



Gateway Association for Community Living

December 31, 2019

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- Class Action Claims Administrations
- Estate Administration

Gateway Association for Community Living
Financial Statements
December 31, 2019

Independent Auditor's Report

To the Members of Gateway Association for Community Living:

Qualified Opinion

We have audited the financial statements of Gateway Association for Community Living (the "Association"), which comprise the statement of financial position as at December 31, 2019, 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 Association as at December 31, 2019, 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 Association derives revenue from 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 Association. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising revenue, excess of revenues over expenses, and cash flows from operations for the year ended December 31, 2019, current assets as at December 31, 2019, and net assets as at January 1, 2019 and December 31, 2019. The predecessor auditor's opinion on the financial statements for the year ended December 31, 2018 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 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.

Emphasis of Matter - Restated Comparative Information

We draw attention to Note 11 to the financial statements, which explains that certain comparative information presented for the year ended December 31, 2018 has been restated. The financial statements for the year ended December 31, 2018 (prior to the adjustment that were applied to restate certain comparative information explained in Note 11) were audited by another auditor who expressed a qualified opinion on those financial statements for the reasons mentioned above on April 11, 2019. Our opinion is not modified in respect of this matter.

Information Other than the Financial Statements and Auditor's Report Thereon

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. As described in the Basis for Qualified Opinion section above, in common with many not-for-profit organizations, the Association derives revenue from fundraising activities the completeness of which is not susceptible to satisfactory audit verification. Accordingly, we are unable to conclude whether or not the other information is materially misstated with respect to this matter.

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 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.

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 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 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 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.

Edmonton, Alberta

March 16, 2020

MNP LLP

Chartered Professional Accountants

Gateway Association for Community Living Statement of Financial Position

As at December 31, 2019

	2019	<i>2018 (Restated - Note 11)</i>
Assets		
Current		
Cash (Note 3)	297,613	163,507
Accounts receivable (Note 4)	22,078	34,583
Prepaid expenses and deposits	546	3,207
	320,237	201,297
Lease deposit	21,141	21,141
Property and equipment (Note 5)	242,856	261,754
	584,234	484,192
Liabilities		
Current		
Accounts payable and accrued liabilities (Note 6)	46,118	40,755
Deferred revenue (Note 7)	143,040	74,370
	189,158	115,125
Deferred contributions related to property and equipment (Note 8)	38,950	32,375
	228,108	147,500
Contractual obligations (Note 9)		
Net Assets		
Investment in property and equipment	203,906	229,379
Unrestricted	152,220	107,313
	356,126	336,692
	584,234	484,192

Approved on behalf of the Board

signed by "Matthew Storey"

Director

signed by "Sean Macdonell"

Director

The accompanying notes are an integral part of these financial statements

Gateway Association for Community Living Statement of Operations

For the year ended December 31, 2019

	2019	2018 <i>(Restated - Note 11)</i>
Revenues		
Government contracts	523,488	386,675
Grants and other	109,951	293,272
United Way	101,619	102,183
Casino	57,778	62,583
Donations and fundraising	57,184	50,008
Sublease	12,167	9,500
Deferred contribution revenue <i>(Note 8)</i>	5,168	3,700
Social role valorization donations	-	4,001
	867,355	911,922
Expenses		
Salaries and related benefits	525,218	597,855
Building occupancy	142,305	170,408
Office and administration	58,986	81,227
Programs	50,841	54,925
Amortization	32,293	30,696
Promotion	19,526	23,730
Professional fees	12,000	13,350
Unrecoverable portion of goods and services tax	6,066	6,523
Bank charges	686	2,000
	847,921	980,714
Excess (deficiency) of revenue over expenses	19,434	(68,792)

The accompanying notes are an integral part of these financial statements

Gateway Association for Community Living
Statement of Changes in Net Assets
For the year ended December 31, 2019

	<i>Investment in Property and Equipment</i>	<i>Unrestricted</i>	2019	<i>2018</i> <i>(Restated - Note 11)</i>
Net assets beginning of year, as previously stated	229,379	198,980	428,359	405,484
Correction of an error (Note 11)	-	(91,667)	(91,667)	-
Net assets, beginning of year, as restated	229,379	107,313	336,692	405,484
Excess (deficiency) of revenue over expenses	(27,125)	46,559	19,434	(68,792)
Investment in property and equipment	1,652	(1,652)	-	-
Net assets, end of year	203,906	152,220	356,126	336,692

The accompanying notes are an integral part of these financial statements

Gateway Association for Community Living Statement of Cash Flows

For the year ended December 31, 2019

	2019	2018 <i>(Restated - Note 11)</i>
Cash provided by (used for) the following activities		
Operating		
Excess (deficiency) of revenue over expenses	19,434	(68,792)
Amortization	32,293	30,696
Amortization of deferred contributions related to property and equipment	(5,168)	(3,700)
	46,559	(41,796)
Changes in working capital accounts		
Accounts receivable	12,505	84,174
Prepaid expenses and deposits	2,661	7,499
Lease deposit	-	9,501
Accounts payable and accrued liabilities	5,363	(228,357)
Deferred revenue	68,670	(117,834)
	135,758	(286,813)
Investing		
Purchase of property and equipment	(13,395)	(9,591)
Deferred contributions related to property and equipment <i>(Note 8)</i>	11,743	-
	(1,652)	(9,591)
Increase (decrease) in cash resources	134,106	(296,404)
Cash, beginning of year	163,507	459,911
Cash, end of year	297,613	163,507

The accompanying notes are an integral part of these financial statements

Gateway Association for Community Living

Notes to the Financial Statements

For the year ended December 31, 2019

1. Incorporation and nature of the organization

Gateway Association for Community Living (the "Association") is a not-for-profit organization registered under the Societies Act of Alberta on Feb 6, 1975. The Association is committed to the principles of normalization and integration as related to improving the quality of life for individuals with a developmental disability and their families. The Association is registered as a charity under the Income Tax Act, Canada and is exempt for income tax purposes.

2. Significant accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations set out in Part III of the CPA Canada Handbook - Accounting, as issued by the Accounting Standards Board in Canada, which are part of Canadian generally accepted accounting principles, and include the following significant accounting policies:

Revenue recognition

The Association follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Endowment contributions are recognized as direct increases in net assets.

Contributions for capital assets are recognized as revenue in the year in which the related capital expenses are incurred.

Sublease revenue is recognized over the term of the related agreement.

Cash

Cash includes balances with banks. Cash subject to restrictions that prevent its use for current purposes is included in restricted cash.

Property and equipment

Purchased property and equipment are recorded at cost. Contributed property and equipment are recorded at fair value at the date of contribution if fair value can be reasonably determined.

Property and equipment is amortized over its estimated useful life at the following rates and methods:

	Method	Rate
Computer equipment	declining balance	55 %
Furniture and fixtures	declining balance	20 %
Leasehold improvements	straight-line	Lease term

Long-lived assets

Long-lived assets consist of capital assets. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies.

