

FUSESOCIAL WOOD BUFFALO SOCIETY
Financial Statements
Year Ended December 31, 2020

FUSESOCIAL WOOD BUFFALO SOCIETY
Index to Financial Statements
Year Ended December 31, 2020

	Page
INDEPENDENT AUDITOR'S REPORT	1 - 2
FINANCIAL STATEMENTS	
Statement of Revenues and Expenditures	3
Statement of Financial Position	4
Statement of Changes in Net Assets	5
Statement of Cash Flows	6
Notes to Financial Statements	7 - 12

INDEPENDENT AUDITOR'S REPORT

To the Members of FuseSocial Wood Buffalo Society

Opinion

We have audited the financial statements of FuseSocial Wood Buffalo Society (the Society), which comprise the statement of financial position as at December 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 December 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.

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Independent Auditor's Report to the Members of FuseSocial Wood Buffalo 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.

Sherwood Park, Alberta

GALLO LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

FUSESOCIAL WOOD BUFFALO SOCIETY
Statement of Revenues and Expenditures
Year Ended December 31, 2020

	2020	2019
REVENUES		
Donations and grants	\$ 1,148,456	\$ 1,108,726
Events and program fees	82,474	24,306
Sponsorships	4,526	12,132
	<u>1,235,456</u>	<u>1,145,164</u>
EXPENSES		
Salaries and wages	879,093	592,920
Program and event expenses	93,665	130,651
Subcontractors and consultants	63,249	98,905
Rent	44,005	46,355
Advertising and promotion	30,548	51,552
Professional fees	29,296	26,926
Facility rental and catering	28,770	49,673
Licenses and fees	23,018	45,372
Professional development	18,014	13,326
Program facilitator travel	15,723	53,809
Office	10,843	10,649
Volunteer recognition	3,853	8,434
Amortization	3,595	891
Interest and bank charges	3,258	663
Insurance	3,202	2,786
Telephone	987	1,836
	<u>1,251,119</u>	<u>1,134,748</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES FROM OPERATIONS	<u>(15,663)</u>	10,416
OTHER INCOME		
Government assistance (Note 10)	16,500	-
Interest income	690	1,065
	<u>17,190</u>	<u>1,065</u>
EXCESS OF REVENUES OVER EXPENSES	<u>\$ 1,527</u>	<u>\$ 11,481</u>

See notes to financial statements

FUSESOCIAL WOOD BUFFALO SOCIETY

Statement of Financial Position

December 31, 2020

	2020	2019
ASSETS		
CURRENT		
Cash (Note 3)	\$ 544,063	\$ 412,973
Contributions receivable	26,842	9,360
Inventory (Note 3)	36,907	-
Goods and services tax recoverable	17,432	10,150
Prepaid expenses	5,148	6,320
	<u>630,392</u>	438,803
EQUIPMENT (Note 4)	8,750	729
RESTRICTED CASH	128,171	112,307
RESTRICTED TERM DEPOSIT (Note 5)	-	15,206
	<u>\$ 767,313</u>	<u>\$ 567,045</u>
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities	\$ 40,928	\$ 25,551
Wages payable	35,662	19,381
Employee deductions payable	16,268	12,107
Deferred contributions (Note 7)	418,008	255,086
	<u>510,866</u>	312,125
NET ASSETS		
General fund (unrestricted)	119,526	126,678
Invested in equipment fund (internally restricted)	8,750	729
Operational deficiency fund (internally restricted) (Note 3)	128,171	127,513
	<u>256,447</u>	254,920
	<u>\$ 767,313</u>	<u>\$ 567,045</u>

LEASE COMMITMENTS (Note 8)

ON BEHALF OF THE BOARD

_____ Director

_____ Director

See notes to financial statements

FUSESOCIAL WOOD BUFFALO SOCIETY
Statement of Changes in Net Assets
Year Ended December 31, 2020

	General Fund (unrestricted)	Invested in Equipment Fund (internally restricted)	Operational Deficiency Fund (internally restricted)	2020	2019
NET ASSETS - BEGINNING OF YEAR	\$ 126,678	\$ 729	\$ 127,513	\$ 254,920	\$ 243,439
EXCESS OF REVENUES OVER EXPENSES	4,464	(3,595)	658	1,527	11,481
INTERFUND TRANSFER	(11,616)	11,616	-	-	-
NET ASSETS - END OF YEAR	\$ 119,526	\$ 8,750	\$ 128,171	\$ 256,447	\$ 254,920

Interfund transfer consists of \$11,616 (2019 - \$892) in relation to investing in new equipment in the current year.

