

SouthWest Edmonton Seniors Association
Financial Statements
December 31, 2020

SouthWest Edmonton Seniors Association

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INDEPENDENT AUDITOR'S REPORT

To the Members of SouthWest Edmonton Seniors Association:

Qualified Opinion

We have audited the financial statements of SouthWest Edmonton Seniors Association, which comprise the statement of financial position as at December 31, 2020, and the statements of change in net assets, operations, 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 effects of the matter described in the Basis for Qualified Opinion paragraph, the accompanying financial statements present fairly, in all material respects, the financial position of SouthWest Edmonton Seniors Association as at December 31, 2020, 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

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 Organization 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.

In common with many not-for-profit organizations, SouthWest Edmonton Seniors Association derives revenue from donations and other fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Organization and we were not able to determine whether any adjustments might be necessary to donations and fundraising revenue, excess of revenues over expenditures, current assets, and net assets.

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 these financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters related to a going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

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

INDEPENDENT AUDITOR'S REPORT CONTINUED

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 Organization'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 Organization'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 Organization 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
April 8, 2021

Doyle & Company
Chartered Professional Accountants

SouthWest Edmonton Seniors Association
Statement of Financial Position
As at December 31, 2020

	2020	2019
	\$	\$
Assets		
Current		
Cash	141,301	88,014
Restricted cash and short-term investments (Note 3)	52,658	82,041
Accounts receivable	4,563	577
Short-term Investments (Note 4)	61,340	36,000
Prepaid expenses	5,370	6,898
	265,232	213,530
Investments (Note 5)	10,415	-
	275,647	213,530
Liabilities		
Current		
Accounts payable and accrued liabilities	6,060	8,561
Deferred revenue (Note 7)	111,601	94,270
	117,661	102,831
Net Assets		
Unrestricted	157,986	110,699
	275,647	213,530

Rent Commitment - Note 9

Significant Event - Note 10

Approved by the Board of Directors:

SouthWest Edmonton Seniors Association

Statement of Change in Net Assets

For the year ended December 31, 2020

	2020 \$	2019 \$
<u>Unrestricted</u>		
Balance, beginning of year	110,699	71,313
Excess of revenue over expenditures	47,287	39,386
Balance, end of year	157,986	110,699

SouthWest Edmonton Seniors Association

Statement of Operations

For the year ended December 31, 2020

	2020 Budget (Unaudited)	2020 Actual	2019 Actual
	\$	\$	\$
Revenue			
Casino and 50/50 draws	48,818	24,791	59,989
Donations	5,000	46,579	11,333
Grants	109,008	106,429	94,466
Interest Income	500	4,366	504
Memberships fees	18,000	16,160	17,500
Program Fees	90,000	33,157	87,558
Special events and fundraising	52,300	746	45,531
	323,626	232,228	316,881
Expenditures			
AGM and Board Meetings	3,000	853	1,152
Advertising and Promotion	5,000	759	4,841
Business technology	8,000	6,624	15,152
Casino	-	-	2,646
Communications	5,600	4,781	5,539
Insurance	1,900	2,497	1,850
Member programs	74,300	28,347	74,964
Office	9,985	12,193	8,865
Professional fees	16,500	5,250	8,003
Rent	40,920	26,209	29,545
Special events and fundraising	27,800	2,066	24,336
Staffing and Benefits	130,610	95,362	100,602
	323,615	184,941	277,495
Excess of Revenue over Expenditures	11	47,287	39,386

The accompanying notes form part of these financial statements.

SouthWest Edmonton Seniors Association

Statement of Cash Flow

For the year ended December 31, 2020

	2020 \$	2019 \$
Operating Activities		
Cash received from funding agencies and other income	245,573	327,583
Cash paid to vendors and suppliers	(185,914)	(286,323)
	59,659	41,260
Investing Activities		
(Increase) in investments	(56,098)	(6,000)
Increase (decrease) in Cash During the Year	3,561	35,260
CASH - Beginning of year	170,632	135,372
CASH - End of year	174,193	170,632
 Cash is comprised of:		
Cash	141,301	88,014
Restricted cash: Casino chequing account (Note 3)	32,315	82,041
	173,616	170,055

SouthWest Edmonton Seniors Association

Schedule of Expenditures by Object

For the year ended December 31, 2020

	2020 Budget (Unaudited)	2020 Actual	2019 Actual
	\$	\$	\$
Bank charges and short-term interest	2,000	2,445	1,139
Contracted and general services	37,000	37,598	77,774
Insurance	1,900	2,497	1,850
Materials and goods	152,105	29,315	73,676
Salaries, wages and benefits	130,610	113,084	123,056
	323,615	184,939	277,495

SouthWest Edmonton Seniors Association

Notes to the Financial Statements

December 31, 2020

Nature of the Organization

SouthWest Edmonton Seniors Association was registered as a non-profit organization June 2012. The organization addresses the social, cultural, and recreational interests of individuals aged 55 plus in the southwest Edmonton area. SouthWest Edmonton Seniors Association is a progressive organization creating a vibrant, welcoming, age-friendly community. SouthWest Edmonton Seniors Association empowers older adults in the southwest Edmonton, to be active and to be socially engaged through quality programs and services. SouthWest Edmonton Seniors Association is a registered charity and is not a taxable organization under 149(1)(f) of the Income Tax Act effective September 12, 2019.

