

**4-H Alberta**  
**Consolidated Financial Statements**  
*For the year ended December 31, 2020*

## Management's Responsibility

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To the Board of Directors 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 Corporation. 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 Corporation'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.

  
Director

  
Director



To the Board of Directors of 4-H Alberta:

## Qualified Opinion

We have audited the consolidated financial statements of 4-H Alberta and its subsidiaries (the "Corporation"), which comprise the consolidated statement of financial position as at December 31, 2020, 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 Corporation as at December 31, 2020, and the results of its consolidated operations 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 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 Corporation in accordance with the 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 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 Corporation. Our independent auditors' report on the financial statement at the year ended December 31, 2020 was modified accordingly because of the possible effects of these limitations 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 Corporation'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 Corporation or to cease operations, or has no realistic alternative but to do so.

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

Lethbridge, Alberta

May 3, 2021

*MNP LLP*

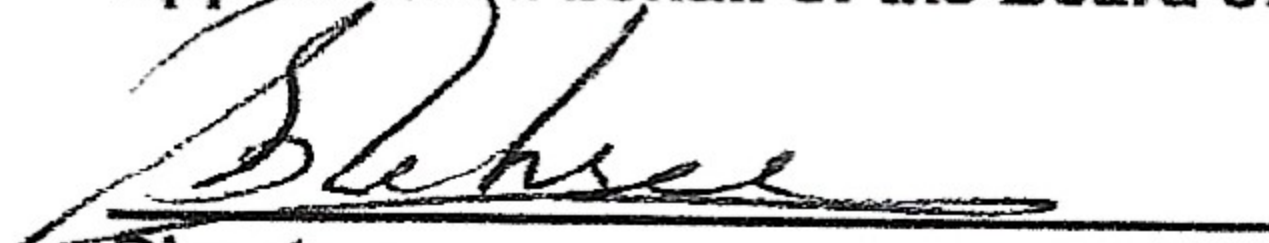
Chartered Professional Accountants

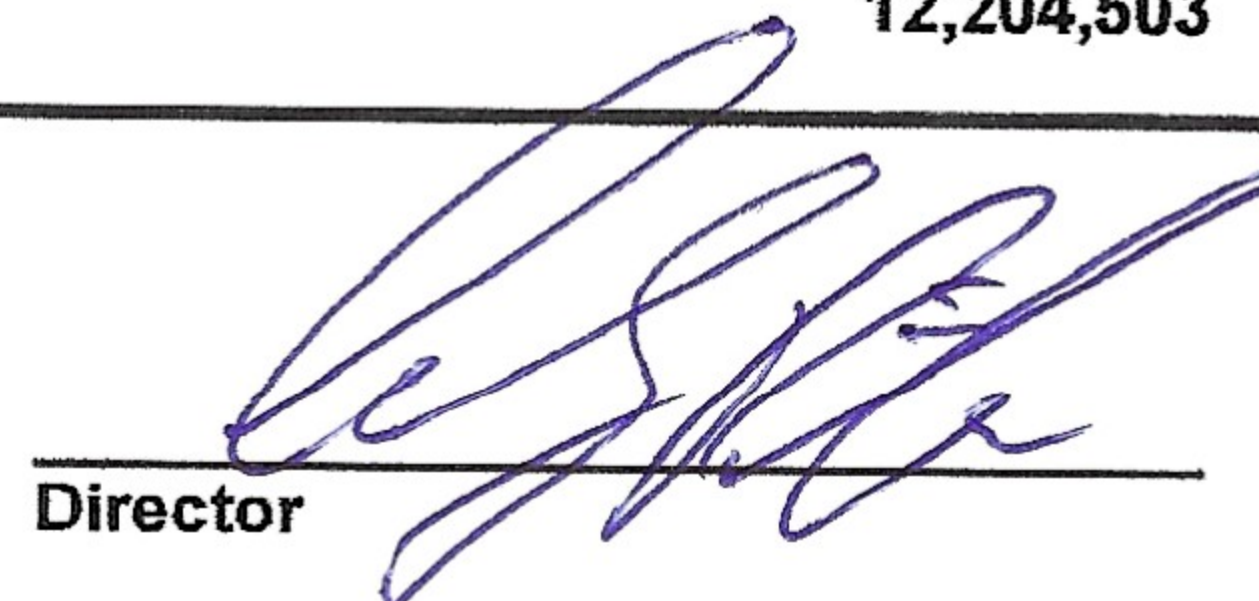
**4-H Alberta**  
**Consolidated Statement of Financial Position**

