

ALBERTA GENEALOGICAL SOCIETY

Consolidated Financial Statements

Year Ended December 31, 2023



INDEPENDENT AUDITOR'S REPORT

To the Members of Alberta Genealogical Society

Qualified Opinion

We have audited the consolidated financial statements of Alberta Genealogical Society (the Society), which comprise the consolidated statement of financial position as at December 31, 2023, 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 Society as at December 31, 2023, and the consolidated results of its operations and consolidated 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 Society derives revenue from memberships, conferences and courses, research, donations, fundraising, library and publications, the completeness of which is not susceptible of satisfactory audit verification. Further, the nature of the cash receipts recorded in the records of the Society were not always susceptible to satisfactory audit verification for classification purposes. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Society. Therefore, we were not able to determine whether any adjustments might be necessary to memberships, conferences and courses, research, donations, fundraising, library and publication revenue, excess of revenues over expenses, and cash flows from operations for the year ended December 31, 2023 and 2022, current assets and deferred membership and publication fees at December 31, 2023 and 2022 and net assets at January 1 and December 31 for both the 2023 and 2022 years. Our audit opinion on the consolidated financial statements for the year ended December 31, 2022 was modified accordingly because of the possible effects of this limitation of 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 Consolidated Financial Statements* section of our report. We are independent of the Society in accordance with ethical requirements that are 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 audit opinion.

Other Information

Management is responsible for the other information. The other information comprises the information, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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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 Society'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 Society or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Society'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 Society'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 Society'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 Society 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.

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.


ALBERTA GENEALOGICAL SOCIETY
Consolidated Statement of Financial Position
December 31, 2023

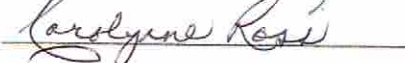
| | 2023 | 2022 |
|---|------------|--------------|
| ASSETS | | |
| CURRENT | | |
| Cash | \$ 179,633 | \$ 207,805 |
| Guaranteed investment certificates (Note 4) | 612,792 | 689,880 |
| Accounts receivable | 16,755 | 4,347 |
| Prepaid expenses | 18,792 | 5,457 |
| | 827,972 | 907,489 |
| GUARANTEED INVESTMENT CERTIFICATES (Note 4) | 61,220 | 3,000 |
| RESTRICTED FUNDS - CASINO (Note 5) | 99,604 | 130,909 |
| | \$ 988,796 | \$ 1,041,398 |
| LIABILITIES | | |
| CURRENT | | |
| Accounts payable and accrued liabilities | \$ 14,542 | \$ 19,473 |
| Deferred membership and publication fees | 25,519 | 14,600 |
| Deferred grants (Note 6) | 7,250 | 7,250 |
| | 47,311 | 41,323 |
| LONG TERM DEBT (Note 7) | 30,000 | 40,000 |
| DEFERRED REVENUE - CASINO (Note 8) | 99,604 | 130,909 |
| | 176,915 | 212,232 |
| NET ASSETS | | |
| General fund | 382,874 | 803,638 |
| Membership revitalization reserve fund | 5,529 | 10,528 |
| Nash endowment fund | 413,000 | - |
| Relatively speaking sustainability fund | 10,478 | 15,000 |
| | 811,881 | 829,166 |
| | \$ 988,796 | \$ 1,041,398 |

COMMITMENTS (Note 9)

SUBSEQUENT EVENT (Note 10)

