



FUSESOCIAL WOOD BUFFALO SOCIETY
Financial Statements
Year Ended December 31, 2021

FUSESOCIAL WOOD BUFFALO SOCIETY

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Year Ended December 31, 2021

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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, 2021, 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, 2021, 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
May 4, 2022

CHARTERED PROFESSIONAL ACCOUNTANTS

FUSESOCIAL WOOD BUFFALO SOCIETY
Statement of Revenues and Expenditures
Year Ended December 31, 2021

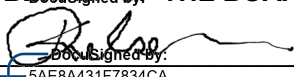
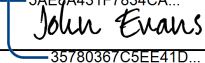
	2021	2020
REVENUES		
Donations and grants	\$ 1,183,969	\$ 1,148,456
Events and program fees	153,211	82,474
Sponsorships	143,933	4,526
	<u>1,481,113</u>	<u>1,235,456</u>
EXPENSES		
Salaries and wages	922,309	879,093
Subcontractors and consultants	196,253	63,249
Office	96,225	10,843
Program and event expenses	80,994	93,665
Facility rental and catering	43,071	28,770
Rent	35,854	44,005
Volunteer recognition	35,080	3,853
Advertising and promotion	29,816	30,548
Professional fees	25,537	29,296
Licenses and fees	22,243	23,018
Professional development	14,628	18,014
Amortization	12,526	3,595
Program facilitator travel	10,315	15,723
Interest and bank charges	5,681	3,258
Insurance	3,440	3,202
Telephone	780	987
	<u>1,534,752</u>	<u>1,251,119</u>
DEFICIENCY OF REVENUES OVER EXPENSES FROM OPERATIONS	<u>(53,639)</u>	<u>(15,663)</u>
OTHER INCOME		
Government assistance (Note 10)	84,125	16,500
Interest income	1,942	690
	<u>86,067</u>	<u>17,190</u>
EXCESS OF REVENUES OVER EXPENSES	<u>\$ 32,428</u>	<u>\$ 1,527</u>

See notes to financial statements

FUSESOCIAL WOOD BUFFALO SOCIETY**Statement of Financial Position****December 31, 2021**

	2021	2020
ASSETS		
CURRENT		
Cash	\$ 1,002,869	\$ 544,064
Term deposits	90,000	-
Contributions receivable	152,203	26,842
Inventory (Note 3)	6,450	36,907
Goods and services tax recoverable	15,913	17,432
Prepaid expenses	3,500	5,148
	<u>1,270,935</u>	630,393
EQUIPMENT (Note 4)	46,943	8,750
RESTRICTED CASH	128,171	128,171
	<u>\$ 1,446,049</u>	<u>\$ 767,314</u>
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities	\$ 41,925	\$ 40,929
Wages payable	41,521	35,662
Employee deductions payable	15,841	16,268
Deferred contributions (Note 8)	1,057,887	418,008
	<u>1,157,174</u>	510,867
NET ASSETS		
General fund (unrestricted)	113,761	119,526
Invested in equipment fund (internally restricted)	46,943	8,750
Operational deficiency fund (internally restricted) (Note 9)	128,171	128,171
	<u>288,875</u>	256,447
	<u>\$ 1,446,049</u>	<u>\$ 767,314</u>

ON BEHALF OF THE BOARD


 Director
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 Director
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See notes to financial statements

FUSESOCIAL WOOD BUFFALO SOCIETY**Statement of Changes in Net Assets****Year Ended December 31, 2021**

	General Fund (unrestricted)	Invested in Equipment Fund (internally restricted)	Operational Deficiency Fund (internally restricted) Note 9	2021	2020
NET ASSETS - BEGINNING OF YEAR	\$ 119,526	\$ 8,750	\$ 128,171	\$ 256,447	\$ 254,920
EXCESS OF REVENUES OVER EXPENSES	44,954	(12,526)	-	32,428	1,527
INTERFUND TRANSFER	(50,719)	50,719	-	-	-
NET ASSETS - END OF YEAR	\$ 113,761	\$ 46,943	\$ 128,171	\$ 288,875	\$ 256,447

Interfund transfer consists of \$50,719 (2020 - \$11,616) in relation to investing in new equipment in the current year

FUSESOCIAL WOOD BUFFALO SOCIETY**Statement of Cash Flows****Year Ended December 31, 2021**

	2021	2020
OPERATING ACTIVITIES		
Excess of revenues over expenses	\$ 32,428	\$ 1,527
Item not affecting cash:		
Amortization of equipment	12,526	3,595
	<u>44,954</u>	<u>5,122</u>
Changes in non-cash working capital:		
Contributions receivable	(125,361)	(17,482)
Inventory	30,457	(36,907)
Accounts payable and accrued liabilities	996	15,378
Deferred contributions	639,879	162,922
Prepaid expenses	1,648	1,172
Goods and services tax payable	1,519	(7,282)
Restricted Term Deposit	-	48
Wages payable	5,859	16,281
Employee deductions payable	(427)	4,161
	<u>554,570</u>	<u>138,291</u>
Cash flow from operating activities	<u>599,524</u>	<u>143,413</u>
INVESTING ACTIVITIES		
Purchase of equipment	(50,719)	(11,616)
Term deposits	(90,000)	15,158
Cash flow from (used by) investing activities	<u>(140,719)</u>	<u>3,542</u>
INCREASE IN CASH FLOW	458,805	146,955
Cash - beginning of year	<u>672,235</u>	<u>525,280</u>
CASH - END OF YEAR	\$ 1,131,040	\$ 672,235
CASH CONSISTS OF:		
Cash	\$ 1,002,869	\$ 544,064
Restricted Cash	<u>128,171</u>	<u>128,171</u>
	\$ 1,131,040	\$ 672,235

See notes to financial statements

FUSESOCIAL WOOD BUFFALO SOCIETY

Notes to Financial Statements

Year Ended December 31, 2021

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 Subsection 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 (ASNPO).

