

**FILE COPY**

**FUSESOCIAL WOOD BUFFALO SOCIETY**

**Financial Statements**

**Year Ended December 31, 2022**

**FUSESOCIAL WOOD BUFFALO SOCIETY**

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**Year Ended December 31, 2022**

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## INDEPENDENT AUDITOR'S REPORT

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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, 2022, 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, 2022, 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.

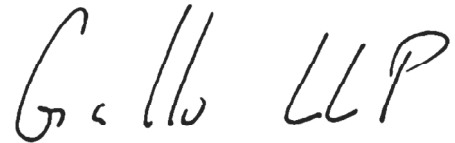
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Independent Auditor's Report to the Members of FuseSocial Wood Buffalo Society *(continued)*

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.

Handwritten signature in black ink that reads "G. H. LLP". The letters are stylized and cursive.

Sherwood Park, Alberta  
May 26, 2023

CHARTERED PROFESSIONAL ACCOUNTANTS

**FUSESOCIAL WOOD BUFFALO SOCIETY**  
**Statement of Revenues and Expenditures**  
**Year Ended December 31, 2022**

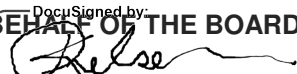
	2022	2021
<b>REVENUES</b>		
Donations and grants	\$ 1,195,456	\$ 1,183,969
Events and program fees	123,801	153,211
Sponsorships	121,145	143,933
	<u>1,440,402</u>	<u>1,481,113</u>
<b>EXPENSES</b>		
Salaries and wages	985,442	922,309
Program and event expenses	117,112	134,614
Subcontractors and consultants	99,007	196,253
Rent	48,006	35,854
Office	43,569	43,386
Facility rental and catering	34,234	43,071
Professional fees	29,374	25,537
Program facilitator travel	21,219	10,315
Information Technology	19,880	22,243
Professional development	17,756	14,628
Advertising and promotion	16,467	29,816
Amortization	15,162	12,526
Volunteer and staff recognition	11,670	35,080
Insurance	3,892	3,440
Interest and bank charges	1,626	5,680
	<u>1,464,416</u>	<u>1,534,752</u>
<b>DEFICIENCY OF REVENUES OVER EXPENSES FROM OPERATIONS</b>	<u>(24,014)</u>	<u>(53,639)</u>
<b>OTHER INCOME</b>		
Government assistance <i>(Note 10)</i>	-	84,125
Interest income	15,787	1,942
	<u>15,787</u>	<u>86,067</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES</b>	<u>\$ (8,227)</u>	<u>\$ 32,428</u>

**FUSESOCIAL WOOD BUFFALO SOCIETY****Statement of Financial Position****December 31, 2022**

	2022	2021
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	\$ 388,751	\$ 1,002,869
Term deposits	90,599	90,000
Contributions receivable	9,125	152,203
Inventory (Note 3)	-	6,450
Goods and services tax recoverable	10,076	15,913
Prepaid expenses	4,148	3,500
	<u>502,699</u>	1,270,935
EQUIPMENT (Note 4)	33,833	46,943
RESTRICTED CASH	<u>358,171</u>	128,171
	<u>\$ 894,703</u>	<u>\$ 1,446,049</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities	\$ 29,163	\$ 41,925
Wages payable	34,875	41,521
Employee deductions payable	12,151	15,841
Deferred contributions (Note 8)	307,866	1,057,887
	<u>384,055</u>	1,157,174
<b>NET ASSETS</b>		
General fund (unrestricted)	118,644	113,761
Invested in equipment fund (internally restricted)	33,833	46,943
Long-term reserve funds (internally restricted) (Note 9)	358,171	128,171
	<u>510,648</u>	288,875
	<u>\$ 894,703</u>	<u>\$ 1,446,049</u>

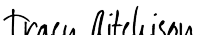
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**ON BEHALF OF THE BOARD**

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Director

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Director

See notes to financial statements

**FUSESOCIAL WOOD BUFFALO SOCIETY****Statement of Changes in Net Assets****Year Ended December 31, 2022**

	General Fund (unrestricted)	Invested in Equipment Fund (internally restricted)	Long-term Reserve Funds (internally restricted) Note 9	<b>2022</b>	2021
<b>NET ASSETS - BEGINNING OF YEAR</b>	\$ 113,761	\$ 46,943	\$ 128,171	<b>\$ 288,875</b>	\$ 256,447
DEFICIENCY OF REVENUES OVER EXPENSES	6,935	(15,162)	-	<b>(8,227)</b>	32,428
DEFERRED CONTRIBUTIONS TRANSFER	-	-	230,000	<b>230,000</b>	-
INTERFUND TRANSFER	(2,052)	2,052	-	-	-
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 118,644</b>	<b>\$ 33,833</b>	<b>\$ 358,171</b>	<b>\$ 510,648</b>	<b>\$ 288,875</b>

Transfers consist of \$2,052 (2021 - \$50,719) in relation to investing in new equipment in the current year; and \$230,000 reallocated by the Board from deferred contributions to Shared Services restricted fund.

