Financial Statements of

Epilepsy Association of Calgary

And Independent Auditors' Report thereon

Year Ended December 31, 2022

Kenway Mack Slusarchuk Stewart LLP
Chartered Professional Accountants

Celebrating 35+ years

Independent Auditors' Report

To: The Directors of **Epilepsy Association of Calgary**

Qualified Opinion

We have audited the financial statements of Epilepsy Association of Calgary (the "Association"), which comprise the statement of financial position as at December 31, 2022 and the statements of operations, changes in fund balances 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 Association as at December 31, 2022, 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 Association 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 Association. Therefore, we were not able to determine whether any adjustments might be necessary to donation revenue, excess of revenues over expenses, and cash flows from operations for the year ended December 31, 2022, current assets as at December 31, 2022, and net assets as at January 1 and December 31 for the 2022 year.

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 Association 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 Matter

The financial statements of the Association for the year ended December 31, 2021 were audited by another auditor who expressed an opinion qualified for the completeness of donation revenue on June 10, 2022.

Responsibilities of Management and Those Charged With Governance for the Financial Statements

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 Association'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 Association or to cease operations, or has no realistic alternative but to do so.

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

Auditors’ 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 auditors' 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 judgement 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 Association’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 Association’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 Association 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.

Kenway Mack Slusarchuk Stewart LLP

April 5, 2023 — Chartered Professional Accountants

Calgary, Alberta

Epilepsy Association of Calgary

Statement of Financial Position

As at December 31, 2022, with comparative information for 2021

	General Fund	Reserve Fund	2022	2021
Assets				
Current assets				
Cash	$ 54,190	$ 378,006	$ 432,196	$ 823,917
Restricted cash (note 2(b))	57,950	-	57,950	34,671
Accounts receivable and deposits	15,879	-	15,879	15,841
Total current assets	128,019	378,006	506,025	874,429
Tangible capital assets (note 3)	3,115	-	3,115	916
Total assets	$ 131,134	$ 378,006	$ 509,140	$ 875,345
Liabilities				
Current liabilities				
Accounts payable and accrued liabilities	$ 25,198	$ -	$ 25,198	$ 40,472
Deferred contributions (note 4)	62,025	-	62,025	73,735
Canada Emergency Business Account (note 5)	39,924	-	39,924	38,023
Deferred contribution related to the Canada Emergency Business Account (note 5)	76	-	76	1,977
Total current liabilities	127,223	-	127,223	154,207
Deferred capital contributions	3,115	-	3,115	-
Total liabilities	130,338	-	130,338	154,207
Fund balances				
Invested in tangible capital assets	-	-	-	916
Available (deficit) for general use	796	-	796	(2,117)
Reserve fund	-	378,006	378,006	722,339
Total fund balances	796	378,006	378,802	721,138
Total liabilities and fund balances	$ 131,134	$ 378,006	$ 509,140	$ 875,345

Commitment (note 10)

Approved by the Association:

Derek Payne, Director

Laura Dickson, Executive Director

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

Epilepsy Association of Calgary

Statement of Operations

For the Year Ended December 31, 2022, with comparative information for 2021

	General Fund	Reserve Fund	2022	2021
Revenue				
Casino	$ 52,345	$ -	$ 52,345	$ 26,725
Fundraising	45,876	-	45,876	27,150
Donations - individual	34,080	-	34,080	21,477
Grants	33,137	-	33,137	81,158
Government assistance (notes 4, 5 and 7)	26,463	-	26,463	106,908
Donations - foundations	10,000	-	10,000	40,000
Donations - corporate	6,581	-	6,581	3,757
Interest	56	5,667	5,723	2,388
Merchandise	1,368	-	1,368	-
United Way of Calgary and Area	1,163	-	1,163	1,046
Amortization of deferred capital contributions	699	-	699	-
Total revenue	211,768	5,667	217,435	310,609
Expenses				
Salaries and benefits	381,279	-	381,279	327,161
Rent	53,753	-	53,753	41,324
Professional fees	40,644	-	40,644	51,748
Fundraising	32,417	-	32,417	1,627
Office	22,332	-	22,332	9,117
Program resources and supplies	6,593	-	6,593	4,891
Insurance	5,412	-	5,412	4,832
Telephone	4,447	-	4,447	4,109
Repairs and maintenance	3,921	-	3,921	1,597
Volunteer recognition	2,346	-	2,346	750
Bad debt expense	2,000	-	2,000	-
Professional development and recruitment	1,576	-	1,576	21,675
Website	998	-	998	3,183
Travel	438	-	438	266
Amortization of tangible capital assets	1,615	-	1,615	917
Total expenses	559,771	-	559,771	473,197
Excess (deficiency) of revenue over expenses	$(348,003)	$ 5,667	$(342,336)	$(162,588)

