

**SOUTH EAST EDMONTON SENIORS ASSOCIATION**  
**Financial Statements**  
**Year Ended December 31, 2023**

**SOUTH EAST EDMONTON SENIORS ASSOCIATION**  
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**Year Ended December 31, 2023**

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## INDEPENDENT AUDITOR'S REPORT

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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, 2023, 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, 2023, 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, 2023, current assets and net assets at December 31, 2023. Our audit opinion on the financial statements for the year ended December 31, 2022 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  
February 28, 2024

  
HLH LLP  
Chartered Professional Accountants

**SOUTH EAST EDMONTON SENIORS ASSOCIATION**  
**Statement of Revenues and Expenditures**  
**Year Ended December 31, 2023**

	2023	2022
<b>REVENUE</b>		
<b>RESTRICTED REVENUE</b>		
Casino (Note 8)	\$ 29,905	\$ 6,012
Grants (Notes 3, 8)	187,603	356,651
	<u>217,508</u>	<u>362,663</u>
<b>UNRESTRICTED REVENUE</b>		
Building rental	7,119	9,414
Donations	23,256	16,857
Food and beverage	58,896	27,618
Fundraising	75,045	63,452
Interest	14,118	1,035
Membership fees	29,660	30,162
Program	189,056	117,966
	<u>397,150</u>	<u>266,504</u>
	<u>614,658</u>	<u>629,167</u>
<b>EXPENSES</b>		
Salaries, wages and benefits	300,174	230,221
Membership services	92,052	91,648
Utilities and telephone	49,139	39,964
Sub-contracts	40,708	80,652
Kitchen purchases and supplies	36,176	16,593
Office	28,235	38,917
Repairs and maintenance	23,546	19,171
Professional fees	23,358	22,134
Interest and bank charges	8,090	7,516
Insurance	7,509	10,683
Non-recoverable goods and services tax	5,375	4,756
Property taxes	1,551	-
Business licenses	386	849
Advertising and promotion	200	1,567
Board	87	209
Consulting fees	-	910
Fundraising	-	3,435
	<u>616,586</u>	<u>569,225</u>
<b>EXCESS OF REVENUE OVER EXPENSES FROM OPERATIONS</b>	<u>(1,928)</u>	<u>59,942</u>
<b>OTHER INCOME (EXPENSES)</b>		
Amortization of tangible capital assets	(19,237)	(15,159)
Wage subsidies (Note 3)	5,367	35,510
	<u>(13,870)</u>	<u>20,351</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES</b>	<u>\$ (15,798)</u>	<u>\$ 80,293</u>


**SOUTH EAST EDMONTON SENIORS ASSOCIATION**  
**Statement of Changes in Net Assets**  
**Year Ended December 31, 2023**


	2022 Balance	Deficiency of revenue over expenses	Tangible capital assets purchases	Amortization of tangible capital assets	2023 Balance
Unrestricted net assets	\$ 424,799	\$ (15,798)	\$ (22,976)	\$ 19,237	\$ 405,262
Invested in tangible capital assets	49,498	-	22,976	(19,237)	53,237
	<u>\$ 474,297</u>	<u>\$ (15,798)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 458,499</u>
	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>

**SOUTH EAST EDMONTON SENIORS ASSOCIATION**  
**Statement of Financial Position**  
**December 31, 2023**

	2023	2022
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash (Note 8)	\$ 316,205	\$ 326,665
Term deposits (Note 4)	321,621	207,660
Accounts receivable	360	-
Goods and services tax recoverable	5,130	12,679
Prepaid expenses	7,388	6,517
	<u>650,704</u>	<u>553,521</u>
TANGIBLE CAPITAL ASSETS (Note 5)	<u>53,237</u>	<u>49,498</u>
	<u>\$ 703,941</u>	<u>\$ 603,019</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities (Notes 6, 7)	\$ 39,836	\$ 51,367
Deferred revenue (Note 8)	205,606	77,355
	<u>245,442</u>	<u>128,722</u>
<b>NET ASSETS</b>		
Unrestricted	405,262	424,799
Invested in tangible capital assets	53,237	49,498
	<u>458,499</u>	<u>474,297</u>
	<u>\$ 703,941</u>	<u>\$ 603,019</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, 2023**

