

**WESTEND SENIORS ACTIVITY CENTRE**

**Financial Statements**

**Year Ended December 31, 2021**

*Draft for discussion purposes only*

**WESTEND SENIORS ACTIVITY CENTRE**

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**Year Ended December 31, 2021**

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## INDEPENDENT AUDITOR'S REPORT

To the Members of  
Westend Seniors Activity Centre

### **Qualified Opinion**

We have audited the financial statements of Westend Seniors Activity Centre (the Centre), 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 possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Centre as at December 31, 2021, 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 charitable organizations, the Centre derives revenue from various sources such as food and beverage, drop-in fees, fundraising, donations, special events and craft sales, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of revenue from these sources was limited to the amounts recorded in the records of the Centre. Therefore, we were not able to determine whether any adjustments might be necessary to operations, assets or net assets.

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 Centre 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 those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

### **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with 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 Centre's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Centre or to cease operations, or has no realistic alternative but to do so.

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

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**Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Centre'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 Centre'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 Centre to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Edmonton, Alberta  
February 24, 2022

CHARTERED PROFESSIONAL ACCOUNTANTS

**WESTEND SENIORS ACTIVITY CENTRE**  
**Statement of Financial Position**  
**December 31, 2021**

	2021	2020
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	\$ 146,815	\$ 224,927
Restricted cash (Note 3)	22,800	46,030
Short-term investments	336,616	942,791
Accounts receivable	21,639	38,492
Prepaid expenses	12,306	8,429
	<u>540,176</u>	<u>1,260,669</u>
LONG-TERM INVESTMENTS	687,776	-
PROPERTY (Note 4)	<u>1,015,816</u>	<u>1,083,532</u>
	<u>\$ 2,243,768</u>	<u>\$ 2,344,201</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities (Note 5)	\$ 107,030	\$ 96,018
Damage deposits and prepaid rent	2,500	1,900
Deferred revenue (Note 6)	67,236	19,783
Deferred contributions (Note 7)	<u>22,800</u>	<u>128,647</u>
	<u>199,566</u>	<u>246,348</u>
LONG-TERM DEBT (Note 8)	<u>40,000</u>	<u>40,000</u>
	<u>239,566</u>	<u>286,348</u>
<b>NET ASSETS</b>		
Invested in property	1,015,816	1,083,532
Internally restricted (Note 9)	1,024,393	942,791
Unrestricted	<u>(36,007)</u>	<u>31,530</u>
	<u>2,004,202</u>	<u>2,057,853</u>
	<u>\$ 2,243,768</u>	<u>\$ 2,344,201</u>
LEASE COMMITMENTS (Note 10)		
EXTRAORDINARY EVENT (Note 11)		

**APPROVED BY THE BOARD**

\_\_\_\_\_  
Director

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Director

**WESTEND SENIORS ACTIVITY CENTRE****Statement of Operations****Year Ended December 31, 2021**

	2021	2020
<b>REVENUE</b>		
Grants (Note 12)	\$ 736,319	\$ 744,854
Registration fees	131,858	107,992
Food and frozen meal sales	126,337	67,506
Canada Emergency Wage subsidy	121,942	182,348
Hall rental	26,307	15,762
Memberships	24,660	42,735
Casino	23,155	14,173
Loan forgiveness	20,000	-
Interest and other	14,383	20,132
Fundraising	13,386	9,549
Donations	11,929	27,762
Special events	9,665	5,637
Drop-in fees	8,722	9,969
Craft sales	204	655
PPE sales	-	47,401
	<b>1,268,867</b>	<b>1,296,475</b>
<b>OPERATING EXPENSES</b>		
Personnel	717,340	771,604
Meal preparation	95,483	23,256
Instructor fees	91,744	76,020
Repairs and maintenance	88,920	65,170
Amortization	67,716	67,716
Food and beverage costs	47,872	32,142
Utilities	42,998	36,562
Equipment	40,375	17,093
Office and printing	26,270	40,210
Advertising and promotion	23,372	19,347
Meal delivery	18,063	-
Professional fees	14,374	25,011
Insurance	11,724	11,451
Program supplies	11,410	10,052
Interest and bank charges	8,933	5,492
Goods and Services Tax	8,748	7,541
Volunteer appreciation	5,094	1,449
Fundraising	1,482	3,282
Rental	600	600
PPE supplies	-	53,508
	<b>1,322,518</b>	<b>1,267,506</b>
<b>REVENUE (UNDER) OVER EXPENSES</b>	<b>\$ (53,651)</b>	<b>\$ 28,969</b>

