

**Mill Woods Seniors Association**

**Financial Statements**

**December 31, 2021**

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# Mill Woods Seniors Association

## Financial Statements

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December 31, 2021

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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, 2021, 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 Association as at December 31, 2021, 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, 2021 and 2020, current assets as at December 31, 2021 and 2020, and net assets as at January 1 and December 31 for both the 2021 and 2020 years. Our audit opinion on the financial statements for the year ended December 31, 2020 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 Association 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 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.

## 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 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 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 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, Canada  
March 25, 2022



Chartered Professional Accountants

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## Mill Woods Seniors Association

### Statement of Operations

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For the year ended December 31,	2021	2020
<b>Revenues</b>		
Cafe	\$ 49,548	\$ 37,824
Donations and fundraising	61,871	50,645
Government emergency funding (note 2)	114,039	158,047
Grants	280,290	280,895
Memberships	17,388	21,600
Program fees	66,985	39,070
Interest income	3,777	4,258
	<b>593,898</b>	<b>592,339</b>
<b>Expenditures</b>		
Advertising and promotion	17	613
Amortization	3,058	4,263
Cafe cost of sales	28,629	19,987
City licensing fees	20,049	18,378
Contract service	24,756	25,529
Fundraising	89	477
Insurance	4,291	2,740
Office	22,396	17,902
Professional fees	9,088	7,037
Program and committee	11,611	7,409
Repairs and maintenance	-	1,731
Volunteer appreciation	3,066	2,719
Wages and benefits	479,063	361,852
	<b>606,113</b>	<b>470,637</b>
<b>Excess (deficiency) of revenues over expenditures before other item</b>	<b>(12,215)</b>	<b>121,702</b>
<b>Other expense</b>		
Loss on disposal of equipment	877	-
<b>Excess (deficiency) of revenues over expenditures</b>	<b>\$ (13,092)</b>	<b>\$ 121,702</b>

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## Mill Woods Seniors Association

### Statement of Changes in Net Assets

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For the year ended December 31,

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	Unrestricted Capital assets		Total 2021	Total 2020
<b>Balance, beginning of year</b>	\$ 226,267	\$ 7,914	\$ 234,181	\$ 112,479
Excess (deficiency) of revenues over expenditures	(9,157)	(3,935)	(13,092)	121,702
Purchase of capital assets	(10,614)	10,614	-	-
<b>Balance, end of year</b>	<b>\$ 206,496</b>	<b>\$ 14,593</b>	<b>\$ 221,089</b>	<b>\$ 234,181</b>

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**Mill Woods Seniors Association**

**Statement of Financial Position**

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December 31, 2021 2020

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**Assets**

**Current**

Cash (note 5)	\$ 266,836	\$ 122,563
Short term investments (note 6)	75,000	237,244
Accounts receivable (note 7)	12,372	44,258

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354,208 404,065

Long-term investments (note 8)	5,432	5,284
Equipment (note 9)	14,593	7,914

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\$ 374,233 \$ 417,263

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**Liabilities**

**Current**

Accounts payable and accrued liabilities (note 10)	\$ 51,322	\$ 46,744
Deferred contributions (note 11)	61,822	96,338

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113,144 143,082

Loan payable (note 12)	40,000	40,000
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153,144 183,082

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**Net assets**

Unrestricted	206,496	226,267
Capital assets	14,593	7,914

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221,089 234,181

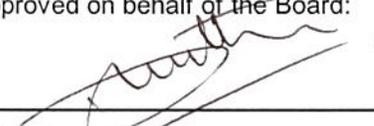
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\$ 374,233 \$ 417,263

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**Lease commitment (note 13)**

Approved on behalf of the Board:

  
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\_\_\_\_\_

President

Treasurer

March 25, 2022 Date

March 25, 2022 Date

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## Mill Woods Seniors Association