The Association writes down long-lived assets held for use when conditions indicate that the asset no longer contributes to the Association's ability to provide goods and services. The asset are also written-down when the value of future economic benefits or service potential associated with the asset is less than its net carrying amount. When the Association determines that a long-lived asset is impaired, its carrying amount is written down to the asset's fair value.

Leases

A lease that transfers substantially all of the benefits and risks of ownership is classified as a capital lease. At the inception of a capital lease, an asset and a payment obligation are recorded at an amount equal to the lesser of the present value of the minimum lease payments and the property's fair market value. Assets under capital leases are amortized over their estimated useful lives. All other leases are accounted for as operating leases and rental payments are expensed as incurred.

Gateway Association for Community Living
Notes to the Financial Statements
For the year ended December 31, 2019

2. Significant accounting policies (Continued from previous page)

Contributed goods and services

Some of the work of the Association is dependent on the voluntary services of members and others. Since their services are not purchased by the Association and due to the difficulty in determining their fair value, donated services are not recognized in these financial statements. Contributed goods are recorded at their fair market value at the time of the donation, as long as the goods would otherwise have been purchased by the Association in the normal course of operations.

Measurement uncertainty (use of estimates)

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and 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.

Accounts receivable are stated after evaluation as to their collectibility and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of property and equipment. The allocation of administrative expenses to programs requires management to make an estimate of the use of the expense by program.

By their nature, these judgments are subject to measurement uncertainty, and the effect on the financial statements of changes in such estimates and assumptions in future years could be significant. These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in excess of revenues over expenses in the year in which they become known.

Financial instruments

All financial instruments are initially recorded at their fair value, excluding certain financial assets and liabilities originated and issued in a related party transaction measured at their carrying or exchange amount in accordance with Section 3840 Related Party Transactions. At initial recognition, the Association may irrevocably elect to subsequently measure any financial instrument at fair value. The Association has not made such an election during the year.

The Association subsequently measures investments in equity instruments quoted in an active market at fair value. All other financial assets and liabilities are subsequently measured at amortized cost.

Transaction costs and financing fees directly attributable to financial instruments subsequently measured at fair value are immediately recognized in the excess of revenues over expenses. Transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

The Association assesses impairment of all of its financial assets measured at cost or amortized cost when there is an indication of impairment. Any impairment, which is not considered temporary, is included in current year excess of revenues over expenses.

3. Cash

	2019	2018
Cash	280,256	89,137
Restricted cash	17,357	74,370
	297,613	163,507

The Association has approved financing of \$217,000 with the option to begin disbursements upon 30 days written notice. No disbursements (2018 - no disbursements) were made as at December 31, 2019. Once disbursed, the loan bears interest at 5% per annum and requires monthly blended payments over a ten year term.

Gateway Association for Community Living
Notes to the Financial Statements
For the year ended December 31, 2019

4. Accounts receivable

	2019	2018 <i>(Restated - Note 11)</i>
Accounts receivable	16,012	28,060
Goods and services tax recoverable	6,066	6,523
	22,078	34,583

5. Property and equipment

	Cost	Accumulated amortization	2019 Net book value	2018 Net book value
Computer equipment	14,820	13,592	1,228	68
Furniture and fixtures	19,425	11,163	8,262	10,821
Leasehold improvements	298,486	65,120	233,366	250,865
	332,731	89,875	242,856	261,754

6. Accounts payable and accrued liabilities

	2019	2018
Accounts payable and accrued liabilities	18,284	40,413
Payroll liabilities	27,834	342
	46,118	40,755

7. Deferred revenue

	Opening	Funds received	Transfer to deferred contributions related to property and equipment	Recognized in revenue	2019
Disability Innovations - Family Support	61,370	156,489	-	(217,859)	-
Northern Alberta Learning Community	10,000	-	-	(10,000)	-
Self Advocacy Federation	3,000	-	-	-	3,000
Canada Summer Jobs - Employment/Admin	-	8,400	-	(8,400)	-
Casino revenue	-	75,135	-	(57,778)	17,357
Disability Innovation - Employment	-	100,512	-	(100,512)	-
Disability Services - Family Support	-	306,000	-	(306,000)	-
Gov't of Alberta - Youth Empowerment Grant	-	127,500	-	(5,492)	122,008
Gov't of Canada - Accessibility Grant	-	12,418	(11,743)	-	675
Mentorability - Employment	-	22,245	-	(22,245)	-
RWA - Employment	-	20,560	-	(20,560)	-
United Way - Employment	-	98,921	-	(98,921)	-
	74,370	928,180	(11,743)	(847,767)	143,040

Casino revenue is to be used in accordance with the rules and regulations of the Alberta Gaming, Liquor and Cannabis Commission to cover rent and administrative expenses of the Association.

Gateway Association for Community Living
Notes to the Financial Statements
For the year ended December 31, 2019

8. Deferred contributions related to property and equipment

Deferred contributions related to property and equipment represent donated funds for the purpose of reducing general contracting costs for leasehold improvements and for donated property and equipment. The change in the deferred contributions balance for the year is as follows:

	2019	2018
Balance, beginning of the year	32,375	36,075
Contributions for capital assets	11,743	-
Less: Amounts recognized as revenue during the year	(5,168)	(3,700)
Balance, end of year	38,950	32,375

9. Contractual obligations

The Association has the following obligations for their premises lease expiring in 2022 and printer lease expiring in 2023. The Association has the right to renew the premises lease for a further two periods of five years commencing on the day immediately following the date of expiration at a rate to be negotiated at that time:

2020	121,197
2021	124,587
2022	93,801
2023	595
	340,180

10. Financial instruments

The Association, as part of its operations, carries a number of financial instruments. It is management's opinion that the Association is not exposed to significant interest, currency, credit, liquidity or other price risks arising from these financial instruments except as otherwise disclosed.

Credit risk

Financial instruments that potentially subject the Association to concentrations of credit risk consist primarily of accounts receivable. As at December 31, 2019, one contributor accounted for 90% of the accounts receivable (2018 - two contributors accounted for 98%). The Association believes that there is no unusual exposure associated with the collection of these receivables. The Association performs regular credit assessments of its contributors and provides allowances for potentially uncollectible accounts receivable.

Liquidity risk

Liquidity risk is the risk that the Association will encounter difficulty in meeting obligations associated with financial liabilities. The Association's exposure to liquidity risk is dependent on its receipt of funds from its contributors and donors, in order to repay its accounts payable and accrued liabilities.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency rate risk, interest rate risk and other price risk. The Association is not exposed to market risk.

11. Correction of an error

During the year the Association determined that prior year revenues were overstated by \$91,667. For 2018, the impact of this correction has resulted in an decrease in accounts receivable of \$91,667 and a decrease in family support and employment revenues of \$91,667.

