

**4-H Alberta**  
**Consolidated Financial Statements**  
*For the year ended December 31, 2022*

# 4-H Alberta Contents

*For the year ended December 31, 2022*

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## Management's Responsibility

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To the Members of 4-H Alberta:

Management is responsible for the preparation and presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian accounting standards for not-for-profit organizations and ensuring that all information in the annual report is consistent with the statements. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the consolidated financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of consolidated financial statements.

The Board of Directors and Audit Committee are composed primarily of Directors who are neither management nor employees of the Association. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual report. The Board fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Board is also responsible for recommending the appointment of the Association's external auditors.

MNP LLP is appointed by the Board to audit the consolidated financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Board and management to discuss their audit findings.

e-Signed by Andy Pittman

2023-05-04 03:04:11:11 GMT

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Director

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To the Members of 4-H Alberta:

### Qualified Opinion

We have audited the consolidated financial statements of 4-H Alberta and its subsidiaries (the "Association"), which comprise the consolidated statement of financial position as at December 31, 2022, and the consolidated statements of operations, changes in net assets and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Association as at December 31, 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

### Basis for Qualified Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under Statements section of our report. We are independent of the Association in accordance with the ethical requirements that are those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

In common with many not-for-profit organizations, 4-H Alberta derives revenue from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of donation revenue was limited to the amounts recorded in the records of the Association. Our independent auditors' report on the financial statement at the year-ended December 31, 2022 was modified accordingly because of the possible effects of those limits in scope.

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

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

In preparing the consolidated financial statements, management is responsible for assessing the 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 Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Association to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Association to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

May 4, 2023

*MNP LLP*

Chartered Professional Accountants

**4-H Alberta**  
**Consolidated Statement of Financial Position**  
*As at December 31, 2022*

	2022	2021
<b>Assets</b>		
<b>Current</b>		
Unrestricted cash (Note 3)	1,478,045	2,199,292
Accounts receivable (Note 4)	196,883	171,440
Marketable securities (Note 5)	7,295,068	8,762,388
Prepaid expenses and deposits	38,052	30,616
Inventory	27,714	38,838
	<b>9,035,762</b>	11,202,574
<b>Capital assets (Note 6)</b>	<b>911,541</b>	911,844
<b>Restricted cash (Note 3)</b>	<b>2,961,143</b>	2,193,848
	<b>12,908,446</b>	14,308,266
<b>Liabilities</b>		
<b>Current</b>		
Bank indebtedness (Note 7)	19,995	15,206
Accounts payable and accruals	131,341	613,751
Deferred revenues (Note 8)	1,359,538	1,560,205
Deposits	6,900	9,150
	<b>1,517,774</b>	2,198,312
<b>Net Assets</b>		
Unrestricted	885,969	404,247
Internally restricted	10,504,703	11,705,707
	<b>11,390,672</b>	12,109,954
	<b>12,908,446</b>	14,308,266
<b>Approved on behalf of the Board of Directors</b>		
e-Signed by Andy Pittman		
2023-05-04 03:04:54 GMT		
<b>Director</b>		

*The accompanying notes are an integral part of these consolidated financial statements*

**4-H Alberta**  
**Consolidated Statement of Operations**  
*For the year ended December 31, 2022*

	2022	2021
<b>Revenue</b>		
Program and membership fees	1,032,827	802,144
Grant	1,000,000	1,089,755
Sponsorship, donation and fundraising	855,128	791,429
4-H Centre	310,581	133,421
Mineral rights	239,092	128,583
Investment dividends	229,593	417,250
Scholarship	185,132	229,793
Recycling	74,956	113,866
Interest	65,689	2,687
Summer staff	46,259	-
Casino	-	47,674
<b>Total revenue</b>	<b>4,039,257</b>	<b>3,756,602</b>
<b>Expenses</b>		
Salaries and benefits	1,657,958	1,561,183
Program and membership fees	513,271	394,646
Consulting, professional and legal	317,526	231,784
Scholarships	304,830	314,801
Sponsorship, donation and fundraising	293,448	216,384
4-H Centre	206,297	137,030
Administrative	101,153	72,235
Recycling	87,583	78,398
Insurance	78,060	67,354
Management investment and other admin fees	72,176	73,932
Travel	41,027	18,833
Board of directors	2,888	4,726
Advertising	676	867
Fund development	25	1,908
Interest	-	6
RADF University of Alberta distribution	-	215,801
Amortization	84,935	86,220
<b>Total expenses</b>	<b>3,761,853</b>	<b>3,476,108</b>
<b>Excess of revenue over expenses before other items</b>	<b>277,404</b>	<b>280,494</b>

