

ALBERTA GENEALOGICAL SOCIETY

Consolidated Financial Statements

Year Ended December 31, 2022



INDEPENDENT AUDITOR'S REPORT

To the Members of Alberta Genealogical Society

Qualified Opinion

We have audited the consolidated financial statements of Alberta Genealogical Society (the Society), which comprise the consolidated statement of financial position as at December 31, 2022, and the consolidated statements of operations, changes in net assets and cash flows for the year then ended, and notes to the consolidated 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 consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Society as at December 31, 2022, and the consolidated results of its operations and consolidated 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 Society derives revenue from memberships, conferences and courses, research, donations, fundraising, library and publications, the completeness of which is not susceptible of satisfactory audit verification. Further, the nature of the cash receipts recorded in the records of the Society were not always susceptible to satisfactory audit verification for classification purposes. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Society. Therefore, we were not able to determine whether any adjustments might be necessary to memberships, conferences and courses, research, donations, fundraising, library and publication revenue, excess of revenues over expenses, and cash flows from operations for the year ended December 31, 2022 and 2021, current assets and deferred membership and publication fees at December 31, 2022 and 2021 and net assets at January 1 and December 31 for both the 2022 and 2021 years. Our audit opinion on the consolidated financial statements for the year ended December 31, 2021 was modified accordingly because of the possible effects of this limitation of 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 Consolidated 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 consolidated 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 audit opinion.

Other Information

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

Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated 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 Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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:

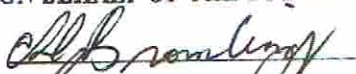
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of 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 consolidated 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 consolidated financial statements, including the disclosures, and whether the consolidated 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.

ALBERTA GENEALOGICAL SOCIETY
Consolidated Statement of Financial Position
December 31, 2022

	2022	2021
ASSETS		
CURRENT		
Cash	\$ 207,805	\$ 207,525
Guaranteed investment certificates (Note 4)	689,880	269,328
Accounts receivable	4,347	2,553
Prepaid expenses	5,457	16,090
	907,489	495,496
GUARANTEED INVESTMENT CERTIFICATES (Note 4)	3,000	4,181
RESTRICTED FUNDS - CASINO (Note 5)	130,909	90,718
	\$ 1,041,398	\$ 590,395
 LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 19,473	\$ 15,632
Deferred membership and publication fees	14,600	11,885
Deferred grants (Note 6)	7,250	17,619
	41,323	45,136
LONG TERM DEBT (Note 7)	40,000	40,000
DEFERRED REVENUE - CASINO (Note 8)	130,909	90,718
	212,232	175,854
 NET ASSETS		
General fund	803,638	399,541
Membership revitalization reserve fund	10,528	15,000
Relatively speaking sustainability fund	15,000	-
	829,166	414,541
	\$ 1,041,398	\$ 590,395
 COMMITMENTS (Note 9)		
SUBSEQUENT EVENT (Note 10)		

ON BEHALF OF THE BOARD

 Director (PRESIDENT)

 Director (TREASURER)

ALBERTA GENEALOGICAL SOCIETY
Consolidated Statement of Operations
Year Ended December 31, 2022

	2022	2021
REVENUES		
Richard Nash bequest	\$ 413,000	\$ -
Casino <i>(Note 8)</i>	73,400	71,445
Grants	67,333	58,425
Memberships	29,546	29,765
Donations	9,882	8,367
Interest and investment income	9,759	7,424
Research	7,185	9,457
Conferences and courses	2,846	2,388
Library	973	676
Publication and other	539	509
Fundraising	25	-
	<u>614,488</u>	<u>188,456</u>
EXPENSES		
Rent	67,045	58,156
Professional fees	20,929	20,236
Salaries and wages	20,564	22,098
Library acquisitions and supplies	19,710	18,405
Website maintenance	13,301	11,255
Meetings and conventions	10,863	4,270
Insurance	9,984	9,909
Office	7,822	5,261
Utilities	6,223	8,392
Computer equipment	5,354	3,926
Repairs and maintenance	4,401	2,819
Advertising and promotion	4,032	6,979
Newsletters	3,562	3,199
Research	2,289	3,057
Fundraising	1,932	3,963
Interest and bank charges	1,341	1,622
Furniture	289	250
Conferences	222	-
	<u>199,863</u>	<u>183,797</u>
EXCESS OF REVENUES OVER EXPENSES	<u>\$ 414,625</u>	<u>\$ 4,659</u>

ALBERTA GENEALOGICAL SOCIETY
Consolidated Statement of Changes in Net Assets
Year Ended December 31, 2022

	General Fund	Membership Revitalization Reserve Fund	Relatively Speaking Sustainability Fund	2022	2021
NET ASSETS - BEGINNING OF YEAR	\$ 399,541	\$ 15,000	\$ -	\$ 414,541	\$ 409,882
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	419,097	(4,472)	-	414,625	4,659
Transfer	(15,000)	-	15,000	-	-
NET ASSETS - END OF YEAR	\$ 803,638	\$ 10,528	\$ 15,000	\$ 829,166	\$ 414,541

