

JELLINEK SOCIETY
Financial Statements
Year Ended March 31, 2018

JELLINEK SOCIETY
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Year Ended March 31, 2018

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INDEPENDENT AUDITOR'S REPORT

To the Members of Jellinek Society

We have audited the accompanying financial statements of Jellinek Society, which comprise the statement of financial position as at March 31, 2018 and the statements of revenues and expenditures, changes in net assets and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

(continues)

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Jellinek Society as at March 31, 2018 and the results of its operations and its cash flow for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Edmonton, Alberta
March 26, 2019

Rutwind Brar LLP
Rutwind Brar LLP
Chartered Professional Accountants

JELLINEK SOCIETY
Statement of Financial Position
March 31, 2018

	2018	2017
ASSETS		
CURRENT		
Cash (Note 6)	\$ 54,176	\$ 47,660
Term deposits (Note 7)	60,821	60,468
Accounts receivable	-	984
Goods and services tax recoverable	8,028	4,475
Prepaid expenses	6,378	8,371
	129,403	121,958
PROPERTY AND EQUIPMENT (Note 8)	272,208	250,026
TOTAL ASSETS	\$ 401,611	\$ 371,984
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable	\$ 15,214	\$ 15,430
Wages payable	-	409
Employee deductions payable	619	3,147
Deferred income (Note 9)	6,634	-
	22,467	18,986
NET ASSETS		
Unrestricted net asset fund	106,936	102,972
Investment in property & equipment fund	272,208	250,026
	379,144	352,998
	\$ 401,611	\$ 371,984

ON BEHALF OF THE BOARD

_____ Director

_____ Director

JELLINEK SOCIETY
Statement of Revenues and Expenditures
Year Ended March 31, 2018

	2018	2017
REVENUES		
AHS Grant	\$ 147,718	\$ 146,806
Room and board	108,624	116,861
Casino Proceeds	75,876	-
Fundraising revenue	25,239	2,579
Donations	6,992	42,537
Other income	4,944	5,492
Lunch revenue	2,971	1,535
Interest income	384	417
Edmonton Community Foundation Grant	-	51,600
NAAW	-	3,244
United Church Foundation	-	3,125
	<u>372,748</u>	<u>374,196</u>
EXPENDITURES		
Salaries and wages	114,370	120,964
Food	53,265	50,099
Sub-contracts	50,979	20,228
Amortization	26,267	18,648
Repairs and maintenance	24,618	16,640
Utilities	16,937	12,224
Fundraising expense	13,749	-
Professional fees	9,680	9,800
Insurance	8,666	7,646
Staff employee benefits	6,475	11,818
Telephone	4,624	5,804
Office	4,356	8,859
GST expense	3,552	4,475
Board of Directors expenses	3,198	1,893
Automotive	2,333	5,322
Advertising and promotion	1,686	339
Life skills, recreation	1,498	2,636
Website	153	3,260
Interest and bank charges	139	67
Business taxes, licences and memberships	57	1,528
Bad debt recovery	-	(2,690)
	<u>346,602</u>	<u>299,560</u>
EXCESS OF REVENUES OVER EXPENDITURES	\$ 26,146	\$ 74,636

JELLINEK SOCIETY
Statement of Changes in Net Assets
Year Ended March 31, 2018

	Unrestricted Net Asset Fund	Investment in Property & Equipment Fund	2018	2017
NET ASSETS - BEGINNING OF YEAR	\$ 102,972	\$ 250,026	\$ 352,998	\$ 278,362
Excess of revenues over expenditures	26,146	-	26,146	74,636
Additions of capital assets	(48,449)	48,449	-	-
Amortization of capital assets	26,267	(26,267)	-	-
NET ASSETS - END OF YEAR	\$ 106,936	\$ 272,208	\$ 379,144	\$ 352,998

JELLINEK SOCIETY
Statement of Cash Flow
Year Ended March 31, 2018

	2018	2017
OPERATING ACTIVITIES		
Excess of revenues over expenditures	\$ 26,146	\$ 74,636
Item not affecting cash:		
Amortization of property and equipment	<u>26,267</u>	<u>18,648</u>
	<u>52,413</u>	<u>93,284</u>
Changes in non-cash working capital:		
Accounts receivable	984	(1,449)
Accounts payable	(216)	8,059
Deferred income	6,634	(54,844)
Prepaid expenses	1,993	(7,479)
Goods and services tax payable	(3,553)	2,240
Wages payable	(409)	-
Employee deductions payable	<u>(2,528)</u>	<u>442</u>
	<u>2,905</u>	<u>(53,031)</u>
Cash flow from operating activities	<u>55,318</u>	<u>40,253</u>
INVESTING ACTIVITY		
Purchase of property and equipment	<u>(48,449)</u>	<u>(112,821)</u>
INCREASE (DECREASE) IN CASH FLOW	6,869	(72,568)
Cash - beginning of year	<u>108,128</u>	<u>180,696</u>
CASH - END OF YEAR	\$ 114,997	\$ 108,128
CASH CONSISTS OF:		
Cash	\$ 54,176	\$ 47,660
Term deposits	<u>60,821</u>	<u>60,468</u>
	<u>\$ 114,997</u>	<u>\$ 108,128</u>

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 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.

Property and equipment

Property and equipment is stated at cost or deemed cost less accumulated amortization. Property and equipment is amortized over its estimated useful life on a straight-line 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, 2018.

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JELLINEK SOCIETY
Notes to Financial Statements
Year Ended March 31, 2018

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

	2018	2017
Cash	\$ 9,936	\$ 43,966
Casino funds, restricted	44,240	3,694
	\$ 54,176	\$ 47,660

7. TERM DEPOSITS

	2018	2017
Term Deposit, at 0.80% with a maturity date of Jul 11, 2018	\$ 60,821	\$ 60,468

8. PROPERTY AND EQUIPMENT

	Cost	Accumulated amortization	2018 Net book value	2017 Net book value
Land	\$ 5,000	\$ -	\$ 5,000	\$ 5,000
Building	480,860	278,475	202,385	170,858
Furniture and fixtures	174,339	112,506	61,833	73,123
Computer	11,611	8,626	2,985	1,033
Computer software	900	895	5	12
	\$ 672,710	\$ 400,502	\$ 272,208	\$ 250,026

JELLINEK SOCIETY
Notes to Financial Statements
Year Ended March 31, 2018

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>2018</u>	<u>2017</u>
Balance, beginning of year	\$ -	\$ 54,844
Grants and donations received for restricted purposes	-	-
Room and board income received in advance	6,634	-
Less amounts recognized as revenue during the year	-	<u>(54,844)</u>
Balance, end of year	<u>\$ 6,634</u>	<u>\$ -</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.
