

WESTEND SENIORS ACTIVITY CENTRE

Financial Statements

Year Ended December 31, 2023

WESTEND SENIORS ACTIVITY CENTRE
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Year Ended December 31, 2023

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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, 2023, 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, 2023, 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 20, 2024



CHARTERED PROFESSIONAL ACCOUNTANTS

WESTEND SENIORS ACTIVITY CENTRE
Statement of Financial Position
December 31, 2023

	2023	2022
ASSETS		
CURRENT		
Cash	\$ 415,592	\$ 343,014
Restricted cash (Note 3)	68,926	645
Short-term investments (Note 9)	580,429	700,738
Accounts receivable	67,729	33,578
Prepaid expenses	15,587	14,952
	<u>1,148,263</u>	<u>1,092,927</u>
LONG-TERM INVESTMENTS (Note 9)	341,775	294,388
PROPERTY (Note 4)	880,384	948,100
	<u>\$ 2,370,422</u>	<u>\$ 2,335,415</u>
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities (Note 5)	\$ 126,641	\$ 134,070
Damage deposits and prepaid rent	4,723	2,800
Deferred revenue (Note 6)	113,551	95,822
Deferred contributions (Note 7)	270,569	216,078
Current portion of long-term debt (Note 8)	40,000	40,000
	<u>555,484</u>	<u>488,770</u>
NET ASSETS		
Invested in property	880,384	948,100
Internally restricted (Note 9)	886,616	988,664
Unrestricted	47,938	(90,119)
	<u>1,814,938</u>	<u>1,846,645</u>
	<u>\$ 2,370,422</u>	<u>\$ 2,335,415</u>
LEASE COMMITMENTS (Note 10)		

APPROVED BY THE BOARD

L. Thurston Director
Barbara Silson Director

WESTEND SENIORS ACTIVITY CENTRE
Statement of Operations
Year Ended December 31, 2023

	2023	2022
REVENUE		
Grants <i>(Note 11)</i>	\$ 1,035,948	\$ 766,529
Registration fees	249,528	193,587
Food and frozen meal sales	155,890	137,680
Memberships	76,290	44,785
Donations	61,342	14,499
Hall rental	56,758	33,891
Drop-in fees	52,753	33,032
Interest and other	48,255	15,487
Fundraising	24,392	12,824
Special events	21,237	19,096
Casino	13,494	27,959
	<u>1,795,887</u>	<u>1,299,369</u>
OPERATING EXPENSES		
Personnel	1,006,723	842,989
Software development	151,100	-
Instructor fees	141,667	126,162
Repairs and maintenance	100,979	59,889
Amortization	67,716	67,716
Utilities	66,404	56,788
Meal preparation	62,437	75,761
Food and beverage costs	47,422	52,102
Equipment	45,078	50,056
Office and printing	31,755	26,583
Advertising and promotion	29,070	32,370
Program supplies	22,744	14,073
Insurance	14,789	13,681
Goods and Services Tax	13,273	9,185
Interest and bank charges	8,966	10,000
Professional fees	7,184	9,201
Volunteer appreciation	6,831	7,717
Fundraising	2,256	1,453
Rental <i>(Note 10)</i>	1,200	1,200
	<u>1,827,594</u>	<u>1,456,926</u>
REVENUE UNDER EXPENSES	<u>\$ (31,707)</u>	<u>\$ (157,557)</u>

WESTEND SENIORS ACTIVITY CENTRE
Statement of Changes in Net Assets
Year Ended December 31, 2023

	Invested in Property	Internally Restricted	Unrestricted	2023	2022
NET ASSETS - BEGINNING OF YEAR	\$ 948,100	\$ 988,664	\$ (90,119)	\$ 1,846,645	\$ 2,004,202
Transfer (Note 9)	-	(102,991)	102,991	-	-
Revenue under expenses	(67,716)	943	35,066	(31,707)	(157,557)
NET ASSETS - END OF YEAR	\$ 880,384	\$ 886,616	\$ 47,938	\$ 1,814,938	\$ 1,846,645

WESTEND SENIORS ACTIVITY CENTRE
Statement of Cash Flows
Year Ended December 31, 2023

