



**CATHOLIC KIDS NET INC.**

**FINANCIAL STATEMENTS**

**December 31, 2022**



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## INDEPENDENT AUDITOR'S REPORT

To the Members of Catholic Kids Net Inc.

### *Opinion*

We have audited the accompanying financial statements of Catholic Kids Net Inc., which comprise the statement of financial position as at December 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 Catholic Kids Net Inc. as at December 31, 2022, and the results of its activities 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 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.

### *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 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 to cease operations, or has no realistic alternative but to do so.

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

### *Auditor's 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 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 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.



**Bergeron & Co. Chartered Professional Accountants**

April 18, 2023  
Edmonton, AB





**CATHOLIC KIDS NET INC.**  
**STATEMENT OF OPERATIONS**  
**For the year ended December 31, 2022**

	<u>2022</u>	<u>2021</u>
<b>REVENUE</b>		
Registrations	\$ 181,078	\$ 57,979
Donations	132,682	69,219
Sales	22,719	10,717
Fundraising	2,339	798
Interest	<u>101</u>	<u>35</u>
	<u>338,919</u>	<u>138,748</u>
<b>EXPENSES</b>		
Food	113,720	34,790
Contracted Services	60,296	17,022
Capital Assets, Construction, and Equipment (Note 6)	35,537	5,767
Merchandise Cost	28,592	17,680
Theatrics	14,189	4,829
Activities	13,488	1,376
Volunteer Expenses	12,883	4,728
Professional Services	12,883	5,338
Operations	8,417	2,808
Financial Expenses	7,340	3,239
Office Expenses	6,301	3,984
Regulatory	5,481	5,273
Marketing & Fundraising Expenses	5,042	102
Non refundable GST	2,362	1,087
Formation	2,020	986
Rentals	519	5,542
Bad debts	515	77
Repairs and Maintenance	<u>231</u>	<u>1,597</u>
	<u>329,816</u>	<u>116,225</u>
<b>EXCESS OF REVENUE OVER EXPENSES</b>	<u><u>\$ 9,103</u></u>	<u><u>\$ 22,523</u></u>

**CATHOLIC KIDS NET INC.**  
**STATEMENT OF CHANGES IN NET ASSETS**  
**For the year ended December 31, 2022**

NET ASSETS	<u>Invested in capital assets</u>	<u>Restricted</u> (Note 8)	<u>Unrestricted</u>	<u>Total</u> <u>2022</u>	<u>Total</u> <u>2021</u>
Balance, beginning of year	\$ -	\$ 30,000	\$ 74,854	\$ 104,854	\$ 82,331
Excess of revenues over expenses	-	-	9,103	9,103	22,523
Internally imposed restrictions	<u>-</u>	<u>48,000</u>	<u>(48,000)</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>78,000</u>	<u>35,957</u>	<u>113,957</u>	<u>104,854</u>
<b>Balance, end of year</b>	<b><u>\$ -</u></b>	<b><u>\$ 78,000</u></b>	<b><u>\$ 35,957</u></b>	<b><u>\$ 113,957</u></b>	<b><u>\$ 104,854</u></b>

See accompanying Notes to Financial Statements



**CATHOLIC KIDS NET INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**December 31, 2022**

	ASSETS	
	<u>2022</u>	<u>2021</u>
CURRENT		
Cash and cash equivalents (Note 3)	\$ 90,678	\$ 82,777
Accounts receivable (Note 4)	4,543	608
Inventory (Note 5)	16,693	21,783
Prepaid expenses	4,984	3,615
Goods and Services Tax recoverable	<u>5,243</u>	<u>226</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 122,141</u></b>	<b><u>\$ 109,009</u></b>
	LIABILITIES	
CURRENT		
Accounts payable and accrued liabilities	<u>\$ 8,184</u>	<u>\$ 4,155</u>
<b>TOTAL LIABILITIES</b>	<b><u>8,184</u></b>	<b><u>4,155</u></b>
	NET ASSETS	
Restricted net assets	78,000	30,000
Unrestricted net assets	<u>35,957</u>	<u>74,854</u>
<b>TOTAL NET ASSETS</b>	<b><u>113,957</u></b>	<b><u>104,854</u></b>
<b>TOTAL LIABILITIES &amp; NET ASSETS</b>	<b><u>\$ 122,141</u></b>	<b><u>\$ 109,009</u></b>

Approved on behalf of the Board:

\_\_\_\_\_, Director


\_\_\_\_\_, Director



**CATHOLIC KIDS NET INC.**  
**CASH FLOW STATEMENT**  
**For the year ended December 31, 2022**

	<u>2022</u>	<u>2021</u>
<b>OPERATING ACTIVITIES</b>		
Excess of revenue over expenses	\$ 9,103	\$ 22,523
Add (deduct):		
Net change in non-cash working capital balances related to operations		
Trade receivables	(3,935)	(608)
Inventories	5,091	(6,072)
Prepaid expenses	(1,370)	9,960
Accounts payable and accrued liabilities	4,029	(1,677)
Goods and services tax payable	(5,017)	(919)
Deferred revenues	<u>-</u>	<u>(55)</u>
	<u>7,901</u>	<u>23,152</u>
<b>INCREASE IN CASH AND CASH EQUIVALENTS</b>	7,901	23,152
<b>CASH AND CASH EQUIVALENTS, beginning of year</b>	<u>82,777</u>	<u>59,625</u>
<b>CASH AND CASH EQUIVALENTS, end of year</b>	<u><u>\$ 90,678</u></u>	<u><u>\$ 82,777</u></u>





