

Gateway Association for Community Living
Financial Statements
December 31, 2022

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, 2022, and the statements of operations, changes in net assets, cash flows and the related schedules 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 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 donations and fundraising revenue, deficiency of revenue over expenses, and cash flows from operations for the years ended December 31, 2022 and 2021, current assets as at December 31, 2022 and 2021, and net assets as at January 1 and December 31 for both the 2022 and 2021 years. Our audit opinion on the financial statements for the year ended December 31, 2021 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.

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

April 4, 2023

MNP LLP

Chartered Professional Accountants

Gateway Association for Community Living

Statement of Financial Position

As at December 31, 2022

	2022	2021
Assets		
Current		
Cash (Note 3)	1,583,055	1,908,575
Accounts receivable (Note 4)	89,932	92,811
Prepaid expenses and deposits	16,206	7,995
	1,689,193	2,009,381
Property and equipment (Note 5)	195,928	238,428
Lease deposit	24,141	24,141
	1,909,262	2,271,950
Liabilities		
Current		
Accounts payable and accrued liabilities (Note 6)	86,104	355,156
Deferred revenue (Note 7)	1,347,965	1,454,930
	1,434,069	1,810,086
Canada Emergency Business Account loan (Note 8)	-	30,000
Deferred contributions related to property and equipment (Note 9)	53,326	73,434
	1,487,395	1,913,520
Contractual obligations (Note 10)		
Net Assets		
Unrestricted	219,265	193,436
Internally restricted (Note 11)	60,000	-
Investment in property and equipment	142,602	164,994
	421,867	358,430
	1,909,262	2,271,950

Approved on behalf of the Board

signed by "Alex Kirkland"

Director

signed by "Monica Cheng"

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, 2022

	2022	2021
Revenue		
Grants	4,079,701	2,241,096
United Way	80,867	105,023
Casino	39,476	-
Donations and fundraising	33,625	21,755
Deferred contribution revenue (Note 9)	20,108	20,108
Other	16,216	-
	4,269,993	2,387,982
Expenses		
Salaries and related benefits	2,976,066	1,614,317
Building occupancy	270,605	209,368
Programs	241,739	119,171
Public conferences and events	144,764	7,276
Computer, technology, and app	128,214	173,624
Professional fees	89,424	18,390
Promotion	83,027	43,015
Amortization	55,969	53,243
Travel	48,332	18,250
Office and administration	41,951	44,739
Telephone and internet	38,360	21,998
Professional development	37,312	3,694
Honorarium	17,725	3,150
Unrecoverable portion of goods and services tax	15,868	14,137
Memberships, licenses and permits	14,166	500
Bank charges	1,118	1,344
Miscellaneous	-	1,777
	4,204,640	2,347,993
Excess of revenue over expenses before other item	65,353	39,989
Other item		
Loss on disposal of property and equipment	(1,916)	-
Excess of revenue over expenses	63,437	39,989

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, 2022

	<i>Investment in property and equipment</i>	<i>Unrestricted</i>	<i>Internally restricted</i>	2022	<i>2021</i>
Net assets, beginning of year	164,994	193,436	-	358,430	318,441
Excess (deficiency) of revenue over expenses	(37,777)	101,214	-	63,437	39,989
Investment in property and equipment	15,385	(15,385)	-	-	-
Transfer (Note 11)	-	(60,000)	60,000	-	-
Net assets, end of year	142,602	219,265	60,000	421,867	358,430

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, 2022

	2022	2021
Cash provided by (used for) the following activities		
Operating		
Excess of revenue over expenses	63,437	39,989
Amortization	55,969	53,243
Loss on disposal of property and equipment	1,916	-
Deferred contribution revenue	(20,108)	(20,108)
	101,214	73,124
Changes in working capital accounts		
Accounts receivable	2,879	(74,877)
Prepaid expenses and deposits	(8,211)	(6,876)
Accounts payable and accrued liabilities	(269,052)	283,080
Deferred revenue	(106,965)	1,017,942
	(280,135)	1,292,393
Financing		
Repayment of Canada Emergency Business Account loan	(30,000)	-
Investing		
Purchase of property and equipment	(15,385)	(13,457)
Increase (decrease) in cash resources	(325,520)	1,278,936
Cash, beginning of year	1,908,575	629,639
Cash, end of year	1,583,055	1,908,575

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, 2022

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.

Deferred contributions related to property and equipment represent the unamortized portion of contributed capital assets and restricted contributions that were used to purchase the Association's property and equipment. Recognition of these amounts as revenue is deferred to periods when the related capital assets are amortized.

