

COMPANY NAME

FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023
AND
INDEPENDENT AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT

To the Members of **COMPANY NAME**:

Qualified Opinion

We have audited the financial statements of **COMPANY NAME** (the Entity), which consist of the statement of financial position at March 31, 2023 and statements of changes in net assets, operations and of cash flows for the year then ended, and notes to the financial statements including a summary of significant accounting policies.

In our opinion, except for the effects of the matters described in the Basis for Qualified Opinion paragraph, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at March 31, 2023, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

In common with many charitable organizations, the COMPANY derives revenue from donations and fundraising events, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of this revenue was limited to the amounts recorded in the records of the Society and we were not able to determine whether any adjustment might be necessary to revenue, excess of revenue, assets and net assets.

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 qualified 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 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Edmonton, Alberta
June 14, 2023


Chartered Professional Accountants

COMPANY NAME
STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2023

	<u>2023</u>	<u>2022</u>
<u>ASSETS</u>		
CURRENT ASSETS:		
Cash.....	\$ 471,037	\$1,073,884
Accounts receivable	215,558	61,418
Prepaid expenses.....	<u>18,811</u>	<u>23,854</u>
Total current assets	705,406	1,159,156
INTERNALLY RESTRICTED CASH AND INVESTMENTS (Note 3).....	2,416,753	2,487,008
TANGIBLE CAPITAL ASSETS (Note 4).....	<u>1,877,733</u>	<u>1,991,651</u>
TOTAL.....	<u>\$4,999,892</u>	<u>\$5,637,815</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:		
Accounts payable and accrued liabilities - including government remittances of \$43,080 (2022 - \$61,325).....	\$ 355,288	\$ 529,463
Deferred revenue (Note 6)	563,299	253,061
Obligation under capital lease	<u>-</u>	<u>27,333</u>
Total current liabilities.....	<u>918,587</u>	<u>809,857</u>
DEFERRED CAPITAL CONTRIBUTIONS (Note 7)	<u>1,087,058</u>	<u>1,190,697</u>
NET ASSETS:		
Invested in tangible capital assets.....	790,675	773,621
Internally restricted (Note 8)	2,416,753	2,487,008
Unrestricted.....	<u>(213,181)</u>	<u>376,632</u>
Total net assets	<u>2,994,247</u>	<u>3,637,261</u>
TOTAL.....	<u>\$4,999,892</u>	<u>\$5,637,815</u>

Approved by the Board:

.....Director

.....Director

COMPANY NAME
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED MARCH 31, 2023

	Invested In Tangible <u>Capital Assets</u>	Internally Restricted <u>(Note 8)</u>	<u>Unrestricted</u>	<u>Total</u>	
				<u>2023</u>	<u>2022</u>
Balance at beginning of the year.....	\$773,621	\$2,487,008	\$ 376,632	\$3,637,261	\$2,726,575
Excess of revenue (expenses) for the year.....	(86,771)	(70,255)	(485,988)	(643,014)	910,686
Deferred capital contributions	(41,870)	-	41,870	-	-
Purchase of tangible capital assets.....	118,362	-	(118,362)	-	-
Repayment of obligation under capital lease.....	<u>27,333</u>	<u>-</u>	<u>(27,333)</u>	<u>-</u>	<u>-</u>
Balance at end of the year	<u>\$790,675</u>	<u>\$2,416,753</u>	<u>\$(213,181)</u>	<u>\$2,994,247</u>	<u>\$3,637,261</u>

COMPANY NAME
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 2023

	<u>2023</u>	<u>2022</u>
REVENUE:		
Unrestricted revenue:		
Donations	\$1,380,810	\$1,449,446
Special fundraising events - external (net)	445,784	135,883
Investment income (loss)	(69,993)	208,908
United way - preferred giving	45,234	58,835
Other	<u>4,183</u>	<u>25,739</u>
Total unrestricted revenue.....	<u>1,806,018</u>	<u>1,878,811</u>
Restricted revenue:		
Government subsidies	1,010,585	987,472
Casino and raffle	67,671	95,185
Donations	21,282	42,998
Government grants - federal	354,712	2,034,792
- provincial	51,833	62,167
- municipal	156,341	130,000
Grants - foundations and other.....	1,838,761	1,924,639
United Way - general allocation	150,000	170,734
Amortization of deferred capital contributions (Note 7).....	<u>145,509</u>	<u>158,298</u>
Total restricted revenue.....	<u>3,796,694</u>	<u>5,606,285</u>
Total revenue	<u>5,602,712</u>	<u>7,485,096</u>
EXPENSES:		
Wages and benefits	4,656,494	5,136,109
Direct client	322,431	1,007,443
Facility	351,985	364,438
Administrative	633,606	550,567
Fundraising	48,930	78,620
Amortization	<u>232,280</u>	<u>239,452</u>
Total expenses	<u>6,245,726</u>	<u>7,376,629</u>
EXCESS OF REVENUE (EXPENSES) BEFORE THE UNDERNOTED	(643,014)	108,467
CANADA EMERGENCY WAGE SUBSIDY.....	<u>-</u>	<u>802,219</u>
EXCESS OF REVENUE (EXPENSES) FOR THE YEAR	<u>\$ (643,014)</u>	<u>\$ 910,686</u>