**WESTEND SENIORS ACTIVITY CENTRE****Statement of Changes in Net Assets****Year Ended December 31, 2021**

	Invested in Property	Internally Restricted	Unrestricted	2021	2020
<b>NET ASSETS - BEGINNING OF YEAR</b>	\$ 1,083,532	\$ 942,791	\$ 31,530	<b>\$ 2,057,853</b>	\$ 2,028,884
Transfer (Note 9)	-	67,716	(67,716)	-	-
Revenue over (under) expenses	(67,716)	13,886	179	<b>(53,651)</b>	28,969
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 1,015,816</b>	<b>\$ 1,024,393</b>	<b>\$ (36,007)</b>	<b>\$ 2,004,202</b>	<b>\$ 2,057,853</b>

**WESTEND SENIORS ACTIVITY CENTRE****Statement of Cash Flows****Year Ended December 31, 2021**

	2021	2020
<b>OPERATING ACTIVITIES</b>		
Revenue (under) over expenses	\$ (53,651)	\$ 28,969
Item not affecting cash:		
Amortization	67,716	67,716
	<u>14,065</u>	<u>96,685</u>
Changes in non-cash working capital:		
Accounts receivable	16,853	(20,880)
Prepaid expenses	(3,877)	2,768
Accounts payable and accrued liabilities	11,012	(21,403)
Damage deposits and prepaid rent	600	(1,848)
Deferred revenue	47,453	(63,493)
Deferred contributions	(105,847)	128,014
	<u>(33,806)</u>	<u>23,158</u>
	<u>(19,741)</u>	<u>119,843</u>
<b>INVESTING ACTIVITY</b>		
(Purchase) proceeds from long-term investments	<u>(687,776)</u>	<u>308,650</u>
<b>FINANCING ACTIVITIES</b>		
Proceeds from long-term debt	20,000	40,000
Loan forgiveness	(20,000)	-
	<u>-</u>	<u>40,000</u>
<b>(DECREASE) INCREASE IN CASH</b>	<b>(707,517)</b>	<b>468,493</b>
Cash and short-term investments - beginning of year	<u>1,213,748</u>	<u>745,255</u>
<b>CASH AND SHORT-TERM INVESTMENTS - END OF YEAR</b>	<b>\$ 506,231</b>	<b>\$ 1,213,748</b>
<b>CASH AND SHORT-TERM INVESTMENTS CONSIST OF</b>		
Cash	\$ 146,815	\$ 224,927
Restricted cash	22,800	46,030
Short-term investments	<u>336,616</u>	<u>942,791</u>
	<u>\$ 506,231</u>	<u>\$ 1,213,748</u>



## WESTEND SENIORS ACTIVITY CENTRE

### Notes to Financial Statements

Year Ended December 31, 2021

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#### 1. NATURE OF OPERATIONS

The Westend Seniors Activity Centre is a charitable organization incorporated under the Societies Act (Alberta). The Centre provides programs for seniors 55 years and older. The primary objective of the Centre is to contribute to the healthy aging of seniors through the provision of programming, which includes fitness, education, arts, recreation and social activities as well as outreach support for seniors. The Centre is a registered charity under the Income Tax Act and as such, is exempt from income taxes.

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#### 2. SIGNIFICANT ACCOUNTING POLICIES

##### Basis of presentation

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

##### Cash

Cash is defined as cash on hand and cash on deposit, net of cheques issued and outstanding at the reporting dates.

##### Short-term investments

Short-term investments consist of redeemable term deposits and non-redeemable term deposits with maturity dates within twelve months.

##### Property

Property is recorded at cost. Amortization is provided on a straight line basis over the estimated useful lives of the assets at the following rates:

Leasehold improvements	25 years
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##### Long-term investments

Long-term investments consist of non-redeemable term deposits with maturity dates greater than twelve months.

