

Financial Statements

The Winnifred Stewart Foundation

March 31, 2020

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Independent Auditor's Report

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To the Directors of
The Winnifred Stewart Foundation

Qualified Opinion

We have audited the financial statements of The Winnifred Stewart Foundation (“the Foundation”), which comprise the statement of financial position as at March 31, 2020, and the statements of operations, 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 effects 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 Winnifred Stewart Foundation as at March 31, 2020, 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 Foundation derives revenue from donations and fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Foundation. Therefore, we were not able to determine whether any adjustments might be necessary to donations and fundraising revenue, excess (deficiency) of revenues 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, 2019 and 2018 and March 31, 2020 and 2019. 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 Foundation 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.

Other Information

Management is responsible for the other information. The other information comprises the information, other than the financial statements and our auditor's report thereon, in the Annual Report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained the Annual Report prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statement

Management is responsible for the preparation and fair presentation of these 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 Foundation'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 Foundation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Foundation'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 Foundation'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 Foundation'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 Foundation 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, Canada

June 3, 2020



Chartered Professional Accountants

The Winnifred Stewart Foundation

Statement of Operations

Year Ended March 31

2020

2019

Revenues		
Donations and fundraising activities (Note 11)	\$ 1,310,335	\$ 1,292,642
Casino income	<u>77,241</u>	<u>75,925</u>
	<u>1,387,576</u>	<u>1,368,567</u>
Expenditures		
Donations and fundraising activities (Note 11)	987,974	925,571
Salaries and benefits	169,656	174,229
Office	26,254	24,342
Amortization of capital assets	16,330	13,460
Professional fees	14,526	37,228
Public relations and marketing	3,159	25,744
Casino costs	<u>312</u>	<u>-</u>
	<u>1,218,211</u>	<u>1,200,574</u>
Excess of revenues over expenditures before other items	<u>169,365</u>	<u>167,993</u>
Other items		
Investment (loss) income (Note 9)	(82,947)	101,346
Gain on disposal of capital assets	9,179	6,800
Funds provided to Edmonton Community Foundation (Note 8)	-	(100,000)
Funding provided to the Winnifred Stewart Association (Note 7)	<u>(36,708)</u>	<u>(236,041)</u>
	<u>(110,476)</u>	<u>(227,895)</u>
Excess (deficiency) of revenues over expenditures	\$ <u>58,889</u>	\$ <u>(59,902)</u>

See accompanying notes to the financial statements.

The Winnifred Stewart Foundation
Statement of Changes in Net Assets

Year Ended March 31

2020

2019

Balance, beginning of year	\$ 1,504,089	\$ 1,563,991
Excess (deficiency) of revenues over expenditures	<u>58,889</u>	<u>(59,902)</u>
Balance, end of year	<u>\$ 1,562,978</u>	<u>\$ 1,504,089</u>

See accompanying notes to the financial statements.

The Winnifred Stewart Foundation
Statement of Financial Position


March 31 2020 2019

Assets		
Current		
Cash	\$ 129,799	\$ 105,742
Accounts receivable	63,337	50,384
Prepays	3,838	-
Inventory	<u>30,514</u>	<u>67,630</u>
	227,488	223,756
Capital assets (Note 3)	8,200	45,993
Investments (Note 4)	<u>2,032,214</u>	<u>2,134,665</u>
	<u>\$ 2,267,902</u>	<u>\$ 2,404,414</u>

Liabilities		
Current		
Accounts payable and accruals	\$ 46,268	\$ 43,201
Deferred operating contributions (Note 5)	802	2,000
Grant payable to the Winnifred Stewart Association (Note 7)	152,241	150,000
Due to the Winnifred Stewart Association (Note 7)	<u>352,128</u>	<u>510,986</u>
	551,439	706,187
Deferred capital contributions (Note 6)	<u>153,485</u>	<u>194,138</u>
	<u>704,924</u>	<u>900,325</u>
Net Assets		
Unrestricted	<u>1,562,978</u>	<u>1,504,089</u>
	<u>\$ 2,267,902</u>	<u>\$ 2,404,414</u>

Subsequent event (Note 13)

On behalf of the Board


 _____ Director


 _____ Director

See accompanying notes to the financial statements.