COMPANY NAME
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2023

	<u>2023</u>	<u>2022</u>
OPERATING ACTIVITIES:		
Cash from (used in) operations:		
Excess of revenue (expenses) for the year	\$ (643,014)	\$ 910,686
Items not involving cash for operations:		
Amortization	232,280	239,452
Amortization of deferred capital contributions	<u>(145,509)</u>	<u>(158,298)</u>
	(556,243)	991,840
Increase (decrease) in non-cash working capital		
balances related to operations:		
Accounts receivable	(154,140)	4,680
Prepaid expenses.....	5,043	(5,874)
Accounts payable and accrued liabilities.....	(174,175)	137,823
Deferred revenue	310,238	(1,045,617)
Deferred capital contributions.....	<u>41,870</u>	<u>130,084</u>
Net cash from (used in) operating activities.....	<u>(527,407)</u>	<u>212,936</u>
FINANCING ACTIVITY - repayment of obligation under		
capital lease	<u>(27,333)</u>	<u>(35,948)</u>
INVESTING ACTIVITIES:		
Decrease (increase) in internally restricted cash and		
investments	70,255	(676,956)
Purchase of tangible capital assets	<u>(118,362)</u>	<u>(171,413)</u>
Net cash used in investing activities.....	<u>(48,107)</u>	<u>(848,369)</u>
DECREASE IN CASH FOR THE YEAR.....	(602,847)	(671,381)
CASH AT BEGINNING OF THE YEAR.....	<u>1,073,884</u>	<u>1,745,265</u>
CASH AT END OF THE YEAR	<u>\$ 471,037</u>	<u>\$ 1,073,884</u>

COMPANY NAME
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2023

1. PURPOSE OF SOCIETY:

STATE COMPANY BACKGROUND.....

2. ACCOUNTING POLICIES:

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations. Significant accounting policies are as follows:

Revenue recognition:

Grants and donations are included in revenue in the year in which they are received or become receivable, with the exception that amounts received to fund specific expenditures are included in revenue in the year the funds are expended.

Proceeds from casinos and raffles are included in revenue as expenditures are incurred for the objectives specified in the license.

Revenue from all other sources is included in revenue in the year in which it is received or becomes receivable.

Donations of services:

The work of the Society is dependent on the voluntary service of many individuals. Since these services are not normally purchased by the Society and because of the difficulty in determining their fair value, donated services are not recognized in these financial statements.

Donations of materials:

The Society receives many donations of goods such as food and supplies from many individuals and organizations. Since these items are not normally purchased by the Society and because of the difficulty in determining their fair value, donated goods are not recognized in these financial statements.

COMPANY NAME
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2023

2. ACCOUNTING POLICIES (continued):

Donation of tangible capital assets:

Tangible capital assets donated to the Society are recorded at its estimated fair value at the time of the donation.

Investments:

Investments are recorded at fair market value.

Tangible capital assets:

Tangible capital assets are stated at cost. Amortization is provided at the following annual rates:

Buildings.....	5% declining-balance
Computer equipment.....	30% declining-balance
Computer software.....	30% straight-line
Office equipment and furniture.....	20% declining-balance
Kitchen equipment.....	20% declining-balance
Automotive equipment.....	30% declining-balance
Leasehold improvements.....	5% straight-line

Equipment under capital lease:

The COMPANY leases certain equipment. All leases are reviewed by the COMPANY to determine whether the lease represents the acquisition of an asset and the incurrence of a liability. Leases with such characteristics are recorded as the purchase of an asset by the Society and the related liability is included under the caption "Obligation under capital lease". The assets are being amortized at the same rates as similar equipment.

Financial instruments:

The Society initially measures its financial assets and liabilities at fair value.

The Society subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair market value. Changes in fair value are recognized in net income.

The Society's financial instruments measured at amortized cost consists of cash, accounts receivable and accounts payable and accrued liabilities.

COMPANY NAME
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2023

2. ACCOUNTING POLICIES (continued):

Financial instruments (continued):

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. Any 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 of impairment recognized previously. The amount of the reversal is recognized in net income.

Cash and cash equivalents:

Cash and cash equivalents consist of balances with banks and short-term investments that can be converted readily to cash.

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 and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. These estimates are reviewed annually and adjustments are made to income as appropriate in the year they become known.

3. INTERNALLY RESTRICTED CASH AND INVESTMENTS:

The Society maintains certain cash and investments in segregated accounts. These accounts have been established to segregate funds designated by the Board for internally restricted purposes as outlined in Note 8.