ALBERTA GENEALOGICAL SOCIETY
Consolidated Statement of Cash Flows
Year Ended December 31, 2022

	2022	2021
OPERATING ACTIVITIES		
Excess of revenues over expenses	\$ 414,625	\$ 4,659
Changes in non-cash working capital:		
Deferred membership and publication fees	2,715	(840)
Accounts payable and accrued liabilities	3,839	1,881
Prepaid expenses	10,633	(9,492)
Accounts receivable	(1,794)	483
Deferred grants	(10,369)	17,619
	<u>5,024</u>	<u>9,651</u>
Cash flow from operating activities	<u>419,649</u>	<u>14,310</u>
INVESTING ACTIVITIES		
Proceeds from long term guaranteed investment certificates	1,181	15,188
Proceeds received in restricted funds - casino	113,591	39,381
Expenditures made from restricted funds - casino	(73,400)	(71,445)
Cash flow from (used by) investing activities	<u>41,372</u>	<u>(16,876)</u>
FINANCING ACTIVITIES		
Decrease (increase) in casino funds goods and services tax receivable	(763)	1,037
Interest received - casino	-	9
Cash flow from (used by) financing activities	<u>(763)</u>	<u>1,046</u>
INCREASE (DECREASE) IN CASH FLOW	460,258	(1,520)
Cash - beginning of year	<u>566,932</u>	<u>568,452</u>
CASH - END OF YEAR	\$ 1,027,190	\$ 566,932
CASH CONSISTS OF:		
Cash	\$ 207,805	\$ 207,525
Guaranteed investment certificates	689,880	269,328
Cash - casino	<u>129,505</u>	<u>90,079</u>
	\$ 1,027,190	\$ 566,932

ALBERTA GENEALOGICAL SOCIETY
Notes to Consolidated Financial Statements
Year Ended December 31, 2022

1. **PURPOSE OF THE ORGANIZATION**

The Alberta Genealogical Society was incorporated on April 4, 1973 under the Societies Act. It is a charitable non-profit organization and is therefore exempt from income taxes under Section 163 of the Income Tax Act. Throughout the province, there are ten branches serving local communities by encouraging thorough genealogical and historical research, providing education, offering research services, and publishing genealogical material related primarily to Alberta.

Like many not-for-profit organizations, the Society depends on fundraising, donations and volunteers to provide its services. The level of service provided at any given time is contingent on the level of funding and volunteers available.

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Basis of accounting

The consolidated financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations.

Basis of presentation

The consolidated financial statements include the accounts of the Alberta Genealogical Society provincial head office and its branches across the province of Alberta.

Measurement uncertainty

The preparation of consolidated 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 consolidated financial statements and the reported amounts of revenues and expenses during the period. The COVID-19 pandemic has increased the challenges associated with this estimation process. 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.

Estimates made by management include:

- The recognition of funding received as either memberships, grants, casino revenue or deferred revenue.
- The evaluation of accounts receivable as to its collectability. An approximate allowance for doubtful accounts is provided where considered necessary.
- The recognition and measurement of provisions and contingencies along with the key assumptions pertaining to the likelihood and magnitude of an outflow of resources.

Financial instruments

Measurement

The entity initially measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions. The entity subsequently measures all its financial assets and financial liabilities at amortized cost. Financial assets measured at amortized cost include cash, guaranteed investment certificates, accounts receivable and funds restricted for casinos. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities and long term debt.

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ALBERTA GENEALOGICAL SOCIETY
Notes to Consolidated Financial Statements
Year Ended December 31, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Contributed goods and services

The Society records the fair market value of contributed goods and services only in the circumstances when the fair market value is determinable and when the goods and services would otherwise be purchased by the Society.

Volunteers contribute a significant amount of their time each year. Because of the difficulty in determining their fair value, contributed services are not recognized in the financial statements.

3. FINANCIAL INSTRUMENTS

The Society is exposed to various risks through its financial instruments. 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 Society 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 donors and government grants. The Society mitigates this risk by minimizing its financial obligations and ensuring that funds are in place before committing to new projects.

It is management's opinion that the Society is not exposed to significant credit, interest, market or other price risks arising from its financial instruments.

4. GUARANTEED INVESTMENT CERTIFICATES

Guaranteed investment certificates include accrued interest, bear interest at rates between 0.7% to 4.0% and have maturity dates from March 2023 to September 2024.

