

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

WINNIPEG, MB

FEBRUARY 28, 2023



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, 2023, 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, 2023, 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 donations and fundraising, excess of revenue over expenditures, and cash flows from operations for the years ended February 28, 2023 and 2022, current assets as at February 28, 2023 and 2022, and net assets as at March 1 and February 28 for both the 2023 and 2022 years. The audit opinion on the financial statements for the year ended February 28, 2022 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 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.

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.

June 8, 2023
Winnipeg, Manitoba



Chartered Professional Accountants Inc.

**THE CHRISTMAS CHEER BOARD OF
GREATER WINNIPEG INC.
BALANCE SHEET
AS AT FEBRUARY 28**

	2023 \$	2022 \$
ASSETS		
CURRENT ASSETS		
Cash	413,105	425,393
Marketable securities	2,385,467	2,524,033
Goods and Services Tax receivable	3,812	7,635
Prepaid expenses	51,185	56,070
	<u>2,853,569</u>	<u>3,013,131</u>
TANGIBLE CAPITAL ASSETS <i>(note 3)</i>	<u>27,449</u>	<u>43,919</u>
	<u>2,881,018</u>	<u>3,057,050</u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	5,200	14,852
Government remittances payable	-	1,338
	<u>5,200</u>	<u>16,190</u>
NET ASSETS		
UNRESTRICTED NET ASSETS	385,025	400,667
INVESTMENT IN CAPITAL ASSETS	27,449	43,919
INTERNALLY RESTRICTED NET ASSETS <i>(note 4)</i>	<u>2,463,344</u>	<u>2,596,274</u>
	<u>2,875,818</u>	<u>3,040,860</u>
	<u>2,881,018</u>	<u>3,057,050</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**

	2023 \$	2022 \$
REVENUE		
Donations		
Individuals, churches, and other organizations	925,649	830,908
Donations - in kind	12,200	15,235
Online	322,126	247,775
Other	4,325	1,345
Winnipeg foundation grants	30,285	1,492
Miscellaneous	-	1,431
	<u>1,294,585</u>	<u>1,098,186</u>
COST OF SALES		
Wages and honorariums	500	9,076
Food	933,181	699,769
Toys	100,889	45,459
Delivery and warehouse	11,533	18,362
	<u>1,046,103</u>	<u>772,666</u>
GROSS PROFIT	<u>248,482</u>	<u>325,520</u>
EXPENDITURE		
Accounting and payroll	6,556	4,801
Advertising and promotion	18,085	5,823
Insurance	4,743	5,269
Interest and service charges	3,063	2,352
Miscellaneous	6,111	-
Office and sundry	39,921	9,966
Professional fees	4,990	5,190
Rent	12,300	53,272
Salaries and benefits	92,237	160,010
Technology support	28,959	2,951
Telephone	4,531	7,314
Travel	3,430	2,428
Utilities	1,805	14,873
	<u>226,731</u>	<u>274,249</u>
OPERATING INCOME	<u>21,751</u>	<u>51,271</u>
OTHER ITEMS		
Endowment contributions	(41,000)	-
Foreign exchange gain	2,069	5,127
Gain on disposal of capital assets	-	12,299
Investment income	57,208	263,112
Investment management fees	(19,916)	(41,525)
Unrealized loss	(168,684)	(72,557)
	<u>(170,323)</u>	<u>166,456</u>

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

	2023	2022
	\$	\$
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURE BEFORE AMORTIZATION	(148,572)	217,727
AMORTIZATION		
Current	<u>16,470</u>	<u>5,490</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURE	<u><u>(165,042)</u></u>	<u><u>212,237</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	2023 Total	2022 Total
NET ASSETS					
Balance, beginning of year	2,596,274	43,919	400,667	3,040,860	2,828,623
Excess (deficiency) of revenue over expenditure	-	(16,470)	(148,572)	(165,042)	212,237
Contributions to restricted funds	<u>(132,930)</u>	<u>-</u>	<u>132,930</u>	<u>-</u>	<u>-</u>
Balance, end of year	<u><u>2,463,344</u></u>	<u><u>27,449</u></u>	<u><u>385,025</u></u>	<u><u>2,875,818</u></u>	<u><u>3,040,860</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	
	2023	2022
	\$	\$
CASH PROVIDED BY (USED FOR) THE FOLLOWING ACTIVITIES		
OPERATING		
Excess (deficiency) of revenue over expenditure for the year	(165,042)	212,237
Items not affecting cash:		
Amortization	16,470	5,490
Gain on disposal of capital assets	-	(12,299)
	<u>(148,572)</u>	<u>205,428</u>
Net changes in non-cash working capital affecting operations (<i>note 6</i>)	<u>(2,282)</u>	<u>163,662</u>
	<u>(150,854)</u>	<u>369,090</u>
INVESTING		
Purchase of tangible capital assets	-	(49,409)
Proceeds on disposal of tangible capital assets	-	12,300
Purchase of marketable securities	-	(129,840)
Redemption of marketable securities	138,566	-
	<u>138,566</u>	<u>(166,949)</u>
INCREASE (DECREASE) IN CASH RESOURCES	(12,288)	202,141
CASH RESOURCES, BEGINNING OF YEAR	<u>425,393</u>	<u>223,252</u>
CASH RESOURCES, END OF YEAR	<u><u>413,105</u></u>	<u><u>425,393</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, 2023

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, 2023

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:

	Method	Rate
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. TANGIBLE CAPITAL ASSETS

	2023 \$			2022 \$		
	Cost	Accumulated Amortization	Balance	Cost	Accumulated Amortization	Balance
Computer and office equipment	49,409	21,960	27,449	49,409	5,490	43,919

4. INTERNALLY RESTRICTED NET ASSETS

The Board of Directors has internally restricted funds for future board initiatives. These funds are not available without the consent of the Board of Directors.

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

February 28, 2023

5. 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.

6. CASH FLOW STATEMENT

	2023	2022
	\$	\$
Net changes in non-cash working capital affecting operations		
Goods and Services Tax receivable	3,823	(4,788)
Prepaid expenses	4,885	154,960
Accounts payable and accrued liabilities	(9,652)	12,152
Government remittances payable	(1,338)	1,338
	<u>(2,282)</u>	<u>163,662</u>



REID & MILLER

CHARTERED PROFESSIONAL ACCOUNTANTS INC