The Winnifred Stewart Foundation

Statement of Cash Flows

Year Ended March 31

2020

2019

Increase (decrease) in cash

Operating

Excess (deficiency) of revenues over expenditures \$ 58,889 \$ (59,902)

Items not affecting cash:

Amortization of capital assets 16,330 13,460

Amortization of deferred capital contributions (Note 6) (40,653) (12,517)

Gain on sale of capital assets (9,179) (6,800)

Fair market value adjustment (Note 9) 153,207 (36,337)

178,594 (102,096)

Changes in non-cash operating working capital:

Accounts receivable (12,953) (38,271)

Prepays (3,838) -

Inventory 37,116 (13,920)

Accounts payable and accruals 3,067 9,631

Deferred operating contributions (1,198) (73,925)

200,788 (218,581)

Financing

Repayments to the Winnifred Stewart Association (158,858) (50,272)

Increase in grants payable to the Winnifred Stewart Association (Note 7) 2,241 150,000

Capital contributions received (Note 6) - 35,269

(156,617) 134,997

Investing

Purchase of capital assets (8,200) (40,808)

Proceeds on disposal of capital assets 38,843 6,800

Purchase of investments (1,824,410) (1,177,660)

Proceeds on disposal of investments 1,773,653 1,124,011

(20,114) (87,657)

Increase (decrease) in cash 24,057 (171,241)

Cash

Beginning of year 105,742 276,983

End of year \$ 129,799 \$ 105,742

Cash at March 31, 2020 consists of \$77,533 Casino funding that will be used to fulfill the obligation to the Winnifred Stewart Association.

See accompanying notes to the financial statements.

The Winnifred Stewart Foundation

Notes to the Financial Statements

March 31, 2020

1. Purpose of the Foundation

The Winnifred Stewart Foundation (“the Foundation”) is incorporated under the Alberta Societies Act. The Foundation was organized to establish, receive, administer and distribute funds or other property of value for the benefit and advancement of the interests of the Winnifred Stewart Association and individuals with a developmental disability in the Province of Alberta.

The Foundation is a registered charity and is not subject to income taxes.

2. Summary of significant accounting policies

These financial statements are prepared by management in accordance with Canadian accounting standards for not-for-profit organizations (“ASNPO”) and include the following significant accounting policies:

Use of estimates and measurement uncertainty

In preparing the Foundation’s financial statements in conformity with ASNPO, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Management reviews the carrying amounts of items in the financial statements at each balance sheet date to assess the need for revision or any possibility of impairment. Management determines these estimates based on assumptions that reflect the most probable set of economic conditions and planned courses of action. Actual results could differ from those estimates.

Revenue recognition

The Foundation 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. Restricted contributions received for the purchase of property and equipment that will be amortized are deferred and recognized as revenue on the same basis as the amortization expense related to the property and equipment.

Revenues from fundraising activities are recognized on delivery which is when cash is collected from supporters.

Investments

Interest income is recognized when earned, dividend income when received and realized gains and losses on investments on the actual settlement date. Investments are recorded at market value. Changes in the quoted market price are recognized in the statement of operations.

The Winnifred Stewart Foundation

Notes to the Financial Statements

March 31, 2020

2. Summary of significant accounting policies (cont'd)

Inventory

Inventory is valued at the lower of cost and net realizable value. Cost is based on actual original purchase price of inventory. Net realizable value is defined as the estimated selling price less estimated selling costs.

Donated services

The work of the Foundation is dependent on voluntary services of individuals. Due to the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

Donated services are recorded at fair value when the fair value can be reasonably estimated and when the services are normally purchased by the Foundation.

Financial instruments

Initial measurement:

The Foundation's financial instruments are measured at fair value when issued or acquired. For financial instruments subsequently measured at cost or amortized cost, fair value is adjusted by the amount of the related financing fees and transaction costs. Transaction costs and financing fees relating to financial instruments that are measured subsequently at fair value are recognized in operations in the year in which they are incurred.

