

4-H Alberta

Financial Statements

For the year ended December 31, 2023

4-H Alberta Contents

For the year ended December 31, 2023

	<i>Page</i>
Management's Responsibility	
Independent Auditors' Report	
Financial Statements	
Statement of Financial Position.....	1
Statement of Operations.....	2
Statement of Changes in Net Assets.....	3
Statement of Cash Flows.....	4
Notes to the Financial Statements.....	5

Management's Responsibility

To the M_embers of 4-H Alberta:


Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian accounting standards for not-for-prnfit 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 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 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 repoiing 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 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 m_anagement to discuss their audit findings.

April 29, 2024



Director



Director



To the Members of 4-H Alberta:

Qualified Opinion

We have audited the financial statements of 4-H Alberta (the "Association"), which comprise the statement of financial position as at December 31, 2023, and the statements of operations, 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 possible 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 Association as at December 31, 2023, and its financial performance and its 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 Financial 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 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, 2023 was modified accordingly because of the possible effects of those limits in scope.

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 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.

MNP LLP

Suite 1700 MNP Tower, 10235 - 101 Street NW,
Edmonton AB, T5J 3G1

1.800.661.7778 T: 780.451.4406 F: 780.454.1908

Auditor's 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 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 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 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 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 financial statements, including the disclosures, and whether the 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 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

April 29, 2024

MNP LLP
Chartered Professional Accountants


MNP^{LLP}

4-H Alberta
Statement of Financial Position
As at December 31, 2023

	2023	2022
Assets		
Current		
Unrestricted cash (Note 3)	1,805,685	1,478,045
Accounts receivable (Note 4)	118,755	196,883
Marketable securities (Note 5)	7,787,282	7,295,068
Prepaid expenses and deposits	37,754	38,052
Inventory	37,402	27,714
	9,786,878	9,035,762
Capital assets (Note 6)	888,596	911,541
Restricted cash (Note 3)	3,016,055	2,961,143
	13,691,529	12,908,446
Liabilities		
Current		
Bank indebtedness (Note 7)	14,950	19,995
Accounts payable and accruals	132,248	131,341
Deferred revenues (Note 8)	1,582,291	1,359,538
Deposits	5,000	6,900
	1,734,489	1,517,774
Net Assets		
Unrestricted	1,106,445	885,969
Internally restricted	10,850,595	10,504,703
	11,957,040	11,390,672
	13,691,529	12,908,446

Approved on behalf of the Board of Directors


 Director


 Director

The accompanying notes are an integral part of these financial statements

4-H Alberta Statement of Operations

For the year ended December 31, 2023

	2023	2022
Revenue	1,065,710	1,000,000
Sponsorship, donation and fundraising	721,669	855,128
Program and membership fees	680,052	1,032,827
Investment dividends	275,008	229,593
Interest	198,821	65,689
Mineral rights	192,226	239,092
Scholarship	191,396	185,632
Casino	133,207	-
4-H Centre	117,588	310,581
Recycling	76,663	74,956
Summer staff	56,077	46,259
Total revenue	3,708,417	4,039,757
Expenses		
Salaries and benefits	1,816,602	1,657,958
Consulting, professional and legal	364,786	317,526
Sponsorship, donation and fundraising	345,564	293,448
Scholarships	276,600	305,330
4-H Centre	218,794	206,297
Program and membership fees	168,075	513,271
Travel	103,887	41,027
Administrative	92,271	101,153
Management investment and other admin fees	84,296	72,176
Insurance	70,364	78,060
Recycling	58,759	87,583
Advertising	7,275	676
Board of directors	2,074	2,888
Fund development	115	25
Amortization	76,215	84,935
Total expenses	3,685,677	3,762,353
Excess (deficiency) of revenue over expenses before other items	22,740	277,404
Other items		
Gain on disposal of marketable securities	952,298	186,933
Loss on change in fair market value of investments	(408,670)	(1,183,619)
	543,628	(996,686)
Excess (deficiency) of revenue over expenses	566,368	(719,282)