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

Epilepsy Association of Calgary

Statement of Changes in Fund Balances

For the Year Ended December 31, 2022, with comparative information for 2021

	General Fund Invested in Tangible Capital Assets	General Fund Available (Deficit) for General Use	Reserve Fund	2022	2021
Balance, beginning of year	$ 916	$ (2,117)	$ 722,339	$ 721,138	$ 883,726
Excess (deficiency) of revenue over expenses	(916)	(347,087)	5,667	(342,336)	(162,588)
Interfund transfers (note 6)	-	350,000	(350,000)	-	-
Balance, end of year	$ -	$ 796	$ 378,006	$ 378,802	$ 721,138

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

Epilepsy Association of Calgary

Statement of Cash Flows

For the Year Ended December 31, 2022, with comparative information for 2021

	2022	2021
Cash from (used in):		
Operating activities		
Deficiency of revenue over expenses	$ (342,336)	$ (162,588)
Add (deduct) items not affecting cash:		
Amortization	1,615	917
Amortization of deferred capital contributions	(699)	-
Forgivable portion of Canada Emergency Business Account	-	(10,000)
	(341,420)	(171,671)
Changes in non-cash working capital		
Accounts receivable and deposits	(38)	6,470
Accrued interest receivable	-	46
Accounts payable and accrued liabilities	(15,274)	17,584
Deferred contributions	(11,710)	(25,190)
Deferred capital contributions	3,814	-
	(23,208)	(1,090)
Total cash used in operating activities	(364,628)	(172,761)
Investing activities		
Purchases of tangible capital assets	(3,814)	-
Proceeds on maturity or redemption of short-term investments	-	18,546
Total cash (used in) from investing activities	(3,814)	18,546
Financing activity		
Advance from the Canada Emergency Business Account	-	20,000
Total cash from financing activity	-	20,000
Cash outflow	(368,442)	(134,215)
Cash and cash equivalents, beginning of year	858,588	992,803
Cash and cash equivalents, end of year	$ 490,146	$ 858,588
Cash and cash equivalents is comprised of:		
Cash	$ 432,196	$ 823,917
Restricted cash	57,950	34,671
Total cash and cash equivalents	$ 490,146	$ 858,588

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

Epilepsy Association of Calgary

Notes to the Financial Statements

For the Year Ended December 31, 2022, with comparative information for 2021

1. Nature of operations

The Epilepsy Association of Calgary (the "Association") was formed under the Societies Act (Alberta) in 1955 with the general purpose of assisting individuals directly affected by epilepsy and educating the community at large about all aspects of epilepsy. The Association's mission is to support independence, quality of life, and full community participation for individuals affected by epilepsy. The Association is a registered charitable organization as defined in the Income Tax Act and accordingly is exempt from income taxes provided certain requirements of the Income Tax Act are met.

2. Significant accounting policies

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following accounting policies:

a. Fund accounting

Revenues and expenses related to annual fundraisers, program delivery, and administrative activities are reported in the General Fund. The General Fund also reports the assets, liabilities, revenues and expenses related to the Association's tangible capital assets.

The Reserve Fund was created to assist the Association to achieve its long-term objectives. Resources within the Reserve Fund may be used for the following purposes:

- provide funding for special projects deemed to benefit Association program participants, research and development and education; and
- special emergency circumstances facing the Association including, but not limited to, funding general operating expenses if no other source of funding is available.

The Reserve Fund is internally restricted whereby funds are not available for use without approval of the board of directors. There is no third party restriction on the use of the Reserve Fund.

Interest income earned on the investments held within the Reserve Fund may be used to fund operating expenditures to assist the Association in the achievement of self-sufficiency.

Reserve Fund resources may not be used for fundraising activities.

b. Restricted cash

The Association receives grants from various agencies and individuals for specific expenditures. As a result, this cash received is restricted for use on certain operational expenditures and is not available for general use.

