

**Mill Woods Seniors Association**

**Financial Statements**

**December 31, 2022**

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# Mill Woods Seniors Association

## Financial Statements

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December 31, 2022

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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, 2022, 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, 2022, 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*

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, 2022 and 2021, current assets as at December 31, 2022 and 2021, and net assets as at January 1 and December 31 for both the 2022 and 2021 years. Our audit opinion on the financial statements for the year ended December 31, 2021 was modified accordingly because of the possible effects of this limitation 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. matter 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 23, 2023



Chartered Professional Accountants

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## Mill Woods Seniors Association

### Statement of Operations

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For the year ended December 31,	2022	2021
<b>Revenues</b>		
Grants	\$ 246,261	\$ 280,290
Program fees	159,114	66,985
Cafe	100,773	49,548
Donations and fundraising	53,097	61,871
Memberships	25,674	17,388
Government emergency funding	2,000	114,039
Interest income	1,963	3,777
	<b>588,882</b>	<b>593,898</b>
<b>Expenditures</b>		
Advertising and promotion	189	17
Amortization	4,880	3,058
Cafe cost of sales	49,474	28,629
City licensing fees	16,102	20,049
Contract service	42,670	24,756
Fundraising	4,646	89
Insurance	4,581	4,291
Office	17,786	22,396
Professional fees	6,919	9,088
Program and committee	24,713	11,611
Volunteer appreciation	2,607	3,066
Wages and benefits	488,758	479,063
	<b>663,325</b>	<b>606,113</b>
<b>Deficiency of revenues over expenditures before other item</b>	<b>(74,443)</b>	<b>(12,215)</b>
<b>Other expense</b>		
Loss on disposal of equipment	-	877
<b>Deficiency of revenues over expenditures</b>	<b>\$ (74,443)</b>	<b>\$ (13,092)</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 2022	Total 2021
<b>Balance, beginning of year</b>	\$ 206,496	\$ 14,593	\$ 221,089	\$ 234,181
Deficiency of revenues over expenditures	(69,563)	(4,880)	(74,443)	(13,092)
Purchase of capital assets	(1,916)	1,916	-	-
<b>Balance, end of year</b>	<b>\$ 135,017</b>	<b>\$ 11,629</b>	<b>\$ 146,646</b>	<b>\$ 221,089</b>

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**Mill Woods Seniors Association****Statement of Financial Position**

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December 31, 2022 2021

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**Assets****Current**

Cash (note 3)	\$ 114,588	\$ 266,836
Short term investments (note 4)	135,657	75,000
Accounts receivable (note 5)	500	12,372
Prepaid expenses	701	-

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251,446 354,208

**Long-term investments**

**Equipment (note 6)** - 5,432

11,629 14,593

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\$ 263,075 \$ 374,233

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**Liabilities****Current**

Accounts payable and accrued liabilities (note 7)	\$ 42,852	\$ 51,322
Deferred contributions (note 8)	33,577	61,822
Current portion of loan payable (note 9)	40,000	-

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116,429 113,144

**Loan payable (note 9)**

- 40,000

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116,429 153,144

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**Net assets**

<b>Unrestricted</b>	135,017	206,496
<b>Capital assets</b>	11,629	14,593

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146,646 221,089


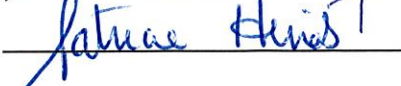
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\$ 263,075 \$ 374,233

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**Lease commitment (note 12)**

Approved on behalf of the Board:

	President	<u>Mar. 28/2023</u>	Date
	Treasurer	<u>March 31, 2023</u>	Date

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## Mill Woods Seniors Association

### Statement of Cash Flows

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For the year ended December 31,	2022	2021
<b>Cash provided by (used for)</b>		
<b>Operating activities</b>		
Deficiency of revenues over expenditures	\$ (74,443)	\$ (13,092)
Items not affecting cash		
Amortization of capital assets	4,880	3,058
Loss on disposal of equipment	-	876
	<b>(69,563)</b>	<b>(9,158)</b>
Change in non-cash working capital items		
Accounts receivable	11,872	31,886
Prepaid expenses	(701)	-
Accounts payable and accrued liabilities	(8,470)	4,579
Deferred contributions	(28,245)	(34,516)
	<b>(95,107)</b>	<b>(7,209)</b>
<b>Investing activities</b>		
Proceeds on sale of short term investments	10,000	172,244
Purchase of short term investments	(65,225)	(10,000)
Purchase of long term investments	-	(148)
Purchase of equipment	(1,916)	(10,614)
	<b>(57,141)</b>	<b>151,482</b>
<b>Increase (decrease) in cash</b>	<b>(152,248)</b>	<b>144,273</b>
<b>Cash, beginning of year</b>	<b>266,836</b>	<b>122,563</b>
<b>Cash, end of year</b>	<b>\$ 114,588</b>	<b>\$ 266,836</b>
<b>Cash consists of:</b>		
Cash	\$ 21,390	\$ 85,144
Restricted cash	4,667	1,423
Guaranteed investments certificates	-	130,286
High interest savings account	88,531	49,983
	<b>\$ 114,588</b>	<b>\$ 266,836</b>

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# Mill Woods Seniors Association

## Notes to the Financial Statements

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December 31, 2022

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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. 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.

