

**Multicultural Association of Wood Buffalo**  
**Financial Statements**  
*For the year ended March 31, 2020*

## **Management's Responsibility**

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To the Members of Multicultural Association of Wood Buffalo:

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian accounting standards for not-for-profit organizations and ensuring that all information in the annual report is consistent with the statements. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Board of Directors is composed primarily of Directors who are neither management nor employees of the Association. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual report. The Board fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Board is also responsible for recommending the appointment of the Association's external auditors.

MNP LLP is appointed by the Board of Directors to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Board and management to discuss their audit findings.

August 31, 2020

*signed by "Therese Greenwood"*

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Executive Director

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# Independent Auditor's Report

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To the Members of Multicultural Association of Wood Buffalo:

## Qualified Opinion

We have audited the financial statements of Multicultural Association of Wood Buffalo (the "Association"), which comprise the statement of financial position as at March 31, 2020, and the statements of revenue and expenses, 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, except for the possible effect of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Association as at March 31, 2020, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

## Basis for Qualified Opinion

As is common with many charitable organizations, Multicultural Association of Wood Buffalo derives revenue from donations and fundraising, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Association. Therefore, we were not able to determine whether any adjustments might be necessary to revenue, excess of revenue over expenses, and cash flows from operations for the years ended March 31, 2020 and 2019, current assets as at March 31, 2020 and 2019, and net assets as at April 1 and March 31 for both the 2020 and 2019 years. Our audit opinion on the financial statements for the year ended March 31, 2019 was modified accordingly because of the possible effects of this limitation in scope.

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 Association in accordance with the 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 qualified 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 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.

In preparing the financial statements, management is responsible for assessing the Association'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 Association or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Association'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 Association'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 Association'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 Association 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.

Fort McMurray, Alberta

August 31, 2020

*MNP LLP*

Chartered Professional Accountants

# Multicultural Association of Wood Buffalo Statement of Financial Position

As at March 31, 2020

	2020	2019
<b>Assets</b>		
<b>Current</b>		
Cash	382,561	249,053
Restricted cash (Note 3)	12,220	5,327
Accounts receivable	994	2,420
Goods and services tax receivable	2,805	3,886
	398,580	260,686
<b>Capital assets (Note 4)</b>	7,456	10,802
	406,036	271,488
<b>Liabilities</b>		
<b>Current</b>		
Accounts payable and accruals	44,735	31,638
Deferred contributions (Note 5)	158,878	90,323
	203,613	121,961
<b>Commitments (Note 6)</b>		
<b>Subsequent events (Note 9)</b>		
<b>Net Assets</b>		
General fund	123,853	120,053
Capital fund	7,456	10,802
Internally restricted fund (Note 7)	71,114	18,672
	202,423	149,527
	406,036	271,488

Approved on behalf of the Board

signed by "Dango Gogo"  
Director

signed by "Muhammad Ehtisha"  
Director

## Multicultural Association of Wood Buffalo Statement of Revenue and Expenses

*For the year ended March 31, 2020*

	<b>2020</b>	<b>2019</b>
<b>Revenue</b>		
Municipal grant funding <i>(Note 5)</i>	358,647	282,250
United Way funding <i>(Note 5)</i>	147,536	137,500
Sponsorship and fundraising	49,924	101,056
Casino revenue <i>(Note 5)</i>	31,013	29,292
Program revenue	22,112	13,119
Provincial and federal grant funding <i>(Note 5)</i>	14,910	13,880
Cultural performance, translation and interpretation services revenue	13,740	22,278
Fire recovery	3,374	85,794
Memberships	2,295	2,575
Donations	2,179	2,164
<b>Total revenue</b>	<b>645,730</b>	<b>689,908</b>
<b>Expenses</b>		
Advertising	7,814	17,949
Amortization	3,162	3,486
Bank charges and interest	34	330
Donations	2,065	2,015
Equipment rental	2,907	2,871
Events expense	37,139	61,821
Insurance	5,685	5,291
Meals and refreshments	8,053	19,406
Office supplies	18,244	20,013
Professional fees	17,342	22,562
Programming costs	28,339	26,701
Rent	26,460	25,834
Salaries and benefits	433,224	450,196
Telephone	2,182	3,869
Training	-	1,316
Travel	-	837
<b>Total expenses</b>	<b>592,650</b>	<b>664,497</b>
<b>Excess of revenue over expenses before other items</b>	<b>53,080</b>	<b>25,411</b>
<b>Other items</b>		
Loss on disposal of capital assets	(184)	-
<b>Excess of revenue over expenses</b>	<b>52,896</b>	<b>25,411</b>

