

JELLINEK SOCIETY
Financial Statements
Year Ended March 31, 2020

JELLINEK SOCIETY
Index to Financial Statements
Year Ended March 31, 2020

	Page
INDEPENDENT AUDITOR'S REPORT	1 - 2
FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statement of Revenues and Expenditures	4
Statement of Changes in Net Assets	5
Statement of Cash Flows	6
Notes to Financial Statements	7 - 11

INDEPENDENT AUDITOR'S REPORT

To the Members of Jellinek Society

Opinion

We have audited the financial statements of Jellinek Society (the Society), which comprise the statement of financial position as at March 31, 2020, and the statements of revenues and expenditures, 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, the accompanying financial statements present fairly, in all material respects, the financial position of the Society as at March 31, 2020, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

Basis for Opinion

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 Society in accordance with 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 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 ASNPO, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Society's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Society or to cease operations, or has no realistic alternative but to do so.

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

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.

(continues)

Independent Auditor's Report to the Members of Jellinek Society (*continued*)

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Society's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Society's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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 Society to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Edmonton, Alberta
June 18, 2020

Rutwind Brar LLP

Rutwind Brar LLP
Chartered Professional Accountants

JELLINEK SOCIETY
Statement of Financial Position
March 31, 2020

	2020	2019
ASSETS		
CURRENT		
Cash (Note 6)	\$ 108,931	\$ 57,368
Term deposits (Note 7)	112,906	111,308
Accounts receivable	3,825	300
Goods and services tax recoverable	4,125	10,998
Prepaid expenses	8,796	7,013
	238,583	186,987
PROPERTY AND EQUIPMENT (Note 8)	297,441	271,384
TOTAL ASSETS	\$ 536,024	\$ 458,371
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable	\$ 20,354	\$ 13,831
Employee deductions payable	10,687	2,404
Deferred income (Note 9)	-	5,585
TOTAL LIABILITIES	31,041	21,820
NET ASSETS		
Unrestricted net asset fund	207,542	165,167
Investment in property & equipment fund	297,441	271,384
	504,983	436,551
TOTAL LIABILITIES AND NET ASSETS	\$ 536,024	\$ 458,371

ON BEHALF OF THE BOARD

_____ Director

_____ Director

JELLINEK SOCIETY
Statement of Revenues and Expenditures
Year Ended March 31, 2020

	2020	2019
REVENUES		
AHS Grant	\$ 151,073	\$ 150,901
Room and board	149,398	127,699
Casino Proceeds	76,747	-
Fundraising revenue	29,060	21,202
Donations	19,825	65,803
Other income	6,210	6,690
Lunch revenue	2,752	2,690
Interest income	1,624	507
	<u>436,689</u>	<u>375,492</u>
EXPENDITURES		
Salaries and wages	145,757	126,139
Food	57,278	66,897
Repairs and maintenance	26,878	14,712
Advertising and promotion	25,857	3,315
Amortization	22,732	23,217
Fundraising expense	18,866	12,246
Utilities	15,460	14,512
Sub-contracts	10,900	19,000
Professional fees	10,000	9,060
Insurance	9,450	8,645
Office	8,223	8,016
Life skills, recreation	6,560	955
GST expense	4,125	2,971
Telephone	2,676	4,154
Board of Directors expenses	2,076	3,176
Automotive	1,165	532
Interest and bank charges	144	503
Bad debts	110	-
Meals and gift cards	-	34
	<u>368,257</u>	<u>318,084</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>\$ 68,432</u>	<u>\$ 57,408</u>

JELLINEK SOCIETY
Statement of Changes in Net Assets
Year Ended March 31, 2020

	Unrestricted Net Asset Fund	Investment in Property & Equipment Fund	2020	2019
NET ASSETS - BEGINNING OF YEAR	\$ 165,167	\$ 271,384	\$ 436,551	\$ 379,143
Excess of revenues over expenditures	68,432	-	68,432	57,408
Additions of capital assets	(48,789)	48,789	-	-
Amortization of capital assets	22,732	(22,732)	-	-
NET ASSETS - END OF YEAR	\$ 207,542	\$ 297,441	\$ 504,983	\$ 436,551