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, 2021****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
Furniture and fixtures	20% 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>2021</u>	<u>2020</u>
Artworks	\$ 6,450	\$ 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	2021 Net book value	2020 Net book value
Computer equipment	\$ 48,117	\$ 33,234	\$ 14,883	\$ 8,750
Furniture and fixtures	35,622	3,562	32,060	-
	\$ 83,739	\$ 36,796	\$ 46,943	\$ 8,750

FUSESOCIAL WOOD BUFFALO SOCIETY**Notes to Financial Statements****Year Ended December 31, 2021****5. LEASE COMMITMENTS**

The Society has a long term lease with respect to its premises at the Redpoll Centre that expired on August 31, 2021. Monthly costs are \$3,224 with an annual increase on May 1st of 4%.

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, 2021, are as follows:

2022	\$	42,000
2023		42,000
2024		42,000
2025		42,000
2026		<u>24,500</u>
	\$	<u>192,500</u>

6. IN-KIND CONTRIBUTIONS

In the current year, the Society received no in-kind contributions with a fair market value of \$0 (2020 - \$0).

7. 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 41% (2020 - 35%) of the Society's total revenue. Should this organization substantially change their dealings with the Society, management is of the opinion that sustaining viable operations would be challenging.

FUSESOCIAL WOOD BUFFALO SOCIETY**Notes to Financial Statements****Year Ended December 31, 2021****8. DEFERRED CONTRIBUTIONS**

Deferred contributions represents contributions received for specific purposes which have not been expended at year end. Early receipt of 2022 contracted funds for Suncor Energy Foundation are included in 2021 funds.

	2020	Contributions received	Contributions recognized as revenue	2021
Suncor Energy Foundation - Core	\$ 130,060	\$ 1,138,984	\$ 583,366	\$ 685,678
Shared Services	103,750	227,554	115,515	215,789
Donations & Flood Relief Leadership Wood Buffalo ("LWB")	40,000	-	-	40,000
	39,230	40,795	40,025	40,000
The Canadian Red Cross Society	-	178,982	145,781	33,201
Alberta Culture and Tourism - Enhanced Capacity	-	140,000	115,000	25,000
TimeRaiser Sponsorship	43,531	16,124	58,027	1,628
TimeRaiser Art Inventory Value	-	6,624	-	6,624
Heart Awards	7,067	10,000	7,110	9,957
Convergence YMM	4,370	-	4,370	-
Wood Buffalo Community Foundation	-	304,361	304,361	-
Suncor Energy Foundation - Collaboration	50,000	-	50,000	-
United Way of Fort McMurray - "the Collaboration" funds	-	109,471	109,471	-
Academic Calendar Fees	-	10,788	10,788	-
Suncor Social Recovery BBQ	-	10,000	10,000	-
	\$ 418,008	\$ 2,193,683	\$ 1,553,814	\$ 1,057,877

9. 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.

	2021
Operational Deficiency Fund	\$ 45,000
Leasehold Improvement Funds	40,000
Guaranteed Investment Certificate	15,206
Executive Director Searches	15,000
Board Approved Collaboration Projects	10,000
Interest	2,965
	\$ 128,171

FUSESOCIAL WOOD BUFFALO SOCIETY**Notes to Financial Statements****Year Ended December 31, 2021****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 and the Canada Emergency Wage Subsidy (CEWS) program in April 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 CEWS provides a wage subsidy on eligible remuneration to eligible employers based on certain criteria.

The Society qualified for TWSE and CEWS for the following periods in the fiscal year:

<u>2020</u>		
Temporary Wage Subsidy		
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		6,985
		16,500
	\$	16,500
<u>2021</u>		
Canada Emergency Wage Subsidy		
Period from October 25, 2020 to November 21, 2020	\$	2,775
Period from May 10, 2020 to June 6, 2020		36,339
Period from June 7, 2020 to July 4, 2020		35,993
		75,107
Student grants		9,018
	\$	84,125

As at December 31, 2021, \$2,775 of government assistance applied for has been received, while \$72,332 is receivable at year end.

The entire Canada Emergency Wage Subsidy and Temporary Wage Subsidy relevant to the fiscal years have been recognized in government assistance on the income statement.

In addition to the above subsidies, the Society also received \$9,018 in student grants from the Federal government.

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, 2021.

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 customers and other related sources, long-term debt, obligations under capital leases, contributions to the pension plan, and accounts payable.

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FUSESOCIAL WOOD BUFFALO SOCIETY

Notes to Financial Statements

Year Ended December 31, 2021

11. FINANCIAL INSTRUMENTS *(continued)*

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 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 floating interest rate bank indebtedness and credit facilities.

12. COMPARATIVE FIGURES

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