2. Significant accounting policies (continued)

c. Tangible capital assets

Purchased tangible capital assets are recorded at cost. Contributed tangible capital assets are recorded at fair value at the date of their contribution. Amortization is provided on a straight-line basis over the following terms:

Computer equipment	5 years
Leasehold improvements	Term of the lease

When conditions indicate a tangible capital asset is impaired, the carrying value of the tangible capital asset is written down to the asset's fair value or replacement cost. The write-down of the tangible capital assets is recorded as an expense in the statement of operations. A write-down shall not be reversed.

d. Government assistance

Government assistance is recognized as income in the year the related qualifying expenses are incurred and the amount can be reasonably estimated and collection is reasonably assured. When the Association qualifies to receive a forgivable loan, it accounts for it in the same manner as government assistance. The forgivable portion of the loan is recognized when the Association receives the funds and meets the stipulation under the government assistance loan program for forgiveness, and not at the time such loans are forgiven.

e. Revenue recognition

The Association's financial statements are prepared using the deferral method of accounting for contributions.

Restricted contributions are recognized as revenue of the appropriate Fund in the year in which the related expenses are incurred. Contributions received for tangible capital assets are initially deferred and are recognized as revenue in amounts that match the amortization of the related assets.

Unrestricted contributions are recognized as revenue of the General Fund when received or when receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Interest income earned on assets of the Reserve Fund is recognized as revenue of the Reserve Fund on an accrual basis using the effective interest method. Unrestricted interest income is recognized as revenue of the General Fund on an accrual basis using the effective interest method.

Merchandise revenue is recognized when goods are sold to the purchaser.

2. Significant accounting policies (continued)

f. Donated goods and services

Goods donated to the Association are recorded at fair value when received. A substantial number of volunteers contribute a significant amount of their time each year. Contributed services are not recognized in the financial statements due to the difficulty of determining the fair value.

g. Financial instruments

The Association initially measures its financial assets and liabilities at fair value.

The Association subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in excess (deficiency) of revenue over expenses.

Financial assets measured at amortized cost include cash, restricted cash, accounts receivable, and deposits.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities and the Canada Emergency Business Account.

Financial assets measured at cost or amortized cost are tested for impairment, at the end of each year, to determine whether there are indicators that the asset may be impaired. The amount of the write-down, if any, is recognized in excess (deficiency) of revenue over expenses. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account. The reversal may be recorded provided it is no greater than the amount that had been previously reported as a reduction in the asset and it does not exceed original cost. The amount of the reversal is recognized in excess (deficiency) of revenue over expenses.

2. Significant accounting policies (continued)

h. Measurement uncertainty

Management has been required to make estimates and assumptions within the financial statements. These estimates and assumptions affect the reported amounts of assets and net assets at the date of the financial statements and the reported amounts of expenses during the reporting period. The most significant estimates relate to the recognition and valuation of the Association's accounts receivable, and the valuation and useful lives of tangible capital assets. Actual results could differ from those estimates.

The valuation of accounts receivable is based on management's best estimate of the provision for doubtful accounts.

The valuation of tangible capital assets is based on management's best estimate of the future recoverability of these assets and the determination of costs subject to classification as tangible capital assets. The amounts recorded for amortization of the tangible capital assets are based on management's best estimate of the remaining useful lives and period of future benefit of the related assets.

The impact that the ongoing COVID-19 pandemic may have on the Association’s operations is based on management’s best assessment of existing and potential government interventions both at a federal and provincial level. Due to the ongoing changes and development with COVID-19, it is not possible to reliably estimate the length and severity of these developments and the impact of the financial results and conditions of the Association in future periods.

By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant.

3. Tangible capital assets

			2022	2021
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Computer equipment	$ 1,892	$ (379)	$ 1,513	$ 916
Leasehold improvements	1,922	(320)	1,602	-
Total	$ 3,814	$ (699)	$ 3,115	$ 916

Epilepsy Association of Calgary

Notes to the Financial Statements

For the Year Ended December 31, 2022, with comparative information for 2021

4. Deferred contributions

Deferred contributions are comprised of the unspent portion of restricted operating funding from grants and donations received in the current year.

The changes in the deferred contributions balance are as follows:

	2022	2021
Balance, beginning of year	$ 73,735	$ 98,925
Add:		
Government assistance - operating (note 7(e))	18,750	-
Grants - operating	-	75,000
Casino	77,586	-
	96,336	75,000
	170,071	173,925
Less:		
Amounts recognized as revenue in the year		
Government assistance - operating (note 7(e))	(18,750)	-
Grants - operating	(33,137)	(73,465)
Casino	(52,345)	(26,725)
Transferred to deferred capital contributions	(3,814)	-
	(108,046)	(100,190)
Balance, end of year	$ 62,025	$ 73,735