##### Contributed services

The Centre is largely dependent on donated services of its many volunteers. Due to the difficulty in determining the fair value of these contributed amounts, they have not been recognized in these financial statements.

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## WESTEND SENIORS ACTIVITY CENTRE

### Notes to Financial Statements

Year Ended December 31, 2021

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#### 2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

##### Revenue recognition

The Centre follows the deferral method of accounting for contributions. Contributions, including operating grants, are included in revenue in the year they are received or receivable, with the exception that contributions to fund a specific future period's expenses are included in revenue in that later period.

Casino revenue is recognized as the related expenses are incurred.

Revenue from food and beverage and craft sales are recognized at time of sale.

Revenue from registration fees, hall rentals, drop-in fees and special events are recognized as services are performed and collection is reasonably assured.

Membership fees are set annually by the Board and are recognized as revenue during the membership period to which they apply.

##### Allocation of revenue and expenses

The Centre incurs various general administrative and occupancy expenditures that are common to the operations of the Centre and each of its programming activities. Certain of these expenditures have been allocated to programming activities based on percentages of usage. Such allocations are reviewed annually.

##### Financial instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost and tested for impairment at each reporting date.

##### Use of estimates

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 amounts reported in the financial statements. Significant estimates include useful life of property, accrued liabilities and deferred contributions. By their nature, these estimates are subject to measurement uncertainty and actual results could differ.

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#### 3. RESTRICTED CASH

Restricted cash includes \$22,800 (2020--\$46,030) of casino funds which can only be used in accordance with the licensing agreement with the Alberta Gaming, Liquor and Cannabis Commission.

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**WESTEND SENIORS ACTIVITY CENTRE****Notes to Financial Statements****Year Ended December 31, 2021****4. PROPERTY**

	Cost	Accumulated amortization	2021 Net book value	2020 Net book value
Leasehold improvements	\$ 1,900,988	\$ 885,172	\$ 1,015,816	\$ 1,083,532

**5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

Included in accounts payable and accrued liabilities is the following government remittance:

	2021	2020
Payroll deductions	\$ 11,634	\$ -

**6. DEFERRED REVENUE**

A portion of receipts received in the year are deferred to be recognized as revenue in future years as the related expenses are incurred. Deferred revenue consists of the following:

	2021	2020
Registration fees	\$ 38,886	\$ 9,763
Memberships	26,850	8,520
OBB event	1,500	1,500
	<u>\$ 67,236</u>	<u>\$ 19,783</u>

**7. DEFERRED CONTRIBUTIONS**

A portion of the receipts received in the year are deferred to be recognized as revenue in future years as the related expenses are incurred. Deferred contributions consist of the following:

	2021	2020
Casino	\$ 22,800	\$ 46,030
United Way - Emergency Community Support	-	43,966
New Horizons	-	20,500
Canada's Emergency Community Support fund	-	18,151
	<u>\$ 22,800</u>	<u>\$ 128,647</u>

## WESTEND SENIORS ACTIVITY CENTRE

### Notes to Financial Statements

Year Ended December 31, 2021

#### 8. LONG-TERM DEBT

Canada Emergency Business Account loan at 0% interest, repayable by December 31, 2023. If the loan is paid in full by December 31, 2023, 25% of the loan balance will be forgiven.

	2021	2020
	\$ 40,000	\$ 40,000
	\$ 40,000	\$ 40,000

#### 9. INTERNALLY RESTRICTED

The Board of Directors has set up two internally restricted funds in order to secure the Centre's future financial stability. The purpose of the building fund is to provide for building renovations and improvements and replacement of the building. The purpose of the sustainability fund is to provide a provision to cover the future cost of ongoing expenses in the event of an unanticipated loss of funding, loss of revenue or extraordinary expenditures. The funds are held in a savings account, short-term and long-term investments and can only be used with Board approval. Interest earned on investments is added to the funds. In the current year, \$13,886 (2020--\$18,661) was earned on the fund. During the year, the Board made a motion to transfer \$67,716 (2020--\$68,000) to the building fund from unrestricted net assets.