	2023	2022
OPERATING ACTIVITIES		
Revenue under expenses	\$ (31,707)	\$ (157,557)
Item not affecting cash:		
Amortization	67,716	67,716
	<u>36,009</u>	<u>(89,841)</u>
Changes in non-cash working capital:		
Accounts receivable	(34,151)	(11,939)
Prepaid expenses	(635)	(2,646)
Accounts payable and accrued liabilities	(7,429)	27,040
Damage deposits and prepaid rent	1,923	300
Deferred revenue	17,729	28,586
Deferred contributions	54,491	193,278
	<u>31,928</u>	<u>234,619</u>
	<u>67,937</u>	<u>144,778</u>
INVESTING ACTIVITY		
(Purchase) proceeds from long-term investments	<u>(47,387)</u>	393,388
INCREASE IN CASH	20,550	538,166
Cash and short-term investments - beginning of year	<u>1,044,397</u>	<u>506,231</u>
CASH AND SHORT-TERM INVESTMENTS - END OF YEAR	\$ 1,064,947	\$ 1,044,397
CASH AND SHORT-TERM INVESTMENTS CONSIST OF		
Cash	\$ 415,592	\$ 343,014
Restricted cash	68,926	645
Short-term investments	580,429	700,738
	<u>\$ 1,064,947</u>	<u>\$ 1,044,397</u>

WESTEND SENIORS ACTIVITY CENTRE

Notes to Financial Statements

Year Ended December 31, 2023

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.

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, 2023

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.

3. RESTRICTED CASH

Restricted cash includes \$68,926 (2022--\$645) of casino and raffles funds which can only be used in accordance with the licensing agreement with the Alberta Gaming, Liquor and Cannabis Commission.

WESTEND SENIORS ACTIVITY CENTRE
Notes to Financial Statements
Year Ended December 31, 2023

4. PROPERTY

	Cost	Accumulated amortization	2023 Net book value	2022 Net book value
Leasehold improvements	\$ 1,900,988	\$ 1,020,604	\$ 880,384	\$ 948,100

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

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

	2023	2022
Payroll deductions	\$ 14,139	\$ 15,658

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:

	2023	2022
Registration fees	\$ 68,336	\$ 53,877
Memberships	45,215	41,645
OBB event	-	300
	\$ 113,551	\$ 95,822

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. Changes in deferred contributions are as follows:

	Opening	Contributions	Revenue recognized	Closing
Strathcona County	\$ 83,333	\$ 200,000	\$ (200,000)	\$ 83,333
United Way Healthy Aging	71,168	-	(57,933)	13,235
Canadian Red Cross	33,048	105,472	(111,444)	27,076
Alberta Government Fraud Prevention	27,984	-	(27,984)	-
Edmonton Community Foundation	-	80,000	(2,001)	77,999
Gaming	545	83,724	(15,343)	68,926
	\$ 216,078	\$ 469,196	\$ (414,705)	\$ 270,569

WESTEND SENIORS ACTIVITY CENTRE

Notes to Financial Statements

Year Ended December 31, 2023

8. LONG-TERM DEBT

	2023	2022
Canada Emergency Business Account loan at 0% interest, repayable by January 18, 2024.	\$ 60,000	\$ 60,000
Less forgiven portion	(20,000)	(20,000)
	40,000	40,000
Less current portion	(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 short-term and long-term investments and can only be used with Board approval. In the current year, \$943 (2022--\$9,271) was reinvested in the Building fund. During the year, the Board made a motion to transfer \$102,991 (2022--\$45,000) from the sustainability fund to unrestricted net assets.

	Opening balance	Transfers	Interest earned	2023	2022
Building fund	\$ 534,345	\$ -	\$ 943	\$ 535,288	\$ 534,345
Sustainability fund	454,319	(102,991)	-	351,328	454,319
	\$ 988,664	\$ (102,991)	\$ 943	\$ 886,616	\$ 988,664

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 Centre also leases a photocopier under an agreement expiring June 2024. Lease payments are \$2,268.

WESTEND SENIORS ACTIVITY CENTRE

Notes to Financial Statements

Year Ended December 31, 2023

11. GRANTS

	<u>2023</u>	<u>2022</u>
Government of Alberta - Civil Society	\$ 206,870	\$ -
Strathcona County	200,000	116,667
City of Edmonton - Operating grant	197,775	237,518
City of Edmonton - FCSS grant	139,728	230,616
Canadian Red Cross	111,444	4,450
United Way Healthy Aging	57,933	3,832
City of Edmonton - Facility Conservation grant	40,000	40,000
Alberta Government Fraud Prevention	27,984	32,016
Canada and Alberta Jobs grant	27,549	57,850
City of Edmonton - Home Supports	24,664	39,780
Edmonton Community Foundation	2,001	3,800
	<u>\$ 1,035,948</u>	<u>\$ 766,529</u>

12. 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 \$1,283 (2022--\$1,393) and the balance of the fund is \$32,082 (2022--\$34,836).

WESTEND SENIORS ACTIVITY CENTRE
Notes to Financial Statements
Year Ended December 31, 2023

13. 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, 2023.

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, 2023.

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. Long-term debt is at 0% interest.
