

FUSESOCIAL WOOD BUFFALO SOCIETY
Financial Statements
Year Ended December 31, 2019

FUSESOCIAL WOOD BUFFALO SOCIETY

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Year Ended December 31, 2019

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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, 2019, 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, 2019, 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.

Other Matter

The financial statements for the year ended December 31, 2018 were audited by another auditor who expressed a qualified opinion on those financial statements on May 14, 2019 as the Society derives some of their revenue from fundraising activities the completeness of which is not susceptible of satisfactory audit verification. Accordingly, their verification of these revenues was limited to the amounts recorded in the records of the Society and they were not able to determine whether any adjustments might be necessary to contributions, excess of revenues over expenses, current assets and net assets.

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

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Independent Auditor's Report to the Members of FuseSocial Wood Buffalo Society *(continued)*

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:

- 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
April 30, 2020

PROFESSIONAL CORPORATION
CHARTERED PROFESSIONAL ACCOUNTANTS

FUSESOCIAL WOOD BUFFALO SOCIETY
Statement of Revenues and Expenditures
Year Ended December 31, 2019

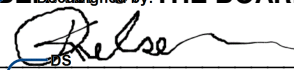

	2019	2018
REVENUES		
Donations and grants	\$ 1,108,726	\$ 1,263,794
Events and program fees	24,306	31,254
Sponsorships	12,132	32,000
Partnerships (Schedule 1)	-	42,580
	<u>1,145,164</u>	<u>1,369,628</u>
EXPENSES		
Salaries and wages	592,920	607,994
Program and event expenses	130,651	86,571
Subcontractors and consultants	98,905	262,410
Program facilitator travel	53,809	42,221
Advertising and promotion	51,552	38,639
Facility rental and catering	49,673	45,900
Rent	46,355	132,837
Licenses and fees	45,372	1,174
Professional fees	26,926	29,248
Professional development	13,326	4,918
Office	10,649	24,413
Volunteer recognition	8,434	2,869
Insurance	2,786	4,417
Telephone	1,836	10,839
Amortization	891	1,981
Interest and bank charges	663	1,393
Staff recognition	-	657
Partnerships (Schedule 1)	-	42,244
	<u>1,134,748</u>	<u>1,340,725</u>
EXCESS OF REVENUES OVER EXPENSES FROM OPERATIONS	<u>10,416</u>	<u>28,903</u>
OTHER INCOME		
Interest income	1,065	819
Loss on disposal of equipment	-	(55,490)
	<u>1,065</u>	<u>(54,671)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	<u>\$ 11,481</u>	<u>\$ (25,768)</u>

FUSESOCIAL WOOD BUFFALO SOCIETY**Statement of Financial Position****December 31, 2019**

	2019	2018
ASSETS		
CURRENT		
Cash	\$ 412,973	\$ 342,042
Contributions receivable	9,360	16,486
Goods and services tax recoverable	10,150	12,528
Prepaid expenses	6,320	11,924
	438,803	382,980
EQUIPMENT (Note 3)	729	1,621
RESTRICTED CASH (Note 5)	112,307	111,486
RESTRICTED TERM DEPOSIT (Notes 4, 5)	15,206	15,115
	\$ 567,045	\$ 511,202
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities	\$ 25,551	\$ 31,703
Wages payable	19,381	15,249
Employee deductions payable	12,107	9,799
Deferred contributions (Note 6)	255,086	211,012
	312,125	267,763
NET ASSETS		
General (unrestricted)	126,678	115,217
Invested in equipment fund (internally restricted)	729	1,621
Operational deficiency fund (internally restricted)	127,513	126,601
	254,920	243,439
	\$ 567,045	\$ 511,202

LEASE COMMITMENTS (Note 7)

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, 2019**

	General (unrestricted)	Invested in Equipment Fund (internally restricted)	Operational Deficiency Fund (internally restricted)	2019	2018
NET ASSETS - BEGINNING OF YEAR	\$ 115,217	\$ 1,621	\$ 126,601	\$ 243,439	\$ 269,207
Excess (deficiency) of revenue over expenses	10,569	-	912	11,481	(25,768)
Interfund transfer	892	(892)	-	-	-
NET ASSETS - END OF YEAR	\$ 126,678	\$ 729	\$ 127,513	\$ 254,920	\$ 243,439

Interfund transfer consists of \$892 in deficiency of revenues over expenses in relation to the amounts invested in the equipment fund.