*As at December 31, 2020*

	2020	2019
<b>Assets</b>		
<b>Current</b>		
Unrestricted cash (Note 3)	815,911	231,987
Accounts receivable (Note 4) (Note 13)	451,312	73,463
Marketable securities (Note 5)	8,493,009	8,136,915
Prepaid expenses and deposits	29,330	174,729
	<b>9,789,562</b>	<b>8,617,094</b>
Capital assets (Note 6)	937,919	992,773
Restricted cash (Note 3)	1,477,022	945,208
	<b>12,204,503</b>	<b>10,555,075</b>
<b>Liabilities</b>		
<b>Current</b>		
Bank indebtedness (Note 7)	3,858	8,003
Accounts payable and accruals	306,407	293,492
Deferred revenues (Note 8)	894,125	617,350
Deposits	8,000	8,863
	<b>1,212,390</b>	<b>927,708</b>
Contingency (Note 11)		
Subsequent events (Note 12)		
<b>Net Assets</b>		
Unrestricted	1,318,859	585,135
internally restricted	9,673,254	9,042,232
	<b>10,992,113</b>	<b>9,627,367</b>
	<b>12,204,503</b>	<b>10,555,075</b>

Approved on behalf of the Board of Directors

  
Director

  
Director

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, 2020*

	2020	2019
<b>Revenue</b>		
Grant	1,000,000	21,537
Program and membership fees	649,593	898,310
Sponsorship, donation & fundraising	632,930	980,561
Investment dividends	330,555	283,197
Mineral rights	84,141	113,486
Scholarship	79,086	80,199
Recycling	52,067	93,153
4-H Centre	23,519	252,922
Summer staff	8,680	68,476
Interest	4,113	23,345
Management investment & other admin	3,262	8,232
Other	1,503	7,491
<b>Total revenue</b>	<b>2,869,449</b>	<b>2,830,909</b>
<b>Expenses</b>		
Salaries and benefits	979,491	604,518
Consulting, professional & legal	339,196	135,762
Scholarships	247,827	259,868
Program & membership fees	236,228	446,226
RADF University of Alberta distribution	232,000	195,000
Sponsorship, donation & fundraising	135,622	465,592
4-H Centre	100,091	157,503
Management investment & other admin fees	70,426	102,825
Insurance	45,389	48,178
Administrative	43,414	45,389
Recycling	36,267	104,224
Summer staff wages	24,711	68,476
Travel	12,606	18,721
Board of directors	12,474	12,184
Advertising	7,891	16,083
Fund development	812	17,125
Interest	70	11,834
Bad debts	-	24,087
Amortization	78,551	68,517
<b>Total expenses</b>	<b>2,603,066</b>	<b>2,802,112</b>
<b>Excess of revenue over expenses before other items</b>	<b>266,383</b>	<b>28,797</b>

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**4-H Alberta**  
**Consolidated Statement of Operations**  
*For the year ended December 31, 2020*

	2020	2019
<b>Excess of revenue over expenses before other items</b> <i>(Continued from previous page)</i>	<b>266,383</b>	28,797
<b>Other items</b>		
Gain on change in fair market value of investments	<b>504,849</b>	644,198
Gain on disposal of marketable securities	<b>156,933</b>	49,743
Wage subsidy <i>(Note 12)</i>	<b>436,581</b>	-
	<b>1,098,363</b>	693,941
<b>Excess of revenue over expenses</b>	<b>1,364,746</b>	722,738