5. RESTRICTED FUNDS - CASINO

Restricted cash has been obtained via Alberta Gaming and Liquor Commission fundraising programs is restricted for specific allowable expenses. Restricted funds consist of the following:

	<u>2022</u>	<u>2021</u>
Cash	\$ 129,505	\$ 90,079
Goods and services tax receivable	1,404	639
	<u>\$ 130,909</u>	<u>\$ 90,718</u>

ALBERTA GENEALOGICAL SOCIETY
Notes to Consolidated Financial Statements
Year Ended December 31, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Impairment

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in net income. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in net income.

Transaction costs

The entity recognizes its transaction costs in net income in the period incurred. However, financial instruments that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their origination, issuance or assumption.

Cash and cash equivalents

Cash and cash equivalents consist primarily of cash and highly liquid investments with maturities of one year or less at date of purchase.

Capital assets

Capital assets are recorded as an expenditure in the year of acquisition.

Revenue recognition

Alberta Genealogical Society follows the deferral method of accounting for contributions. Transfers to the Relatively Speaking Sustainability fund have been recorded in the statement of changes in net assets.

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 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.

Membership fee revenues are recognized in fiscal year in which membership services are provided and when collection is reasonably assured. Membership fees that are collected and relate to a period subsequent to the fiscal year of the Society have been recorded as deferred revenue.

Conference and course fees are recognized as revenue when the events are held.

Donations and donations in kind are recorded when received or when reasonable certainty of collection is assured. The donations are recorded at fair value when such value can be reasonably determined.

Other revenues are recognized as revenue when the services are provided. Fees that are collected in advance of the services being provided are recorded as deferred revenue.

The Membership Revitalization Reserve fund is a reflection of funds being set aside for special projects or expenditures relating to the revitalization of the Society's membership and enhancing member benefits.

The Relatively Speaking Sustainability fund is a reflection of funds being set aside for expenditures relating to production of the Relatively Speaking quarterly journal of the Alberta Genealogical Society.

The General Fund includes the surplus remaining after deducting operating expenditures and transfers to other funds. The transfers to the other funds are approved by the board of directors.

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ALBERTA GENEALOGICAL SOCIETY
Notes to Consolidated Financial Statements
Year Ended December 31, 2022

6. DEFERRED GRANTS

The Society received a grant from the Alberta Culture, Multiculturalism and Status of Women, Heritage Division: Historic Resources Management Branch. Funds were used for the purpose of general administration, professional consultation, funding of programs and services, publications, and training programs.

	2022	2021
<u>Historic Resources Management Branch Grant</u>		
Opening balance	\$ 7,250	\$ -
Funds received	29,000	29,000
Approved expenditures	(29,000)	(21,750)
	7,250	7,250

The Society received a grant from the Edmonton Heritage Council as part of the Heritage Community Investment Project - Change Capital Project. Funds were used for the purpose of funding the Society's surname database project.

<u>Edmonton Heritage Council Grant</u>		
Opening balance	10,369	-
Funds received	-	19,480
Approved expenditures	(10,369)	(9,111)
	-	10,369
Grand total	\$ 7,250	\$ 17,619

7. LONG TERM DEBT

Long term debt consists of a Scotiabank Canada Emergency Business Account credit agreement bearing interest at 0%, is unsecured and has no minimum monthly principal payments until December 31, 2023. Up to 25% of the loan balance can be forgiven with no interest charges provided the outstanding balance is fully paid on or before December 31, 2023. If the loan is not repaid by December 31, 2023, it will be converted to a 2 year term loan bearing interest at 5%.

8. DEFERRED REVENUE - CASINO

	2022	2021
Balance at beginning of year	\$ 90,718	\$ 122,773
Proceeds from casino	113,591	39,381
Interest on casino funds	-	9
	204,309	162,163
Disbursements	(73,400)	(71,445)
	\$ 130,909	\$ 90,718

Casino funds may only be utilized for specific purposes as approved by the Alberta Gaming and Liquor Commission. Approved expenditures include administrative costs, equipment, insurance, rent, promotional activities, research, travel within Alberta, seminars and training.

ALBERTA GENEALOGICAL SOCIETY
Notes to Consolidated Financial Statements
Year Ended December 31, 2022

9. COMMITMENTS

The Society is committed to a premise lease at the provincial office in Edmonton requiring monthly payments of \$2,923 through to November 30, 2024.

The Society is also committed to a premise lease for the Fort McMurray branch, requiring monthly payments of \$1,585 plus additional rent for the Society's portion of the leased premise's operating costs through to July 31, 2023.

10. SUBSEQUENT EVENT

Subsequent to year end, the Board of Directors has approved the commencement of dissolving the Fort McMurray branch. It is estimated that this branch will be dissolved during 2023.

Also subsequent to year end, the Board of Directors has approved a revised investment policy and has approved the transfer of \$400,000 into a new fund to be named the Richard "Dick" Nash Endowment fund. The policy intent is that the capital amount of \$400,000 will not be used for at least five years, with each previous year's investment earnings being used for specified projects submitted by AGS branches or committees, except when financial exigency is declared by the Board of Directors.