4-H Alberta Statement of Changes in Net Assets

For the year ended December 31, 2023

	<i>Unrestricted Funds</i>	<i>Capital Fund</i>	<i>Restricted Funds</i>	2023	2022
Net assets, beginning of year	885,969	464,840	10,039,863	11,390,672	12,109,954
Excess (deficiency) of revenue over expenses	220,476	(76,215)	422,107	566,368	(719,282)
Net assets, end of year	1,106,445	388,625	10,461,970	11,957,040	11,390,672

4-H Alberta Statement of Cash Flows

For the year ended December 31, 2023

	2023	2022
Cash provided by (used for) the following activities		
Operating		
Excess (deficiency) of revenue over expenses	566,368	(719,282)
Amortization	76,215	84,935
Gain on disposal of marketable securities	(952,298)	(186,933)
Loss on change in fair value of marketable securities	408,670	1,183,619
	98,955	362,339
Changes in working capital accounts		
Accounts receivable	78,128	(25,443)
Inventory	(9,688)	11,124
Prepaid expenses and deposits	298	(7,436)
Accounts payable and accruals	907	(482,413)
Deferred revenue	222,753	(200,667)
Deposits	(1,900)	(2,250)
	389,453	(344,746)
Investing		
Purchase of capital assets	(53,270)	(84,632)
Proceeds on disposal of marketable securities	237,327	697,900
Management fees	49,858	53,334
Investment income	(275,008)	(229,599)
	(41,093)	437,003
Increase in cash resources	348,360	92,257
Cash resources, beginning of year	1,458,050	2,184,086
Interfund adjustments	(15,675)	(818,293)
Cash resources, end of year	1,790,735	1,458,050
Cash resources are composed of:		
Unrestricted cash	1,805,685	1,478,045
Bank indebtedness	(14,950)	(19,995)
	1,790,735	1,458,050

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 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.

	Rate
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 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 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

	2023	2022
Accounts receivable	110,298	189,704
GST recoverable	8,457	7,179
	118,755	196,883

5. Marketable securities

	2023	2022
Marketable securities - Cost	7,620,888	6,720,004
Fair value adjustment	166,394	575,064
	7,787,282	7,295,068

6. Capital assets

	<i>Cost</i>	<i>Accumulated amortization</i>	<i>2023 Net book value</i>	<i>2022 Net book value</i>
Mineral rights	365,000	-	365,000	365,000
Buildings	1,656,242	1,379,715	276,527	332,718
Land	95,104	-	95,104	95,104
Leasehold improvements	337,296	210,746	126,550	84,166
Equipment	631,148	611,573	19,575	28,666
Furniture and fixtures	266,379	262,549	3,830	4,787
Computer equipment	34,725	32,715	2,010	1,100
	3,385,894	2,497,298	888,596	911,541

7. Bank indebtedness

	2023	2022
ATB Financial Mastercard	14,950	19,995

The Association has an operating line available with authorization to a maximum of \$330,000 (2022 - \$330,000), bearing interest at prime plus 1.00%, and is secured by a general security agreement. At December 31, 2023 the balance was \$nil. The loan is due on demand and is subject to annual review. Prime rate was 7.20% at December 31, 2023.

The ATB General fund Mastercard is authorized to a maximum of \$40,000 (2022 - \$40,000) and bears interest at 19.90% (2022 - 19.90%).

8. Deferred revenues

	2023	2022
Program and membership fees	509,935	402,293
Grants and sponsorships	1,005,621	839,000
Casino funds	66,735	118,245
	1,582,291	1,359,538

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, 2023, two customers (2022 - two) accounted for 30% (2022 - 38%) of the 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. Contingencies

The Association has claims against it in relation to alleged violations of section 4 of the Alberta Human Rights Act. These lawsuits remain at an early stage, and as litigation is subject to many uncertainties, it is not possible to predict the ultimate outcome of these claims or to estimate the loss, if any, which may result.