**CATHOLIC KIDS NET INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2022**

**1. PURPOSE OF THE NOT-FOR-PROFIT ORGANIZATION**

Catholic Kids Net Inc. (the "organization") is a registered charity incorporated under the Canada Not-for-Profit Corporations Act. The organization operates summer camps for youth from 7 years old to 17 years old which help them to learn how to live Christian virtues throughout their life.

The organization is registered as a charity under the Canada Income Tax Act and is exempt from income taxes.

**2. ACCOUNTING POLICIES**

These financial statements were prepared in accordance with Canadian Accounting Standards for Not-for-Profit Organizations and include the following significant accounting policies:

**Cash and cash equivalents**

- a) Cash and cash equivalents include amounts on deposit with financial institutions, bank overdrafts, and term deposits that mature within three months from the date of acquisition.

**Financial instruments**

- b) The organization initially measures its financial assets and financial liabilities at fair value. It subsequently measures all its financial assets and financial liabilities at amortized cost.

Financial assets measured at amortized cost consist of cash and accounts receivable.

Financial liabilities measured at amortized cost consist of accounts payable and accrued liabilities.

**Financial instruments impairment**

- c) Financial assets measured at cost or amortized cost are tested for impairment if there are indications of possible impairment. The amount of the write-down is recognized in the statement of operations. A previously recognized impairment loss may be reversed to the extent of the improvement, either 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 loss not been recognized previously. The amount of the reversal is recognized in the statement of operations.

**Tangible capital assets of a small NPO**

- d) In accordance with Canadian Accounting Standards for Not-for-Profit Organizations, Catholic Kids Net Inc. qualifies as a small organization as defined in the *CICA Handbook* for purposes of reporting capital assets. Accordingly, the organization has opted to report tangible capital assets as expenses in the year they are purchased. Proceeds from the disposition of tangible capital assets are reported as revenue in the year they are sold. No amortization is recorded, nor are the tangible capital assets reported on the statement of financial position.

**Inventory measurement**

- e) Inventory is measured at the lower of cost (determined by using the first-in, first-out method) and net realizable value (determined by using the replacement value).

**CATHOLIC KIDS NET INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2022**

**Revenue recognition**

f) Catholic Kids Net Inc. follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when they are received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Registrations are recognized as revenue when the camp occurs. Merchandise sales are recognized as income once the item has been purchased and the rights or benefits of the item have been transferred to the buyer.

**Contributed materials and services**

g) Volunteers contribute many hours per year to assist the organization in carrying out its service delivery activities. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements. Contributed materials are recognized at their fair value in the statement of operations.

**3. RESTRICTED CASH**

	<u>2022</u>	<u>2021</u>
Unrestricted cash	\$ 12,678	\$ 52,777
<b>Restricted cash</b>		
Internally restricted cash - Restricted Net Assets	<u>78,000</u>	<u>30,000</u>
Total Cash	<u>\$ 90,678</u>	<u>\$ 82,777</u>

**4. ACCOUNTS RECEIVABLE**

	<u>2022</u>	<u>2021</u>
Trade receivables	<u>\$ 4,543</u>	<u>\$ 608</u>

**5. INVENTORIES**

Inventories include \$12,923 (2021 - \$14,363) of merchandise for Captivenia and \$3,770 (2021 - \$7,420) of merchandise for Arcatheos carried at net realizable value.

**6. CAPITAL ASSETS**

Capital asset purchases of \$26,403 (2021 - \$2,604) were charged to expense during the year. Tangible capital assets owned by the organization consist of Camp equipment.

**CATHOLIC KIDS NET INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2022**

**7. FINANCIAL INSTRUMENTS**

The organization is exposed to various risks through its financial instruments. The significant risks are detailed below.

The organization is exposed to credit risk with respect to accounts receivable and Goods and Services Tax recoverable.

The organization is exposed to liquidity risk with respect to its accounts payable and accrued liabilities.

**8. INTERNALLY RESTRICTED NET ASSETS**

Reserves:	<u>Capital</u>	<u>Operating</u>
Beginning balance	\$ 30,000	\$ -
Board transfers from Unrestricted Net Assets	-	74,000
Board-approved use of funds	<u>(26,000)</u>	<u>-</u>
Ending balance	<u>\$ 4,000</u>	<u>\$ 74,000</u>

**9. COMPARATIVE INFORMATION**

Certain comparative amounts have been reclassified to conform with the current year classifications of operating expenses.