

Financial Statements of

**CHRISTMAS BUREAU  
OF EDMONTON**

Year ended February 28, 2022

# CHRISTMAS BUREAU OF EDMONTON

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Year ended February 28, 2022

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## INDEPENDENT AUDITORS' REPORT

To the Directors of Christmas Bureau of Edmonton

### ***Qualified Opinion***

We have audited the financial statements of Christmas Bureau of Edmonton (the Entity), which comprise:

- the statement of financial position as at February 28, 2022
- the statement of operations for the year then ended
- the statement of changes in net assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, except for the possible effects of the matter described in the "Basis for Qualified Opinion" section of our auditors report, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at February 28, 2022, and its results of 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***

In common with many not-for-profit organizations, the Entity derives revenue from fundraising and donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verifications of these revenues was limited to the amount recorded in the records of the Entity.

Therefore, we were not able to determine whether any adjustments might be necessary to:

- current assets and unrestricted net assets reported in the statement of financial position as at February 28, 2022
- fundraising and donations revenues and excess of revenues over expenses reported in the statement of operations for the year ended
- excess of revenues over expenses reported in the statement of cash flows for the year then ended



Our opinion on the financial statements for the year ended February 28, 2022 was qualified 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 "**Auditors' Responsibilities for the Audit of the Financial Statements**" section of our auditors' report.

We are independent of the Entity 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 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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with Governance are responsible for overseeing the Entity's financial reporting process.

### ***Auditors' 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 auditors' 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 the 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.



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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 Entity'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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Entity 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
- 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.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. Below the signature is a long, horizontal, slightly wavy line.

Chartered Professional Accountants

Edmonton, Canada

June 2, 2022

# CHRISTMAS BUREAU OF EDMONTON

## Statement of Financial Position

February 28, 2022, with comparative information for 2021

	2022	2021
<b>Assets</b>		
Current assets:		
Cash	\$ 701,895	\$ 779,364
Accounts receivable	93,541	73,719
Gift cards and prepaid expenses (note 2)	28,258	56,963
Short term investments (note 3)	1,149,865	2,014,951
	<u>1,973,559</u>	<u>2,924,997</u>
Investments (note 3)	1,485,836	592,385
Capital assets (note 4)	3,244	13,866
	<u>\$ 3,462,639</u>	<u>\$ 3,531,248</u>

## Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities	\$ 38,512	\$ 77,880
Deferred revenue (note 5)	555,748	725,986
	<u>594,260</u>	<u>803,866</u>
Unamortized deferred capital contributions (note 6)	-	8,500
Net assets:		
Invested in capital assets (note 7)	3,244	5,366
Internally restricted	750,000	750,000
Unrestricted	2,115,135	1,963,516
	<u>2,868,379</u>	<u>2,718,882</u>
Commitments (note 8)		
Contingent liabilities (note 9)		
	<u>\$ 3,462,639</u>	<u>\$ 3,531,248</u>

See accompanying notes to financial statements.

On behalf of the Board:

\_\_\_\_\_ Director

\_\_\_\_\_ Director

# CHRISTMAS BUREAU OF EDMONTON

## Statement of Operations

Year ended February 28, 2022, with comparative information for 2021

	2022	2021
Revenue:		
General donations	\$ 1,771,603	\$ 1,844,259
In-kind donations (note 10)	229,601	296,283
Government subsidies	82,702	120,422
Investment income	29,917	47,446
Grants	29,383	6,000
Amortization of deferred capital contributions (note 6)	8,500	8,500
	<u>2,151,706</u>	<u>2,322,910</u>
Expenditures:		
Charitable program	1,171,938	1,135,412
Fund-raising (note 11)	355,741	505,862
Management and administration	214,864	130,950
Occupancy	51,150	46,794
Office supplies and communication	44,515	37,408
Bank charges	41,331	41,868
Professional fees	40,435	40,268
Computer maintenance	23,953	41,929
Miscellaneous	12,083	20,858
Amortization	10,622	10,622
Insurance	5,577	4,292
	<u>1,972,209</u>	<u>2,016,263</u>
Excess of revenue over expenditures before Other items	179,497	306,647
Other items:		
Endowment fund contributions	30,000	10,469
Excess of revenue over expenditures	<u>\$ 149,497</u>	<u>\$ 296,178</u>

See accompanying notes to financial statements.

# CHRISTMAS BUREAU OF EDMONTON

## Statement of Changes in Net Assets

Year ended February 28, 2022, with comparative information for 2021

	Invested in capital assets	Internally restricted	Unrestricted	Total 2022	Total 2021
Balance, beginning of year	\$ 5,366	\$ 750,000	\$ 1,963,516	\$ 2,718,882	\$ 2,422,704
Excess of revenue over expenditures	(2,122)	-	151,619	149,497	296,178
Balance, end of year	\$ 3,244	\$ 750,000	\$ 2,115,135	\$ 2,868,379	\$ 2,718,882

See accompanying notes to financial statements.