ON BEHALF OF THE BOARD

 Director

 Director

ALBERTA GENEALOGICAL SOCIETY

Consolidated Statement of Operations

Year Ended December 31, 2023

| | 2023 | 2022 |
|--|--------------------|-------------------|
| REVENUES | | |
| Casino <i>(Note 8)</i> | \$ 86,633 | \$ 73,400 |
| Grants | 53,019 | 67,333 |
| Memberships | 31,199 | 29,546 |
| Interest and investment income | 26,569 | 9,759 |
| Conferences and courses | 22,280 | 2,846 |
| Gain on settlement of long term debt <i>(Note 7)</i> | 10,000 | - |
| Research | 6,478 | 7,185 |
| Donations | 5,817 | 9,882 |
| Library | 3,652 | 973 |
| Publication and other | 618 | 539 |
| Fundraising | - | 25 |
| Richard Nash bequest | - | 413,000 |
| | 246,265 | 614,488 |
| EXPENSES | | |
| Rent | 61,828 | 67,045 |
| Donations | 43,205 | 2,350 |
| Salaries and wages | 26,096 | 20,564 |
| Conferences | 24,899 | 222 |
| Professional fees | 19,842 | 20,929 |
| Meetings and conventions | 13,864 | 10,863 |
| Library acquisitions and supplies | 10,787 | 19,710 |
| Insurance | 10,444 | 9,984 |
| Advertising and promotion | 7,331 | 1,682 |
| Newsletters | 7,303 | 3,562 |
| Website maintenance | 7,199 | 13,301 |
| Office | 6,663 | 7,822 |
| Utilities | 4,956 | 6,223 |
| Computer equipment | 4,314 | 5,354 |
| Repairs and maintenance | 3,122 | 4,401 |
| Research | 2,876 | 2,289 |
| Travel | 2,825 | - |
| Interest and bank charges | 2,313 | 1,341 |
| Fundraising | 2,108 | 1,932 |
| Furniture | 1,431 | 289 |
| Telephone | 84 | - |
| Memberships | 60 | - |
| | 263,550 | 199,863 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES | \$ (17,285) | \$ 414,625 |

ALBERTA GENEALOGICAL SOCIETY
Consolidated Statement of Changes in Net Assets
Year Ended December 31, 2023

| | 2022 Balance | Deficiency of revenues over expenses | Transfers | 2023 Balance |
|---|-------------------|--|--------------|-------------------|
| General fund | \$ 803,638 | \$ (7,764) | \$ (413,000) | \$ 382,874 |
| Membership Revitalization Reserve Fund | 10,528 | (4,999) | - | 5,529 |
| Nash Endowment Fund | - | - | 413,000 | 413,000 |
| Relatively Speaking Sustainability Fund | 15,000 | (4,522) | - | 10,478 |
| | \$ 829,166 | \$ (17,285) | \$ - | \$ 811,881 |

| | 2021 Balance | Deficiency of revenues over expenses | Transfers | 2022 Balance |
|---|-------------------|--|-------------|-------------------|
| General fund | \$ 399,541 | \$ 419,097 | \$ (15,000) | \$ 803,638 |
| Membership Revitalization Reserve Fund | 15,000 | (4,472) | - | 10,528 |
| Relatively Speaking Sustainability Fund | - | - | 15,000 | 15,000 |
| | \$ 414,541 | \$ 414,625 | \$ - | \$ 829,166 |

ALBERTA GENEALOGICAL SOCIETY

Consolidated Statement of Cash Flows

Year Ended December 31, 2023

| | 2023 | 2022 |
|---|-------------------|---------------------|
| OPERATING ACTIVITIES | | |
| Excess (deficiency) of revenues over expenses | \$ (17,285) | \$ 414,625 |
| Item not affecting cash: | | |
| Gain on settlement of long term debt | (10,000) | - |
| | <u>(27,285)</u> | <u>414,625</u> |
| Changes in non-cash working capital: | | |
| Deferred membership and publication fees | 10,919 | 2,715 |
| Accounts payable and accrued liabilities | (4,931) | 3,839 |
| Prepaid expenses | (13,335) | 10,633 |
| Accounts receivable | (12,408) | (1,794) |
| Deferred grants | - | (10,369) |
| | <u>(19,755)</u> | <u>5,024</u> |
| Cash flow from (used by) operating activities | <u>(47,040)</u> | <u>419,649</u> |
| INVESTING ACTIVITIES | | |
| Proceeds from long term guaranteed investment certificates | 3,000 | 1,181 |
| Purchase of long term guaranteed investment certificates | (61,220) | - |
| Proceeds received in restricted funds - casino | 55,358 | 113,591 |
| Expenditures made from restricted funds - casino | (86,662) | (73,400) |
| Cash flow from (used by) investing activities | <u>(89,524)</u> | <u>41,372</u> |
| FINANCING ACTIVITY | | |
| Decrease (increase) in casino funds goods and services tax receivable | (647) | (763) |
| INCREASE (DECREASE) IN CASH FLOW | (137,211) | 460,258 |
| Cash - beginning of year | <u>1,027,190</u> | <u>566,932</u> |
| CASH - END OF YEAR | \$ 889,979 | \$ 1,027,190 |
| CASH CONSISTS OF: | | |
| Cash | \$ 179,633 | \$ 207,805 |
| Guaranteed investment certificates | 612,792 | 689,880 |
| Cash - casino (Note 5) | 97,554 | 129,505 |
| | <u>\$ 889,979</u> | <u>\$ 1,027,190</u> |

ALBERTA GENEALOGICAL SOCIETY
Notes to Consolidated Financial Statements
Year Ended December 31, 2023

1. PURPOSE OF THE ORGANIZATION

The Alberta Genealogical Society was incorporated on April 4, 1973 under the Societies Act. It is a charitable non-profit organization and is therefore exempt from income taxes under Section 163 of the Income Tax Act. Throughout the province, there are ten branches serving local communities by encouraging thorough genealogical and historical research, providing education, offering research services, and publishing genealogical material related primarily to Alberta.

