional fees	3,874	1,039
Equipment maintenance	3,455	861
Office	3,327	-
Contracted services	2,404	9,585
Training	1,226	-
Insurance	1,213	-
Telephone and internet	984	420
Amortization	630	-
Bank charges and interest	316	-
Bad debts	236	-
	273,613	198,875
EXCESS OF REVENUE OVER EXPENSES	\$ -	\$ -

THE BUSINESS LINK BUSINESS SERVICE CENTRE
Schedule of Canada Digital Adoption Program Revenue and Expenses
For the Year Ended March 31, 2024

Schedule IV

	<u>2024</u>	<u>2023</u>
REVENUE		
Grants	\$ 5,792,018	\$ 3,593,495
EXPENSES		
Contracted services	2,575,481	2,474,558
Grants paid out	2,267,367	474,207
Salaries and benefits	737,633	491,661
Advertising and promotion	139,016	29,012
Rent	26,661	12,377
Memberships	10,325	8,312
Travel	10,319	11,861
Professional fees	8,004	2,658
Equipment maintenance	5,938	17,620
Bank charges and interest	3,202	493
Office	2,964	65,012
Client outreach	1,699	1,897
Telephone and internet	1,643	3,701
Insurance	753	-
Amortization	686	-
Training	327	126
	5,792,018	3,593,495
EXCESS OF REVENUE OVER EXPENSES	\$ -	\$ -

THE BUSINESS LINK BUSINESS SERVICE CENTRE
Schedule of Edmonton Regional Innovation Networks Revenue and Expenses
For the Year Ended March 31, 2024

SCHEDULE V

	2024	2023
REVENUE		
Fees for services and materials	\$ -	\$ 4,797
Grants	-	-
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EXPENSES		
Bank charges and interest	-	107
Equipment maintenance	-	36
Salaries and benefits	-	-
Rent	-	-
Professional fees	-	-
Telephone and internet	-	-
Advertising and promotion	-	-
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EXCESS OF REVENUE OVER EXPENSES	\$ -	\$ 4,654
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