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**4-H Alberta**  
**Consolidated Statement of Operations**  
*For the year ended December 31, 2022*

	2022	2021
<b>Excess of revenue over expenses before other items</b> <i>(Continued from previous page)</i>	<b>277,404</b>	280,494
<b>Other items</b>		
Gain on disposal of marketable securities	<b>186,933</b>	109,007
Wage subsidy <i>(Note 10)</i>	-	651,517
Gain (loss) on change in fair market value of investments	<b>(1,183,619)</b>	394,840
	<b>(996,686)</b>	1,155,364
<b>Excess (deficiency) of revenue over expenses</b>	<b>(719,282)</b>	1,435,858

*The accompanying notes are an integral part of these consolidated financial statements*

**4-H Alberta**  
**Consolidated Statement of Changes in Net Assets**  
*For the year ended December 31, 2022*

	<i>Unrestricted Funds</i>	<i>Capital Fund</i>	<i>Restricted Funds</i>	<b>2022</b>	<i>2021</i>
<b>Net assets, beginning of year</b>	<b>404,247</b>	<b>549,775</b>	<b>11,155,932</b>	<b>12,109,954</b>	10,674,096
<b>Excess (deficiency) of revenue over expenses</b>	<b>481,722</b>	<b>(84,935)</b>	<b>(1,116,069)</b>	<b>(719,282)</b>	1,435,858
<b>Net assets, end of year</b>	<b>885,969</b>	<b>464,840</b>	<b>10,039,863</b>	<b>11,390,672</b>	12,109,954

*The accompanying notes are an integral part of these consolidated financial statements*

**4-H Alberta**  
**Consolidated Statement of Cash Flows**  
*For the year ended December 31, 2022*

	2022	2021
<b>Cash provided by (used for) the following activities</b>		
<b>Operating</b>		
Excess (deficiency) of revenue over expenses	(719,282)	1,435,858
Amortization	84,935	86,220
Gain on disposal of marketable securities	(186,933)	(109,007)
(Gain) loss on change in fair value of marketable securities	1,183,619	(394,840)
	<b>362,339</b>	1,018,231
Changes in working capital accounts		
Accounts receivable	(25,443)	279,872
Inventory	11,124	(38,838)
Prepaid expenses and deposits	(7,436)	(1,286)
Accounts payable and accruals	(482,413)	307,344
Deferred revenue	(200,667)	348,064
Deposits	(2,250)	1,150
	<b>(344,746)</b>	1,914,537
<b>Investing</b>		
Purchase of capital assets	(84,632)	(60,144)
Proceeds on disposal of marketable securities	697,900	605,718
Management fees	53,334	45,998
Investment income	(229,599)	(417,250)
	<b>437,003</b>	174,322
<b>Increase in cash resources</b>	<b>92,257</b>	2,088,859
<b>Cash resources, beginning of year</b>	<b>2,184,086</b>	812,053
<b>Interfund adjustments</b>	<b>(818,293)</b>	(716,826)
<b>Cash resources, end of year</b>	<b>1,458,050</b>	2,184,086
<b>Cash resources are composed of:</b>		
Unrestricted cash	1,478,045	2,199,292
Bank indebtedness	(19,995)	(15,206)
	<b>1,458,050</b>	2,184,086

*The accompanying notes are an integral part of these consolidated financial statements*

**1. Incorporation and nature of the organization**

4-H Alberta (the "Association") is a registered charity organization and thus is exempt from income taxes under the provisions of the Income Tax Act ("the Act").