Gateway Association for Community Living

Year End: December 31, 2019

Adjusting Journal Entries

Date: 01/01/2019 To 31/12/2019

Number	Date	Name	Account No	Reference	Debit	Credit	Recurrence	Misstatement
1	31/12/2019	Computers:Computer amort	1430	P. 4		491.77		
1	31/12/2019	Furniture & fixtures:Furniture cost	1510	P. 4		20,000.00		
1	31/12/2019	Furniture & fixtures:Furniture amort	1590	P. 4	17,440.68			
1	31/12/2019	Leasehold Improvements:A/A Leasehold Improv	1690	P. 4		29,242.00		
1	31/12/2019	Amortization	8900	P. 4	32,293.09			
To agree fixed asset balances to asset continuity.								
2	31/12/2019	Unearned or Deferred Revenue	2580	A / KK	57,777.74			
2	31/12/2019	Gateway Revenue:Casino	4830	A / KK		57,777.74		
To adjust deferred revenue related to Casino balances to match the Casino Cash balance at the end of the year.								
3	31/12/2019	Deferred in kind contribution	2581	KK. 2	5,167.85			
3	31/12/2019	Gateway Revenue:Donations:Donations In Kind	4811	KK. 2		5,167.85		
To record amortization of deferred contributions related to property and equipment.								
4	31/12/2019	Prepaid Expenses	1340	F		2,661.33		
4	31/12/2019	Insurance	5160	F	2,661.33			
To adjust prepaids to actual.								
5	31/12/2019	Accounts Receivable	1300	C. 3		16,707.02		
5	31/12/2019	Accounts Receivable	1300	C. 3		74,960.00		
5	31/12/2019	Correction of Error	3300	C. 3	91,667.02			
To record 2018 impact of correction of error related to A/R from PDD and GoA.								
6	31/12/2019	Website Cost	1450	40		10,000.00		
6	31/12/2019	Program Costs	5700	40	10,000.00			
To adjust the website development cost related to program grants. (Discussed with Sahana)								
7	31/12/2019	Computers:Computer cost	1410	40. 3	1,651.19			
7	31/12/2019	Computer Costs	5100	40. 3		1,651.19		
To capitalize the Microsoft laptop as per the capitalixzation policy.								
8	31/12/2019	GST/HST Payable	2550	C. 2		6,066.45		
8	31/12/2019	GST Paid	6145	C. 2	6,066.45			
To expense half of the GST receivable.								
9	31/12/2019	Payroll Liabilities	2410	BB. 4		25,382.50		
9	31/12/2019	Payroll & Benefits:Employer CPP & EI	5310	BB. 4	1,461.36			
9	31/12/2019	Payroll & Benefits:Admin	5320	BB. 4	11,989.43			
9	31/12/2019	Payroll & Benefits:Employment	5350	BB. 4	6,580.99			
9	31/12/2019	Payroll & Benefits:Family Support	5360	BB. 4	4,336.62			
9	31/12/2019	Payroll & Benefits:Disability Innovations	5370	BB. 4	1,014.10			
To record payroll accrual at year-end.								
10	31/12/2019	Accounts Payable	2000	BB. 5	12,806.29			
10	31/12/2019	Building Lease:Building Lease - Rent	5083	BB. 5		12,806.29		
To clear the rent payable posted for 2018 year-end.								
11	31/12/2019	GST Receivable	1310	40/C		6,428.32		
11	31/12/2019	GST Paid	6145	40/C	6,428.32			

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Preparer	Detailed	Supervisory
BK 13/02/2020	AHU 27/02/2020	
Peer	Tax	
		TB1

Gateway Association for Community Living

Year End: December 31, 2019

Adjusting Journal Entries

Date: 01/01/2019 To 31/12/2019

Number	Date	Name	Account No	Reference	Debit	Credit	Recurrence	Misstatement
To adjust for the 2018 GST refund received in 2019.								
12	31/12/2019	Unearned or Deferred Revenue	2580	KK. 2		91,421.99		
12	31/12/2019	Deferred in kind contribution	2581	KK. 2		11,742.78		
12	31/12/2019	Employment Revenue:Ministry Revenue	4120	KK. 2	39,123.00			
12	31/12/2019	Employment Revenue:Youth Empowerment Grai	4165	KK. 2	122,007.77			
12	31/12/2019	Family Support Revenue:Disability Innovations	4325	KK. 2		70,384.00		
12	31/12/2019	Gateway Revenue:Grants:Other Grants	4858	KK. 2	675.22			
12	31/12/2019	Gateway Revenue:Grants:Other Grants	4858	KK. 2	11,742.78			
To adjust the deferred revenue to actual.								
14	31/12/2019	Unearned or Deferred Revenue	2580	KK.2/20	10,000.00			
14	31/12/2019	Unearned or Deferred Revenue	2580	KK.2/20	30,108.96			
14	31/12/2019	Family Support Revenue:Disability Innovations	4325	KK.2/20		30,108.96		
14	31/12/2019	Gateway Revenue:Donations:Corporate Donatio	4814	KK.2/20		10,000.00		
To expense the Northern Alberta Learning Community Donation of \$10,000 provided for the development of website, which incurred in 2019 and recognize deferred revenue carried forward.								
					483,000.19	483,000.19		
Net Income (Loss)			19,432.89					