**FUSESOCIAL WOOD BUFFALO SOCIETY****Statement of Cash Flows****Year Ended December 31, 2022**

	2022	2021
<b>OPERATING ACTIVITIES</b>		
Excess (deficiency) of revenues over expenses	\$ (8,227)	\$ 32,428
Items not affecting cash:		
Amortization of equipment	15,162	12,526
Deferred contributions reallocated to restricted fund	230,000	-
	<u>236,935</u>	<u>44,954</u>
Changes in non-cash working capital:		
Contributions receivable	143,078	(125,361)
Inventory	6,450	30,457
Accounts payable and accrued liabilities	(12,762)	996
Deferred contributions	(750,021)	639,879
Prepaid expenses	(648)	1,648
Goods and services tax payable	5,837	1,519
Wages payable	(6,646)	5,859
Employee deductions payable	(3,690)	(427)
	<u>(618,402)</u>	<u>554,570</u>
Cash flow from (used by) operating activities	<u>(381,467)</u>	<u>599,524</u>
<b>INVESTING ACTIVITIES</b>		
Purchase of equipment	(2,052)	(50,719)
Term deposits	(599)	(90,000)
	<u>(2,651)</u>	<u>(140,719)</u>
Cash flow used by investing activities	<u>(2,651)</u>	<u>(140,719)</u>
<b>INCREASE (DECREASE) IN CASH FLOW</b>	<b>(384,118)</b>	<b>458,805</b>
Cash - beginning of year	<u>1,131,040</u>	<u>672,235</u>
<b>CASH - END OF YEAR</b>	<b>\$ 746,922</b>	<b>\$ 1,131,040</b>
<b>CASH CONSISTS OF:</b>		
Cash	\$ 388,751	\$ 1,002,869
Restricted Cash	<u>358,171</u>	<u>128,171</u>
	<u>\$ 746,922</u>	<u>\$ 1,131,040</u>

See notes to financial statements



**FUSESOCIAL WOOD BUFFALO SOCIETY**

**Notes to Financial Statements**

**Year Ended December 31, 2022**

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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.

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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, 2022**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>2022</u>	<u>2021</u>
Artwork	\$ -	\$ 6,450

## 4. EQUIPMENT

	Cost	Accumulated amortization	<b>2022 Net book value</b>	2021 Net book value
Computer equipment	\$ 50,169	\$ 41,984	\$ 8,185	\$ 14,883
Furniture and fixtures	35,622	9,974	<b>25,648</b>	32,060
	<u>\$ 85,791</u>	<u>\$ 51,958</u>	<u>\$ 33,833</u>	<u>\$ 46,943</u>

**FUSESOCIAL WOOD BUFFALO SOCIETY****Notes to Financial Statements****Year Ended December 31, 2022****5. LEASE COMMITMENTS**

A lease agreement was signed with The Fort McMurray Boys' and Girls' Club, which commenced on August 1, 2021 and expires on July 30, 2026, with monthly costs of \$3,500.

Future minimum lease payments as at December 31, 2022, are as follows:

2023	\$	42,000
2024		42,000
2025		42,000
2026		<u>24,500</u>
	\$	<u>150,500</u>

**6. IN-KIND CONTRIBUTIONS**

In the current year, the Society received no in-kind contributions with a fair market value of \$0 (2021 - \$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 39% (2021 - 41%) 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, 2022****8. DEFERRED CONTRIBUTIONS**

Deferred contributions represents contributions received for specific purposes which have not been expended at year end. Early receipt of 2023 contracted funds for Suncor Energy Foundation are included in 2022 funds.

	2021	Contributions received	Contributions recognized as revenue/ transferred to restricted funds	2022
Suncor Energy Foundation - Core	\$ 685,678	\$ -	\$ 571,292	\$ 114,386
Donations & Flood Relief	40,000	-	-	40,000
Leadership Wood Buffalo ("LWB")	40,000	40,000	40,000	40,000
Syncrude Shared Services Sponsorship	-	35,000	-	35,000
Shared Services Revenue	215,789	43,750	230,000	29,539
Alberta Culture and Tourism - Enhanced Capacity	25,000	100,000	100,000	25,000
Aircon Tech - Sponsorship for Training and Development	-	12,333	-	12,333
National Volunteer Week Sponsorships	-	8,666	-	8,666
Wood Buffalo Rewards	-	2,941	-	2,941
The Canadian Red Cross Society	33,201	-	33,201	-
TimeRaiser Sponsorship	1,628	-	1,628	-
TimeRaiser Art Inventory Value	6,624	-	6,624	-
Heart Awards	9,957	-	9,957	-
	<u>\$ 1,057,877</u>	<u>\$ 242,690</u>	<u>\$ 992,702</u>	<u>\$ 307,865</u>

For the 2022 year, \$230,000 of Shared Services funds were transferred to long-term reserve funds as an internally-restricted fund.

**9. LONG-TERM RESERVE FUNDS**

The Society possesses a savings account and term deposits 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. 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.

	2022	2021
Shared Services Fund	\$ 230,000	\$ -
Operational Deficiency Fund	45,000	45,000
Leasehold Improvement Fund	40,000	40,000
Guaranteed Investment Certificate	18,171	18,171
Executive Director Searches	15,000	15,000
Board Approved Collaboration Projects	10,000	10,000
	<u>\$ 358,171</u>	<u>\$ 128,171</u>

For 2022, the Society reallocated \$230,000 of the Shared Services deferred contributions to an internally-restricted fund.

**FUSESOCIAL WOOD BUFFALO SOCIETY****Notes to Financial Statements****Year Ended December 31, 2022****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 prior fiscal year:

2021

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

As of December 31, 2022, an outstanding receivable for \$72,332 was collected.

**FUSESOCIAL WOOD BUFFALO SOCIETY**

**Notes to Financial Statements**

**Year Ended December 31, 2022**

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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, 2022.

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.

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.

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12. COMPARATIVE FIGURES

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

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