### Statement of Cash Flows

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For the year ended December 31,	2021	2020
<b>Cash provided by (used for)</b>		
<b>Operating activities</b>		
Excess (deficiency) of revenues over expenditures	\$ (13,092)	\$ 121,702
Items not affecting cash		
Amortization of capital assets	3,058	4,263
Loss on disposal of equipment	876	-
	<b>(9,158)</b>	125,965
Change in non-cash working capital items		
Accounts receivable	31,886	(44,258)
Accounts payable and accrued liabilities	4,579	6,544
Deferred contributions	(34,516)	3,235
	<b>(7,209)</b>	91,486
<b>Financing activity</b>		
Proceeds of loan payable	-	40,000
<b>Investing activities</b>		
Proceeds on sale of short term investments	172,244	-
Purchase of short term investments	(10,000)	(237,244)
Purchase of long term investments	(148)	-
Purchase of equipment	(10,614)	(4,748)
Disposal of long-term investments	-	65,148
	<b>151,482</b>	(176,844)
<b>Increase (decrease) in cash</b>	<b>144,273</b>	(45,358)
<b>Cash, beginning of year</b>	<b>122,563</b>	167,921
<b>Cash, end of year</b>	<b>\$ 266,836</b>	\$ 122,563
<b>Cash consists of:</b>		
Cash	\$ 135,317	\$ 120,723
Restricted cash	1,423	1,840
Guaranteed investments certificates	130,096	-
	<b>\$ 266,836</b>	\$ 122,563

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# Mill Woods Seniors Association

## Notes to the Financial Statements

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December 31, 2021

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### 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 Association 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 Association 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

The COVID-19 pandemic has resulted in governments enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, social distancing, restrictions on business operations and isolation/quarantine periods have caused material disruptions to communities and businesses, resulting in a slowdown of the global economy.

In response the Association pursued government assistance programs and received \$111,688 (2020 - \$136,665) under the Canada Emergency Wage Subsidy program, and an additional \$2,351 (2020 - \$1,382) under the Canada Emergency Rent Subsidy program.

The Association also implemented remote work arrangements for those able to do so, and implemented stringent health and safety procedures and other precautionary measures, guided by public health authorities, to limit the spread of COVID-19 and the impact of the pandemic on the Association's operations.

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 Association'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 Association on and its operations in future periods.

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# Mill Woods Seniors Association

## Notes to the Financial Statements

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December 31, 2021

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### 3. Change in accounting policies

#### (a) Financial instruments – Financial instruments originated or exchanged in a related party transaction

The Association adopted the amendments to Financial Instruments, Section 3856, relating to the recognition of financial instruments originated or exchanged in a related party transaction.

Under these new requirements, a financial instrument originated or exchanged in a related party transaction is initially measured at cost, which is determined depending on whether the financial instrument has repayment terms. If it does, cost is determined using its undiscounted cash flows, excluding interest payments, less any impairment losses. Otherwise, cost is determined using the consideration transferred or received by the Association. Subsequent measurement is based on how the instrument was initially measured. In general, a financial instrument is subsequently measured at cost less any reduction for impairment, or at fair value.

According to the transition provisions, financial instruments originated or exchanged in a related party transaction that exist at the date these amendments are applied for the first time, January 1, 2021, are measured as follows:

- The cost of an instrument that has repayment terms is determined using its undiscounted cash flows, excluding interest payments, less any impairment as at the beginning of the earliest comparative period, January 1, 2020.
- The cost of an instrument that does not have repayment terms is deemed to be its carrying amount in the Association's financial statements, less any impairment, as at the same date. The fair value of an instrument that is an investment in shares quoted in an active market is determined as at the same date.

The adoption of these new requirements had no impact on the Association's financial statements.

### 4. 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 Association 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.

Membership fees are recognized as revenue proportionate over the fiscal year to which they relate.

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

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# Mill Woods Seniors Association

## Notes to the Financial Statements

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December 31, 2021

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### 4. Significant accounting policies (continued)

Cafe revenues are recognized at the point of sale.

#### (b) Donated material and services

The Association relies on volunteer time and donated goods and services to achieve its purposes. Because of the difficulty of determining their fair values, volunteer time and donated goods and services are not recognized in these financial statements.

#### (c) Capital assets

Capital assets are recorded at cost. The Association 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 9.

#### (d) Impairment of long-lived assets

The Association 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.

#### (e) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, bank balances, cheques issued and outstanding, and investments with a maturity of three months or less.

#### (f) Financial instruments

##### *Initial measurement*

Financial assets and liabilities originated or exchanged in arm's length transactions are initially measured at fair value. Financial assets and liabilities originated or exchanged in related party transactions, except for those that involve parties whose sole relationship with the Association is in the capacity of management, are initially measured at cost.

The cost of a financial instrument in a related party transaction depends on whether the instrument has repayment terms. If there are repayment terms, the cost is determined using its undiscounted cash flows, excluding interest, less any impairment losses previously recognized by the transferor. Otherwise, the cost is determined using the consideration transferred or received by the Association in the transaction.

##### *Subsequent measurement*

As specified below, the Association subsequently measures all its financial assets and liabilities at cost or amortized cost.