Gateway Association for Community Living

Year End: December 31, 2019

Trial Balance

Account	Prelim	Adj's	Reclass	Rep	Rep 12/18	%Chg	Leadsheet
1040 PayPal	10,106.39	0.00	453.31	10,559.70	7,168.47	47	A
1090 Petty Cash	-465.25	0.00	0.00	-465.25	1,176.95	-140	A
1120 Servus Operating Account	269,754.10	0.00	0.00	269,754.10	154,754.83	74	A
1150 Servus Casino Account	17,356.82	0.00	0.00	17,356.82	0.00	0	A
1210 TelPay Clearing	407.22	0.00	0.00	407.22	407.22	0	A
1300 Accounts Receivable	107,679.02	-91,667.02	0.00	16,012.00	28,060.00	-43	C
1310 GST Receivable	6,523.35	-6,428.32	0.00	95.03	6,523.35	-99	C
1340 Prepaid Expenses	3,207.33	-2,661.33	0.00	546.00	3,207.33	-83	F
1410 Computers:Computer cost	13,169.09	1,651.19	0.00	14,820.28	13,168.09	13	P
1430 Computers:Computer amort	-13,100.59	-491.77	0.00	-13,592.36	-13,100.59	4	P
1450 Website Cost	10,000.00	-10,000.00	0.00	0.00	0.00	0	Q
1510 Furniture & fixtures:Furniture cost	39,424.90	-20,000.00	0.00	19,424.90	39,424.90	-51	P
1590 Furniture & fixtures:Furniture amort	-28,603.96	17,440.68	0.00	-11,163.28	-28,603.96	-61	P
1610 Leasehold Improvements	298,486.14	0.00	0.00	298,486.14	286,743.36	4	P
1690 Leasehold Improvements:A/A Leasehold Improvements	-35,878.09	-29,242.00	0.00	-65,120.09	-35,878.09	82	P
1700 Security Deposits	21,140.82	0.00	0.00	21,140.82	21,140.82	0	W
2000 Accounts Payable	-19,414.76	12,806.29	-761.87	-7,370.34	-25,339.98	-71	BB
2005 Accounts Payable (A/P) - USD	-71.25	0.00	0.00	-71.25	1,001.49	-107	BB
2014 M/C - Sahana 5234	-231.76	0.00	0.00	-231.76	-3,169.77	-93	BB
2025 MC - Sandra Zilka - 5548	-610.69	0.00	0.00	-610.69	-2,904.68	-79	BB
2050 Accrued Liabilities	-10,000.00	0.00	0.00	-10,000.00	-10,000.00	0	BB
2060 Payroll Liabilities:Staff Fund	-480.00	0.00	0.00	-480.00	-710.00	-32	BB
2070 Payroll Liabilities:United Way	298.00	0.00	0.00	298.00	298.00	0	BB
2080 Payroll Liabilities:Monthly Parking	-157.14	0.00	0.00	-157.14	0.00	0	BB
2090 Payroll Liabilities:Payroll Adjustment	-655.10	0.00	0.00	-655.10	-595.10	10	BB
2410 Payroll Liabilities	4,632.74	-25,382.50	0.00	-20,749.76	4,516.82	-559	BB
2415 Payroll Clearing	-720.82	0.00	0.00	-720.82	-754.20	-4	BB
2430 Employee donations held	-2,201.16	0.00	0.00	-2,201.16	0.00	0	BB
2440 Staff Fund Held in Trust	-3,167.63	0.00	0.00	-3,167.63	-3,097.63	2	BB
2550 GST/HST Payable	12,001.50	-6,066.45	36.37	5,971.42	0.00	0	C
2580 Unearned or Deferred Revenue	-149,504.43	6,464.71	0.00	-143,039.72	-74,369.87	92	KK
2581 Deferred in kind contribution	-32,375.00	-6,574.93	0.00	-38,949.93	-32,375.00	20	KK
3000 Opening Balance Equity	-107,893.56	0.00	0.00	-107,893.56	-107,893.56	0	WW
3200 Unrestricted Net Assets	-320,464.72	0.00	0.00	-320,464.72	-297,589.68	8	WW
3300 Correction of Error	0.00	91,667.02	0.00	91,667.02	0.00	0	WW
4110 Employment Revenue:United Way Operating Grant	-98,921.04	0.00	0.00	-98,921.04	-98,921.04	0	20
4120 Employment Revenue:Ministry Revenue	-114,507.00	39,123.00	0.00	-75,384.00	-122,396.98	-38	20
4130 Gateway Revenue:Canada Summer Student	-8,400.00	0.00	0.00	-8,400.00	-3,633.00	131	20
4140 Employment Revenue:Mayors Luncheon Fees	-1,167.20	0.00	250.80	-916.40	-4,636.60	-80	20
4150 Employment Revenue:Ready Willing and Able	-20,560.00	0.00	0.00	-20,560.00	-29,620.00	-31	20
4165 Employment Revenue:Youth Empowerment Grant	-127,500.00	122,007.77	0.00	-5,492.23	0.00	0	20
4170 Employment Revenue:Other Employment Grants	0.00	0.00	0.00	0.00	-1,500.00	-100	20
4210 Work Experience:Edmonton Community Foundation	0.00	0.00	0.00	0.00	-60,000.00	-100	20
4310 Family Support Revenue:PDD - Disability Services	-263,500.00	0.00	0.00	-263,500.00	-129,040.00	104	20
4315 Family Support Revenue:PDD Other	0.00	0.00	0.00	0.00	-64,252.00	-100	20
4320 Family Support Revenue:FSCD - Disability Services	-17,000.00	0.00	0.00	-17,000.00	-123,025.00	-86	20
4325 Family Support Revenue:Disability Innovations	-142,495.00	-100,492.96	0.00	-242,987.96	-70,358.00	245	20
4338 Learning Center	-280.00	0.00	0.00	-280.00	0.00	0	20
4339 Circle Training	-5,332.40	0.00	0.00	-5,332.40	0.00	0	20
4811 Gateway Revenue:Donations:Donations In Kind	0.00	-5,167.85	0.00	-5,167.85	-3,700.00	40	20
4812 Gateway Revenue:Donations:Individual Donations	-1,178.52	0.00	-350.00	-1,528.52	-17,050.69	-91	20
4814 Gateway Revenue:Donations:Corporate Donations	-20,000.00	-10,000.00	0.00	-30,000.00	-25,714.18	17	20
4816 Gateway Revenue:Donations:United Way Designated	-2,697.95	0.00	0.00	-2,697.95	-3,262.32	-17	20
4820 Gateway Revenue:Fundraising	-750.34	0.00	0.00	-750.34	0.00	0	20
4830 Gateway Revenue:Casino	0.00	-57,777.74	0.00	-57,777.74	-62,582.90	-8	20
4840 Gateway Revenue:SRV	0.00	0.00	0.00	0.00	-4,001.24	-100	20
4851 Gateway Revenue:Grants:CIOG-City of Edmonton Grnt	0.00	0.00	0.00	0.00	-16,500.00	-100	20
4853 Gateway Revenue:Grants:CIP	0.00	0.00	0.00	0.00	-11,250.00	-100	20
4854 Human Rights Grant	0.00	0.00	0.00	0.00	-44,600.00	-100	20
4858 Gateway Revenue:Grants:Other Grants	-12,418.00	12,418.00	0.00	0.00	-3,675.00	-100	20
4870 Services	-23,778.00	0.00	-125.40	-23,903.40	-30.00	79578	20
4910 Gateway Revenue:Sublease Revenue	-3,430.00	0.00	0.00	-3,430.00	-9,500.00	-64	20

20/03/2020

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Gateway Association for Community Living