Like many not-for-profit organizations, the Society depends on fundraising, donations and volunteers to provide its services. The level of service provided at any given time is contingent on the level of funding and volunteers available.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

The consolidated financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations.

Basis of presentation

The consolidated financial statements include the accounts of the Alberta Genealogical Society provincial head office and its branches across the province of Alberta.

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 amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the period. Estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

Estimates made by management include:

- The recognition of funding received as either memberships, grants, casino revenue or deferred revenue.
- The evaluation of accounts receivable as to its collectability. An approximate allowance for doubtful accounts is provided where considered necessary.
- The recognition and measurement of provisions and contingencies along with the key assumptions pertaining to the likelihood and magnitude of an outflow of resources.

Financial instruments

Initial measurement

The Society initially measures its financial assets and liabilities originated or exchanged in arm's length transactions at fair value. Financial assets and liabilities originated or exchanged in related party transactions, except for those that involved parties whose sole relationship with the company is in the capacity of management, are initially measured at cost.

The cost of a financial instrument in a related party transaction depends on whether the instrument has repayment terms. If it does, the cost is determined using its undiscounted cash flows, excluding interest and dividend payments, less any impairment losses previously recognized by the transferor. Otherwise, the cost is determined using the consideration transferred or received by the company in the transaction.

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ALBERTA GENEALOGICAL SOCIETY
Notes to Consolidated Financial Statements
Year Ended December 31, 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Subsequent measurement

The Society subsequently measures all its financial assets and liabilities at cost or amortized cost.

Financial assets measured at amortized cost include cash, guaranteed investment certificates, accounts receivable, and restricted funds - casino. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities, and long-term debt.

Impairment

For financial assets measured at cost or amortized cost, the company determines whether there are indications of possible impairment. When there are, and the company determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows, a write-down is recognized in income. If the indicators of impairment have decreased or no longer exist, the previously recognized impairment loss may be reversed to the extent of the improvement. The carrying amount of the financial asset may be no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in income.

Transaction costs

Transaction costs attributable to financial instruments subsequently measured at fair value and to those originated or exchanged in a related party transaction are recognized in income in the period incurred. Transaction costs related to financial instruments originated or exchanged in an arm's length transaction that are subsequently measured at cost or amortized cost are recognized in the original cost of the instrument. When the instrument is measured at amortized cost, transaction costs are recognized in income over the life of the instrument using the straight-line method.

Cash and cash equivalents

Cash and cash equivalents consist primarily of cash and highly liquid investments with maturities of one year or less at date of purchase.

Capital assets

Capital assets are recorded as an expenditure in the year of acquisition.

Revenue recognition

Alberta Genealogical Society follows the deferral method of accounting for contributions. Transfers to the Nash Endowment Fund and to Funds Held in Trust have been recorded in the statement of changes in net assets.

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.

Restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Unrestricted investment income is recognized as revenue when earned.

Membership fee revenues are recognized in fiscal year in which membership services are provided and when collection is reasonably assured. Membership fees that are collected and relate to a period subsequent to the fiscal year of the Society have been recorded as deferred revenue.

Conference and course fees are recognized as revenue when the events are held.

Donations and donations in kind are recorded when received or when reasonable certainty of collection is assured. The donations are recorded at fair value when such value can be reasonably determined.

Other revenues are recognized as revenue when the services are provided. Fees that are collected in advance of the services being provided are recorded as deferred revenue.

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ALBERTA GENEALOGICAL SOCIETY
Notes to Consolidated Financial Statements
Year Ended December 31, 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

The Membership Revitalization Reserve fund is a reflection of funds being set aside for special projects or expenditures relating to the revitalization of the Society's membership and enhancing member benefits.

The Relatively Speaking Sustainability fund is a reflection of funds being set aside for expenditures relating to production of the Relatively Speaking quarterly journal of the Alberta Genealogical Society.

The Nash Endowment fund is a reflection of funds being set aside for the generation of investment revenue which will be used in the general operations of the Society.

The General Fund includes the surplus remaining after deducting operating expenditures and transfers to other funds. The transfers to the other funds are approved by the board of directors.