# CHRISTMAS BUREAU OF EDMONTON

## Statement of Cash Flows

Year ended February 28, 2022, with comparative information for 2021

	2022	2021
Cash provided by (used in):		
Operations:		
Excess of revenue over expenditures	\$ 149,497	\$ 296,178
Items not involving cash:		
Amortization of capital assets	10,622	10,622
Amortization of deferred capital contributions	(8,500)	(8,500)
Change in non-cash operating working capital:		
(Increase) decrease in accounts receivable	(25,515)	41,018
Decrease in gift cards and prepaid expenses	28,705	34,372
(Decrease) increase in accounts payable and accrued liabilities	(39,367)	30,247
Decrease in deferred revenue	(170,238)	(133,176)
	(54,796)	270,761
Investing:		
Purchase of investments	(2,022,311)	(1,142,908)
Sale of investments	1,999,638	1,057,303
	(22,673)	(85,605)
(Decrease) increase in cash	(77,469)	185,156
Cash, beginning of year	779,364	594,208
Cash, end of year	\$ 701,895	\$ 779,364

See accompanying notes to financial statements.

# CHRISTMAS BUREAU OF EDMONTON

Notes to Financial Statements

Year ended February 28, 2022

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Non-denominational and accessible to all Edmontonians in need, the Christmas Bureau of Edmonton (the "Bureau") raises funds to provide a festive meal to Edmonton families, seniors and individuals. Approximately 50% of the clients served are children and teens under the age of 18 years. The Bureau also raises funds for the Christmas Bureau of Edmonton Adopt-A-Teen program which provides teens aged 13 to 17 years of age a Christmas gift card. The Bureau is incorporated under the Societies Act of Alberta and is a registered charity under the Income Tax Act and therefore is exempt from paying tax.

## 1. Significant accounting policies:

### (a) Basis of presentation:

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations being Part III of the CPA Canada Handbook - Accounting.

### (b) Revenue recognition:

The Bureau follows the deferral method of accounting for contributions. Externally 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. Contributions of capital assets and contributions restricted for the purchase of capital assets are deferred and amortized into revenue at a rate corresponding with the amortization rate for the related capital 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.

### (c) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Bureau has elected to carry all its investments at fair value.

# CHRISTMAS BUREAU OF EDMONTON

Notes to Financial Statements (continued)

Year ended February 28, 2022

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## 1. Significant accounting policies (continued):

### (c) Financial instruments (continued):

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Bureau determines if there is significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Bureau expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

### (d) Capital assets:

Capital assets are recorded at cost. Amortization is provided using the straight-line method over the assets' estimated useful lives.

### (e) Volunteer services and contributed materials:

Volunteers contribute a significant amount of time each year to assist the Bureau in carrying out its programs and services. Volunteer services are not recognized in these financial statements as their fair values cannot be reasonably determined.

The Bureau also offers a Hamper Program to serve Edmontonians in need. Volunteers contribute funds and purchase hamper items, which are then delivered directly to the deserving family in person. These donated materials are not recorded in these financial statements unless a fair value can be reasonably determined.

Contributed materials and services are recorded at fair value when they would have otherwise been purchased and when a fair value can be reasonably estimated.

# CHRISTMAS BUREAU OF EDMONTON

Notes to Financial Statements (continued)

Year ended February 28, 2022

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## 1. Significant accounting policies (continued):

(f) Use of estimates:

The preparation of financial statements 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 revenue and expenditures during the reporting period. Actual results could differ from those estimates.

(g) Capital management:

The Bureau's objectives when managing capital are to safeguard the Bureau's ability to continue as a going concern and so it can continue to provide services to the community at large.

The Bureau sets the sufficiency of capital to maintain the capital assets required to meet the service needs of the stakeholders and makes adjustments to its capital, through appropriation from unrestricted net assets to respond to potential changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, management looks forward to future needs and will recommend appropriation of additional unrestricted amounts to secure capital appropriations.

The Bureau maintains unrestricted net assets to meet those potential appropriations noted above and to ensure there are sufficient funds, defined as twelve months of operating expenditures, available to the Bureau to provide time to respond to changes in economic circumstances.

## 2. Gift cards and prepaid expenses:

	2022	2021
Walmart gift cards (Adopt-A-Teen)	\$ 3,000	\$ 37,000
Sobeys gift cards	6,650	12,340
Prepaid insurance	4,958	4,423
Co-op gift cards	13,650	3,200
	<u>\$ 28,258</u>	<u>\$ 56,963</u>

# CHRISTMAS BUREAU OF EDMONTON

Notes to Financial Statements (continued)

Year ended February 28, 2022

## 3. Investments:

	2022	2021
Short term:		
Guaranteed investment certificates	\$ 1,143,997	\$ 1,999,639
Servus Patronage Rewards	175	100
Accrued investment income	5,693	15,212
	1,149,865	2,014,951
Long term:		
Guaranteed investment certificates	1,460,653	572,687
Servus Credit Union Ltd., shares	19,436	18,945
Accrued investment income	5,747	753
	\$ 2,635,701	\$ 2,607,336

The Guaranteed Investment Certificates are subject to various interest rates from 0.25% to 1.62% (2021 - 0.25% to 2.25%), with maturity dates ranging from May 2, 2022 to January 5, 2024.

