

SOUTH EAST EDMONTON SENIORS ASSOCIATION
Financial Statements
Year Ended December 31, 2022

SOUTH EAST EDMONTON SENIORS ASSOCIATION
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Year Ended December 31, 2022

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INDEPENDENT AUDITOR'S REPORT

To the Members of South East Edmonton Seniors Association

Qualified Opinion

We have audited the financial statements of South East Edmonton Seniors Association (the Association), which comprise the statement of financial position as at December 31, 2022, and the statements of revenues and expenditures, 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, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Association as at December 31, 2022, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

Basis for Qualified Opinion

In common with many charitable organizations, the Association derives revenue from member services, donations and fundraising events, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of this revenue was limited to the amounts recorded in the records of the Association and we were not able to determine whether any adjustments might be necessary to contributions, excess of revenues over (under) expenses, and cash flows from operations for the year ended December 31, 2022, current assets and net assets at December 31, 2022. Our audit opinion on the financial statements for the year ended December 31, 2021 was modified accordingly because of the possible effects of this limitation of scope.

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 Association in accordance with 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 audit 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 ASNPO, 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 Association'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 Association or to cease operations, or has no realistic alternative but to do so.

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

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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 Association'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 Association'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 Association 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.

Edmonton, Alberta
March 8, 2023

HLH LLP
Chartered Professional Accountants

SOUTH EAST EDMONTON SENIORS ASSOCIATION

Statement of Revenues and Expenditures

Year Ended December 31, 2022

	2022	2021
REVENUE		
RESTRICTED REVENUE		
Casino (Note 8)	\$ 6,012	\$ 51,026
Grants (Notes 3, 8)	356,651	406,160
	<u>362,663</u>	<u>457,186</u>
UNRESTRICTED REVENUE		
Building rental	9,414	2,940
Donations	16,857	49,943
Food and beverage	27,618	10,598
Fundraising	63,452	19,548
Interest	1,035	930
Membership fees	30,162	27,264
Program	117,966	97,988
	<u>266,504</u>	<u>209,211</u>
	<u>629,167</u>	<u>666,397</u>
EXPENSES		
Advertising and promotion	1,567	1,835
Board	209	1,177
Business licenses	849	3,712
Consulting fees	910	32,998
Fundraising	3,435	-
Insurance	10,683	9,728
Interest and bank charges	7,516	4,918
Kitchen purchases and supplies	16,593	13,005
Membership services	91,648	48,979
Non-recoverable goods and services tax	4,756	4,684
Office	38,917	44,523
Professional fees	22,134	24,185
Repairs and maintenance	19,171	10,404
Salaries, wages and benefits	230,221	272,992
Sub-contracts	80,652	84,715
Utilities and telephone	39,964	37,359
	<u>569,225</u>	<u>595,214</u>
EXCESS OF REVENUE OVER EXPENSES FROM OPERATIONS	<u>59,942</u>	<u>71,183</u>
OTHER INCOME (EXPENSES)		
Amortization of tangible capital assets	(15,159)	(7,518)
Wage subsidies (Note 3)	35,510	63,926
	<u>20,351</u>	<u>56,408</u>
EXCESS OF REVENUE OVER EXPENSES	<u>\$ 80,293</u>	<u>\$ 127,591</u>

SOUTH EAST EDMONTON SENIORS ASSOCIATION

Statement of Changes in Net Assets

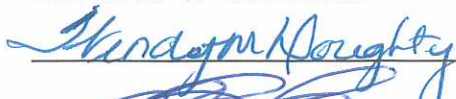

Year Ended December 31, 2022

	2021 Balance	Excess of revenue over expenses	Tangible capital assets purchases	Amortization of tangible capital assets	2022 Balance
Unrestricted net assets	\$ 361,793	\$ 80,293	\$ (32,446)	\$ 15,159	\$ 424,799
Invested in tangible capital assets	32,211	-	32,446	(15,159)	49,498
	<u>\$ 394,004</u>	<u>\$ 80,293</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 474,297</u>
	2020 Balance	Excess of revenue over expenses	Tangible capital assets purchases	Amortization of tangible capital assets	2021 Balance
Unrestricted net assets	\$ 254,866	\$ 127,591	\$ (28,182)	\$ 7,518	\$ 361,793
Invested in tangible capital assets	11,547	-	28,182	(7,518)	32,211
	<u>\$ 266,413</u>	<u>\$ 127,591</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 394,004</u>

SOUTH EAST EDMONTON SENIORS ASSOCIATION
Statement of Financial Position
December 31, 2022

