

**SOUTH EAST HEALTHABILITY SOCIETY INC.  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
MARCH 31, 2023**

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**PRAIRIE STRONG**  
*Chartered Professional Accountants*

## INDEPENDENT AUDITORS' REPORT

To: The Board of Directors South East Healthability Society Inc.

### *Qualified Opinion*

We have audited the financial statements of South East Healthability Society Inc. (the Organization), which comprise the statement of financial position as at March 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 Organization as at March 31, 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 not-for-profit organizations, the Organization derives revenue from fundraising, cash sales and donations activities 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 Organization. Therefore, we are not able to determine whether any adjustments might be necessary to fundraising revenue, excess of revenues over expenses, and cash flows from operations for the years ended March 31, 2023 and 2022, current assets as at March 31, 2023 and 2022, and net assets as at April 1 and March 31 for both the 2023 and 2022 years. Our audit opinion on the financial statements for the year ended March 31, 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 *Auditor's 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 **qualified** 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 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.

## *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 misstatements 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 misstatements 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 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 Organization'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 Organization'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 Organization 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 the 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.

*Prairie Strong*

**PRAIRIE STRONG**


**Chartered Professional Accountants**

Esterhazy, Saskatchewan

June 22, 2023

**SOUTH EAST HEALTHABILITY SOCIETY INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT MARCH 31, 2023**

	2023	2022
<b>ASSETS</b>		
Current assets		
Cash and cash in bank	\$ 133,808	\$ 103,952
Temporary investments (Note 3)	114,137	111,676
Accrued interest receivable	757	102
Goods and services tax receivable	937	542
Prepaid expenses	1,781	1,000
	<u>251,420</u>	<u>217,272</u>
Land, buildings and equipment (Notes 2 and 4)	296,334	296,232
	<u><u>\$ 547,754</u></u>	<u><u>\$ 513,504</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities		
Accounts payable and accrued liabilities	\$ 9,974	\$ 2,843
	<u>9,974</u>	<u>2,843</u>
Canada Emergency Business Account (CEBA) loan (Note 5)	40,000	40,000
	<u>40,000</u>	<u>40,000</u>
	<u>49,974</u>	<u>42,843</u>
Net Assets		
Unrestricted	497,780	470,661
	<u>497,780</u>	<u>470,661</u>
	<u><u>\$ 547,754</u></u>	<u><u>\$ 513,504</u></u>

Approved by  Director

See accompanying notes

**SOUTH EAST HEALTHABILITY SOCIETY INC.**  
**STATEMENT OF OPERATIONS**  
**FOR THE YEAR ENDED MARCH 31, 2023**

	2023	2022
RECEIPTS		
Moosomin Thrift Store (Schedule 1)	\$ 145,208	\$ 119,730
Moosomin Food Bank (Schedule 2)	49,815	51,599
	<u>195,023</u>	<u>171,329</u>
EXPENSES		
Moosomin Thrift Store (Schedule 1)	131,210	105,985
Moosomin Food Bank (Schedule 2)	25,385	17,200
	<u>156,595</u>	<u>123,185</u>
OTHER INCOME		
Moosomin Thrift Store (Schedule 1)	18,765	6,715
Moosomin Food Bank (Schedule 2)	21,470	15,537
	<u>40,235</u>	<u>22,252</u>
EXCESS (DEFICIENCY) BEFORE OCCUPANCY COSTS	<u>78,663</u>	<u>70,396</u>
OCCUPANCY COSTS		
Insurance	3,632	3,306
Repairs and maintenance	13,484	4,814
Utilities	16,650	14,281
Loss on disposal of assets	524	-
Amortization	17,254	16,993
	<u>51,544</u>	<u>39,394</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER EXPENSES	<u>\$ 27,119</u>	<u>\$ 31,002</u>

See accompanying notes

**SOUTH EAST HEALTHABILITY SOCIETY INC.**  
**STATEMENT OF CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED MARCH 31, 2023**

	2023	2022
Balance, beginning of year	\$ 470,661	\$ 439,659
Excess (deficiency) of receipts over expenses	27,119	31,002
BALANCE, END OF YEAR	<u>\$ 497,780</u>	<u>\$ 470,661</u>

