

**CHED SANTAS ANONYMOUS  
INCORPORATED**

**EDMONTON, ALBERTA  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2023**

## INDEPENDENT AUDITORS' REPORT

To the Board of CHED Santas Anonymous Incorporated

### *Qualified Opinion*

We have audited the financial statements of CHED Santas Anonymous Incorporated (the "Organization"), which comprise the statement of financial position as at June 30, 2023, 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 Organization as at June 30, 2023, and the results of its 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 Organization derives revenue from donations, 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 Organization. Therefore, we were not able to determine whether any adjustments might be necessary to donation revenue, deficiency of revenues over expenses, and cash flows from operations for the year ended June 30, 2023, current assets and net assets as at June 30, 2023. Our audit opinion on the financial statements for the year ended June 30, 2022 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 *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

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*Auditor's Responsibility for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but it 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 Organization's internal control.
- Evaluate the appropriateness of accounting policies 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 Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Organization 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.

**METRIX GROUP LLP**

Chartered Professional Accountants

September 26, 2023  
Edmonton, Alberta

**CHED SANTAS ANONYMOUS INCORPORATED**

**STATEMENT OF FINANCIAL POSITION**

**AS AT JUNE 30, 2023**

	<u>2023</u>	<u>2022</u>
<b><u>ASSETS</u></b>		
Current Assets		
Cash and cash equivalents (Note 3)	\$ 1,988,468	\$ 1,728,428
Accrued interest	30,484	2,822
Accounts receivable	1,086	-
Goods and Services Tax receivable	10,831	5,809
Prepaid expenses	<u>15,652</u>	<u>5,648</u>
	2,046,521	1,742,707
Tangible Capital Assets (Note 4)	<u>21,407</u>	<u>23,445</u>
	<b><u>\$ 2,067,928</u></b>	<b><u>\$ 1,766,152</u></b>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 30,879	\$ 16,558
Employee deductions payable	7,520	5,172
Vacation payable	17,456	7,899
Deferred contributions (Note 5)	<u>110,022</u>	-
	<u>165,877</u>	<u>29,629</u>
Net Assets		
Internally restricted (Note 6)	150,000	150,000
Unrestricted	1,730,644	1,563,078
Invested in tangible capital assets	<u>21,407</u>	<u>23,445</u>
	<u>1,902,051</u>	<u>1,736,523</u>
	<b><u>\$ 2,067,928</u></b>	<b><u>\$ 1,766,152</u></b>

**APPROVED ON BEHALF OF THE BOARD:**

\_\_\_\_\_ Director

\_\_\_\_\_ Director

The accompanying notes are an integral part of these financial statements.

CHED SANTAS ANONYMOUS INCORPORATED

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED JUNE 30, 2023

	<u>2023</u>	<u>2022</u>
<b>Revenue</b>		
Donations	\$ 806,656	\$ 725,546
Fundraising	77,852	104,219
Interest	55,090	9,916
Endowment	7,698	7,967
Casino	2,540	-
Grants	-	118,060
Government wage and rent subsidies	-	44,940
	<u>949,836</u>	<u>1,010,648</u>
<b>Expenses</b>		
Salaries, wages and benefits	224,060	221,056
Warehousing costs	215,250	211,104
Toy purchases and supplies	146,176	122,016
Office and technology	100,785	66,554
Client intake program	23,672	-
Fundraising	22,734	31,325
Professional fees	13,784	22,088
Insurance	12,763	11,370
Advertising and event promotions	10,237	26,312
Endowment	7,698	8,000
Board and volunteer	5,110	6,341
Amortization	2,039	2,039
	<u>784,308</u>	<u>728,205</u>
<b>Excess of Revenue over Expenses</b>	<u>\$ 165,528</u>	<u>\$ 282,443</u>

**CHED SANTAS ANONYMOUS INCORPORATED**

**STATEMENT OF CHANGES IN NET ASSETS**

**FOR THE YEAR ENDED JUNE 30, 2023**

	Invested in Tangible Capital Assets	Unrestricted	Internally Restricted	<b><u>2023</u></b> Total	<b><u>2022</u></b> Total
Balance, Beginning of Year	\$ 23,445	\$ 1,563,078	\$ 150,000	<b>\$ 1,736,523</b>	\$ 1,454,080
Excess of Revenue over Expenses	<u>(2,038)</u>	<u>167,566</u>	<u>-</u>	<b><u>165,528</u></b>	<u>282,443</u>
Balance, End of Year	<b><u>\$ 21,407</u></b>	<b><u>\$ 1,730,644</u></b>	<b><u>\$ 150,000</u></b>	<b><u>\$ 1,902,051</u></b>	<b><u>\$ 1,736,523</u></b>