1. Significant Accounting Policies

The financial statements of the SouthWest Edmonton Seniors Association have been prepared in accordance with Part III of the CPA Canada Handbook, Canadian Accounting Standards for Not-for-Profit Organizations ("Part III") and include the following significant accounting policies:

(a) Cash

Cash consist of cash on deposit at a Canadian financial institution.

(b) Short-Term Investments

Short-term investments consist of guaranteed investment certificates with maturity dates of twelve months from date of acquisition.

(c) Investments

Investments consist of guaranteed investment certificates with maturity dates greater than twelve months from date of acquisition. Guaranteed investment certificates maturing within twelve months from the year-end date are classified as current.

(d) Tangible Capital Assets

Tangible capital assets are recorded as expenditures in the period they are acquired. Tangible capital assets purchased are recorded at cost and contributed tangible capital assets are recorded at fair value at the date of contribution. Fair value may be estimated using market or appraisal values. In circumstances when fair value cannot be reasonably determined, the tangible capital asset shall be recorded at nominal value.

(e) Revenue Recognition

SouthWest Edmonton Seniors Association follows the deferral method of accounting for revenue. Restricted revenues are recognized as revenue in the year in which the related expenditures are incurred.

Unrestricted revenues are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Membership and program fees are recognized as revenue in the fiscal year to which they relate. Membership and program fees received in advance of the fiscal year to which they relate are recorded as deferred revenue. These membership and program fees are then recognized as revenue in the year the service(s) is consumed.

Investment income comprises interest from cash, short-term investments and investments. Interest earned from investments is recognized as it is earned over the term of investment.

Other income is recognized as it is earned.

SouthWest Edmonton Seniors Association

Notes to the Financial Statements

December 31, 2020

1. Significant Accounting Policies - continued

(f) Financial Instruments

(i) Measurement of financial instruments

SouthWest Edmonton Seniors Association initially measures all of 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 instrument.

SouthWest Edmonton Seniors Association subsequently measures all of its financial assets and liabilities at amortized cost, except in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in income in the year in which the changes occur.

Financial assets measured at amortized cost include cash, restricted cash, accounts receivable, short-term investments, and investments.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

(ii) Impairment

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in net income. A 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 that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in net income.

(g) Donated Services

SouthWest Edmonton Seniors Association receives a lot of donated services through out the year. Donated services are recorded at fair value when the amount can reasonably be determined and would have been purchased by SouthWest Edmonton Seniors Association if the services were not provided by volunteers. Due to the difficulty of determining the fair value, donated services are not recognized in the financial statements.

2. 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 amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Accounts receivable are stated after evaluation as to their collectability and an appropriate accrued liabilities is based on best estimated fees payable at year end. These estimates and assumptions are reviewed periodically and, as adjustments become necessary, they are reported in the revenue or expenses in the period in which they become known. Actual results could differ from those estimates.

SouthWest Edmonton Seniors Association

Notes to the Financial Statements

December 31, 2020

3. Restricted Cash and Short-Term Investments

	2020	2019
	\$	\$
Restricted cash:		
Casino chequing account	32,315	82,041
Restricted short-term investment:		
Fixed Income Security #2	20,000	-
Accrued interest	343	-
Total restricted short-term investments	20,343	-
	52,658	82,041

Restricted cash consists of proceeds from a casino that can only be spent in accordance with the licensing agreement with the Alberta Gaming, Liquor and Cannabis Commission.

Fixed Income Security #2 has an effective interest rate of 2.21% per annum with maturity date March 2021 was purchased with casino funds. The cost of the fixed income security was \$20,000 and the market value at year end is \$20,343.

4. Short-Term Investments

	2020	2019
	\$	\$
ATB Financial - Guaranteed Investment Certificate #1	-	6,000
ATB Financial - Guaranteed Investment Certificate #2	10,180	10,000
ATB Financial - Guaranteed Investment Certificate #3	10,235	10,000
ATB Financial - Guaranteed Investment Certificate #4	-	10,000
Fixed Income Security #1	20,000	-
Fixed Income Security #3	20,000	-
Accrued interest	925	-
	61,340	36,000

The investments are Guaranteed Investment Certificates (GICs) with a range of maturity dates and interest rates as follows:

ATB Financial - Guaranteed Investment Certificate #1 - matured January 2020.