Subsequent measurement:

At each reporting date, the Foundation measures its financial assets and liabilities at amortized cost (less impairment in the case of financial assets), except for equities quoted in an active market, which must be measured at fair value. The Foundation has also irrevocably elected to measure its investments in bonds at fair value. All changes in fair value of the Foundation's investments in equities quoted in an active market and in bonds are recorded in the statement of operations. The Foundation uses the effective interest method to amortize any premiums, discounts, transaction fees and financing fees to the statement of operations. The financial instruments measured at amortized cost are cash, accounts receivable, accounts payable and accruals, grant payable to Winnifred Stewart Association and Due to Winnifred Stewart Association. The carrying value of financial instruments approximates their fair value due to their short-term nature, unless otherwise noted.

For financial assets measured at amortized cost, the Foundation regularly assesses whether there are any indications of impairment. If there is an indication of impairment, and the Foundation determines that there is a significant adverse change in the expected timing or amount of future cash flows from the financial asset, it recognizes an impairment loss in the statement of operations. Any reversals of previously recognized impairment losses are recognized in operations in the year the reversal occurs.

The Winnifred Stewart Foundation

Notes to the Financial Statements

March 31, 2020

2. Summary of significant accounting policies (cont'd)

Capital assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution.

Amortization is provided using the straight-line method over the estimated useful lives of the assets as follows:

Software	33%
Vehicles	20%

Costs are capitalized on assets which are under development, including all expenditures incurred in connection with the acquisition and development. Amortization of the asset commences when the asset is complete and available for use.

3. Capital assets

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>2020 Net Book Value</u>	<u>2019 Net Book Value</u>
Software	\$ 8,200	\$ -	\$ 8,200	\$ -
Vehicles	<u>120,660</u>	<u>120,660</u>	<u>-</u>	<u>45,993</u>
	<u>\$ 128,860</u>	<u>\$ 120,660</u>	<u>\$ 8,200</u>	<u>\$ 45,993</u>

As at March 31, 2020, the software was not available for use and therefore has not been amortized.

During the year, a vehicle with a net book value of \$29,664 was written off due to an accident. Insurance proceeds of \$38,843 are included in accounts receivable as at March 31, 2020.

4. Investments

Investments consist of the following:

	<u>Cost</u>	<u>2020 Market</u>	<u>2019 Market</u>
Short term deposits	\$ 35,957	\$ 35,940	\$ 29,853
Common stocks and equivalents	1,126,898	1,137,472	1,174,088
Fixed income securities	<u>856,626</u>	<u>858,802</u>	<u>930,724</u>
	<u>\$ 2,019,481</u>	<u>\$ 2,032,214</u>	<u>\$ 2,134,665</u>

The Winnifred Stewart Foundation

Notes to the Financial Statements

March 31, 2020

5. Deferred operating contributions

Deferred operating contributions represent contributions that have been received to fund operating activities in future periods and have not been spent as of year-end.

	<u>2020</u>	<u>2019</u>
Deferred contributions, beginning of year	\$ 2,000	\$ 75,925
Contributions received during the year	102,441	2,000
Revenue recognized during the year	<u>(103,639)</u>	<u>(75,925)</u>
Deferred contributions, end of year	<u>\$ 802</u>	<u>\$ 2,000</u>

6. Deferred capital contributions

Deferred capital contributions represent externally restricted contributions received that are restricted for the purchase of property and equipment. Included in this balance are funds of \$153,485 (2019 - \$153,485) which are expected to be transferred to the Winnifred Stewart Association for the Mindful Hearts Facility.

	<u>2020</u>	<u>2019</u>
Deferred capital contributions, beginning of year	\$ 194,138	\$ 171,386
Contributions received during the year	-	35,269
Amortized to beverage recycle revenue	<u>(40,653)</u>	<u>(12,517)</u>
Deferred capital contributions, end of year	<u>\$ 153,485</u>	<u>\$ 194,138</u>

The Winnifred Stewart Foundation

Notes to the Financial Statements

March 31, 2020

7. Transactions with the Winnifred Stewart Association

In accordance with a Transfer, Agency and Trust Agreement with the Winnifred Stewart Association ("the Association"), effective April 1, 2002, the Association is responsible, as agent, for administering certain fund development activities of the Foundation, and the Foundation funds certain operating and capital expenditures of the Association. The following transactions occurred during the years ending March 31:

	<u>2020</u>	<u>2019</u>
Total funding provided to the Association:		
Operating grant	\$ -	\$ 10,000
Operating grant payable	75,000	150,000
Casino funds	77,241	76,041
Prior year operating grant returned	<u>(115,533)</u>	<u>-</u>
	<u>\$ 36,708</u>	<u>\$ 236,041</u>

As at year end, \$352,128 (2019 - \$510,986) remains payable to the Association. In addition, a \$152,241 grant (2019 - \$150,000) has been approved and will be paid to the Association subsequent to year end. This has been recorded as a grant payable in the current year.