	2022	2021
ASSETS		
CURRENT		
Cash (Note 8)	\$ 326,665	\$ 243,800
Term deposits (Note 4)	207,660	206,761
Accounts receivable	-	718
Goods and services tax recoverable	12,679	7,812
Prepaid expenses	6,517	6,213
	<u>553,521</u>	465,304
TANGIBLE CAPITAL ASSETS (Note 5)	<u>49,498</u>	32,211
	<u>\$ 603,019</u>	<u>\$ 497,515</u>
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities (Notes 6, 7)	\$ 51,367	\$ 59,156
Deferred revenue (Note 8)	77,355	44,355
	<u>128,722</u>	103,511
NET ASSETS		
Unrestricted	424,799	361,793
Invested in tangible capital assets	49,498	32,211
	<u>474,297</u>	394,004
	<u>\$ 603,019</u>	<u>\$ 497,515</u>
LEASE COMMITMENT (Note 9)		

ON BEHALF OF THE BOARD

 Director
 Director

SOUTH EAST EDMONTON SENIORS ASSOCIATION**Statement of Cash Flows
Year Ended December 31, 2022**

	2022	2021
OPERATING ACTIVITIES		
Excess of revenue over expenses	\$ 80,293	\$ 127,591
Item not affecting cash:		
Amortization of tangible capital assets	15,159	7,518
	<u>95,452</u>	<u>135,109</u>
Changes in non-cash working capital:		
Accounts receivable	719	27,862
Goods and services tax recoverable	(4,867)	(4,683)
Prepaid expenses	(304)	(3)
Accounts payable and accrued liabilities	(7,790)	13,636
Deferred revenue	33,000	(93,651)
	<u>20,758</u>	<u>(56,839)</u>
Cash flow from operating activities	<u>116,210</u>	<u>78,270</u>
INVESTING ACTIVITIES		
Purchase of tangible capital assets	(32,446)	(28,182)
Term deposits	(899)	(814)
Cash flow used by investing activities	<u>(33,345)</u>	<u>(28,996)</u>
INCREASE IN CASH FLOW	82,865	49,274
Cash - beginning of year	<u>243,800</u>	<u>194,526</u>
CASH - END OF YEAR	\$ 326,665	\$ 243,800

SOUTH EAST EDMONTON SENIORS ASSOCIATION

Notes to Financial Statements

Year Ended December 31, 2022

1. PURPOSE OF THE ASSOCIATION

South East Edmonton Seniors Association (the "Association") is a not-for-profit organization that provides programs and services to seniors in South East Edmonton to enhance their quality of life.

The Association is incorporated under the Societies Act of the Province of Alberta. The Association is a registered charity under the Income Tax Act and is exempt from income tax.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPO).

Government grants

Government grants are recorded when there is a reasonable assurance that the Association had complied with, and will continue to comply with, all the necessary conditions to obtain the grants.

Government assistance

Government assistance for acquiring related to expenses is recorded as deferred government assistance and is amortized on the same basis and according to income as eligible expenditures are incurred. Government assistance for current expenses is recorded as a reduction of the related expenditures.

Revenue recognition

The Association follows the deferral method for accounting for contributions.

Restricted contributions (including casino proceeds) are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions (donations) are recognized when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Amounts received from grants which must be expensed for specific purposes are recognized as revenue to the extent of the related expenses incurred.

Revenue from membership fees are recognized as revenue in the period the membership fees relate.

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

Revenue from interest on term deposits is recognized when earned.

Donation of services and materials

The operations of the Association depend on both the contribution of time by volunteers and donated materials from various sources. The fair value of donated materials and services cannot be reasonably determined and is therefore not reflected in these financial statements.

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SOUTH EAST EDMONTON SENIORS ASSOCIATION

Notes to Financial Statements

Year Ended December 31, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Goods and services tax

Contributed materials and services are recoverable at 50% as a rebate. The unrecoverable portion is recorded as an expense with the rebate treated as a receivable.

Net assets

Unrestricted net assets comprise the excess of revenue over expenses accumulated by the Association each year, not of transfers, and are available for general purposes.

Net assets invested in tangible capital assets represents the Association's net investment in equipment which is comprised of the unamortized amount of equipment purchased with restricted funds.

Cash and cash equivalents

Cash and cash equivalents are comprised of cash held in financial institutions and petty cash.

Term deposits

Term deposits are carried at amortized cost except when it is established that their value is impaired. Impairment losses, or reversal of previously recognized impairment losses, are reported in the statement of revenues and expenditures. Interest income on the term deposits is recorded on an accrual basis in the period it is earned.

Tangible capital assets

Tangible capital assets are stated at cost or deemed cost less accumulated amortization and are amortized over their estimated useful lives at the following rates and methods:

Computer equipment	55%	declining balance method
Equipment	20%	declining balance method
Leasehold improvements	5 years	straight-line method
Website development	30%	declining balance method

The Association regularly reviews its tangible capital assets to eliminate obsolete items. Government grants are treated as a reduction of tangible capital assets cost.