FUSESOCIAL WOOD BUFFALO SOCIETY

Statement of Cash Flows

Year Ended December 31, 2020

	2020	2019
OPERATING ACTIVITIES		
Excess of revenues over expenses	\$ 1,527	\$ 11,481
Item not affecting cash:		
Amortization of equipment	3,595	891
	<u>5,122</u>	<u>12,372</u>
Changes in non-cash working capital:		
Contributions receivable	(17,482)	7,126
Inventory	(36,907)	-
Accounts payable and accrued liabilities	15,377	(6,151)
Deferred contributions	162,922	44,074
Prepaid expenses	1,172	5,604
Goods and services tax payable	(7,282)	2,378
Wages payable	16,281	4,132
Employee deductions payable	4,161	2,308
Restricted term deposit	15,206	(91)
	<u>153,448</u>	<u>59,380</u>
Cash flow from operating activities	<u>158,570</u>	<u>71,752</u>
INVESTING ACTIVITY		
Purchase of equipment	(11,616)	-
INCREASE IN CASH FLOW	146,954	71,752
Cash - beginning of year	<u>525,280</u>	<u>453,528</u>
CASH - END OF YEAR	\$ 672,234	\$ 525,280
CASH CONSISTS OF:		
Cash	\$ 544,063	\$ 412,973
Restricted cash	128,171	112,307
	<u>\$ 672,234</u>	<u>\$ 525,280</u>

See notes to financial statements

FUSESOCIAL WOOD BUFFALO SOCIETY

Notes to Financial Statements

Year Ended December 31, 2020

1. PURPOSE OF THE SOCIETY

FuseSocial Wood Buffalo Society (the "Society") is a not-for-profit organization incorporated provincially under the Societies Act of Alberta in 1999. 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 strengthens the capacity of Wood Buffalo's social profit sector by providing backbone support that will enable individuals and organizations to meet the needs of a rapidly changing community. The focus of the Society includes increasing public awareness and support for social profit in the community of Wood Buffalo.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

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

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. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

Revenue recognition

FuseSocial Wood Buffalo 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.

Investment income is recognized as revenue when earned.

Events and program fees are recognized as revenue when the events are held.

Government assistance income is recognized as revenue when received.

Cash and restricted cash

Cash includes cash only. Restricted cash include amounts that are restricted for a specific use.

Inventory

Inventory is valued at the lower of cost and current replacement cost.

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FUSESOCIAL WOOD BUFFALO SOCIETY

Notes to Financial Statements

Year Ended December 31, 2020

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

Equipment

Equipment is stated at cost or deemed cost less accumulated amortization and is amortized over its estimated useful life at the following rates and methods:

Computer equipment 55% declining balance method

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

Equipment acquired during the year but not placed into use are not amortized until they are placed into use.

Contributed services

The operations of the organization depend on the contribution of time by volunteers. The fair value of donated services cannot be reasonably determined and are therefore not reflected in these financial statements.

Measurement uncertainty

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 reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

3. INVENTORY

	<u>2020</u>	<u>2019</u>
Artworks	\$ 36,907	\$ -

No inventory is recognized as cost of sales this year, as the artworks are exchanged for volunteers' hours, which are not recorded as income.

4. EQUIPMENT

	Cost	Accumulated amortization	2020 Net book value	2019 Net book value
Computer equipment	\$ 33,020	\$ 24,270	\$ 8,750	\$ 729

5. RESTRICTED TERM DEPOSIT

	<u>2020</u>	<u>2019</u>
Restricted term deposit (1 year Servus GIC @ 1%, matured on July 7, 2020)	\$ -	\$ 15,206

FUSESOCIAL WOOD BUFFALO SOCIETY

Notes to Financial Statements

Year Ended December 31, 2020

6. OPERATIONAL DEFICIENCY FUND

The Society possesses a savings account and term deposit that are held for other than current purposes. Upon amalgamation in 2014, these funds were internally restricted in order to ensure the continuation of the Leadership Wood Buffalo program. Therefore, this accumulated surplus represented revenue and net assets in 2014 despite their presentation as deferred contributions. The current period financial statements display the change in presentation of this accumulated surplus subject to internal restrictions. In the 2019 period, the board approved a repurpose of these funds from preserving the Leadership Wood Buffalo program to now acting as the Society's long-term general reserve fund.

On October 22, 2019 it is been resolved that FuseSocial Wood Buffalo Society reallocate the 2018 year-end restriction as such:

Operational Deficiency Fund	\$	85,000
Guaranteed Investment Certificate		15,206
Executive Director Searches		15,000
Board Approved Collaboration Projects		10,000
Interest		2,965
		128,171
	\$	128,171

7. DEFERRED CONTRIBUTIONS

Deferred contributions represents contributions received for specific purposes which have not been expended at year end.

