

Mill Woods Seniors Association

Financial Statements

December 31, 2020

Mill Woods Seniors Association

Financial Statements

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Independent Auditors' Report

To the Members of Mill Woods Seniors Association

Qualified Opinion

We have audited the financial statements of Mill Woods Seniors Association, which comprise the statement of financial position as at December 31, 2020, 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, except for the 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 Society as at December 31, 2020, and its results of 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 not-for-profit organizations the Mill Woods Seniors Association derives revenue from donations and fundraising the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of Mill Woods Seniors Association. Therefore, we were not able to determine whether any adjustments might be necessary to donation and fundraising revenue, excess of revenues over expenses, and cash flows from operations for the years ended December 31, 2020 and 2019, current assets as at December 31, 2020 and 2019, and net assets as at January 1 and December 31 for both the 2020 and 2019 years. Our audit opinion on the financial statements for the year ended December 31, 2019 was modified accordingly because of the possible effects of this limitation in scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Society 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 Society'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 Society or to cease operations, or has no realistic alternative but to do so.

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

Independent Auditors' Report (continued)

Auditors' 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 auditors' 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 Society'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 Society's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Society 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, Canada
March 27, 2021



Chartered Professional Accountants

Mill Woods Seniors Association

Statement of Operations

For the year ended December 31,	2020	2019
Revenues		
Cafe	\$ 37,824	\$ 100,327
Donations and fundraising	50,645	56,606
Government emergency funding (note 4)	158,047	-
Grants	280,895	274,354
Memberships	21,600	27,916
Program fees	39,070	137,792
Interest income	4,258	3,519
	592,339	600,514
Expenditures		
Advertising and promotion	613	-
Amortization	4,263	2,378
Cafe cost of sales	19,987	63,453
City licensing fees	18,378	20,049
Contract service	25,529	65,223
Fundraising	477	-
Insurance	2,740	1,878
Office	17,902	15,719
Professional fees	7,037	6,150
Program and committee	7,409	39,284
Repairs and maintenance	1,731	-
Volunteer appreciation	2,719	3,667
Wages and benefits	361,852	466,482
	470,637	684,283
Excess (deficiency) of revenues over expenditures	\$ 121,702	\$ (83,769)

Mill Woods Seniors Association

Statement of Changes in Net Assets

For the year ended December 31,

	Unrestricted Capital assets		Total 2020	Total 2019
Balance, beginning of year	\$ 105,050	\$ 7,429	\$ 112,479	\$ 196,248
Excess (deficiency) of revenues over expenditures	125,965	(4,263)	121,702	(83,769)
Purchase of capital assets	(4,748)	4,748	-	-
Balance, end of year	\$ 226,267	\$ 7,914	\$ 234,181	\$ 112,479

Mill Woods Seniors Association

Statement of Financial Position

December 31, **2020** **2019**

Assets

Current		
Cash and short-term investments (note 5)	\$ 359,807	\$ 167,921
Accounts receivable (note 6)	44,258	-
	<hr/> 404,065	<hr/> 167,921
Long-term investments (note 7)	5,284	70,432
Equipment (note 8)	7,914	7,429
	<hr/> \$ 417,263	<hr/> \$ 245,782

Liabilities

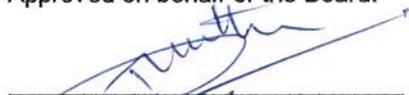
Current		
Accounts payable and accrued liabilities (note 9)	\$ 46,744	\$ 40,200
Deferred contributions (note 10)	96,338	93,103
	<hr/> 143,082	<hr/> 133,303
Loan payable (note 11)	40,000	-
	<hr/> 183,082	<hr/> 133,303

Net assets

Unrestricted	226,267	105,050
Capital assets	7,914	7,429
	<hr/> 234,181	<hr/> 112,479
	<hr/> \$ 417,263	<hr/> \$ 245,782

Lease commitment (note 12)

Approved on behalf of the Board:



Director



Director

Mill Woods Seniors Association

Statement of Cash Flows

For the year ended December 31,	2020	2019
Cash provided by (used for)		
Operating activities		
Excess (deficiency) of revenues over expenditures	\$ 121,702	\$ (83,769)
Item not affecting cash		
Amortization	4,263	2,379
	125,965	(81,390)
Change in non-cash working capital items		
Accounts receivable	(44,258)	-
Accounts payable and accrued liabilities	6,544	7,911
Deferred contributions	3,235	26,364
	91,486	(47,115)
Financing activity		
Proceeds of loan payable	40,000	-
Investing activities		
Purchase of long-term investments	-	(432)
Purchase of equipment	(4,748)	-
Disposal of long-term investments	65,148	-
	60,400	(432)
Increase (decrease) in cash	191,886	(47,547)
Cash, beginning of year	167,921	215,468
Cash, end of year	\$ 359,807	\$ 167,921