JELLINEK SOCIETY
Statement of Cash Flows
Year Ended March 31, 2020

	2020	2019
OPERATING ACTIVITIES		
Excess of revenues over expenditures	\$ 68,432	\$ 57,408
Item not affecting cash:		
Amortization of property and equipment	22,732	23,217
	<u>91,164</u>	<u>80,625</u>
Changes in non-cash working capital:		
Accounts receivable	(3,525)	(300)
Accounts payable	6,523	(1,383)
Deferred income	(5,585)	(1,049)
Prepaid expenses	(1,783)	(635)
Goods and services tax payable	6,873	(2,970)
Employee deductions payable	8,283	1,785
	<u>10,786</u>	<u>(4,552)</u>
Cash flow from operating activities	<u>101,950</u>	<u>76,073</u>
INVESTING ACTIVITY		
Purchase of property and equipment	<u>(48,789)</u>	<u>(22,394)</u>
FINANCING ACTIVITIES		
Members' contributions	22,732	23,217
Members' drawings	<u>(22,732)</u>	<u>(23,217)</u>
Cash flow from financing activities	<u>-</u>	<u>-</u>
INCREASE IN CASH FLOW	53,161	53,679
Cash - beginning of year	<u>168,676</u>	<u>114,997</u>
CASH - END OF YEAR	\$ 221,837	\$ 168,676
CASH CONSISTS OF:		
Cash	\$ 108,931	\$ 57,368
Term deposits	<u>112,906</u>	<u>111,308</u>
	\$ 221,837	\$ 168,676

1. PURPOSE OF THE SOCIETY

Jellinek Society (the "Society") is a not-for-profit organization incorporated provincially under the Companies Act of Alberta. As a registered charity the Society is exempt from the payment of income tax under Section 149(1) of the Income Tax Act. The Society is also a registered charitable organization for income tax purposes.

The Society has a mandate of providing a residential facility from which recovering cross-addicted and alcoholic males can re-enter the community clean, sober, successful and self-reliant.

2. BASIS OF PRESENTATION

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPO).

3. FINANCIAL POSITION OF THE SOCIETY

The accompanying financial statements have been prepared on the going concern assumption that the Society will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The accounting policies are based on this going concern assumption.

Continuation of operations at current levels is dependent upon the Society maintaining successful fund-raising activities, securing additional funding from support agencies, and reducing or maintaining operating expenditures at current levels.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cash

The Society's policy is to disclose bank balances held with financial institutions.

Investments and other non-cash assets

All gains and losses from the sale, collection, or other disposition of investments and other non-cash assets are accounted for in the fund that owned the assets.

Ordinary income from investments, receivables, and similar assets is accounted for in the fund owning the assets, with the exception of income derived from investment of endowments funds. Unrestricted endowment fund investments are accounted for as revenue of the operation fund or, if they are restricted, as deferred amounts until the terms of the restriction have been met.

Goods and services tax

Goods and services tax is recoverable at 50% as a rebate. The unrecoverable portion is recorded as an expense and the rebate reported as receivable.

(continues)

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Prepaid Expenses

Prepaid expenses consist primarily of insurance expenses incurred before the end of the year, which will be consumed subsequent to the year-end, and are accordingly recorded as prepaid expenses.

Net assets

- Net assets invested in property and equipment represents the organization's net investment in property and equipment which is comprised of the unamortized amount of property and equipment purchased with restricted funds.
- Internally restricted net assets are funds which have been designated for a specific purpose by the organization's Board of Directors.
- Unrestricted net assets comprise the excess of revenue over expenses accumulated by the organization each year, not of transfers, and are available for general purposes.

Fund Accounting

Jellinek Society follows the deferral method of accounting for contributions.

Revenues and expenses related to program delivery and administrative activities are reported in the Operating Fund.

Revenues and expenses related to donated restricted funds are reported in the Donated - Restricted Fund.

The investment in property and equipment fund reports the assets, liabilities, revenues, and expenses related to Jellinek Society's capital assets.

Revenue recognition

The Jellinek Society follows the deferral method of accounting for contributions.

Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Endowment contributions are recognized as direct increases in net assets.

Restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Unrestricted investment income is recognized as revenue when earned.

Government grants

Government grants are recorded when there is a reasonable assurance that the Society had complied with and will continue to comply with, all the necessary conditions to obtain the grants. The Society receives an annual operational grant from Alberta Health Services. The grant is accounted for as a source of revenues.