	2019	Contributions received	Contributions recognized as revenue	2020
Suncor Energy Foundation - Core	\$ 67,079	\$ 494,963	\$ 431,982	\$ 130,060
Shared Services	-	160,503	56,753	103,750
Suncor Energy Foundation - Collaboration	-	50,000	-	50,000
TimeRaiser Sponsorship	5,368	54,907	16,744	43,531
Donations & Flood Relief	-	69,644	29,644	40,000
Leadership Wood Buffalo ("LWB")	28,200	36,438	25,408	39,230
Heart Awards	-	35,500	28,433	7,067
Convergence YMM	5,337	1,575	2,542	4,370
Alberta Culture and Tourism - Enhanced Capacity	58,262	60,000	118,262	-
Wood Buffalo Community Foundation	41,300	-	41,300	-
The Canadian Red Cross Society	28,203	145,459	173,662	-
Canadian Index of Wellbeing Community Survey ("CIW")	18,251	-	18,251	-
United Way of Fort McMurray	-	21,363	21,363	-
The Canadian Red Cross Society - CIW	2,942	19,266	22,208	-
Regional Municipal Wood Buffalo	144	294,527	294,671	-

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FUSESOCIAL WOOD BUFFALO SOCIETY

Notes to Financial Statements

Year Ended December 31, 2020

7. DEFERRED CONTRIBUTIONS *(continued)*

	2019	Contributions received	Contributions recognized as revenue	2020
Academic Calendar Fees	-	8,330	8,330	-
	<u>\$ 255,086</u>	<u>\$ 1,452,475</u>	<u>\$ 1,289,553</u>	<u>\$ 418,008</u>

8. LEASE COMMITMENTS

The Society has a long term lease with respect to its premises at the Redpoll Centre that expires on August 31, 2021. Monthly costs are \$3,224 with an annual increase on May 1st of 4%. Subsequent to year-end, a lease agreement was signed with The Fort McMurray Boys' and Girls' Club, which commences on August 1, 2021 and expires on July 30, 2026, with monthly costs of \$3,500.

Future minimum lease payments as at December 31, 2020, are as follows:

2021	\$ 33,305
2022	42,000
2023	42,000
2024	42,000
2025	42,000
Thereafter	<u>24,500</u>
	<u>\$ 225,805</u>

9. IN-KIND CONTRIBUTIONS

In the current year, the Society received no in-kind contributions with a fair market value of \$0 (2019 - \$9,447).

FUSESOCIAL WOOD BUFFALO SOCIETY

Notes to Financial Statements

Year Ended December 31, 2020

10. GOVERNMENT ASSISTANCE

Due to the negative economic impact of the COVID-19 pandemic, the Government of Canada released the Temporary Wage Subsidy for Employers (TWSE) program on March 2020.

The TWSE allows eligible employers to reduce the amount of payroll deductions they would otherwise be required to remit to the Canada Revenue Agency from March 18, 2020 to June 19, 2020.

The Company qualified for TWSE for the following periods in the fiscal year:

	<u>2020</u>
Temporary Wage Subsidy for Employers (TWSE)	
Period from March 18, 2020 to March 31, 2020	\$ 3,021
Period from April 01, 2020 to April 30, 2020	6,494
Period from May 1, 2020 to May 31, 2020	<u>6,985</u>
	<u>16,500</u>
	<u>\$ 16,500</u>

As at December 31, 2020, the Society has received the full amount of the TWSE.

The entire TWSE relevant to the fiscal year has been recorded as government assistance revenue received by the Society during this period.

11. 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 December 31, 2020.

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 its funders and other related sources, obligations under operating leases, accounts payable, and accrued liabilities.

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.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the Society manages exposure through its normal operating and financing activities. The Society is exposed to interest rate risk primarily through its restricted term deposit.

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

FUSESOCIAL WOOD BUFFALO SOCIETY

Notes to Financial Statements

Year Ended December 31, 2020

12. ECONOMIC DEPENDENCE

The Society's operations are supported primarily through funding obtained from the Suncor Energy Foundation. Revenue realized from the Suncor Energy Foundation represents 35% (2019 - 37%) of the Society's total revenue. The current funding agreement will provide the Society with annual installments until the end of 2021. Should this organization substantially change their dealings with the Society, management is of the opinion that sustaining viable operations would be doubtful.

13. SUBSEQUENT EVENT

In early March of 2020, the COVID-19 virus was declared a global pandemic. Business continuity, including supply chains and consumer demand across a broad range of industries and countries, could be severely impacted for months or more, as governments and their citizens take significant and unprecedented measures to mitigate the consequences of this pandemic. Management is carefully monitoring the situation and evaluating its options during this time. No adjustments have been made to these financial statements as a result of this uncertainty.

14. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.