Year End: December 31, 2019

Trial Balance

Account	Prelim	Adj's	Reclass	Rep	Rep 12/18	%Chg	Leadsheet
4911 Gateway Revenue:Sublease Revenue:Board Room Rents	-500.00	0.00	0.00	-500.00	0.00	0	20
4920 Gateway Revenue:Staff Fund Contributions	-30.00	0.00	0.00	-30.00	0.00	0	20
4950 Gateway Revenue:Other Income	-100.00	0.00	0.00	-100.00	0.00	0	20
4951 Gateway Revenue:Other Income:Workshop Fees	-2,200.00	0.00	-250.00	-2,450.00	0.00	0	20
4953 Gateway Revenue:Other Income:Interest	-114.57	0.00	0.00	-114.57	-97.06	18	20
4980 Sales of Product Income	-55.00	0.00	0.00	-55.00	-2,576.90	-98	20
5020 Audit Costs	12,000.00	0.00	0.00	12,000.00	13,350.00	-10	40
5040 Bank Charges	665.20	0.00	21.29	686.49	1,999.65	-66	40
5050 Staff Fund Expenses	388.90	0.00	0.00	388.90	0.00	0	40
5080 Building Lease	0.00	0.00	0.00	0.00	10,588.49	-100	40
5081 Building Lease:Utilities	15,407.88	0.00	0.00	15,407.88	13,241.02	16	40
5082 Building Lease:Building Lease - Other	-900.00	0.00	0.00	-900.00	10,563.16	-109	40
5083 Building Lease:Building Lease - Rent	140,603.51	-12,806.29	0.00	127,797.22	136,014.84	-6	40
5100 Computer Costs	9,155.86	-1,651.19	0.00	7,504.67	12,309.09	-39	40
5110 Computer Costs:Data Management	11,272.06	0.00	0.00	11,272.06	9,117.10	24	40
5120 Donations & Membership	2,252.64	0.00	0.00	2,252.64	6,692.29	-66	40
5160 Insurance	2,121.60	2,661.33	0.00	4,782.93	2,340.00	104	40
5180 Meeting Costs	4,429.42	0.00	0.00	4,429.42	3,698.58	20	40
5200 Office Expense	21,129.97	0.00	402.50	21,532.47	23,139.53	-7	40
5210 Meals & Entertainment	46.05	0.00	0.00	46.05	0.00	0	40
5220 Promotion & Marketing	14,896.68	0.00	0.00	14,896.68	10,187.99	46	40
5221 Promotion & Marketing:Surplus Marketing	0.00	0.00	0.00	0.00	7,540.00	-100	40
5240 Telephone & Communications	7,212.27	0.00	0.00	7,212.27	14,652.13	-51	40
5260 Training & Development	4,241.53	0.00	0.00	4,241.53	4,086.66	4	40
5270 Volunteer Recognition	1,254.26	0.00	0.00	1,254.26	0.00	0	40
5280 Travel Costs	4,235.75	0.00	0.00	4,235.75	4,108.27	3	40
5300 Payroll & Benefits	0.00	0.00	0.00	0.00	572,870.09	-100	40
5310 Payroll & Benefits:Employer CPP & EI	29,312.99	1,461.36	0.00	30,774.35	22,034.90	40	40
5320 Payroll & Benefits:Admin	194,799.93	11,989.43	0.00	206,789.36	0.00	0	40
5330 2017 Gateway Move (deleted)	0.00	0.00	0.00	0.00	11,165.35	-100	40
5340 Payroll & Benefits:Fund Development	800.00	0.00	0.00	800.00	0.00	0	40
5350 Payroll & Benefits:Employment	147,461.07	6,580.99	0.00	154,042.06	0.00	0	40
5360 Payroll & Benefits:Family Support	101,961.18	4,336.62	0.00	106,297.80	0.00	0	40
5370 Payroll & Benefits:Disability Innovations	24,410.97	1,014.10	0.00	25,425.07	0.00	0	40
5380 Payroll & Benefits:Benefits	700.00	0.00	0.00	700.00	0.00	0	40
5600 Events	0.00	0.00	0.00	0.00	1,000.00	-100	40
5610 Events:Mayor's Lunch	543.75	0.00	325.00	868.75	4,435.94	-80	40
5640 Events:AGM	1,262.94	0.00	0.00	1,262.94	566.40	123	40
5670 Events:Events - Other	345.32	0.00	0.00	345.32	0.00	0	40
5680 Events:Circle Training Expenses	2,106.14	0.00	0.00	2,106.14	0.00	0	40
5700 Program Costs	0.00	10,000.00	0.00	10,000.00	1,974.76	406	40
5710 Program Costs:Employment Initiatives	0.00	0.00	0.00	0.00	1,933.81	-100	40
5720 Program Costs:Disability Innovations	0.00	0.00	0.00	0.00	11,082.08	-100	40
5722 Program Costs:Disability Innovations:DuncanB	12,327.36	0.00	0.00	12,327.36	8,447.28	46	40
5726 Program Costs:Disability Innovations:KatelynC	18,781.60	0.00	0.00	18,781.60	18,781.60	0	40
5820 Program Costs:Agency Consulting	0.00	0.00	0.00	0.00	4,511.00	-100	40
6145 GST Paid	-6,428.32	12,494.77	0.00	6,066.45	6,523.35	-7	40
8900 Amortization	0.00	32,293.09	0.00	32,293.09	30,695.96	5	40
9120 Gateway Expenses:Donations & Memberships	0.00	0.00	0.00	0.00	-1,887.43	-100	40
MNP1 Restricted Cash Contra	0.00	0.00	17,356.82	17,356.82	74,370.00	-77	A
MNP2 Restricted Cash Reclass	0.00	0.00	-17,356.82	-17,356.82	-74,370.00	-77	A
PAYR Payroll Expenses (deleted-1)	0.00	0.00	0.00	0.00	2,950.00	-100	40
REPA Repayment:Monthly Parking	-75.00	0.00	0.00	-75.00	0.00	0	20
	<u>0.00</u>	<u>0.00</u>	<u>2.00</u>	<u>2.00</u>	<u>0.50</u>	<u>300</u>	
Net Income (Loss)	88,191.51			19,432.89	-68,790.98	-128	

20/03/2020
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March 16, 2020

Ms. Sahana Parameswara
Gateway Association for Community Living
#201, 101941 120 Street
Edmonton, AB T5H 3R3

Dear Ms. Parameswara:

Re: Recommendations arising from the audit of the 2019 financial statements

We have recently completed our audit of Gateway Association for Community Living (“the Association”) in accordance with Canadian generally accepted auditing standards (“GAAS”). The objective of our audit was to express an opinion on the financial statements, which have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. Included in our audit was the consideration of internal control relevant to the preparation and fair presentation of the financial statements. This consideration of internal control was for the purpose of designing audit procedures that were appropriate in the circumstances. It was not for the purpose of expressing an opinion on the effectiveness of internal control or for identifying all significant control deficiencies that might exist.

An audit is not specifically designed to identify all matters that may be of interest to management in discharging its responsibilities, however, during the course of our audit, we did, identify some areas for improvement that we are bringing to your attention with this letter. It is our responsibility to communicate any significant deficiencies identified to those charged with governance. A significant deficiency in internal control is defined as a deficiency or combination of deficiencies in internal control that, in the auditor’s professional judgment, is of sufficient importance to merit the attention of those charged with governance.

MATTERS FROM THE PRIOR YEAR AUDIT FROM THE PREDECESSOR AUDITOR

CREDIT CARD POLICY

OBSERVATION AND POSSIBLE EFFECT

During our discussion regarding credit card accounts, it was noted that there is no policy in place regarding the use and approval of credit card transactions. This increases the risk of unauthorized transactions.

RECOMMENDATION

It is recommended that a formal policy be put into place regarding the use and approval of credit card transactions and that this policy be monitored.