The Association was established in 1977 under the previous name, the 4-H Foundation, to build and operate the Alberta 4-H Centre. The Association was formed to provide a place to host camps and meetings for a wide range of groups. The Association has the ability to accept assets of community groups that wish to conclude operations. Additionally, named funds are established for individuals and families that would like to create a legacy to support future generations.

The Association is also responsible for the governance, oversight, administration and delivery of the 4-H program in Alberta.

**2. Significant accounting policies**

The consolidated financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO) and include the following significant accounting policies:

***Revenue recognition***

The Association uses the restricted fund method of accounting for contributions. Restricted contributions are recognized as revenue in the restricted fund in the year in which they are received. Unrestricted contributions are recognized in the general fund as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Member and program fees, recycling, summer staff, and investment income is recognized as revenue when earned.

Rental revenue is recognized as rent becomes due in accordance with contractual arrangements.

Mineral rights income is recognized as funds becomes due in accordance with contractual arrangements.

Grant revenue is recorded as revenue in accordance with the contractual grant agreements.

***Contributed materials and services***

Contributions of materials are recognized both as contributions and expenses in the statement of operations when a fair value can be reasonably estimated and when the materials are used in the normal course of the Association's operations and would otherwise have been purchased.

The Association would not be able to carry out its activities without the services of many volunteers who contribute a significant number of hours of service each year. Because of the difficulty in compiling these hours, contributed services are not recognized in the financial statements.

***Cash and cash equivalents***

Cash and cash equivalents include balances with banks and short-term investments with maturities of three months or less. Cash subject to restrictions is included in restricted cash.

***Marketable securities***

Marketable securities with prices quoted in an active market are measured at fair value while those that are not quoted in an active market are measured at cost less impairment. Changes in fair value are recorded immediately in the excess of revenues over expenses.

***Inventory***

Inventory is valued at the lower of cost and net realizable value. Cost is determined by the weighted average method. Net realizable value is the estimated selling price in the ordinary course of business, less estimated selling costs.

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

**Capital assets**

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution if fair value can be reasonably determined.

Amortization is provided using the declining balance method at rates intended to amortize the cost of assets over their estimated useful lives. Mineral rights are assessed annually for indications of impairment.

	<b>Term</b>
Buildings	2.5 to 10 %
Computer equipment	55 %
Equipment	5 to 20 %
Furniture and fixtures	20 %
Leasehold improvements	2.5 to 10 %

**Fund accounting**

The Association follows the deferral method of accounting for contributions and reports using fund accounting, and maintains 20 funds. Unrestricted funds are used for operations and activities of the Association and are allocated to the areas of greatest need by the Board or CEO. The restricted funds consist of the following:

The Program Fund reports program registration fees, membership fees, and sponsor funds obtained to support 4-H Alberta provincial programs and resource development.

The Capital Fund reports the Association's capital projects undertaken and maintains the assets, liabilities, revenues and expenses related to the Association's property and equipment.

The Scholarship Fund reports the Association's donations to establish scholarships and bursaries. The scholarships and bursaries are available to 4-H members, present and former, seeking post-secondary education. If a donation is large enough and a request is made by the donor, a scholarship specific to that donation will be created.

The Gaming Fund reports the Association's proceeds from casinos and raffles managed by the Association, as required by the Alberta Gaming Commission. Funds from this account can only be spent in areas designated in each application.

The Hansen-Ness Memorial Fund was established to use the revenues from this fund for the benefit of rural farm young people in the form of scholarships for students graduating from high school and entering a post-secondary institution.

The Norma Jean Gray Scholarship Fund reports donations received in recognition of Norma Jean Gray's work as a home economist with Alberta Agriculture. The fund was established to provide awards to 4-H club members on the basis of financial need and 4-H involvement.

The Healy Estate Fund was established so that 4-H Alberta could receive the residue of the Keith Garnet Healy Estate and manage the funds of behalf of the Coronation Healy Estate Committee.