Mill Woods Seniors Association

Notes to the Financial Statements

December 31, 2020

1. Nature of operations

Mill Woods Seniors Association is a not-for-profit organization incorporated under the Societies Act of Alberta. The mission of the Society is to enhance the quality of life of seniors in Mill Woods and surrounding communities by providing programs and services that meet their recreational, social, health, physical, intellectual and emotional needs.

The Society is a registered charity under the Income Tax Act of Canada and as long as it continues to meet the requirements of the Act, is not taxable.

2. COVID-19 pandemic

On March 11, 2020, the World Health Organization declared a global pandemic. The outbreak of the novel strain of the coronavirus, COVID-19, has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures have caused material disruptions to businesses, governments and other organizations resulting in an economic slowdown and increased volatility. Governments and central banks including Canadian federal, provincial, territorial and municipal governments have responded with significant monetary and fiscal interventions designed to stabilize economic conditions.

At the time of approval of these financial statements, in response to the COVID-19 pandemic:

- The Society has pursued available government assistance programs.
- The Society has implemented remote work arrangements for those able to do so.
- The management of the Society has been proactive and diligent in addressing the implementation of infection prevention and other precautionary measures, guided by public health authorities, to limit the spread of COVID-19 and the impact of the pandemic and the related economic contraction on the Society.

The rapidly evolving event, including health and safety conditions, economic environment and resulting government measures, creates a high level of uncertainty and risk that may result in significant impacts to the Society's activities, results of operations and financial condition. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of any interventions. As such it is not possible to estimate the length and severity of these development and the impact on the financial results and condition on the Society and its operations in future periods.

Mill Woods Seniors Association

Notes to the Financial Statements

December 31, 2020

3. Significant accounting policies

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

(a) Revenue recognition

The Society 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 received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Endowment contributions are recognized as direct increases in net assets.

Memberships and registration fees are recorded as revenue as received.

Revenue from the sale of services is recognized upon provision of the services to the purchaser.

(b) Capital assets

Capital assets are recorded at cost. The Society provides for amortization using the declining balance and straight-line methods at rates designed to amortize the cost of the assets over their estimated useful lives, as set out in note 8.

(c) Impairment of long-lived assets

The Society tests for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Recoverability is assessed by comparing the carrying amount to the projected undiscounted future net cash flows the long-lived assets are expected to generate through their direct use and eventual disposition. When a test for impairment indicates that the carrying amount of an asset is not recoverable, an impairment loss is recognized to the extent carrying value exceeds its fair value.

(d) Cash and short term investments

Cash and short term investments consist of cash and short term deposits.

(e) Long-term investments

Long-term investments include GIC's with a maturity date greater than one year from the balance sheet date.

Mill Woods Seniors Association

Notes to the Financial Statements

December 31, 2020

3. Significant accounting policies (continued)

(f) Financial instruments

Financial assets originated or acquired or financial liabilities issued or assumed in an arm's length transaction are initially measured at their fair value. In the case of a financial asset or financial liability not subsequently measured at its fair value, the initial fair value is adjusted for financing fees and transaction costs that are directly attributable to its origination, acquisition, issuance or assumption. Such fees and costs in respect of financial assets and liabilities subsequently measured at fair value are expensed.

The Society subsequently measures the following financial assets and financial liabilities at amortized cost:

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

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

The Society subsequently measures financial assets and financial liabilities at fair value, without adjustment for transaction costs and with changes in fair value recognized in operations in the period in which they occur:

At the end of each reporting period, management assesses whether there are any indications that financial assets measured at cost or amortized cost may be impaired. If there is an indication of impairment, management determines whether a significant adverse change has occurred in the expected timing or the amount of future cash flows from the asset, in which case the asset's carrying amount is reduced to the highest expected value that is recoverable by either holding the asset, selling the asset or by exercising the right to any collateral. The carrying amount of the asset is reduced directly or through the use of an allowance account and the amount of the reduction is recognized as an impairment loss in operations. Previously recognized impairment losses may be reversed to the extent of any improvement. The amount of the reversal, to a maximum of the related accumulated impairment charges recorded in respect of the particular asset, is recognized in operations.