UPDATE FOR 2019

UNRESOLVED: During the course of MNP's 2019 audit, we noted that no such policies were put into place.

Additionally, we further recommend that the Association eliminate the use of corporate credit cards. Instead, employees should complete transactions on their personal credit cards and subsequently submit expenses for reimbursement. This should help reduce overspending by shifting the financial burden of unnecessary purchases onto the employees.

However, if corporate credit cards are maintained, a rigorous approval process should exist. Individuals responsible for the approval of expense claims for all employees should be established. Employees should create and sign their claims prior submission for examination of transactions and receipts. The review should be delegated to an individual outside the chain of command of the spender.

The review should be performed by an individual at an equivalent or higher authority level of the individual whose expenses are scrutinized.

MANAGEMENT'S RESPONSE

Recommendation noted. Will review options and make a decision.

AGED ACCOUNTS RECEIVABLE OUTSTANDING

OBSERVATION AND POSSIBLE EFFECT

During our analysis over accounts receivable, it was determined that there were large receivables set up related to Government of Alberta and PDD funding where the invoices were not sent. While it is unlikely that these amounts will not be collected in the subsequent year, there is a risk that revenue has been set up for amounts that may not be collected, thereby overstating revenue.

RECOMMENDATION

It is recommended that all funding invoices be submitted to the correct institutions in a timely manner of when the revenue is earned to avoid large, aged accounts receivable balances.

UPDATE FOR 2019

RESOLVED: During the course of MNP's 2019 audit, we determined that the accounts receivable related to Government of Alberta and PDD funding recorded in 2018 did not meet the criteria for revenue recognition. Accordingly, the reversal of these amounts has been accounted for as a correction of an error. However, we did not identify any instances of invoices not being submitted to funders in a timely manner.

MATTERS FROM THE CURRENT YEAR AUDIT

EVIDENCE FOR REVIEW AND APPROVAL OF BANK RECONCILIATIONS

OBSERVATION AND POSSIBLE EFFECT

It is our understanding that the monthly bank reconciliation is prepared by Sandra and provided to Sahana for review and approval. However, Sahana's approval of the bank reconciliation is provided verbally and not documented.

An independent review and approval of the bank reconciliation is an effective system of control and reduces the risk of possible fraudulent activities to occur and go undetected. However, not documenting the review and approval limits the strength of checks and balances needed for secure controls over cash.

RECOMMENDATION

Upon completion of the review of the bank reconciliation, Sahana should sign and date the document to indicate approval. This sign-off could happen manually or electronically.

MANAGEMENT'S RESPONSE

Noted and recommendation is being implemented immediately.

PAYPAL RECONCILIATIONS

OBSERVATION AND POSSIBLE EFFECT

Bank statements for the PayPal account are not being reconciled to the general ledger on a timely basis. Failure to reconcile the PayPal statements to the general ledger on a regular and timely basis may lead to errors in financial reporting, and can result in errors or fraudulent activities going undetected.

RECOMMENDATION

We recommend that PayPal statements be reconciled to the general ledger on a monthly basis, and that all significant reconciling items be promptly investigated and adjusted with adequate documentation.

MANAGEMENT'S RESPONSE

Noted and recommendation is being implemented immediately.

PROPERTY AND EQUIPMENT CONTINUITY

OBSERVATION AND POSSIBLE EFFECT

Detailed records of property and equipment are not being maintained on a regular basis. This can create difficulties in creating and maintaining accurate financial records, including calculations of depreciation expense. It can also create difficulties in maintaining security and control over the items of property and equipment. Additionally, during the course of our audit, we identified that a laptop was purchased and expensed in the year rather than being capitalized according to the Association's capital asset policy.

RECOMMENDATION

We recommend that detailed records of property and equipment be created, maintained and reconciled to the general ledger on a regular basis. Detailed records should include information such as, but not limited to:

- Description of asset
- Cost, invoice number, and vendor name
- Date placed into service
- Estimated useful life
- Depreciation method
- Depreciation expense and accumulated depreciation
- Date asset retired and selling price (if applicable)

MANAGEMENT'S RESPONSE

Noted. Asset tracking spreadsheet that will be provided by MNP will be utilized and maintained.

PAYROLL – SEGREGATION OF DUTIES AND REVIEW

OBSERVATION AND POSSIBLE EFFECT

During the course of our audit, we observed a lack of segregation of duties in the payroll process. The approval of timesheets in TSheets, transfer of hours from TSheets to QuickBooks online, updating the rates and salaries on QuickBooks online, preparation of payroll journals, processing payments and reconciliation of payroll accounts are all being performed by Sandra.

Additionally, there are minimal reviews of payroll information being performed by Sahana at any stage of the process or before Sandra processes the payment in QuickBooks Online. An overall lack of review can result in errors or misstatements going undetected.

RECOMMENDATION

The immediate supervisors should approve the hours in TSheets and Sahana should review and approve the payroll information, prepared by Sandra, before the payroll is released. Evidence for the review and approval could happen manually or electronically, for example via email.

MANAGEMENT'S RESPONSE

Noted and recommendation is being implemented immediately.

EMPLOYEMENT CONTRACTS NOT MAINTAINED

OBSERVATION AND POSSIBLE EFFECT

During the audit, it was noted that the contract of employment for multiple employees were missing and not maintained properly. This results in possible errors or misstatements in the payment of salary and wages being undetected or potential legal issues as a result of not having signed employment contracts on record.

RECOMMENDATION

All the employee contracts (active or terminated) should be signed and maintained.

MANAGEMENT'S RESPONSE

Noted and recommendation is being implemented immediately.

APPROVAL OF MANUAL JOURNAL ENTRIES

OBSERVATION AND POSSIBLE EFFECT

During the course of our audit, we noted that the Organization does not have a policy with respect to the review and approval of manual journal entries. As manual journal entries are a common source of fraud and error, it is a best practice for certain entries to be reviewed and approved prior to posting. Criteria to consider could include entries in excess of a dollar threshold, unusual entries, entries for unbudgeted items, etc.

RECOMMENDATION

Manual journal entries should be reviewed and approved, prior to posting, according to established criteria. The sign-off for review should be evidenced either electronically or manually.

MANAGEMENT'S RESPONSE

This recommendation has necessitated a development of process. Gateway hopes to implement this by the end of the month after deliberate conversations with the accountant.

RESTRICTED CONTRIBUTIONS – REVENUE RECOGNITION

OBSERVATION AND POSSIBLE EFFECT

During the course of our audit, we noted that no activity had been recorded in deferred revenue for the year. All cash received by the Association was accounted for as revenue and there was no tracking of related program expenses for each grant through use of the class and fund codes in Quickbooks Online. The actual and possible effects of this include:

- Revenue was being inappropriately recognized on grants where conditions had not yet been met. This resulted in internally prepared financial information being misleading.
- There was inadequate tracking of program expenses for each grant. If expenses are not coded to the appropriate expense account, it creates an opportunity for misreporting to funders. Significant reclassifications could also result in the annual financial statements looking significantly different from internally prepared financial information throughout the year.