5. Canada Emergency Business Account

The Canada Emergency Business Account ("CEBA") is a $40,000 loan that was created by the Federal Government as a response to the COVID-19 pandemic. Eligible entities received a $40,000 interest-free loan where $10,000 of the amount is forgiven if repaid by December 31, 2023. If the amount is not repaid, the loan becomes a 2-year term loan bearing interest at a rate of 5% per annum, due on December 31, 2025. CEBA also offered a $20,000 loan expansion where $10,000 of the expansion is forgiven if repaid by December 31, 2023 with the same repayment terms and interest rate. The Association received the $40,000 loan during the year ended December 30, 2020 and the $20,000 loan expansion during the year ended December 31, 2021. It is the Association’s intention to repay $40,000 of the loans on or before December 31, 2023. As such, government assistance of $nil (2021 - $10,000) related to the forgivable portion of the loan as well as the imputed interest of $1,901 (2021 - $1,596), have been included in government assistance and office expense, respectively. The deferred contribution related to the CEBA initially calculated using an effective interest rate of 5% per annum of $4,237 and $3,521 in 2021 and 2020, respectively, is being recognized on a straight-line basis over the life of the loan and the related income of $1,901 (2021 - $1,596) is included in government assistance.

6. Interfund transfers and internally restricted fund balances

Transfers totaling $350,000 (2021 - $138,713) were made from the Reserve Fund to the General Fund. These funds were used for funding shortfalls relating to operating expenses incurred during the year.

7. Government assistance

a. Canada Emergency Wage Subsidy

During the year ended December 31, 2021, the Association received and recognized revenue of $78,188 related to the Canada Emergency Wage Subsidy program as part of the COVID-19 relief initiatives provided by the Federal government that ended October 2021. The Association maintained compliance with all requirements under the Canada Emergency Wage Subsidy program to be eligible to receive payments.

b. Canada Emergency Rent Subsidy

The Association received the Canada Emergency Rent Subsidy as part of the COVID-19 relief initiatives provided by the Federal government.

During the year ended December 31, 2021, the Association received and recognized revenue of $14,882 related to the Canada Emergency Rent Subsidy as part of the COVID-19 relief initiatives provided by the Federal government that ended October 2021. The Association maintained compliance with all requirements under the Canada Emergency Rent Subsidy program to be eligible to receive payments.

c. Canada Emergency Business Account

The Association received the Canada Emergency Business Account during the years ended December 31, 2021 and 2020 as disclosed in note 5.

7. Government assistance (continued)

d. Canada Recovery Hiring Program

The Association received funds from the Canada Recovery Hiring Program as part of the COVID-19 relief initiatives provided by the Federal government. During the year, the Association recognized revenue of $5,812 (2021 - $2,242) of which $nil (2021 - $2,242) is included in accounts receivable at December 31, 2022. The Association has maintained compliance with all requirements under the Canada Recovery Hiring Program to be eligible to receive payments.

e. Alberta Jobs Now

The Association received and recognized revenue of $18,750 (2021 - $nil) related to the Alberta Jobs Now Program grant provided by the Alberta government.

8. Financial instruments

The Association is exposed to the following significant financial risks:

a. Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The financial instruments that potentially subject the Association to a significant concentration of credit risk consist primarily of cash, restricted cash and accounts receivable. The Association mitigates its exposure to credit loss by placing its cash and restricted cash with major financial institutions.

The Association's accounts receivable consists of amounts due from unrelated companies that help facilitate the collection of online donations for the Association and Goods and Services Tax recoverable.

b. Liquidity risk

Liquidity risk is the risk that the Association will encounter difficulty in meeting obligations associated with financial liabilities. The financial liabilities on its balance sheet consist of accounts payable and accrued liabilities and the Canada Emergency Business Account. Management closely monitors cash flow requirements to ensure that it has sufficient cash on demand to meet operational and financial obligations.

c. 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 Association manages its exposure through its normal operating and financing activities. The Association is exposed to interest rate risk primarily on its savings accounts.

9. Fundraising expenses

As required to be disclosed under section 7(2) of the Alberta Charitable Fundraising Regulations, amounts paid as remuneration to employees whose principal duties involve fundraising were $85,426 (2021 - $nil).

10. Commitment

The Association occupies office space in Calgary under a sub-lease agreement expiring June 30, 2025. Under the terms of the lease, future minimum lease payments, exclusive of occupancy costs, are as follows:

2023	$ 48,156
2024	48,156
2025	24,078
Total	$ 120,390

11. Comparative figures

Certain comparative figures have been reclassified to conform with the current year's financial statement presentation.