The details of the internally restricted cash and investments held in segregated accounts are as follows:

	<u>2023</u>	<u>2022</u>
Endowment Fund:		
Marketable securities	\$1,513,460	\$1,566,413
Cash in broker account	<u>21,167</u>	<u>12,664</u>
Subtotal	<u>\$1,534,627</u>	<u>\$1,579,077</u>

COMPANY NAME
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2023

3. INTERNALLY RESTRICTED CASH AND INVESTMENTS (continued):

	<u>2023</u>	<u>2022</u>
Balance forward	<u>\$1,534,627</u>	<u>\$1,579,077</u>
Capital Fund:		
Bonds.....	96,928	99,672
Marketable securities	249,126	254,315
Cash in broker account	<u>4,795</u>	<u>7,509</u>
	<u>350,849</u>	<u>361,496</u>
Contingency Fund:		
Bonds.....	137,797	142,143
Marketable securities	382,653	389,902
Cash in broker account	<u>10,827</u>	<u>14,390</u>
	<u>531,277</u>	<u>546,435</u>
TOTAL.....	<u>\$2,416,753</u>	<u>\$2,487,008</u>

4. TANGIBLE CAPITAL ASSETS:

The major categories of tangible capital assets and related accumulated amortization are as follows:

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	
			<u>2023</u>	<u>2022</u>
Building - main	\$1,783,189	\$1,080,021	\$ 703,168	\$ 705,394
- Place.....	246,792	153,725	93,067	77,632
Computer equipment	463,832	384,756	79,076	65,697
Computer software.....	2,978	2,978	-	-
Office equipment and furniture.....	655,793	492,731	163,062	194,394
Kitchen equipment	173,461	140,403	33,058	39,296
Automotive equipment	178,329	168,976	9,353	13,361
Equipment under capital lease..	136,389	95,117	41,272	47,938
Leasehold improvements.....	<u>1,859,486</u>	<u>1,305,699</u>	<u>553,787</u>	<u>646,049</u>
	5,500,249	3,824,406	1,675,843	1,789,761
Land.....	<u>201,890</u>	<u>-</u>	<u>201,890</u>	<u>201,890</u>
	<u>\$5,702,139</u>	<u>\$3,824,406</u>	<u>\$1,877,733</u>	<u>\$1,991,651</u>

COMPANY NAME
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2023

5. BANK INDEBTEDNESS:

The Agency has negotiated a bank line of credit in the amount of \$600,000 which bears interest at the bank prime rate plus 0.5% per annum. The line of credit is secured by a general security agreement over all assets of the Agency a mortgage over the buildings owned by the Agency and an assignment of insurance. The balance on the bank line of credit at March 31, 2023 was NIL (2022 - NIL).

Among other provisions, the Agency's banking agreement requires the maintenance of certain covenants, as defined by the agreement, including a minimum tangible net worth of \$900,000. The banking agreement is subject to an annual review and may be revised by mutual agreement of both parties.

6. DEFERRED REVENUE:

Deferred revenue represents amounts received for which the specific expenditures have not been incurred. The amounts will be recognized as revenue when the specific expenditures are incurred.

Details of deferred revenue are as follows:

	<u>2023</u>	<u>2022</u>
Casino.....	\$ 49,804	\$ 5,891
Donations and other.....	1,148	6,000
Grants - government.....	411,959	33,423
- foundations	<u>100,388</u>	<u>207,747</u>
	<u>\$563,299</u>	<u>\$253,061</u>

The deferred balance of casino proceeds is held by the COMPANY in a segregated bank account.

7. DEFERRED CAPITAL CONTRIBUTIONS:

Deferred capital contributions represent externally restricted contributions which have been utilized to purchase or develop tangible capital assets. The deferred capital contributions are recognized as revenue on the same basis as related tangible capital assets are being amortized.

COMPANY NAME
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2023

8. NET ASSETS - INTERNALLY RESTRICTED:

The COMPANY has established three internally restricted funds. The specific details of the funds are as follows:

Endowment Fund:

This fund was established to support the Company's long-term financial sustainability. All fund earnings will either be reinvested into the fund or disbursed to the Agency to support operating expenses.

Capital Fund:

This fund was established to maintain, improve or expand the COMPANY'S facilities. This fund will be used for capital replacement, acquisition, or renovation, as approved in the COMPANY's budget.

Contingency Fund:

This fund was established to support the COMPANY's short-term financial sustainability. Funds contributed are from the COMPANY's own fundraising efforts or from donations. All fund earnings will be either reinvested into the fund, disbursed to the COMPANY's Endowment Fund or disbursed to the COMPANY to support operating expenses.

9. FINANCIAL INSTRUMENTS:

The Society is exposed to risk on certain financial instruments as follows:

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. The COMPANY is mainly exposed to other price risk.

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 COMPANY is exposed to other price risk through its investment in bonds and marketable securities.

COMPANY NAME
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2023

9. FINANCIAL INSTRUMENTS (continued):

Liquidity risk:

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Agency is exposed to this risk mainly in respect of its accounts payable and accrued liabilities.