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 6.

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# Mill Woods Seniors Association

## Notes to the Financial Statements

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December 31, 2022

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### 2. Significant accounting policies (continued)

#### (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 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.

Financial assets or 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 the instrument does, the cost is determined using the instruments undiscounted cash flows, excluding interest and dividend payments, less any impairment losses previously recognized by the transferor. Otherwise cost is determined using the considered transferred or received by the Association in the transaction.

Transactions, with parties whose sole relationship with the Association is in the capacity of management, are accounted for as arm's length transactions.

##### Subsequent measurement

The Association subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in debt instruments, equity instruments and forward exchange contracts that are quoted in an active market, which are measured at fair value without any adjustment for transaction costs. Changes in fair value are recognized in net income in the period in which they occur.

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

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

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# Mill Woods Seniors Association

## Notes to the Financial Statements

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December 31, 2022

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### 2. Significant accounting policies (continued)

#### 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 cost for financial instruments originated or exchanged in an arm's length transaction that are subsequently measured at amortized cost are recognized in the original cost of the instrument and 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 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 requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the period in which they become known.

### 3. Cash

Included in cash is \$4,667 (2021: \$1,423) 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 \$88,318 (\$49,983) invested in a high yield savings account earning interest at 1.85% (2021 - 0.05%) and nil (2021 - \$130,096) invested in Guaranteed Investment Certificates (GICs) accruing interest at nil (2021 - 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, 2022

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#### 4. Short term investments

Short term investments consist of GICs accruing interest from 2.80% to 3.50% (2021: 0.25% to 0.65%) maturing May to July 2023 (2021: May to July 2022).

Included in short term investments is \$nil (2021: \$10,000) 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 Commission.

#### 5. Accounts receivable

	2022	2021
Government emergency funding receivable	\$ -	\$ 11,872
Employee advances	500	500
	<b>\$ 500</b>	<b>\$ 12,372</b>

#### 6. Equipment

			2022	2021	
	Rate	Cost	Accumulated amortization	Net book value	Net book value
Equipment	10 yr SL	\$ 18,931	\$ 8,659	\$ 10,272	\$ 12,165
Computer equipment	55%	11,027	9,670	1,357	2,428
		<b>\$ 29,958</b>	<b>\$ 18,329</b>	<b>\$ 11,629</b>	<b>\$ 14,593</b>

#### 7. Accounts payable and accrued liabilities

	2022	2021
Trade payables	\$ 1,016	\$ 1,297
Government remittances	10,420	10,783
Accrued liabilities	31,416	39,242
	<b>\$ 42,852</b>	<b>\$ 51,322</b>

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## Mill Woods Seniors Association

### Notes to the Financial Statements

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December 31, 2022

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#### 8. 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:

	2022	2021
Balance, beginning of the year	\$ 61,822	\$ 96,338
Less: amounts recognized as revenue during the year	(284,979)	(326,005)
Add: amounts received during the year	256,734	291,489
	<b>\$ 33,577</b>	<b>\$ 61,822</b>

#### 9. Loan payable

	2022	2021
Canada Emergency Business Account, interest free until December 31, 2023	\$ 40,000	\$ 40,000
Less current portion	40,000	-
	<b>\$ -</b>	<b>\$ 40,000</b>

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 2020 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.

#### 10. Lease commitment

During the year, 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:

2023	\$ 19,794
2024	21,993
	<b>\$ 41,787</b>

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# Mill Woods Seniors Association

## Notes to the Financial Statements

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December 31, 2022

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### 11. Financial instruments

Transacting in and holding of financial instruments exposes the Association to certain financial risks and uncertainties. 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 Association's exposure to liquidity risk relates to 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 mitigates this risk by active working capital management including monitoring current and future cash flow requirements and management of expenses.

The Association's borrowing arrangements are concentrated with a single Canadian financial institution.

There has not been any changes to the Association's exposure to liquidity risk from the prior year.

#### (b) 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 market interest rates. The Association's interest-bearing financial instruments include short-term investments. The fair values of fixed rate financial instruments fluctuate as market rates of interest change. The cash flows resulting from variable rate financial instruments fluctuate as interest rates applicable to the instruments change. The Association does not employ derivative financial instruments to hedge its exposure to interest rate risk.