The RADF Legacy Fund was established for the purpose of implementing the Rural Development Strategy as set out in a Collaborative Agreement effective June 19, 2015. The funds will be used to (i) fund and deliver the Program; (ii) fund certain activities of 4-H; and (iii) at the conclusion of the Program, fund a monetary donation to the University and 4-H.

**Measurement uncertainty**

The preparation of consolidated financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of capital assets.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in excess of revenues and expenses in the periods in which they become known.

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

**Government assistance**

Claims for assistance under various government grant programs are recorded either as revenue, or a reduction in the related expense account in the year in which eligible expenditures are incurred.

**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 (deficiency) 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.

**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 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 revenue over expenses in the year the reversal occurs.

**3. Cash**

Included in cash are restricted funds held by the Association. Included in restricted cash are the funds attributed to Program, Scholarship, Gaming, Hansen-Ness Memorial, Norma Jean Grey Scholarship, Growing Alberta, Healy Estate and RADF Legacy Fund.

**4. Accounts receivable**

	<b>2022</b>	<b>2021</b>
Accounts receivable	<b>189,704</b>	168,704
GST recoverable	<b>7,179</b>	2,736
	<b>196,883</b>	171,440

**4-H Alberta**  
**Notes to the Consolidated Financial Statements**  
*For the year ended December 31, 2022*

**5. Marketable securities**

	<b>2022</b>	<b>2021</b>
Marketable securities - Cost	<b>6,720,004</b>	7,003,705
Fair value adjustment	<b>575,064</b>	1,758,683
	<b>7,295,068</b>	8,762,388

**6. Capital assets**

	<b>Cost</b>	<b>Accumulated amortization</b>	<b>2022 Net book value</b>	<b>2021 Net book value</b>
Mineral rights	365,000	-	365,000	365,000
Buildings	1,656,242	1,323,524	332,718	339,148
Land	95,104	-	95,104	95,104
Leasehold improvements	287,393	203,227	84,166	63,178
Equipment	631,148	602,482	28,666	32,628
Furniture and fixtures	266,379	261,592	4,787	5,984
Computer equipment	31,358	30,258	1,100	10,802
	<b>3,332,624</b>	<b>2,421,083</b>	<b>911,541</b>	911,844

**7. Bank indebtedness**

	<b>2022</b>	<b>2021</b>
ATB Financial Mastercard	<b>19,995</b>	15,206

The Association has an operating line available with authorization to a maximum of \$330,000 (2021 - \$330,000), bearing interest at prime plus 1.00%, and is secured by a general security agreement. At December 31, 2022 the balance was \$nil. The loan is due on demand and is subject to annual review. Prime rate was 5.45% at December 31, 2022.

The ATB General fund Mastercard is authorized to a maximum of \$40,000 (2021 - \$40,000) and bears interest at 19.90% (2021 - 19.90%).

**8. Deferred revenues**

	<b>2022</b>	<b>2021</b>
Program and membership fees	<b>187,055</b>	499,325
Grants and sponsorships	<b>1,053,238</b>	958,500
Casino funds	<b>118,245</b>	102,380
	<b>1,358,538</b>	1,560,205

**9. 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 rate, currency, credit, liquidity or other price risks arising from these financial instruments except as otherwise disclosed.

***Credit concentration***

As at December 31, 2022, two customers (2021 - three) accounted for a percentage above 38% (2021 - 88%) of the consolidated 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 customers and provides allowances for potentially uncollectible accounts receivable.

**10. Government Assistance**

During the year, the Association recognized \$nil (2021 - \$651,517) in Canada Emergency Wage Subsidy ("CEWS") as wage subsidy income. The assistance was introduced in response to the COVID-19 pandemic, to provide eligible employers with a subsidy to cover a portion of wage costs paid to eligible employees during prescribed claim periods. There are no unfulfilled conditions related to amounts recognized. However, amounts claimed under these programs are subject to validation and detailed verification by the Federal Government.

**11. Comparative figures**

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