(continues)

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Donated services and materials

Certain goods and services are received from the community without cost to assist Jellinek Society in carrying out its activities. Additionally, volunteers may have contributed a significant amount of time each year. Because of the difficulty in determining the fair value or cost of these activities, contributed goods and services are not recognized in these financial statements.

Measurement uncertainty

When preparing financial statements according to ASNPO, management makes estimates and assumptions relating to:

- reported amounts of revenues and expenses
- reported amounts of assets and liabilities
- disclosure of contingent assets and liabilities.

Estimates are based on a number of factors including historical experience, current events and actions that the Society may undertake in the future, and other assumptions that management believes are reasonable under the circumstances. By their nature, these estimates are subject to measurement uncertainty and actual results could differ. In particular, estimates are used in accounting for certain items such as revenues, allowance for doubtful accounts, useful lives of capital assets, asset impairments, legal and tax contingencies, employee compensation plans, employee benefit plans, retained interest in securitized receivables, income taxes, and goodwill impairment.

Property and equipment

Property and equipment is stated at cost or deemed cost less accumulated amortization and is amortized over its estimated useful life on a declining balance basis at the following rates and methods:

Land	N/A	non-depreciable
Building	4%	declining balance method
Furniture and fixtures	20%	declining balance method
Computer	55%	declining balance method
Computer software	55%	declining balance method

The Society regularly reviews its property and equipment to eliminate obsolete items. Government grants are treated as a reduction in property and equipment cost.

Property and equipment acquired during the year but not placed into use are not amortized until they are placed into use.

5. FINANCIAL INSTRUMENTS

The Society is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Society's risk exposure and concentration as of March 31, 2020.

(continues)

JELLINEK SOCIETY
Notes to Financial Statements
Year Ended March 31, 2020

5. FINANCIAL INSTRUMENTS *(continued)*

(a) Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Society is exposed to credit risk in connection with its clients, grants and accounts receivable.

(b) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Society is exposed to this risk mainly in respect of its receipt of funds from grants and other related sources, and accounts payable.

Unless otherwise noted, it is management's opinion that the Society is not exposed to significant other price risks arising from these financial instruments.

6. CASH

	2020	2019
Cash	\$ 76,073	\$ 49,079
Casino funds, restricted	32,859	8,289
	\$ 108,932	\$ 57,368

7. TERM DEPOSITS

	2020	2019
Term Deposit, at 1.30% with a maturity date of June 12, 2020	\$ 62,188	\$ 61,308
Term Deposit, at 1.30% with a maturity date of June 14, 2020	50,718	50,000
	\$ 112,906	\$ 111,308

8. PROPERTY AND EQUIPMENT

	Cost	Accumulated amortization	2020 Net book value	2019 Net book value
Land	\$ 5,000	\$ -	\$ 5,000	\$ 5,000
Building	537,531	296,028	241,503	208,122
Furniture and fixtures	187,050	137,527	49,523	56,917
Computer	13,410	11,996	1,414	1,343
Computer software	900	899	1	2
	\$ 743,891	\$ 446,450	\$ 297,441	\$ 271,384

JELLINEK SOCIETY
Notes to Financial Statements
Year Ended March 31, 2020

9. DEFERRED INCOME

Deferred income is comprised of unspent externally restricted grants or donations, as well as room and board income received in advance. The changes in the deferred revenue balance are as follows:

	<u>2020</u>	<u>2019</u>
Grants and donations received for restricted purposes	\$ -	\$ -
Room and board income received in advance	-	5,585
Less amounts recognized as revenue during the year	-	-
Balance, end of year	<u>\$ -</u>	<u>\$ 5,585</u>

10. ECONOMIC DEPENDENCE

The Society's primary source of income is from government agencies. The Society's ability to continue viable operations is dependent on this funding.

11. SUBSEQUENT EVENTS

Subsequent to year end, the outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", has resulted in worldwide emergency measures to combat the spread of the virus. These measures, which include self-quarantine periods, have caused disruption to businesses globally, which are resulting in an economic slowdown. The duration and impact of COVID-19 outbreak is unknown at this time, including measures implemented by governments and central banks. It is not possible to reliably estimate the length of effect of these developments, including the impact on the financial results of the Society in future periods.