*The accompanying notes are an integral part of these financial statements*

**Multicultural Association of Wood Buffalo**  
**Statement of Changes in Net Assets**

*For the year ended March 31, 2020*

	<i>General fund</i>	<i>Capital Fund</i>	<i>Internally restricted fund</i>	<b>2020</b>	<b>2019</b>
<b>Net assets, beginning of year</b>	120,053	10,802	18,672	<b>149,527</b>	124,116
<b>Excess of revenue over expenses</b>	52,896	-	-	<b>52,896</b>	25,411
<b>Loss on capital asset disposal</b>	184	(184)	-	-	-
<b>Interfund transfers (Note 7)</b>	(52,442)	-	52,442	-	-
<b>Amortization of capital assets</b>	3,162	(3,162)	-	-	-
<b>Net assets, end of year</b>	<b>123,853</b>	<b>7,456</b>	<b>71,114</b>	<b>202,423</b>	149,527

*The accompanying notes are an integral part of these financial statements*

**Multicultural Association of Wood Buffalo**  
**Statement of Cash Flows**  
*For the year ended March 31, 2020*

	<b>2020</b>	<b>2019</b>
<b>Cash provided by (used for) the following activities</b>		
<b>Operating</b>		
Cash receipts from operations	715,711	606,785
Cash paid for program service expenses	(160,978)	(196,428)
Cash paid for salaries and benefits	(414,298)	(461,705)
Cash paid for interest	(34)	(330)
	<b>140,401</b>	<b>(51,678)</b>
<b>Investing</b>		
Purchase of capital asset	-	(5,137)
<b>Increase (decrease) in cash resources</b>	<b>140,401</b>	<b>(56,815)</b>
<b>Cash resources, beginning of year</b>	<b>254,380</b>	<b>311,195</b>
<b>Cash resources, end of year</b>	<b>394,781</b>	<b>254,380</b>
<b>Cash resources are composed of:</b>		
Cash	382,561	249,053
Restricted cash	12,220	5,327
	<b>394,781</b>	<b>254,380</b>

*The accompanying notes are an integral part of these financial statements*



# Multicultural Association of Wood Buffalo

## Notes to the Financial Statements

For the year ended March 31, 2020

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### 1. Incorporation and nature of the association

Multicultural Association of Wood Buffalo (the "Association") was incorporated under the authority of the Societies Act of Alberta. The Association has a mandate to foster and promote equality, social justice and institutional change. It encourages communities to share their cultures and grow together in Canadian life.

The Association is a registered charity and thus is exempt from income taxes under the Income Tax Act (the "Act"). In order to maintain its status as a registered not-for-profit organization under the Act, the Association must meet certain requirements within the Act. In the opinion of management these requirements have been met.

### 2. Significant accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations as issued by the Accounting Standards Board in Canada using the following significant accounting policies:

#### **Revenue recognition**

The Association follows the deferral method of accounting for contributions paid. 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. Sponsorships revenue is recognized based on the term of the sponsorship contract. Product sales, program revenue and services revenue are recognized when the products or services are delivered to the customer.

#### **Cash and cash equivalents**

Cash and cash equivalents include balances with banks and cash on hand. Cash subject to restrictions that prevents its use for current purposes is included in restricted cash.

#### **Capital assets**

Purchased capital assets are recorded at cost. The policy of the Association is to capitalize assets when the useful life is greater than one year and the acquisition cost meets the capitalization threshold of \$500. Contributed capital assets are recorded at fair value at the date of contribution if fair value can be reasonably determined.

Amortization is provided using the declining balance method at rates intended to amortize the cost of assets over their estimated useful lives.

	<b>Method</b>	<b>Rate</b>
Computer equipment	declining balance	30 %
Office equipment	declining balance	20 %

#### **Long-lived assets**

Long-lived assets consist of capital assets. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies.

The Association writes down long-lived assets held for use when conditions indicate that the asset no longer contributes to the Association's ability to provide goods and services. The assets are also written-down when the value of future economic benefits or service potential associated with the asset is less than its net carrying amount. When the Association determines that a long-lived asset is impaired, its carrying amount is written down to the asset's fair value.

# Multicultural Association of Wood Buffalo

## Notes to the Financial Statements

For the year ended March 31, 2020

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### 2. Significant accounting policies *(Continued from previous page)*

#### ***Financial instruments***

The Association recognizes its financial instruments when the Association becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value, including financial assets and liabilities originated and issued in a related party transaction with management. Financial assets and liabilities originated and issued in all other related party transactions are initially measured at their carrying or exchange amount in accordance with *CPA 3840 Related Party Transactions*.

