

JELLINEK SOCIETY
Financial Statements
Year Ended March 31, 2021

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Year Ended March 31, 2021

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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, 2021, 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, 2021, 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.

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:

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

- 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 15, 2021

Rutwind Brar LLP
Rutwind Brar LLP
Chartered Professional Accountants

JELLINEK SOCIETY
Statement of Financial Position
March 31, 2021

	2021	2020
ASSETS		
CURRENT		
Cash (Note 6)	\$ 68,184	\$ 108,931
Term deposits (Note 7)	113,498	112,906
Accounts receivable	562	3,825
Goods and services tax recoverable	6,816	4,125
Prepaid expenses	6,411	8,796
	195,471	238,583
PROPERTY AND EQUIPMENT (Note 8)	307,057	297,441
TOTAL ASSETS	\$ 502,528	\$ 536,024
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable	\$ 14,992	\$ 20,353
Employee deductions payable	3,685	10,687
Deferred income (Note 9)	2,183	-
	20,860	31,040
TOTAL LIABILITIES	20,860	31,040
NET ASSETS		
Unrestricted net asset fund	174,611	207,543
Investment in property & equipment fund	307,057	297,441
	481,668	504,984
TOTAL LIABILITIES AND NET ASSETS	\$ 502,528	\$ 536,024

ON BEHALF OF THE BOARD

_____ Director

_____ Director

JELLINEK SOCIETY
Statement of Revenues and Expenditures
Year Ended March 31, 2021

	2021	2020
REVENUES		
AHS Grant	\$ 151,882	\$ 151,073
Room and board	131,874	149,398
Donations	21,164	19,825
Other income	5,329	6,210
Interest income	623	1,624
Fundraising revenue	-	29,060
Lunch revenue	-	2,752
Casino Proceeds	-	76,747
	<u>310,872</u>	<u>436,689</u>
EXPENDITURES		
Salaries and wages	150,282	145,757
Food	49,437	57,278
Repairs and maintenance	26,572	26,878
Amortization	23,350	22,732
Utilities	17,167	15,460
Insurance	11,043	9,450
Sub-contracts	8,620	10,900
Life skills, recreation	8,275	6,560
Professional fees	8,000	10,000
Office	7,797	8,223
Business taxes, licences and memberships	5,973	-
Telephone	3,831	2,676
Advertising and promotion	2,876	25,857
GST expense	2,691	4,125
Automotive	903	1,165
Fundraising expense	772	18,866
Interest and bank charges	369	144
Bad debts	238	110
Board of Directors expenses	194	2,076
	<u>328,390</u>	<u>368,257</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES FROM OPERATIONS	<u>(17,518)</u>	<u>68,432</u>
OTHER INCOME (EXPENSES)		
Loss on disposal of property and equipment	(798)	-
Arbitration settlement	(5,000)	-
	<u>(5,798)</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ (23,316)</u>	<u>\$ 68,432</u>

JELLINEK SOCIETY
Statement of Changes in Net Assets
Year Ended March 31, 2021

	Unrestricted Net Asset Fund	Investment in Property & Equipment Fund	2021	2020
NET ASSETS - BEGINNING OF YEAR	\$ 207,543	\$ 297,441	\$ 504,984	\$ 436,552
Excess of revenues over expenditures	(23,316)	-	(23,316)	68,432
Additions of capital assets	(32,966)	32,966	-	-
Amortization of capital assets	23,350	(23,350)	-	-
NET ASSETS - END OF YEAR	\$ 174,611	\$ 307,057	\$ 481,668	\$ 504,984

JELLINEK SOCIETY
Statement of Cash Flows
Year Ended March 31, 2021

	2021	2020
OPERATING ACTIVITIES		
Excess (deficiency) of revenues over expenditures	\$ (23,316)	\$ 68,432
Items not affecting cash:		
Amortization of property and equipment	23,350	22,732
Loss on disposal of property and equipment	798	-
	832	91,164
Changes in non-cash working capital:		
Accounts receivable	3,263	(3,525)
Accounts payable	(5,362)	6,523
Deferred income	2,183	(5,585)
Prepaid expenses	2,385	(1,783)
Goods and services tax payable	(2,691)	6,873
Employee deductions payable	(7,002)	8,283
	(7,224)	10,786
Cash flow from (used by) operating activities	(6,392)	101,950
INVESTING ACTIVITIES		
Purchase of property and equipment	(33,763)	(48,789)
Proceeds on disposal of term deposits	112,906	111,308
Purchase of term deposits	(113,498)	(112,906)
Cash flow used by investing activities	(34,355)	(50,387)
INCREASE (DECREASE) IN CASH FLOW	(40,747)	51,563
Cash - beginning of year	108,931	57,368
CASH - END OF YEAR	\$ 68,184	\$ 108,931
CASH CONSISTS OF:		
Cash	\$ 68,184	\$ 108,931

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.

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

Prepaid Expenses

Prepaid expenses consist primarily of insurance, membership and fundraising 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.

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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.

Financial instruments

The Society's financial instruments consist of cash, term deposits, accounts receivable, accounts payable and accrued liabilities. Unless otherwise noted, it is management's opinion that the Organization is not exposed to significant interest, currency or credit risks arising from the financial instruments. The fair values of these financial instruments approximate their carrying values.

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
Computer	55%	declining balance method
Computer software	55%	declining balance method
Furniture and fixtures	20%	declining balance method
Sheds and other external structures	10%	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, 2021.

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.

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.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency rate risk, interest rate risk and other price risk. The Society is mainly exposed to interest rate risk.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Society is not exposed to currency risk.

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 Society is exposed to interest rate risk on its term deposits. The Society only invests in secured investments with guaranteed interest rates to mitigate this risk

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Society is not exposed to other price risk.

Changes in risk

There have been no significant changes in the Society's risk exposures from the 2020 fiscal year.

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

JELLINEK SOCIETY
Notes to Financial Statements
Year Ended March 31, 2021

6. CASH

	2021	2020
Cash	\$ 63,487	\$ 76,073
Casino funds, restricted	4,701	32,859
	\$ 68,188	\$ 108,932

7. TERM DEPOSITS

	2021	2020
Term Deposit, at 0.30% with a maturity date of April 14, 2021	\$ 62,513	\$ 62,188
Term Deposit, at 0.30% with a maturity date of April 14, 2021	50,985	50,718
	\$ 113,498	\$ 112,906

8. PROPERTY AND EQUIPMENT

	Cost	Accumulated amortization	2021 Net book value	2020 Net book value
Land	\$ 5,000	\$ -	\$ 5,000	\$ 5,000
Building	547,025	305,878	241,147	241,503
Computer	14,858	13,570	1,288	1,414
Computer software	900	900	-	1
Furniture and fixtures	204,453	146,766	57,687	49,523
Sheds and other external structures	2,037	102	1,935	-
	\$ 774,273	\$ 467,216	\$ 307,057	\$ 297,441

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:

	2021	2020
Grants and donations received for restricted purposes	\$ -	\$ -
Room and board income received in advance	2,183	-
Less amounts recognized as revenue during the year	-	-
	\$ 2,183	\$ -

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.