RECOMMENDATION

Cash received from grants should be tracked separately for each grant. The funds should initially be recorded as deferred revenue in the accounting records of the Association when received. Expenditures related to these grants should be recorded in Quickbooks Online using the correct class and fund codes so that they can be easily traced back to each grant program. As the funds are expensed, an adjustment equal to the expenditures should be recorded to revenue and removed from deferred revenue.

MANAGEMENT'S RESPONSE

Noted. Deferred revenue tracking spreadsheet that will be provided by MNP will be utilized and maintained. A process will be created by the end of the month with the help of the accountant.

BALANCE SHEET RECONCILIATIONS

OBSERVATION AND POSSIBLE EFFECT

During the course of our audit, it was noted that period end reconciliations on balance sheet accounts are not being completed. By not completing these reconciliations, items may be missed, and monthly financial information may not accurately be prepared for review by the Board of Directors.

RECOMMENDATION

We recommend that the Association complete monthly reconciliations for the following accounts:

- Cash
 - o Record all outstanding cheques and deposits to determine appropriate cash balance for the general ledger (including PayPal), ensure that all EFTs that go through the bank account are being recorded.
- Prepaid expenses
 - o All vendor invoices that pertain to a future service should be recorded as a prepaid expense and amortized into expenses over the appropriate period (e.g. annual insurance or subscription costs).
- Capital assets
 - o Maintain a capital asset continuity of all capital items and calculate and record amortization on a regular basis, reconciling the continuity schedule to the general ledger regularly.
- Accounts payable
 - o Complete a reconciliation of accounts payable and all credit card statements, ensure that expenses recorded on credit cards are appropriately reflected in the corresponding GL account, with GST broken out.

MANAGEMENT'S RESPONSE

Noted and recommendation is being implemented immediately.

STAFF DONATIONS AND STAFF FUND

OBSERVATION AND POSSIBLE EFFECT

During the course of our audit, it was noted that funds collected from staff for donations and social events were not being tracked and supporting documentation was not available. The impact of this is a lack of accountability and traceability if staff were to inquire about how much they have contributed to the fund and how their funds were being used.

RECOMMENDATION

Management should maintain a listing that clearly indicates what makes up these balances at any point in time including both employee contributions to the fund as well as how the funds are being spent.

MANAGEMENT'S RESPONSE

An appropriate tracking/process will be created by the end of the month.

We discussed these recommendations with both Sahana Parameswara and Sandra Zilka on February 12, 2020 and received their comments thereon.

We would be pleased to discuss with you further any matters mentioned in this report at your convenience. This communication is prepared solely for the information of management and is not intended for any other purpose. We accept no responsibility to any third party who uses this communication.

Yours truly,



MNP LLP

PGM/bk



Gateway Association for Community Living

2019 Audit Findings

Report to the Board of Directors

December 31, 2019

Patrick Moore, CPA, CA
T: 780.451.4406
E: Patrick.Moore@mnp.ca



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OVERVIEW

We are pleased to submit to you this Audit Findings Report (the "Report") for discussion of our audit of the financial statements of Gateway Association for Community Living (the "Association") as at December 31, 2019 and for the year then ended. In this report we cover those significant matters which, in our opinion, you should be aware of as members of the Board of Directors.

As auditors, we report to the members on the results of our examination of the financial statements of the Association as at and for the year ended December 31, 2019. The purpose of this Report is to assist you, as members of the Board of Directors, in your review of the results of our audit.

This Report is intended solely for the information and use of the Board of Directors and management and should not be distributed to or used by any other parties than these specified parties.

We appreciate having the opportunity to meet with you and to respond to any questions you may have about our audit, and to discuss any other matters that may be of interest to you.

ENGAGEMENT STATUS

We have substantially completed our audit of the financial statements of the Association which has been carried out in accordance with Canadian generally accepted auditing standards and are prepared to sign our Independent Auditor's Report subsequent to completion of the following procedures:

- Receipt of the signed management representation letter;
- Discussion of subsequent events with the Board of Directors;
- The Board of Directors' review and approval of the financial statements.

No significant limitations were placed on the scope our audit, outside of the matter noted below. The timing of the completion of our audit procedures was impacted due to the availability of information and adjustments required to the preliminary trial balance.

INDEPENDENT AUDITOR'S REPORT

Unless unforeseen complications arise, our Independent Auditor's Report will provide a qualified opinion to the members of the Association. In common with many not-for-profit organizations, the Association derives revenue from 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 Association. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising revenue, excess of revenues over expenses, and cash flows from operations for the year ended December 31, 2019, current assets as at December 31, 2019, and net assets as at January 1, 2019 and December 31, 2019. The predecessor auditor's opinion on the financial statements for the year ended December 31, 2018 was modified accordingly because of the possible effects of this limitation in scope.

A draft copy of our proposed Independent Auditor's Report has been included with this report. The matters disclosed in the Independent Auditor's Report are discussed further in the relevant sections of the Report.

AUDIT REPORTING MATTERS

Our audit was carried out in accordance with Canadian generally accepted auditing standards, and included a review of all significant accounting and management reporting systems, with each material year end balance, key transaction and other events considered significant to the financial statements considered separately.

SIGNIFICANT AUDIT, ACCOUNTING AND REPORTING MATTERS

AREA	COMMENTS
 CHANGES FROM AUDIT SERVICE PLAN	There were no deviations from the Audit Service Plan previously presented to you.
 FINAL MATERIALITY	Final materiality used for our audit was \$30,000 for December 31, 2019.
 IDENTIFIED OR SUSPECTED FRAUD	While our audit cannot be relied upon to detect all instances of fraud, no incidents of fraud, or suspected fraud, came to our attention in the course of our audit.
 IDENTIFIED OR SUSPECTED NON-COMPLIANCE WITH LAWS AND REGULATIONS	Nothing has come to our attention that would suggest any non-compliance with laws and regulations that would have a material effect on the financial statements.
 MATTERS ARISING IN CONNECTION WITH RELATED PARTIES	No significant matters arose during the course of our audit in connection with related parties of the Association.
 GOING CONCERN	No events were noted throughout the course of the audit that would cast doubt on the Society's ability to operate as a going concern.
 AUDITOR'S VIEWS OF SIGNIFICANT ACCOUNTING PRACTICES, ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES	<p>The application of Canadian accounting standards for not-for-profit organizations allows and requires the Association to make accounting estimates and judgments regarding accounting policies and financial statement disclosures.</p> <p>As auditors, we are uniquely positioned to provide open and objective feedback regarding your Association's accounting practices, and have noted the following items during the course of our audit that we wish to bring to your attention.</p> <p>The accounting policies used by the Association are appropriate and have been consistently applied.</p>
 FINANCIAL STATEMENT DISCLOSURES	The disclosures made in the notes to the financial statements appear clear, neutral and consistent with our understanding of the entity and the amounts presented in the financial statements.