## 4. Capital assets:

			2022	2021
	Cost	Accumulated amortization	Net book value	Net book value
Furniture and fixtures	\$ 13,505	\$ (13,505)	\$ -	\$ -
Computer hardware	9,566	(6,322)	3,244	4,866
Client program system	90,000	(90,000)	-	9,000
	\$ 113,071	\$ (109,827)	\$ 3,244	\$ 13,866

# CHRISTMAS BUREAU OF EDMONTON

Notes to Financial Statements (continued)

Year ended February 28, 2022

## 5. Deferred revenue:

	2022	2021
Balance, beginning of year	\$ 725,986	\$ 859,162
Contributions received	250,663	293,531
Revenue recognized for qualifying expenditures	(420,901)	(426,707)
Deferred revenue, end of year	\$ 555,748	\$ 725,986

Deferred revenue consists of externally restricted contributions for the Adopt-A-Teen program. Revenue is recognized as revenue in the year in which the related expenses are incurred.

## 6. Unamortized deferred capital contributions:

Changes in unamortized deferred capital contributions are as follows:

	2022	2021
Balance, beginning of year	\$ 8,500	\$ 17,000
Less amounts recognized as revenue in the year	8,500	8,500
Balance, end of year	\$ -	\$ 8,500

Unamortized deferred capital contributions represent amounts received by the Bureau for development of the client program system in fiscal 2013. This balance is amortized in accordance with the estimated useful life of the client program system.

# CHRISTMAS BUREAU OF EDMONTON

Notes to Financial Statements (continued)

Year ended February 28, 2022

## 7. Invested in capital assets:

(a) Invested in capital assets is calculated as follows:

	2022	2021
Capital assets	\$ 3,244	\$ 13,866
Amounts financed by:		
Unamortized deferred capital contributions	-	(8,500)
	\$ 3,244	\$ 5,366

(b) Net investment in capital assets is calculated as follows:

	2022	2021
Deficiency of revenue over expenditures:		
Amortization of deferred capital contributions	\$ 8,500	\$ 8,500
Amortization of capital assets	(10,622)	(10,622)
	\$ (2,122)	\$ (2,122)

# CHRISTMAS BUREAU OF EDMONTON

Notes to Financial Statements (continued)

Year ended February 28, 2022

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## 8. Commitments:

As part of its lease with the Jerry Forbes Centre, the Bureau has committed to the payment of operating costs over the five year term ending October 31, 2023, estimated at \$46,475 per year.

The Bureau has also entered into a five year operating lease for certain equipment. Minimum lease payments over the term of the agreement are as follows:

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2023		\$	3,270
2024			1,635
		\$	4,905

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## 9. Contingent liabilities:

The Bureau has entered into a letter of credit with Servus Credit Union Inc. for \$1,251,300 and bearing interest at bank prime rate plus 2%. The letter of credit is in favour of Sobeys Inc. As at February 28, 2022, no funds have been advanced on this letter of credit.

## 10. In-kind donations:

In-kind donations include the following items:

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	2022		2021	
Advertising and promotion	\$	119,472	\$	183,194
Gift cards		67,004		78,590
Fundraising		28,201		31,645
Other		14,924		2,854
	\$	229,601	\$	296,283

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# CHRISTMAS BUREAU OF EDMONTON

Notes to Financial Statements (continued)

Year ended February 28, 2022

## 11. Fund-raising:

	2022	2021
Advertising and promotion	\$ 207,438	\$ 258,206
Salaries and benefits	80,924	173,059
Fund development	67,379	74,597
	\$ 355,741	\$ 505,862

## 12. Risk management:

The Bureau has a risk management framework to monitor, evaluate and manage the principal risks assumed with financial instruments, including a formal investment policy. The risks that arise from transacting financial instruments include credit risk, liquidity risk and price risk.

### (a) Liquidity risk:

Liquidity risk is the risk that the Bureau will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Bureau manages its liquidity risk by monitoring its operating requirements. The Bureau prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations. There has been no change to the risk exposures from 2021.

### (b) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Bureau is exposed to credit risk with respect to the accounts receivable. The Bureau assesses, on a continuous basis, accounts receivable and provides for any amounts that are not collectible in the allowance for doubtful accounts.

### (c) Interest rate risk:

The Bureau is exposed to interest rate risk on its fixed interest rate financial instruments. Further details about the fixed rate investments are included in note 3.