*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, 2020*

	<i>Unrestricted Funds</i>	<i>Capital Fund</i>	<i>Restricted Funds</i>	<b>2020</b>	<b>2019</b>
<b>Net assets, beginning of year</b>	<b>585,138</b>	<b>627,773</b>	<b>8,414,456</b>	<b>9,627,367</b>	8,904,629
<b>Excess (deficiency) of revenue over expenses</b>	<b>560,096</b>	<b>(78,551)</b>	<b>883,201</b>	<b>1,364,746</b>	722,738
	<b>1,145,234</b>	<b>549,222</b>	<b>9,297,657</b>	<b>10,992,113</b>	9,627,367
<b>Internal transfers</b>	<b>173,625</b>	<b>23,697</b>	<b>(197,322)</b>	-	-
<b>Net assets, end of year</b>	<b>1,318,859</b>	<b>572,919</b>	<b>9,100,335</b>	<b>10,992,113</b>	9,627,367

*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, 2020*

	<b>2020</b>	<b>2019</b>
<b>Cash provided by (used for) the following activities</b>		
<b>Operating</b>		
Excess of revenue over expenses	1,364,746	722,738
Amortization	78,551	68,517
Gain on disposal of marketable securities	(156,933)	(49,743)
Gain on change in fair value of marketable securities	(504,849)	(644,198)
	<b>781,515</b>	<b>97,314</b>
Changes in working capital accounts		
Accounts receivable	(377,849)	70,514
Prepaid expenses and deposits	145,399	(164,533)
Accounts payable and accruals	12,915	13,807
Deferred revenue	276,775	27,050
Deposits	(863)	4,013
	<b>837,892</b>	<b>48,165</b>
<b>Financing</b>		
Repayment of management retirement fund	-	(40,000)
<b>Investing</b>		
Purchase of capital assets	(23,697)	-
Purchase of marketable securities	(100,000)	(100,000)
Proceeds on disposal of marketable securities	678,189	373,746
Management fees	58,053	55,318
Investment income	(330,555)	(281,848)
	<b>281,990</b>	<b>47,216</b>
<b>Increase in cash resources</b>	<b>1,119,882</b>	<b>55,381</b>
<b>Cash resources, beginning of year</b>	<b>1,169,193</b>	<b>1,113,811</b>
<b>Cash resources, end of year</b>	<b>2,289,075</b>	<b>1,169,192</b>
<b>Cash resources are composed of:</b>		
Unrestricted cash	815,911	231,987
Restricted cash	1,477,022	945,208
Bank indebtedness	(3,858)	(8,003)
	<b>2,289,075</b>	<b>1,169,192</b>

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

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

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

The Corporation was established in 1977 under the previous name, the 4-H Foundation, to build and operate the Alberta 4-H Centre. The Corporation was formed to provide a place to host camps and meetings for a wide range of groups. The Corporation 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.

During the year, 4-H Section, the 4-H Council of Alberta Board and the 4-H Foundation of Alberta Board signed an agreement to move forward with one organization. The three settled upon the Corporation as the sole organization to provide the 4-H program in Alberta, which includes being the organization responsible for the governance, oversight, administration and delivery of the 4-H program in Alberta. The Corporation is in the process of implementing a reorganization for which it has received approval from both its members and directors. As part of this reorganization, the Corporation changed its name to 4-H 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 Corporation 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.

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.

***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 Corporation's operations and would otherwise have been purchased.

The Corporation 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***

Cash and cash equivalents include balances with banks and short-term investments with maturities of three months or less.

***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 (deficiency) of revenues over expenses.

**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 straight-line 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	10 to 40 years
Computer equipment	2 years
Equipment	5 to 20 years
Furniture and fixtures	5 to 20 years
Leasehold improvements	10 to 40 years

**Fund accounting**

The Corporation follows the restricted fund method of accounting for contributions, and maintains 20 funds. Unrestricted funds are used for operations and activities of the Corporation 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 Corporation's capital projects undertaken and maintains the assets, liabilities, revenues and expenses related to the Corporation's property and equipment.

The Scholarship Fund reports the Corporation'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 Corporation's proceeds from casinos and raffles managed by the Corporation, 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.

**4-H Alberta**  
**Notes to the Consolidated Financial Statements**  
*For the year ended December 31, 2020*

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

**Financial instruments**

The Corporation recognizes its financial instruments when the Corporation becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value, including financial assets and liabilities originated and issued in a related party transaction with management.

The Corporation subsequently measures investments in equity instruments quoted in an active market at fair value.