Financial assets measured at amortized cost using the straight-line method include: cash, short term investments, accounts receivable and long term investments.

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# Mill Woods Seniors Association

## Notes to the Financial Statements

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December 31, 2021

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### 4. Significant accounting policies (continued)

Financial liabilities measured at amortized cost using the straight-line method include: accounts payable and accrued liabilities and loan payable.

#### *Transaction costs*

Transaction costs attributable to financial instruments subsequently measured at fair value and to those originated or exchanged in a related party transaction are recognized in income in the period incurred. Transaction costs related to financial instruments originated or exchanged in an arm's length transaction that are subsequently measured at cost or amortized cost are recognized in the original cost of the instrument. When the instrument is measured at amortized cost, transaction costs are recognized in income over the life of the instrument using the straight-line method.

#### *Impairment*

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 during the period 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**

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 Association's impairment analysis of its long-lived assets. Actual impairment and other results could differ from these and other estimates.

### 5. Cash

Included in cash is \$1,423 (2020: \$21,840) 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.

Cash contains \$130,096 (2020 - nil) in Guaranteed Investment Certificates (GICs) accruing interest at 0.35%, maturing January to February 2022.

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## Mill Woods Seniors Association

### Notes to the Financial Statements

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December 31, 2021

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#### 6. Short term investments

Short term investments consist of GICs accruing interest from 0.25% to 0.65% (2020: 0.50% to 2.50%) maturing May to July 2022 (2020: February to July 2021).

Included in short term investments is \$10,000 (2020: \$38,000) 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.

#### 7. Accounts receivable

	2021	2020
Government emergency funding receivable	\$ 11,872	\$ 44,258
Employee advances	500	-
	<b>\$ 12,372</b>	<b>\$ 44,258</b>

#### 8. Long-term investments

The investment consists of a long-term GIC in the amount of \$5,432 (2020: \$5,284), accruing interest at 2.80%, maturing May 25, 2023.

#### 9. Equipment

			2021	2020	
	Rate	Cost	Accumulated amortization	Net book value	Net book value
Equipment	10 yr SL	\$ 18,931	\$ 6,766	\$ 12,165	\$ 5,292
Computer equipment	55%	9,111	6,683	2,428	2,622
		<b>\$ 28,042</b>	<b>\$ 13,449</b>	<b>\$ 14,593</b>	<b>\$ 7,914</b>

#### 10. Accounts payable and accrued liabilities

	2021	2020
Trade payables	\$ 1,297	\$ 7,703
Government remittances	10,783	9,454
Accrued liabilities	39,242	29,587
	<b>\$ 51,322</b>	<b>\$ 46,744</b>

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# Mill Woods Seniors Association

## Notes to the Financial Statements

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December 31, 2021

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### 11. 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:

	2021	2020
Balance, beginning of the year	\$ 96,338	\$ 93,103
Less: amounts recognized as revenue during the year	(326,005)	(347,448)
Add: amounts received during the year	291,489	350,683
	<b>\$ 61,822</b>	<b>\$ 96,338</b>

### 12. Loan payable

	2021	2020
Canada Emergency Business Account, interest free until December 31, 2023	\$ 40,000	\$ 40,000

The Association 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, 2023. The forgivable portion totaling \$20,000 was included in Government emergency funding revenue in the prior year. If the loan is not repaid by December 31, 2023 the full \$60,000 is converted to a term loan repayable in interest only payments at a rate of 5% per annum, with the principal due December 31, 2025.

### 13. Lease commitment

Subsequent to year end, the Association entered into a new lease agreement. The Association's total commitment, under the property lease agreement, expiring December 31, 2024, is as follows:

2022	\$ 16,102
2023	19,322
2024	21,469
	<b>\$ 56,893</b>

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## Mill Woods Seniors Association

### Notes to the Financial Statements

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December 31, 2021

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#### 14. Financial instruments

Transacting in and holding of financial instruments exposes the Association to certain financial risks and uncertainties. The significant risks arising from financial instruments to which the Association is exposed as at December 31, 2021 are detailed below:

##### (a) Liquidity risk

The Association is exposed to this risk mainly in respect of its accounts payable and accrued liabilities and loan payable. During the year, the Association's exposure to liquidity risk changed from the previous year as a result of the increase in financial liabilities, in particular accounts payable and accrued liabilities. Management believes this risk is minimized by forecasting its requirements to determine whether sufficient funds will be available to meet its obligations.