See accompanying notes

**SOUTH EAST HEALTHABILITY SOCIETY INC.**  
**STATEMENT OF CASH FLOW**  
**FOR THE YEAR ENDED MARCH 31, 2023**

	2023	2022
CASH PROVIDED BY (USED IN):		
Operations		
Excess (deficiency) of receipts over expenses	\$ 27,119	\$ 31,002
Non-cash items		
Amortization	17,254	16,993
Loss (gain) on disposal of assets	524	-
	<u>44,897</u>	<u>47,995</u>
Change in non-cash working capital items		
Accrued interest receivable	(655)	(102)
Goods and services tax receivable	(395)	755
COVID 19 wage subsidies receivable	-	3,135
Prepaid expenses	(781)	18
Accounts payable and accrued liabilities	7,131	(6,237)
	<u>5,300</u>	<u>(2,431)</u>
	<u>50,197</u>	<u>45,564</u>
Financing	<u>-</u>	<u>-</u>
Investing		
Purchase of land, buildings and equipment	(17,920)	(7,903)
Proceeds of disposal of land, buildings and equipment	40	-
Decrease (increase) in investments	(2,461)	(20,557)
	<u>(20,341)</u>	<u>(28,460)</u>
Cash increase (decrease)	<u>29,856</u>	<u>17,104</u>
Cash, beginning of year	103,952	86,848
CASH, END OF YEAR	<u>\$ 133,808</u>	<u>\$ 103,952</u>

See accompanying notes



**SOUTH EAST HEALTHABILITY SOCIETY INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2023**

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**1. Organization**

South East Healthability Society Inc. is a registered charity whose mandate is to relieve poverty by providing a food bank and operating a community thrift store in Moosomin, Saskatchewan. South East Healthability Society Inc. is a not-for-profit organization incorporated under the Saskatchewan Not-for-Profit Corporations Act, and is exempt from tax as it is considered a not-for-profit organization under the income tax act.

**2. Significant Accounting Policies**

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies

a) Use of estimates

The preparation of these 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, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of receipts and expenses during the period. These estimates are reviewed periodically and adjustments are made to operations as appropriate in the year they become known. Such amounts are not expected to change significantly in the near term.

Reported balances which required some degree of estimation include:

The useful lives of assets and resulting amortization are based on management's experience, industry standards, and expected use of the assets.

b) Revenue recognition

The organization 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 they are received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Revenue from sales, donations and fundraising are recognized as revenue when received.

Other income is recognized as revenue when the amount can be reasonably estimated and collection is reasonably assured.

c) Donated services and food products

The work of the organization is dependent upon the voluntary service of many members. The value of donated services cannot be reliably measured and therefore is not recognized in these financial statements.

Food donations in-kind are not valued and are therefore not recorded in the statement of operations.

Donations in-kind of supplies, equipment and goods are recorded when an income tax receipt is issued.

d) Cash

The organization's policy is to disclose bank balances under cash, including bank overdrafts with balances that fluctuate frequently from being positive to overdrawn and term deposits with a maturity period of three months or less from the date of acquisition. Term deposits that the organization cannot use for current transactions because they are pledged as security are also excluded from cash.

e) Financial instruments

Measurement of financial instruments

The organization initially measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions.

**SOUTH EAST HEALTHABILITY SOCIETY INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2023**

**2. Significant Accounting Policies . . . continued**

e) Financial instruments . . . continued

The organization subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in net operations.

Financial assets measured at amortized cost include cash and cash in bank, temporary investments, accrued interest receivable and goods and services tax receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities and long term debt.

**Impairment**

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of write-down is recognized in net operations. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is 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 net operations.

**Transaction costs**

The organization recognizes its transaction costs in net income in the period incurred. However, financial instruments that will not be subsequently measured at fair value are adjusted by the transactions costs that are directly attributable to their origination, issuance or assumption.

**Changes in risk**

There have been no changes in the organization's risk exposures from the previous year.

f) Land, buildings and equipment

Purchased capital assets are recorded at cost. Donated capital assets are recorded at fair value on the date they are contributed.

Buildings and equipment are amortized over their useful life using the following methods and rates. In the year of acquisition, one half of the cost of an asset is included in the asset pool for the purpose of calculating amortization.