**CHED SANTAS ANONYMOUS INCORPORATED**

**STATEMENT OF CASH FLOWS**

**FOR THE YEAR ENDED JUNE 30, 2023**

	<u>2023</u>	<u>2022</u>
Operating Activities		
Cash and cash equivalents from operations		
Excess of revenue over expenses	\$ 165,528	\$ 282,443
Items not affecting cash and cash equivalents:		
Amortization	<u>2,039</u>	<u>2,039</u>
	<b>167,567</b>	284,482
Change in non-cash working capital:		
Accrued interest	<b>(27,662)</b>	(1,723)
Accounts receivable	<b>(1,086)</b>	52,404
Goods and Services Tax receivable	<b>(5,022)</b>	(3,084)
Prepaid expenses	<b>(10,004)</b>	970
Accounts payable and accrued liabilities	<b>14,320</b>	4,581
Employee deductions payable	<b>2,348</b>	(423)
Vacation payable	<b>9,557</b>	(1,159)
Deferred contributions	<u><b>110,022</b></u>	<u>-</u>
Change in Cash and Cash Equivalents During the Year	<b>260,040</b>	336,048
Cash and Cash Equivalents, Beginning of Year	<u><b>1,728,428</b></u>	<u>1,392,380</u>
Cash and Cash Equivalents, End of Year	<u><b>\$ 1,988,468</b></u>	<u>\$ 1,728,428</u>

# CHED SANTAS ANONYMOUS INCORPORATED

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

### 1. NATURE OF OPERATIONS

The Organization was established to provide Christmas gifts to less fortunate children and was incorporated under the *Companies Act* of Alberta on September 6, 2005 and is a registered charity under the *Income Tax Act*.

### 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.

#### Revenue Recognition

The Organization 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.

The Organization records donations on a cash basis. No amount for pledges has been recorded in these financial statements.

Interest income is recognized as revenue when earned.

#### Cash and Cash Equivalents

Cash and cash equivalents includes operating accounts and guaranteed investment certificates. All amounts are readily converted into known amounts of cash and are subject to an insignificant change in value.

#### Tangible Capital Assets

Tangible capital assets are recorded at cost less accumulated amortization. Contributed tangible capital assets are recorded at fair value at the date of contribution. When a tangible capital asset no longer contributes to the Organization's ability to provide services or the value of future economic benefits associated with the tangible capital asset is less than its net book value, the carrying value of the tangible capital asset is reduced to reflect the decline in the asset's value. Any net write-downs are accounted for as expenses in the statement of operations.

Tangible capital assets are amortized over their estimated useful lives at the following rates and methods:

Equipment	15 years	Straight-line basis
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#### Contributed Services

Volunteer services and toys are donated throughout the year to assist the Organization in carrying out its activities. Due to the difficulty of determining their fair value, contributed services and toys are not recorded in the financial statements.

#### Measurement Uncertainty

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the recorded 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 reporting period. All estimates are reviewed periodically and adjustments are made to the statements of operations as appropriate in the year they become known.



**CHED SANTAS ANONYMOUS INCORPORATED**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2023**

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

Financial Instruments

*Measurement of financial instruments*

The Organization initially measures its financial assets and financial liabilities at fair value and subsequently measures all financial assets and financial liabilities at amortized cost.

Financial assets measured at amortized cost include cash and cash equivalents and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

*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 the statement of operations. 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 the statement of operations.

**3. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents include guaranteed investment certificates for \$950,000 (2022 - \$755,097) earning interest at rates from 4.35% to 4.8%, maturing from September 2023 to September 2024.

**4. TANGIBLE CAPITAL ASSETS**

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	
			<b><u>2023</u></b>	<b><u>2022</u></b>
Equipment	\$ <u>30,581</u>	\$ <u>9,174</u>	\$ <u>21,407</u>	\$ <u>23,445</u>

**5. DEFERRED CONTRIBUTIONS**

Deferred contributions represent restricted funding received or receivable in the current year for which the corresponding expenses have not yet been incurred.

	<b><u>2023</u></b>	<b><u>2022</u></b>
Gaming proceeds	\$ <b>85,807</b>	\$ -
Other funding	<b><u>24,215</u></b>	<u>-</u>
	<b><u>\$ 110,022</u></b>	<b><u>\$ -</u></b>

**CHED SANTAS ANONYMOUS INCORPORATED**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2023**

**6. INTERNALLY RESTRICTED NET ASSETS**

	<u>2023</u>	<u>2022</u>
Toy purchases	\$ <u>150,000</u>	\$ <u>150,000</u>

**7. FINANCIAL INSTRUMENTS**

It is management's opinion that the Organization is not exposed to significant credit, liquidity, market, currency, interest rate or other price risk through its financial instruments which include cash and cash equivalents, accounts receivable and accounts payable and accrued liabilities.

**8. COMMITMENTS**

The Organization leases warehouse and office space with annual operating cost payments of approximately \$207,000. The current lease expires on August 31, 2038.