

**THE CHRISTMAS CHEER BOARD OF
GREATER WINNIPEG INC.
WINNIPEG, MB
FEBRUARY 28, 2022**

Independent Auditors' Report

To the Members of;
The Christmas Cheer Board of Greater Winnipeg Inc.

Qualified Opinion

We have audited the accompanying financial statements of The Christmas Cheer Board of Greater Winnipeg Inc., which comprise the balance sheet as at February 28, 2022, and the statements of revenue and expenditure, 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 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 The Christmas Cheer Board of Greater Winnipeg Inc. as at February 28, 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 charitable organizations, The Christmas Cheer Board of Greater Winnipeg Inc. derives revenue from donations and fundraising, 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 Christmas Cheer Board of Greater Winnipeg Inc.. Therefore, we were not able to determine whether any adjustments might be necessary to recorded donations and fundraising revenue, excess of revenues over expenses, cash flows from operations for the year ended February 28, 2022, current assets as at February 28, 2022, and net assets as at March 1, 2021 and February 28, 2022. Our audit opinion on the financial statements for the year ended February 28, 2022 was modified accordingly because of the possible effects of this scope limitation.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our 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 opinion.

Other Matters

The financial statements for the year ended February 28, 2021 were audited by another auditor who expressed a qualified opinion over fundraising activities on February 15, 2022.

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional 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 Christmas Cheer Board of Greater Winnipeg Inc.'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 Christmas Cheer Board of Greater Winnipeg Inc.'s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause The Christmas Cheer Board of Greater Winnipeg Inc. 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.

September 14, 2022
Winnipeg, Manitoba



Chartered Professional Accountants Inc.

**THE CHRISTMAS CHEER BOARD OF
GREATER WINNIPEG INC.**

BALANCE SHEET

AS AT FEBRUARY 28

	2022	2021
	\$	\$
ASSETS		
CURRENT ASSETS		
Cash	425,393	223,252
Marketable securities <i>(note 3)</i>	2,524,033	2,394,193
Goods and Services Tax receivable	7,635	2,847
Prepaid expenses	56,070	211,030
	<u>3,013,131</u>	<u>2,831,322</u>
TANGIBLE CAPITAL ASSETS <i>(note 4)</i>	<u>43,919</u>	<u>1</u>
	<u>3,057,050</u>	<u>2,831,323</u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	14,852	2,700
Government remittances payable	1,338	-
	<u>16,190</u>	<u>2,700</u>
NET ASSETS		
UNRESTRICTED NET ASSETS	400,667	386,151
INVESTMENT IN CAPITAL ASSETS	43,919	-
INTERNALLY RESTRICTED NET ASSETS <i>(note 5)</i>	2,596,274	2,442,472
	<u>3,040,860</u>	<u>2,828,623</u>
	<u>3,057,050</u>	<u>2,831,323</u>

Approved on Behalf of the Board

_____ Director

_____ Director

The accompanying notes are an integral part of these financial statements

**THE CHRISTMAS CHEER BOARD OF
GREATER WINNIPEG INC.
STATEMENT OF REVENUE AND EXPENDITURE
FOR THE YEAR ENDED FEBRUARY 28**

	2022	2021
	\$	\$
REVENUE		
Donations		
Individuals, churches, and other organizations	830,908	903,609
Donations - in kind	15,235	73,919
Online	247,775	508,587
Other	1,345	-
Investment income	263,112	135,582
Foundation grants	1,492	47,485
Miscellaneous	1,431	11
Gain on disposal of capital assets	12,299	-
	<u>1,373,597</u>	<u>1,669,193</u>
COST OF SALES		
Wages and honorariums	9,076	18,949
Food	699,769	739,431
Toys	45,459	30,369
Delivery and warehouse	18,362	8,686
	<u>772,666</u>	<u>797,435</u>
	<u>600,931</u>	<u>871,758</u>
GROSS PROFIT		
EXPENDITURE		
Accounting and payroll	4,801	-
Advertising and promotion	5,823	1,585
Insurance	5,269	3,250
Interest and service charges	2,352	3,089
Investment management fees	41,525	23,304
Office and sundry	9,966	26,241
Professional fees	5,190	2,671
Rent	53,272	6,000
Salaries and benefits	160,010	59,940
Technology support	2,951	3,001
Telephone	7,314	10,060
Travel	2,428	5,750
Utilities	14,873	-
	<u>315,774</u>	<u>144,891</u>
OPERATING INCOME	<u>285,157</u>	<u>726,867</u>
OTHER ITEMS		
Unrealized gain (loss)	(72,557)	20,838
Foreign exchange gain (loss)	5,127	(5,135)
	<u>(67,430)</u>	<u>15,703</u>
EXCESS OF REVENUE OVER EXPENDITURE BEFORE AMORTIZATION	217,727	742,570