The Association subsequently measures all of its financial assets and liabilities at cost or amortized cost, except for equity instruments that are quoted in an active market which are measured at fair value. Fair value is determined by published price quotations. Changes in fair value of these financial instruments are recognized in excess of revenue over expenses.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in net earnings. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

The Association assesses impairment of all of its financial assets measured at cost or amortized cost when there are indicators of impairment. Any impairment, which is not considered temporary, is included in current year of excess of revenue over expenses.

#### ***Measurement uncertainty (use of estimates)***

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 amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period.

Amortization is based on the estimated useful lives of capital assets.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in excess of revenue over expenses in the periods in which they become known.

#### ***Contributed materials and services***

Contributions of materials and services are recognized both as contributions and expenses in the statement of operations when a fair value can be reasonably estimated and when the materials are used in the normal course of the Association's operations and would otherwise have been purchased.

Volunteers have made significant contributions of their time to the Association's program and supporting services. Because of the difficulty in determining and supporting their fair value, services provided by volunteers are not recognized in the financial statements.

### 3. Restricted cash

Restricted cash may not be used for purposes other than those approved by the Alberta Gaming and Liquor Commission.

## Multicultural Association of Wood Buffalo Notes to the Financial Statements

*For the year ended March 31, 2020*

### 4. Capital assets

	<i>Cost</i>	<i>Accumulated amortization</i>	<i>2020 Net book value</i>	<i>2019 Net book value</i>
Computer equipment	15,243	7,977	7,266	10,563
Office equipment	14,486	14,296	190	239
	<b>29,729</b>	<b>22,273</b>	<b>7,456</b>	<b>10,802</b>

### 5. Deferred contributions

Deferred contributions consist of unspent contributions which are externally restricted. Recognition of these amounts as revenue is deferred to periods when the specified expenditures are made. Changes in the deferred contribution balance are as follows:

	<i>Municipal grant</i>	<i>Casino</i>	<i>Provincial and federal grants</i>	<i>United Way</i>	<i>Other funds</i>	<i>2020</i>	<i>2019</i>
Balance, beginning of year	-	5,327	13,564	-	71,432	90,323	174,140
Funds received during the year	358,647	37,906	25,740	163,356	93,784	679,433	584,193
Revenue recognized during the year	(358,647)	(31,013)	(14,910)	(147,536)	(58,772)	(610,878)	(655,510)
Contributions repaid during the year	-	-	-	-	-	-	(12,500)
Balance, end of year	-	12,220	24,394	15,820	106,444	158,878	90,323

### 6. Commitments

The Association has entered into premises and equipment lease agreements with estimated minimum annual payments as follows:

2021	35,570
2022	26,582
2023	4,430
	66,582

# Multicultural Association of Wood Buffalo

## Notes to the Financial Statements

*For the year ended March 31, 2020*

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### **7. Internally restricted fund**

During the year, the Board of Directors approved the use of internally restricted funds of \$28,808 (2019 - \$13,103) for the Expo event, \$4,390 (2019 - \$nil) for the Financial Literacy Conference and \$1,059 (2019 - \$nil) for the Financial Literacy Program.

In addition, the Board of Directors approved the transfer of \$86,699 (2019 - \$15,313) from the general fund to the internally restricted fund. This amount includes \$31,064 (2019 - \$12,496) for the Expo event, \$3,489 (2019 - \$2,817) for the Financial Literacy Conference, \$2,260 (2019 - \$nil) for the Financial Literacy Program, \$41,552 (2019 - \$nil) for operational expenses and \$8,334 (2019 - \$nil) for flexible funds.

### **8. Financial instruments**

The Association, as part of its operations, carries a number of financial instruments. It is management's opinion that the Association is not exposed to significant interest, currency, credit, liquidity or other price risks arising from these financial instruments except as otherwise disclosed.

### **9. Subsequent events**

During the year, there was a global outbreak of COVID-19 (coronavirus), which has had a significant impact on organizations through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. The Association transitioned to hosting some events virtually, while holding other events in accordance with the provincial and federal restrictions and regulations.

At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Association as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus. While the extent of the impact is unknown, it is possible that this outbreak may cause reduced revenues from sponsorship and fundraising and donations, as well as staff shortages and increased government regulations, all of which will negatively impact the Association's operations and financial condition.

In addition, on April 27, 2020, the City of Fort McMurray's downtown area experienced a flood. There was no significant damage to the Association's properties, however, it has precluded the Association from returning to their premises. The Association does not expect to incur any significant losses as a result.