	2023	2022
<b>OPERATING ACTIVITIES</b>		
Excess (deficiency) of revenue over expenses	\$ (15,798)	\$ 80,293
Item not affecting cash:		
Amortization of tangible capital assets	19,237	15,159
	<u>3,439</u>	<u>95,452</u>
Changes in non-cash working capital:		
Accounts receivable	(362)	719
Goods and services tax recoverable	7,549	(4,867)
Prepaid expenses	(871)	(304)
Accounts payable and accrued liabilities	(11,529)	(7,790)
Deferred revenue	128,251	33,000
	<u>123,038</u>	<u>20,758</u>
Cash flow from operating activities	<u>126,477</u>	<u>116,210</u>
<b>INVESTING ACTIVITIES</b>		
Purchase of tangible capital assets	(22,976)	(32,446)
Term deposits	(113,961)	(899)
Cash flow used by investing activities	<u>(136,937)</u>	<u>(33,345)</u>
<b>INCREASE (DECREASE) IN CASH FLOW</b>	<b>(10,460)</b>	<b>82,865</b>
Cash - beginning of year	<u>326,665</u>	<u>243,800</u>
<b>CASH - END OF YEAR</b>	<b><u>\$ 316,205</u></b>	<b><u>\$ 326,665</u></b>



## SOUTH EAST EDMONTON SENIORS ASSOCIATION

### Notes to Financial Statements

Year Ended December 31, 2023

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#### 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.

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#### 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 (ASNFPPO).

##### 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, 2023**

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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, 2023**

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 \$240,941 (2022 - \$362,295) in government assistance to fund operations. A portion of these funds has been deferred until the funds are required for operations and approved for spending. Please see Note 8 for further details.

The Association has received \$5,367 (2022 - \$6,065) 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 4.80% (2022 - 2.90%) and mature in June 2024 (2022 - March 2023).

Two term deposits bear interest at 4.50% (2022 - 2.80%) and mature in June 2024 (2022 - March 2023).

One term deposit bears interest at 4.65% and matures in March 2024.

5. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated amortization	<b>2023 Net book value</b>	2022 Net book value
Computer equipment	\$ 30,652	\$ 21,947	\$ 8,705	\$ 14,286
Equipment	45,262	12,526	32,736	18,604
Leasehold improvements	17,050	8,525	8,525	11,935
Website development	7,853	4,582	3,271	4,673
	<b>\$ 100,817</b>	<b>\$ 47,580</b>	<b>\$ 53,237</b>	<b>\$ 49,498</b>

**SOUTH EAST EDMONTON SENIORS ASSOCIATION**  
**Notes to Financial Statements**  
**Year Ended December 31, 2023**

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<u>2023</u>	<u>2022</u>
Trade payable and accrued liabilities	\$ 31,650	\$ 46,379
Government remittance payable	8,186	4,988
	<u>\$ 39,836</u>	<u>\$ 51,367</u>

7. CREDIT FACILITY

The Association has a Servus Credit Union corporate credit card with a maximum limit of \$10,000 (2022 - \$10,000) of which \$981 (2022 - \$2,326) was drawn at December 31, 2023. This balance is included in accounts payable and accrued liabilities. This credit card bears interest at 16.99% (2022 - 16.99%) on overdue balances. This credit card is secured by all present and after-acquired property of the Association.

8. DEFERRED REVENUE

	<u>2023</u>	<u>2022</u>
<b>Grants</b>		
Grants at the beginning of the year	\$ 24,134	\$ 18,490
Add: grants received	240,941	362,295
Less: approved expenditures made during the year	(187,603)	(356,651)
<b>Total grants</b>	<u>77,472</u>	<u>24,134</u>
<b>Casino</b>		
Deferred casino revenue at the beginning of the year	8,758	2,863
Add: casino and gaming proceeds	79,413	11,907
Less: approved expenditures made during the year	(29,905)	(6,012)
<b>Total casino</b>	<u>58,266</u>	<u>8,758</u>
<b>Membership fees and services</b>		
Membership fees and services at the beginning of the year	44,463	23,002
Add: membership fees and services	274,026	169,589
Less: approved expenditures made during the year	(248,621)	(148,128)
<b>Total membership fees and services</b>	<u>69,868</u>	<u>44,463</u>
	<u>\$ 205,606</u>	<u>\$ 77,355</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.

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 2023 was \$4,043 (2022 - \$4,142).

**SOUTH EAST EDMONTON SENIORS ASSOCIATION**  
**Notes to Financial Statements**  
**Year Ended December 31, 2023**

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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.

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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, 2023:

***(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.

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