8. Funding provided to Edmonton Community Foundation

The Foundation provided funding to the Edmonton Community Foundation in the amount of \$nil (2019 - \$100,000). The donation was used to establish the Winnifred Stewart Association Endowment Fund, whereby, any income generated from these funds will be paid to the Winnifred Stewart Association.

9. Investment income

Investment income for the years ending March 31 consists of the following:

	<u>2020</u>	<u>2019</u>
Dividends	\$ 36,839	\$ 36,842
Interest earned	37,819	31,116
Interest paid	(4,398)	(2,999)
Fair market value adjustment	<u>(153,207)</u>	<u>36,337</u>
	<u>\$ (82,947)</u>	<u>\$ 101,346</u>

The Winnifred Stewart Foundation

Notes to the Financial Statements

March 31, 2020

10. Financial instrument risks

The Foundation's main financial instrument risk exposure is detailed as follows:

Financial instrument risks

The Foundation has established an investment policy with maximum asset mix ranges of 0% to 20% for cash and marketable securities, 30% to 60% for fixed income securities (bonds) and 40% to 70% for equities. Risk is reduced through asset class diversification, diversification within each asset class and quality constraints on fixed income securities and equity investments. Equity investments are limited to issuers listed on major national exchanges. Investments in fixed income securities must have a minimum credit rating of BBB or higher and the allowable investment in corporate bonds is limited to a maximum of 40% of the portfolio. The investment policy is reviewed annually.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Foundation is subject to interest rate risk on its marketable securities and fixed income investments. The Foundation manages the interest rate risk by restricting both the type and term of the securities eligible for investment. It is management's opinion that the Foundation is not exposed to significant interest rate risk arising from financial instruments.

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. The Foundation is subject to market risk on its equity investments. The Foundation mitigates market risk through asset class diversification and quality constraints.

The spread of COVID-19 has severely impacted many local economies around the globe. In many countries, including Canada, businesses are being forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closure of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. The duration of the impact on the Foundation's investments are not known at this time. As at April 30, 2020 the fair value of the Foundation's investments were \$2,158,400.

Liquidity risk

Liquidity risk arises from the possibility that the Foundation might encounter difficulty in settling its debts or meeting its obligations related to financial liabilities. It is management's opinion that the Foundation is not exposed to significant liquidity risk arising from financial instruments.

The Winnifred Stewart Foundation

Notes to the Financial Statements

March 31, 2020

11. Additional fundraising program information

	<u>Gross</u> <u>Revenue</u>	<u>Expense</u>	<u>Net</u> <u>2020</u>	<u>Net</u> <u>2019</u>
Garbage bags and Christmas wrap	\$ 184,992	\$ 207,392	\$ (22,400)	\$ (21,426)
Beverage recycle	831,465	726,039	105,426	156,374
Fundraising events	71,347	41,075	30,272	18,310
Donations	<u>222,531</u>	<u>13,468</u>	<u>209,063</u>	<u>220,613</u>
	<u>\$ 1,310,335</u>	<u>\$ 987,974</u>	<u>\$ 322,361</u>	<u>\$ 373,871</u>

Included in beverage recycle gross revenues are donations of \$12,583 (2019 - \$nil) received during the year to support the beverage recycle program.

Fundraising events revenue includes \$61,467 (2019 - \$41,375) collected for the 2nd annual Joey Moss & Friends golf tournament held in August 2019.

12. Comparative figures

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year earnings.

13. Subsequent event

The spread of COVID-19 and the measures taken to contain the spread of the virus, including quarantines and social distancing, is expected to have an impact on the Foundation's donations and fundraising activities. To date, two fundraising events, one scheduled in March 2020 and the annual Joey Moss & Friends golf tournament scheduled for August 2020, have been cancelled. The duration and impact on the Foundation's overall donation and fundraising revenues is unknown at this time.