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

Financial instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed in the year in which they are incurred.

Financial instruments measured at amortized cost consists of cash, term deposits, accounts receivable, goods and services tax recoverable and accounts payable and accrued liabilities.

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SOUTH EAST EDMONTON SENIORS ASSOCIATION

Notes to Financial Statements

Year Ended December 31, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Measurement uncertainty

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 amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

3. GOVERNMENT GRANT AND ASSISTANCE

The Association has received \$362,295 (2021 - \$370,260) in government assistance to fund operations. This assistance has been recorded in grant revenue.

The Association has received \$24,134 (2021 - \$18,490) in government assistance to fund operations. This assistance has been deferred until the funds are required for operations and approved for spending.

The Association has received the Canada Emergency Wage Subsidy (CEWS) from the Government of Canada totalling \$29,445 (2021 - \$57,832) to subsidize non-funded employee wages. This grant has been recognized as other income.

The Association has received \$6,065 (2021 - \$6,094) from the Government of Alberta to subsidize non-funded employee wages. This grant has been recognized as other income.

4. TERM DEPOSITS

Two term deposits bear interest at 2.90% (2021 - 0.35%) and mature in March 2023 (2021 - March 2022).

Two term deposits bear interest at 2.80% (2021 - 0.35%) and mature in June 2023 (2021 - March 2022).

5. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated amortization	2022 Net book value	2021 Net book value
Computer equipment	\$ 27,512	\$ 13,226	\$ 14,286	\$ 4,208
Equipment	25,426	6,822	18,604	5,983
Leasehold improvements	17,050	5,115	11,935	15,345
Website development	7,853	3,180	4,673	6,675
	<u>\$ 77,841</u>	<u>\$ 28,343</u>	<u>\$ 49,498</u>	<u>\$ 32,211</u>

SOUTH EAST EDMONTON SENIORS ASSOCIATION

Notes to Financial Statements

Year Ended December 31, 2022

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2022	2021
Trade payable and accrued liabilities	\$ 42,237	\$ 51,777
Government remittance payable	4,988	7,379
	<u>\$ 47,225</u>	<u>\$ 59,156</u>

7. CREDIT FACILITY

The Association has a Servus Credit Union corporate credit card with a maximum limit of \$10,000 (2021 - \$10,000) of which \$2,326 (2021 - \$867) was drawn at December 31, 2022. This balance is included in accounts payable and accrued liabilities. This credit card bears interest at 16.99% (2021 - 16.99%) on overdue balances. This credit card is secured by all present and after-acquired property of the Association.

8. DEFERRED REVENUE

	2022	2021
Grants		
Grants at the beginning of the year	\$ 18,490	\$ 54,390
Add: grants received	362,295	370,260
Less: approved expenditures made during the year	(356,651)	(406,160)
Total grants	<u>24,134</u>	<u>18,490</u>
Casino		
Deferred casino revenue at the beginning of the year	2,863	50,321
Add: casino and gaming proceeds	11,907	3,568
Less: approved expenditures made during the year	(6,012)	(51,026)
Total casino	<u>8,758</u>	<u>2,863</u>
Donations		
Donations at the beginning of the year	-	10,445
Less: approved expenditures made during the year	-	(10,445)
Total donations	<u>-</u>	<u>-</u>
Membership fees and services		
Membership fees and services at the beginning of the year	23,002	22,850
Add: membership fees and services	169,589	125,404
Less: approved expenditures made during the year	(148,128)	(125,252)
Total membership fees and services	<u>44,463</u>	<u>23,002</u>
	<u>\$ 77,355</u>	<u>\$ 44,355</u>

Under the terms of the casino licenses granted by Alberta Gaming, Liquor and Cannabis, any deferred casino revenue is held in a segregated bank account.

SOUTH EAST EDMONTON SENIORS ASSOCIATION

Notes to Financial Statements

Year Ended December 31, 2022

9. LEASE COMMITMENT

The Association operates from premises that are owned by the City of Edmonton and are leased under a lease agreement which expires December 31, 2026. The Association has a minimum lease requirement of \$1 per year plus insurance premiums on the premises for the year. The insurance premium expense for 2022 was \$4,142 (2021 - \$3,945).

10. ECONOMIC DEPENDENCE

The Association receives a annual operating grants from Municipal and Provincial funding agencies. These grants represent a significant portion of the Association's net revenue. The ability of the association to continue operations in the future in a manner similar to present operations is dependent on the receipt of these grants.

11. FINANCIAL INSTRUMENTS

The Association is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Association's risk exposure and concentration as of December 31, 2022:

(a) Liquidity risk

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