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
Application software	straight-line	5 years
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 property and equipment. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies.

When the Association determines that a long-lived asset no longer has any long-term service potential, the excess of its net carrying amount over any residual value is recognized as an expense in the statement of operations. Write-downs are not reversed.

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.

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.

Financial instruments

The Association recognizes financial instruments when the Association becomes party to the contractual provisions of the financial instrument.

Arm's length financial instruments

Financial instruments originated/acquired or issued/assumed in an arm's length transaction ("arm's length financial instruments") are initially recorded at their fair value.

At initial recognition, the Association may irrevocably elect to subsequently measure any arm's length 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 and all derivative instruments at fair value. All other financial assets and liabilities are subsequently measured at amortized cost.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in excess of revenue over expenses. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

Related party financial instruments

The Association initially measures investments or debt instruments with a quoted market value or derivatives originated in a related party transaction ("related party financial instruments") at fair value.

All other related party financial instruments are measured at cost on initial recognition.

At initial recognition, the Association may elect to subsequently measure related party debt instruments that are quoted in active market, or that have observable inputs significant to the determination of fair value, at fair value. The Association has not made such an election during the year, thus all related party debt instruments are subsequently measured at amortized cost.

The Association subsequently measures investments in equity instruments quoted in an active market and all derivative instruments at fair value.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of related party financial instruments are immediately recognized in excess of revenue over expenses.

Financial asset impairment

The Association assesses impairment of all its financial assets measured at cost or amortized cost. The Association reduces the carrying amount of any impaired financial assets to the highest of: the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets at the statement of financial position date; and the amount expected to be realized by exercising any rights to collateral held against those assets.

Any impairment, which is not considered temporary, is included in current year excess of revenue over expenses. The Association reverses impairment losses on financial assets when there is a decrease in impairment and the decrease can be objectively related to an event occurring after the impairment loss was recognized. The amount of the reversal is recognized in excess of revenue over expenses in the year the reversal occurs.

Gateway Association for Community Living

Notes to the Financial Statements

For the year ended December 31, 2022

2. Significant accounting policies *(Continued from previous page)*

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.

3. Cash

	2022	2021
Cash	1,475,866	1,890,084
AGLC funds	107,189	18,491
	1,583,055	1,908,575

4. Accounts receivable

	2022	2021
Accounts receivable	73,299	88,045
Goods and services tax recoverable	16,633	4,766
	89,932	92,811

5. Property and equipment

	Cost	Accumulated amortization	2022 Net book value	2021 Net book value
Application software	74,700	44,820	29,880	44,820
Computer equipment	43,332	28,643	14,689	10,639
Furniture and fixtures	22,153	15,862	6,291	7,259
Leasehold improvements	302,116	157,048	145,068	175,710
	442,301	246,373	195,928	238,428

Gateway Association for Community Living
Notes to the Financial Statements
For the year ended December 31, 2022

6. Accounts payable and accrued liabilities

	2022	2021
Accounts payable and accrued liabilities	44,761	44,758
Payroll liabilities	41,343	310,398
	86,104	355,156

Payroll liabilities includes \$36,147 (2021 - \$275,449) in government remittances payable.

7. Deferred revenue

	Opening	Funds received or receivable	Recognized in revenue	2022
Government grants	1,411,496	3,803,228	3,964,774	1,249,950
Other grants	43,434	261,469	206,888	98,015
	1,454,930	4,064,697	4,171,662	1,347,965

8. Canada Emergency Business Account loan

	2022	2021
Servus Credit Union ("SCU"), Canada Emergency Business Account ("CEBA") loan, repaid during the year	-	30,000
	-	30,000

9. 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:

	2022	2021
Balance, beginning of year	73,434	93,542
Less: Amounts recognized as revenue during the year	(20,108)	(20,108)
Balance, end of year	53,326	73,434

10. Contractual obligations

The Association has the following obligations for their premises lease expiring in 2027:

2023	141,851
2024	145,079
2025	148,308
2026	151,536
2027	115,468

Gateway Association for Community Living

Notes to the Financial Statements

For the year ended December 31, 2022

11. Internally restricted net assets

During the year, the Association's board of directors internally restricted \$60,000 (2021 – \$nil) of unrestricted net assets to be held as an emergency reserve. These internally restricted amounts are not available for other purposes without approval of the board of directors.

12. 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, 2022, one contributor accounted for 68% (2021 - one contributor accounted for 81%) of the accounts receivable. 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.

13. Comparative figures

Certain comparative figures have been reclassified to conform with current year presentation.