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 the excess of revenues over expenses for the current period. 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 Corporation assesses impairment of all of its financial assets measured at cost when there is any indication of impairment. Any impairment, which is not considered temporary, is included in current year excess of revenues over expenses.

The Corporation 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 the excess of excess in the year the reversal occurs.

**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.

**3. Cash**

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

**4. Accounts receivable**

	2020	2019
Accounts receivable	96,168	66,864
Canadian Emergency Wage Subsidy (note 12)	349,858	-
GST recoverable	5,286	6,599
	451,312	73,463

**5. Marketable securities**

	2020	2019
Marketable securities - Cost	7,129,166	7,277,921
Fair value adjustment	1,363,843	858,994
	8,493,009	8,136,915

**4-H Alberta**  
**Notes to the Consolidated Financial Statements**  
*For the year ended December 31, 2020*

**6. Capital assets**

	<b>Cost</b>	<b>Accumulated amortization</b>	<b>2020 Net book value</b>	<b>2019 Net book value</b>
Mineral rights	365,000	-	365,000	365,000
Land	95,104	-	95,104	95,104
Buildings	1,600,504	1,213,209	387,295	438,089
Equipment	586,795	581,188	5,607	8,743
Leasehold improvements	261,381	187,281	74,100	85,837
Furniture and fixtures	260,360	258,898	1,462	-
Computer equipment	18,703	9,352	9,351	-
	<b>3,187,847</b>	<b>2,249,928</b>	<b>937,919</b>	<b>992,773</b>

**7. Bank indebtedness**

	<b>2020</b>	<b>2019</b>
ATB Financial Mastercard	3,858	3,583
ATB Financial Mastercard	-	4,420
	<b>3,858</b>	<b>8,003</b>

The operating line is authorization to a maximum of \$330,000 (2019 - \$330,000), bears interest at prime plus 1.00%, and is secured by a general security agreement. The loan is due on demand and is subject to annual review. Prime rate was 2.45% at December 31, 2020.

The ATB General fund Mastercard is authorized to a maximum of \$30,000 and bears interest at prime plus 2%.

The ATB Program fund Mastercard is authorized to a maximum of \$10,000 and bears interest at prime plus 3%.

**8. Deferred revenues**

	<b>2020</b>	<b>2019</b>
Program and membership fees	545,895	617,350
Grants and sponsorships	348,230	-
	<b>894,125</b>	<b>617,350</b>

**9. Financial instruments**

The Corporation, as part of its operations, carries a number of financial instruments. It is management's opinion that the Corporation 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, 2020, one customer (2019 - one) accounted for 78% (2019 - 53%) of the consolidated accounts receivable. The Corporation believes that there is no unusual exposure associated with the collection of these receivables. The Corporation performs regular credit assessments of its customers and provides allowances for potentially uncollectible accounts receivable.

**10. Significant event**

The recent outbreak of the coronavirus, also known as "COVID-19", has spread across the globe and is impacting worldwide economic activity. Conditions surrounding the coronavirus continue to rapidly evolve and government authorities have implemented emergency measures to mitigate the spread of the virus. The outbreak and the related mitigation measures may have an adverse impact on the global economic conditions as well as on the Corporation's business activities. The extent to which the coronavirus may impact the Corporation's business activities will depend on future developments, such as the ultimate geographic spread of the disease, the duration of the outbreak, and the effectiveness of actions taken in Canada and other countries to contain and treat the disease. These events are highly uncertain and as such, the Corporation cannot determine if there will be any financial impact at this time.

**11. Subsequent event**

Subsequent to year end, the reorganization will incorporate a second corporation, separate from 4-H Alberta. This entity will be charged with stewarding the assets of 4-H Alberta and raising long term donations for 4-H Alberta. Assets, including marketable securities and capital assets, from 4-H Alberta are to be transferred to this new entity following its registration as a charity. Additionally, assets from the council, including inventory and cash, will be transferred to 4-H Alberta.

**12. Government Assistance**

During the year, the Corporation recognized \$436,581 in Canada Emergency Wage Subsidy ("CEWS") and Temporary Wage Subsidy ("TWS") 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. As at December 31, 2020, \$349,484 remains outstanding in accounts receivable.

**13. Comparative figures**

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