FUSESOCIAL WOOD BUFFALO SOCIETY**Statement of Cash Flows****Year Ended December 31, 2019**

	2019	2018
OPERATING ACTIVITIES		
Excess (deficiency) of revenues over expenses	\$ 11,481	\$ (25,768)
Items not affecting cash:		
Amortization of equipment	891	1,981
Loss on disposal of equipment	-	55,490
	<u>12,372</u>	<u>31,703</u>
Changes in non-cash working capital:		
Contributions receivable	7,126	63,614
Accounts payable and accrued liabilities	(6,151)	(17,481)
Deferred contributions	44,074	(710,983)
Prepaid expenses	5,604	6,628
Goods and services tax payable	2,378	21,596
Wages payable	4,132	(41,723)
Employee deductions payable	2,308	9,799
Restricted term deposit	(91)	(115)
	<u>59,380</u>	<u>(668,665)</u>
Cash flow from (used by) operating activities	<u>71,752</u>	<u>(636,962)</u>
INVESTING ACTIVITY		
Proceeds on disposal of equipment	-	12,370
INCREASE (DECREASE) IN CASH FLOW	71,752	(624,592)
Cash - beginning of year	<u>453,528</u>	<u>1,078,120</u>
CASH - END OF YEAR	\$ 525,280	\$ 453,528
CASH CONSISTS OF:		
Cash	\$ 412,973	\$ 342,042
Restricted cash	<u>112,307</u>	<u>111,486</u>
	\$ 525,280	\$ 453,528

See notes to financial statements

FUSESOCIAL WOOD BUFFALO SOCIETY

Notes to Financial Statements

Year Ended December 31, 2019

1. PURPOSE OF THE ORGANIZATION

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.

Cash and restricted cash

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

Investments

Short term investments, which consist primarily of GICs with original maturities at date of purchase beyond three months and less than twelve months. are carried at amortized cost.

Restricted investments include GICs held for other than current purposes and are valued at cost plus accrued interest. The carrying amounts approximate fair value.

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FUSESOCIAL WOOD BUFFALO SOCIETY**Notes to Financial Statements****Year Ended December 31, 2019**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
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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. EQUIPMENT

	Cost	Accumulated amortization	2019 Net book value	2018 Net book value
Computer equipment	\$ 21,404	\$ 20,675	\$ 729	\$ 1,621

4. RESTRICTED TERM DEPOSIT

	2019	2018
Restricted term deposit (1 year Servus GIC @ 1%, matures July 7, 2020)	\$ 15,206	\$ 15,115

FUSESOCIAL WOOD BUFFALO SOCIETY**Notes to Financial Statements****Year Ended December 31, 2019****5. 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 2018 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.

In the current period, the board approved \$10,000 to be used for investing in the collaboration work with the Wood Buffalo Community Foundation and United Way of Fort McMurray and Wood Buffalo.

6. DEFERRED CONTRIBUTIONS

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

	2018	Contributions received	Contributions recognized as revenue	2019
Suncor Energy Foundation	\$ -	\$ 500,000	\$ 432,921	\$ 67,079
Alberta Culture and Tourism - Enhanced Capacity	61,857	225,000	228,595	58,262
Wood Buffalo Community Foundation	-	41,300	-	41,300
The Canadian Red Cross Society Leadership Wood Buffalo ("LWB")	-	178,017	149,814	28,203
Canadian Index of Wellbeing Community Survey ("CIW")	-	49,800	30,900	18,900
TimeRaiser Sponsorship	-	38,071	19,820	18,251
United Way of Fort McMurray	-	19,500	14,132	5,368
The Canadian Red Cross Society - CIW	62,251	-	56,914	5,337
Regional Municipal Wood Buffalo Canadian Association of Petroleum - CIW	44,954	-	42,012	2,942
Northern Lights Health Foundation - CIW	-	110,400	110,256	144
United Way of Fort McMurray and Wood Buffalo	20,000	-	20,000	-
LWB Sana Elache Bursary	20,000	-	20,000	-
	1,950	-	1,950	-
	-	12,000	2,700	9,300
	<u>\$ 211,012</u>	<u>\$ 1,174,088</u>	<u>\$ 1,130,014</u>	<u>\$ 255,086</u>

FUSESOCIAL WOOD BUFFALO SOCIETY**Notes to Financial Statements****Year Ended December 31, 2019****7. LEASE COMMITMENTS**

The Society has a long term lease with respect to its premises at the Redpoll Centre that expires on July 31, 2020. Monthly costs are \$4,021.09 with an annual increase on May 1st of 4% each year.

Future minimum lease payments as at December 31, 2019, are as follows:

2020	<u>\$ 28,630</u>
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8. IN-KIND CONTRIBUTIONS

In the current year, the Society received in-kind contributions with a fair market value of \$9,447 (2018 - \$5,600).

9. 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, 2019.

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.

10. 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 37% of the Society's total revenue (2018 - 55%). 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.

FUSESOCIAL WOOD BUFFALO SOCIETY

Notes to Financial Statements

Year Ended December 31, 2019

11. 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.

12. COMPARATIVE FIGURES

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

FUSESOCIAL WOOD BUFFALO SOCIETY
Partnerships (Schedule 1)

Year Ended December 31, 2019

	<u>2019</u>	<u>2018</u>
REVENUE	\$ -	\$ 42,580
EXPENSES		
Anzac FCSS	-	23,479
Arts recovery	-	18,765
	<u>-</u>	<u>42,244</u>
INCOME FROM OPERATIONS	\$ -	\$ 336