ATB Financial - Guaranteed Investment Certificate #2 - bearing interest of 2.05% (2019 - 1.80%) per annum with maturity date of February 2021 (2019 - February 2020).

ATB Financial - Guaranteed Investment Certificate #3 - bearing interest of 2.05% (2019 - 2.35%) per annum with maturity date of August 2021 (2019 - February 2020).

ATB Financial - Guaranteed Investment Certificate #4 - matured February 2020.

Fixed Income Security #1 - has an effective interest rate of 1.55% per annum with maturity date of March 2021. The cost of the fixed income security was \$20,000 and the market value at year end is \$20,240.

Fixed Income Security #3 - has an effective interest rate of 2.16% per annum with maturity date of March 2021. The cost of the fixed income security was \$20,000 and the market value at year end is \$20,335.

SouthWest Edmonton Seniors Association

Notes to the Financial Statements

December 31, 2020

5. Investments

	2020 \$	2019 \$
Guaranteed Investment Certificate	10,235	-
Accrued interest	180	-
	10,415	-

ATB Financial - Guaranteed Investment Certificate - bearing interest of 2.10% per annum with maturity date of February 2022.

6. Tangible Capital Assets

The purchases during the year were \$1,132 (2019 - \$11,395) for computer equipment and software.

7. Deferred Revenue

The restricted funds have been deferred and will be recognized as revenue in the year which the related expenditures are incurred.

	Opening \$	Additions \$	Consumed \$	2020 \$	2019 \$
Casino	76,729	343	24,414	52,658	76,729
Edmonton Community Foundation	-	47,100	-	47,100	-
Memberships	10,590	12,709	16,760	6,539	10,590
Programs	6,951	51,810	53,457	5,304	6,951
	94,270	111,962	94,631	111,601	94,270

8. Continuing Operations

These financial statements have been prepared on the going concern basis which assumes the realization of assets and payments of liabilities in the normal course of operations. The application of the going concern concept is dependent on the SouthWest Edmonton Seniors Association's ability to generate future surpluses from operations and on the continued financial support from its funders, and ability to provide programs.

9. Rent Commitment

SouthWest Edmonton Seniors Association has a one year rental agreement with Blue Quill Community League for January - December 2021 for \$12,000.

SouthWest Edmonton Seniors Association

Notes to the Financial Statements

December 31, 2020

10. Significant Event

As of the date of these financial statements, social distancing measures have been put in place in Alberta as part of the interventions intended to prevent the spread of COVID-19, which has impacted all programs. The Government of Alberta declared a provincial state of public health emergency as per the Province of Alberta's Public Health Act on March 17, 2020 with respect to COVID-19. The length of time these social distancing measures will be put in place is currently unknown. The extent to which COVID-19 impacts the SouthWest Edmonton Seniors Association's results will depend on future developments, which are highly uncertain and cannot be predicted and dependent upon new information which may emerge concerning the severity of COVID-19 and actions taken to contain this or its impact, among others.

11. Financial Instruments and Concentration of Risk

SouthWest Edmonton Seniors Association's financial instruments consists of cash, restricted cash and investments, short-term investments, accounts receivable, and accounts payable and accrued liabilities.

SouthWest Edmonton Seniors Association is exposed to various risks through its financial instruments. The following provides information about the SouthWest Edmonton Seniors Association's risk exposure and concentration as of December 31, 2020.

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instruments will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency rate risk, interest rate risk, and other price risk. SouthWest Edmonton Seniors Association is mainly exposed to interest rate risk.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rate. SouthWest Edmonton Seniors Association is exposed to interest rate risk on bank account balances and its fixed and/or floating interest rate financial instruments.

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss to the other party by failing to discharge an obligation. SouthWest Edmonton Seniors Association's main credit risk relates to its cash and accounts receivable.

The SouthWest Edmonton Seniors Association mitigates its exposure to credit loss by placing its cash with a major financial institutions. Accounts receivable is comprised of government subsidies. Management believes the SouthWest Edmonton Seniors Association exposure to credit risk is not significant.

Liquidity Risk

Liquidity risk is the risk that SouthWest Edmonton Seniors Association will encounter difficulty in meeting its obligations associated with financial liabilities. SouthWest Edmonton Seniors Association manages its liquidity risk by monitoring its operating requirements and cash forecasts to ensure it has sufficient funds to fulfill its financial obligations.

SouthWest Edmonton Seniors Association

Notes to the Financial Statements

December 31, 2020

12. Budget Figures

The budget figures have not been audited and are for presentation purposes only. The budget was approved by the membership at the Annual General Meeting.

13. Comparative Figures

Certain comparative figures have been restated to conform to the presentation used in the current year.