(g) Use of estimates and COVID-19 measurement uncertainty

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions, including assumptions about the future effects of the COVID-19 pandemic, that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the balance sheet date and the reported amounts of revenues and expenses during the year. COVID-19 is considered an indication of impairment and has impacted the assumptions underlying the forecasted cash flows used in performing the Society's impairment analysis of its long-lived assets. Actual impairment and other results could differ from these and other estimates.

Mill Woods Seniors Association

Notes to the Financial Statements

December 31, 2020

4. Government emergency funding

In response to the COVID-19 pandemic, the Society has pursued available government assistance programs. During the year the Society received \$1,382 under the Canada Emergency Rent Subsidy (CERS) program, \$136,665 under the Canada Emergency Wage Subsidy (CEWS) program and has recognized \$20,000 of the forgivable loan under the Canada Emergency Business Account (CEBA) program.

5. Cash and short-term investments

Included in cash is \$39,840 (2019: \$3,229), of which \$38,000 is invested into a GIC accruing interest at 1.10%, maturing May 20, 2021, which was raised through raffles and casinos. The use of these funds is restricted and must be applied to specific purposes approved by Alberta Gaming, Liquor and Cannabis Commission.

Cash contains a GIC with an amount of \$66,924 accruing interest at 2.50%, maturing February 23, 2021, a GIC with an amount of \$67,320 accruing interest at 0.50%, maturing July 4, 2021 and a GIC with an amount of \$65,000 accruing interest at 1.35%, maturing May 20, 2021.

6. Accounts receivable

	2020	2019
Government emergency funding receivable	\$ 44,258	\$ -

7. Long-term investments

Included in investments is a long-term GIC in the amount of \$5,284 accruing interest at 2.80%, maturing May 25, 2023.

8. Equipment

			2020	2019
	Rate	Cost	Accumulated amortization	Net book value
Equipment	10 yr SL	\$ 10,583	\$ 5,291	\$ 5,292
Computer equipment	55%	8,055	5,433	2,622
		\$ 18,638	\$ 10,724	\$ 7,914
				\$ 7,429

Mill Woods Seniors Association

Notes to the Financial Statements

December 31, 2020

9. Accounts payable and accrued liabilities

	2020	2019
Trade payables	\$ 37,290	\$ 28,909
Government remittances	9,454	11,291
	\$ 46,744	\$ 40,200

10. Deferred contributions

Deferred contributions represent funds received for various programs and will be recognized as revenue in the fiscal year in which the related expenses are incurred. Changes in the deferred contributions balance are as follows:

	2020	2019
Balance, beginning of the year	\$ 93,103	\$ 66,739
Less: amounts recognized as revenue during the year	(347,448)	(332,527)
Add: amounts received during the year	350,683	358,891
	\$ 96,338	\$ 93,103

11. Loan payable

The Society received interest-free Canada Emergency Business Account (CEBA) loans under the Government of Canada COVID response programs of \$40,000 and \$20,000, of which 25% and 50% respectively, are forgivable if fully repaid by December 31, 2022. The forgivable portion totalling \$20,000 has been included in Government emergency funding revenue.

12. Lease commitment

The Society's total commitment, under a property lease agreement, expiring December 31, 2021, is as follows:

2021	\$ 20,049
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Mill Woods Seniors Association

Notes to the Financial Statements

December 31, 2020

13. Financial instruments

Transacting in and holding of financial instruments exposes the Society to certain financial risks and uncertainties. COVID-19 (see note 2) has resulted in an increase in risk of these financial instruments. The Society cannot predict changes in these risks or the impact on operating results. Such changes related to the COVID-19 pandemic, could have a material effect in the Society's operations and financial condition. These risks include:

(a) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting its obligations associated with financial liabilities. The Society's exposure to liquidity risk relates to its accounts payable and accrued liabilities and loan payable and arises from the possibility that the timing and amount of its cash inflows will not be sufficient to enable it to meet its financial obligations as they become due. Management believes this risk is minimized by forecasting its requirements to determine whether sufficient funds will be available to meet its obligations.

The COVID-19 pandemic has resulted in a change to the liquidity risk from the prior period. Uncertain economic conditions caused by the COVID-19 pandemic may impact the entity's ability to collect cash inflows.