Contributed goods and services

The Society records the fair market value of contributed goods and services only in the circumstances when the fair market value is determinable and when the goods and services would otherwise be purchased by the Society.

Volunteers contribute a significant amount of their time each year. Because of the difficulty in determining their fair value, contributed services are not recognized in the financial statements.

3. FINANCIAL INSTRUMENTS

The Society is exposed to various risks through its financial instruments. The following analysis provides information about the Society's risk exposure and concentration as of December 31, 2023.

Liquidity risk

Liquidity risk is the risk that an Society will encounter difficulty in meeting obligations associated with financial liabilities. The Society is exposed to this risk mainly in respect of its receipt of funds from donors and government grants. The Society mitigates this risk by minimizing its financial obligations and ensuring that funds are in place before committing to new projects.

It is management's opinion that the Society is not exposed to significant credit, interest, market or other price risks arising from its financial instruments.

4. GUARANTEED INVESTMENT CERTIFICATES

Guaranteed investment certificates include accrued interest, bear interest at rates between 0.35% to 6.0% and have maturity dates from March 2024 to November 2025.

5. RESTRICTED FUNDS - CASINO

Restricted cash has been obtained via Alberta Gaming and Liquor Commission fundraising programs is restricted for specific allowable expenses. Restricted funds consist of the following:

| | 2023 | 2022 |
|-----------------------------------|-----------|------------|
| Cash | \$ 97,554 | \$ 129,505 |
| Goods and services tax receivable | 2,050 | 1,404 |
| | \$ 99,604 | \$ 130,909 |

ALBERTA GENEALOGICAL SOCIETY
Notes to Consolidated Financial Statements
Year Ended December 31, 2023

6. DEFERRED GRANTS

The Society received a grant from the Alberta Culture, Multiculturalism and Status of Women, Heritage Division: Historic Resources Management Branch. Funds were used for the purpose of general administration, professional consultation, funding of programs and services, publications, and training programs.

| | 2023 | 2022 |
|---|--------------|--------------|
| <u>Historic Resources Management Branch Grant</u> | | |
| Opening balance | \$ 7,250 | \$ 7,250 |
| Funds received | 29,000 | 29,000 |
| Approved expenditures | (29,000) | (29,000) |
| | 7,250 | 7,250 |

The Society received a grant from the Edmonton Heritage Council as part of the Heritage Community Investment Project - Change Capital Project. Funds were used for the purpose of funding the Society's surname database project.

| | | |
|--|-----------------|-----------------|
| <u>Edmonton Heritage Council Grant</u> | | |
| Opening balance | - | 10,369 |
| Funds received | - | - |
| Approved expenditures | - | (10,369) |
| | - | - |
| Grand total | \$ 7,250 | \$ 7,250 |

7. LONG TERM DEBT

Long term debt consists of a Scotiabank Canada Emergency Business Account credit agreement bearing interest at 0%, is unsecured and has no minimum monthly principal payments until January 18, 2024. Following payment of \$30,000 subsequent to year-end, \$10,000 of the loan was forgiven in accordance with the agreement. The forgivable portion has been included in revenues on the statement of operations.

8. DEFERRED REVENUE - CASINO

| | 2023 | 2022 |
|------------------------------|------------------|-------------------|
| Balance at beginning of year | \$ 130,909 | \$ 90,718 |
| Proceeds from casino | 55,354 | 113,591 |
| Interest on casino funds | 4 | - |
| | 186,267 | 204,309 |
| Disbursements | (86,663) | (73,400) |
| | \$ 99,604 | \$ 130,909 |

Casino funds may only be utilized for specific purposes as approved by the Alberta Gaming and Liquor Commission. Approved expenditures include administrative costs, equipment, insurance, rent, promotional activities, research, travel within Alberta, seminars and training.

9. COMMITMENTS

The Society is committed to a premise lease at the provincial office in Edmonton requiring monthly payments of \$2,923 through to November 30, 2024.

ALBERTA GENEALOGICAL SOCIETY
Notes to Consolidated Financial Statements
Year Ended December 31, 2023

10. SUBSEQUENT EVENT

Subsequent to year end, the Board of Directors has approved the withdrawal and subsequent reinvestment of the endowment funds held. Guaranteed investment certificates totaling \$451,000, including accrued interest, were redeemed. Subsequently, the Society invested \$440,000 into other short term investments including mutual funds and exchange traded funds (ETFs).

Subsequent to year end, the Society also repaid \$30,000 of the CEBA loan, recorded under long term debt (Note 7).