AREA	COMMENTS
 <p>SIGNIFICANT DEFICIENCIES IN INTERNAL CONTROL</p>	<p>While our review of controls was not sufficient to express an opinion as to their effectiveness or efficiency, we have identified a number of significant deficiencies in internal controls, which we have discussed in our Management Letter issued under separate cover.</p> <p>Additionally, in common with most not-for profit organizations, there is a limited staff available to perform the many accounting-related duties required by the Association; therefore, the Association has a risk of loss as a result. When there is limited segregation of duties, there is a risk of loss to the Association since there is an opportunity to manipulate the records to cover any theft or error. This risk to the Association is offset by having the Board of Directors pay close attention to the financial results. It is imperative that the Board of Directors continue to perform this vital function.</p>
 <p>MATTERS ARISING FROM DISCUSSIONS WITH MANAGEMENT</p>	<p>There were no significant matters discussed, or subject to correspondence, with management that in our judgment need be brought to your attention.</p>
 <p>CORRECTION OF AN ERROR</p>	<p>As a result of our audit procedures, we determined that prior year revenues were overstated by \$91,667. For 2018, the impact of this correction has resulted in a decrease in accounts receivable of \$91,667 and a decrease in revenues of \$91,667.</p> <p>Our Independent Auditor's Report will include an Emphasis of Matters paragraph with respect to restated comparative information.</p>

SIGNIFICANT RISK AREAS AND RESPONSES

SIGNIFICANT RISK AREA	RESPONSE AND CONCLUSION
<p>Grant revenue</p> <p>General risk with respect to revenue recognition</p>	<p>MNP agreed significant grant and government funding to the underlying agreement and reviewed a sample of expenditures to assess whether eligible in accordance with funding agreements. MNP recalculated deferred revenue.</p>

OTHER AREAS

AREA	COMMENTS
AUDITOR INDEPENDENCE	We confirm to the Board of Directors that we are independent of the Association. Our letter to the Board of Directors discussing our independence is included as part of the additional materials attached to this report.
MANAGEMENT REPRESENTATIONS	We have requested certain written representations from management, which represent a confirmation of certain oral representations given to us during the course of our audit. This letter, provided by management, has been included as additional material to this report.
SUMMARY OF SIGNIFICANT DIFFERENCES	Several significant differences were proposed to management with respect to the December 31, 2019 financial statements. A summary of significant differences has been included with this report.
OTHER INFORMATION	Pursuant to our responsibilities under Canadian generally accepted auditing standards, we have reviewed other financial and non-financial information included in documents containing the financial statements and our auditor's report thereon. We review these documents for the purpose of ensuring their content does not contradict information derived from our audit procedures.

SUMMARY OF SIGNIFICANT DIFFERENCES

SIGNIFICANT ADJUSTED DIFFERENCES

DIFFERENCES NOTED AND ITEMS AFFECTED	STATEMENT OF FINANCIAL POSITION	OPERATIONS
To adjust property and equipment to actual	\$ (32,293)	\$ (32,293)
To adjust casino deferred revenue to actual	\$ 57,778	\$ 57,778
To adjust other deferred revenue to actual	\$ (61,313)	\$ (61,313)
To record amortization of deferred contributions related to property and equipment	\$ 5,168	\$ 5,168
To adjust prepaid expenses and deposits to actual	\$ (2,661)	\$ (2,661)
To record correction of error with respect to 2018 accounts receivable (accounts receivable overstated by \$91,667 and opening net assets overstated by \$91,667)	\$ (91,667)	\$ -
To record the non-recoverable portion of GST	\$ (6,066)	\$ (6,066)
To record the 2018 GST refund received in 2019	\$ (6,428)	\$ (6,428)
To record year-end payroll accrual	\$ (25,383)	\$ (25,383)
To clear 2018 rent payable	\$ 12,806	\$ 12,806
Aggregate of all other adjusted differences	\$ (2,018)	\$ (2,018)
Total Adjusted Differences (Income Effect)		\$ (60,410)

SIGNIFICANT UNADJUSTED DIFFERENCES

DIFFERENCES NOTED AND ITEMS AFFECTED	STATEMENT OF FINANCIAL POSITION	OPERATIONS
Unreconciled revenue difference between deferred revenue continuity and the financial statements	\$ 23,841	\$ 23,841
Total Unadjusted Differences (Income Effect)		\$ 23,841

We appreciate having the opportunity to meet with you and respond to any questions you may have about our audit, and to discuss any other matters that may be of interest to you.

Sincerely,

MNP LLP

Chartered Professional Accountants

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INDEPENDENCE COMMUNICATION

(see attached)

March 16, 2020

The Board of Directors
Gateway Association for Community Living
#201, 101941 120 Street
Edmonton, AB T5H 3R3

Dear Board Members:

We have been engaged to audit the financial statements of Gateway Association for Community Living ("the Association") as at December 31, 2019 and for the year then ended.

CAS 260 *Communication With Those Charged With Governance* requires that we communicate with you matters that are significant to our engagement. One such matter is relationships between the Association and its related entities or persons in financial reporting oversight roles at the Association and MNP LLP and any affiliates ("MNP") that, in our professional judgment, may reasonably be thought to bear on our independence. In determining which relationships to report, the Standard requires us to consider relevant rules and related interpretations prescribed by the appropriate professional accounting body and applicable legislation, covering such matters as:

- (a) Holding a financial interest, either directly or indirectly, in a client;
- (b) Holding a position, either directly or indirectly, that gives the right or responsibility to exert significant influence over the financial or accounting policies of a client or a related entity;
- (c) Personal or business relationships of immediate family, close relatives, partners or retired partners, either directly or indirectly, with a client or a related entity;
- (d) Economic dependence on a client; and
- (e) Provision of non-assurance services in addition to the audit engagement.

We are aware of the following relationships between the Association and MNP that, in our professional judgment, may reasonably be thought to bear on our independence. The following relationships represent matters that have occurred from January 1, 2019 to the date of this letter.

MNP assists the Association with certain bookkeeping data entry and related reporting. MNP has no independent decision-making authority as part of the assistance, nor does MNP provide any management or management-like services. The MNP team members involved in the provision of these services are segregated from the audit engagement team. Therefore, this independence threat has been appropriately mitigated.

This report is intended solely for the use of the Board of Directors, management and others within the Association and should not be used for any other purposes.

We look forward to discussing with you the matters addressed in this letter as well as other matters that may be of interest to you. We will be prepared to answer any questions you may have regarding our independence as well as other matters.

Sincerely,



Chartered Professional Accountants

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About MNP LLP

MNP is a leading national accounting, tax and business consulting firm in Canada. We proudly serve and respond to the needs of our clients in the public, private and not-for-profit sectors. Through partner-led engagements, we provide a collaborative, cost-effective approach to doing business and personalized strategies to help organizations succeed across the country and around the world.