The accompanying notes are an integral part of these financial statements

**THE CHRISTMAS CHEER BOARD OF
GREATER WINNIPEG INC.
STATEMENT OF REVENUE AND EXPENDITURE
FOR THE YEAR ENDED FEBRUARY 28**

	2022	2021
	\$	\$
AMORTIZATION		
Current	<u>5,490</u>	<u>-</u>
EXCESS OF REVENUE OVER EXPENDITURE	<u><u>212,237</u></u>	<u><u>742,570</u></u>

The accompanying notes are an integral part of these financial statements

**THE CHRISTMAS CHEER BOARD OF
GREATER WINNIPEG INC.
STATEMENT OF CHANGES IN NET ASSETS**

	Year Ended February 28				
	Internally restricted net assets	Investment in capital assets	Unrestricted net assets	2022 Total	2021 Total
NET ASSETS					
Balance, beginning of year	2,442,472	-	386,151	2,828,623	2,086,053
Excess of revenue over expenditure	-	(5,490)	217,727	212,237	742,570
Purchase of capital assets	-	49,409	(49,409)	-	-
Contributions to restricted funds	<u>153,802</u>	<u>-</u>	<u>(153,802)</u>	<u>-</u>	<u>-</u>
Balance, end of year	<u><u>2,596,274</u></u>	<u><u>43,919</u></u>	<u><u>400,667</u></u>	<u><u>3,040,860</u></u>	<u><u>2,828,623</u></u>

The accompanying notes are an integral part of these financial statements

**THE CHRISTMAS CHEER BOARD OF
GREATER WINNIPEG INC.
STATEMENT OF CASH FLOWS**

	Year Ended February 28	
	2022	2021
	\$	\$
CASH PROVIDED BY (USED FOR) THE FOLLOWING ACTIVITIES		
OPERATING		
Excess of revenue over expenditure for the year	212,237	742,570
Items not affecting cash:		
Amortization	5,490	-
Gain on disposal of capital assets	(12,299)	-
	<u>205,428</u>	<u>742,570</u>
Net changes in non-cash working capital affecting operations <i>(note 8)</i>	<u>163,662</u>	<u>(177,534)</u>
	<u>369,090</u>	<u>565,036</u>
INVESTING		
Purchase of tangible capital assets	(49,409)	-
Proceeds on disposal of tangible capital assets	12,300	-
Purchase of marketable securities	(129,840)	(539,721)
	<u>(166,949)</u>	<u>(539,721)</u>
INCREASE IN CASH RESOURCES	202,141	25,315
CASH RESOURCES, BEGINNING OF YEAR	<u>223,252</u>	<u>197,937</u>
CASH RESOURCES, END OF YEAR	<u><u>425,393</u></u>	<u><u>223,252</u></u>

The accompanying notes are an integral part of these financial statements

**THE CHRISTMAS CHEER BOARD OF
GREATER WINNIPEG INC.
NOTES TO THE FINANCIAL STATEMENTS**

February 28, 2022

1. NATURE OF ACTIVITIES

The Christmas Cheer Board of Greater Winnipeg Inc. (the "Board") was created in 1919 by several Winnipeg churches. Its purpose is to raise funds through donations and other activities held in the city to purchase Christmas baskets and toys that are delivered to Winnipeg families in need.

The Board is incorporated as a corporation without share capital under the laws of Manitoba and is a Registered Charity under the Income Tax Act.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Board have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. Outlined below are those policies considered particularly significant for the Board.

a) REVENUE RECOGNITION

The Board follows the deferral method of accounting for contributions under which restricted contributions related to expenses of future periods are deferred and recognized as revenue in the period in which the related expenses are incurred.