	Opening balance	Transfers	Interest earned	2021	2020
Building fund	\$ 454,815	\$ 67,716	\$ 6,809	\$ 529,340	\$ 454,815
Sustainability fund	487,976	-	7,077	495,053	487,976
	\$ 942,791	\$ 67,716	\$ 13,886	\$ 1,024,393	\$ 942,791

#### 10. LEASE COMMITMENTS

The Centre leases its premises, under an agreement with the Terra Losa Community Association, for \$1,200 per year plus operating costs. The lease commitment expires in 2028 with an option to renew for another 25 years. The lease payment for July 2020 - June 2021 was forgiven due to the pandemic.

The Centre also leases a photocopier under an agreement expiring June 2024. Annual lease payments are \$4,536.

## WESTEND SENIORS ACTIVITY CENTRE

### Notes to Financial Statements

Year Ended December 31, 2021

#### 11. EXTRAORDINARY EVENT

In March 2020, the Alberta Government declared a public health emergency due to the COVID-19 pandemic. In order to prevent the spread of the virus, public health orders required the Centre to close to the public for several months and reduced capacity upon reopening. Social distancing protocols required that numerous activities could not operate and class sizes were significantly reduced. The impact on the Centre's operations has been reduced revenue in the areas of registration fees, membership fee, special events, fundraising, drop-in-fees, hall rentals and food and beverage sales. The Centre has responded to the restrictions by offering online programming and prepared meals for pick up to the seniors.

The Centre has received the Canada Emergency Wage subsidy and the Canada Emergency Business Account loan provided by the Federal Government to assist organizations impacted by the pandemic.

They were also successful in receiving several COVID-19 response grants in order to expand their outreach program, meal program and offset the cost of social distancing measures within the Centre.

#### 12. GRANTS

	2021	2020
City of Edmonton - Operating grant	\$ 250,000	\$ 230,824
City of Edmonton - FCSS grant	230,616	230,616
Edmonton Community Foundation - Frozen Meal program	50,000	-
New Horizons	45,500	4,500
United Way - Emergency Community Support	43,967	31,031
City of Edmonton - Home Supports	39,780	39,780
City of Edmonton - Facility Conservation grant	39,519	12,149
Canada's Emergency Community Support fund	18,151	21,849
Help Age Canada	10,000	-
Canada and Alberta Jobs grant	6,786	-
Province of Alberta	2,000	-
City of Edmonton - FCSS COVID-19 funding	-	112,800
United Way - COVID-19 funding	-	25,000
Edmonton Community Foundation - Rapid Response fund	-	23,400
Edmonton Community Foundation - Software funding	-	9,500
Employment and Social Development Canada	-	3,405
	<b>\$ 736,319</b>	<b>\$ 744,854</b>

#### 13. ENDOWMENT FUND

The Centre established a permanent endowment fund, which is held and administered by the Edmonton Community Foundation. The Centre is the specified recipient of the income earned on this fund, but has no access to the principal amount of the investment. As a result, the fund is not reported on the annual audited financial statements. The income received in the current year was \$1,226 (2020--\$1,222) and the balance of the fund is \$30,646 (2020--\$30,544).

## WESTEND SENIORS ACTIVITY CENTRE

### Notes to Financial Statements

Year Ended December 31, 2021

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#### 14. FINANCIAL INSTRUMENTS

The Centre's financial instruments consist of cash, restricted cash, short-term investments, accounts receivable, long-term investments, accounts payable and accrued liabilities and long-term debt.

The Centre is exposed to the following risks through its financial instruments:

##### Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Centre's main credit risk relates to accounts receivable. Accounts receivable are generally amounts due from government agencies. It is management's opinion that there is no significant credit risk as of December 31, 2021.

##### Liquidity risk

Liquidity risk arises from the possibility that the Centre might encounter difficulty in settling its debts or in meeting its obligations related to financial liabilities. It is management's opinion that the risk is reduced due to large cash balance on hand as of December 31, 2021.

##### 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 Centre is exposed to interest rate risk arising on its interest bearing assets.

The Centre's cash, short-term investments and long-term investments include amounts held by financial institutions that earn interest at market rates. The Centre manages its risk by monitoring interest being earned on excess funds.

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