Unrestricted contributions, grants, and donations are recognized as revenue when received or receivable if the amount received can be reasonably estimated and collection is reasonably assured.

Restricted contributions for the purchase of tangible capital assets that will be amortized have been deferred and will be recognized as revenue on the same basis as the amortization expense related to the acquired tangible capital assets.

b) MEASUREMENT UNCERTAINTY

When preparing financial statements according to Canadian accounting standards for not-for-profit organizations, the Board makes estimates and assumptions relating to reported amounts of revenue and expenses, reported amounts of assets and liabilities and disclosure of contingent assets and liabilities.

Management's assumptions are based on a number of factors, including historical experience, current events and actions that the organization may undertake in the future, and other assumptions that we believe are reasonable under the circumstances. Actual results could differ from those estimates under different conditions and assumptions. Estimates were used when accounting for certain items, such as the useful lives of capital assets and impairment of long-lived assets.

c) CASH AND CASH EQUIVALENTS

Cash equivalents are comprised of highly liquid investments with maturities of three months or less from the date of acquisition.

**THE CHRISTMAS CHEER BOARD OF
GREATER WINNIPEG INC.
NOTES TO THE FINANCIAL STATEMENTS**

February 28, 2022

d) TANGIBLE CAPITAL ASSETS

Tangible capital assets are recorded at cost. Amortization is provided using methods and rates intended to amortize the cost of assets over their estimated useful lives as follows:

	<u>Method</u>	<u>Rate</u>
Automotive	straight line	5 years
Computer and office equipment	straight line	3 years

e) CONTRIBUTED SERVICES

The work of the Board is mainly dependent on the voluntary services of members and others and the donation of products to be used in hampers. Because of the difficulty of determining their fair value, the Board does not record the value of donated services in the financial statements.

f) FINANCIAL INSTRUMENTS

Initial and subsequent measurement

The organization initially measures its financial assets and liabilities at fair value. The organization subsequently measures all its financial assets and liabilities at cost or amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in the fair value of these financial instruments are recognized in income in the period incurred. Financial assets measured at amortized cost on a straight-line basis include cash, trade and other accounts receivable, and notes receivable. Financial liabilities measured at amortized cost on a straight-line basis include accounts payable, and wages payable reported as financial liabilities.

3. MARKETABLE SECURITIES

	2022	2021
	\$	\$
Marketable securities	<u>2,524,033</u>	<u>2,394,193</u>

4. TANGIBLE CAPITAL ASSETS

	2022			2021		
	\$			\$		
	Cost	Accumulated Amortization	Balance	Cost	Accumulated Amortization	Balance
Automotive	-	-	-	21,505	21,504	1
Computer and office equipment	49,409	5,490	43,919	-	-	-
	<u>49,409</u>	<u>5,490</u>	<u>43,919</u>	<u>21,505</u>	<u>21,504</u>	<u>1</u>

**THE CHRISTMAS CHEER BOARD OF
GREATER WINNIPEG INC.
NOTES TO THE FINANCIAL STATEMENTS**

February 28, 2022

5. INTERNALLY RESTRICTED NET ASSETS

The Board of Directors has internally restricted funds for future use. These funds are not available without the consent of the Board of Directors. The balance in these restricted funds as at February 28, 2022 are:

Reserve and Development Fund: \$ 1,159,498

Memorial Fund: \$ 1,436,776

6. FINANCIAL INSTRUMENTS

The Board is exposed to various risks through its financial instruments, without being exposed to concentrations of risk. The following analysis describes the Board's risk exposure.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of the financial instrument will fluctuate because of changes in market interest rates. The Board monitors its investments to ensure that its risk is minimized.

7. COMPARATIVE FIGURES

Certain of the comparative figures have been restated to reflect the current presentation.

8. CASH FLOW STATEMENT

	2022	2021
	\$	\$
Net changes in non-cash working capital affecting operations		
Goods and Services Tax receivable	(4,788)	2,103
Prepaid expenses	154,960	(179,637)
Accounts payable and accrued liabilities	12,152	-
Government remittances payable	1,338	-
	<u>163,662</u>	<u>(177,534)</u>

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REID & MILLER

CHARTERED PROFESSIONAL ACCOUNTANTS INC