	<b>Methods</b>	<b>Rates and duration</b>
Building	Declining balance	5%
Paving	Declining balance	8%
Equipment	Declining balance	10%
Furniture and fixtures	Declining balance	10%

g) Impairment of long-lived assets

A long-lived asset is tested for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. An impairment loss is recognized when the carrying amount of the asset exceeds the sum of the undiscounted cash flows resulting from its use and eventual disposition. The impairment loss is measured as the amount by which the carrying amount of the long-lived asset exceeds its fair value.

**3. Temporary investments**

	<b>2023</b>	<b>2022</b>
Term deposits, 3.780% maturing in 2024 at cost	\$ 114,137	\$ 111,676
	<u>\$ 114,137</u>	<u>\$ 111,676</u>

**SOUTH EAST HEALTHABILITY SOCIETY INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2023**

**4. Land, buildings and equipment**

	Cost	Accumulated Amortization	2023 Net value	2022 Net value
Building	\$ 329,418	\$ 78,143	\$ 251,275	\$ 264,500
Paving	700	131	569	618
Equipment	19,854	3,024	16,830	7,426
Furniture and fixtures	40,944	13,284	27,660	23,688
	<u>\$ 390,916</u>	<u>\$ 94,582</u>	<u>\$ 296,334</u>	<u>\$ 296,232</u>

**5. Canada Emergency Business Account (CEBA) loan**

The Canada Emergency Business Account (CEBA) loan is a COVID-19 pandemic related loan that requires no principal repayments before December 31, 2023, and is interest free until December 31, 2023.

The terms of the loan include a loan forgiveness provision which is equal to 25% on the first 40,000 of the loan funds advanced, and 50% on the remaining 20,000 of the loan funds advanced. The loan forgiveness provision applies if the remaining 40,000 of the loan funds are repaid by December 31, 2023. If this condition is not met, then the full amount of the loan advance will become repayable over a subsequent period of time.

For financial statement purposes, and for income tax purposes, the amount of the loan forgiveness provision is to be recognized as revenue in the year that the loan funds are received.

	2023	2022
CEBA loan advances received	\$ 60,000	\$ 60,000
Less: loan forgiveness provision	(20,000)	(20,000)
	<u>\$ 40,000</u>	<u>\$ 40,000</u>

**6. Financial instruments**

The significant risks arising from financial instruments to which the company is exposed as at year end are detailed below.

**Risks and concentrations**

The organization is exposed to various risks through its financial instruments. The following analysis provides a measure of the organization's risk exposure and concentrations at the balance sheet.

**Liquidity risk**

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. Cash flow from operations provides all of the organization's cash requirements. The organization manages this risk by monitoring cash activities and expected outflows. The organization is exposed to this risk mainly in respect to its accounts payable.

**Credit risk**

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The organization's main credit risks relate to its accounts receivable which are limited to accrued investment income and sales tax rebates. The organization does not provide credit to its customers in the normal course of its business.

**SOUTH EAST HEALTHABILITY SOCIETY INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2023**

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**6. Financial instruments . . . continued**

**Market risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk, and other price risk. The organization is not significantly exposed to these risks.

**Currency risk**

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The organization is not significantly exposed to this risk.

**Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The organization is not significantly exposed to interest rate risk.

**Other price risk**

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The organization is not significantly exposed to other price risk.

**COVID 19 risk**

The pandemic had a limited impact on the organization during the year. While it resulted in a reduction in some revenues in the year, it also resulted in reduced expenses and increased donations income. The ability to operate in the 2023 fiscal year is not expected to be significantly impacted.

**SOUTH EAST HEALTHABILITY SOCIETY INC.  
MOOSOMIN THRIFT STORE SCHEDULE  
FOR THE YEAR ENDED MARCH 31, 2023**

**Schedule 1**

	<b>2023</b>	<b>2022</b>
<b>RECEIPTS</b>		
Sales	\$ 145,208	\$ 119,730
<b>DISBURSEMENTS</b>		
Advertising and promotion	1,977	1,694
Bank charges and interest	1,507	765
Donations	43,295	30,732
Goods and services tax paid	973	806
Licenses and fees	15	15
Office and store supplies	5,439	4,598
Professional fees	3,498	3,286
Telephone	1,568	1,563
Travel	2,796	674
Wages and benefits	70,142	61,852
	<u>131,210</u>	<u>105,985</u>
<b>EXCESS (DEFICIENCY) BEFORE OTHER INCOME</b>	<u>13,998</u>	<u>13,745</u>
<b>OTHER INCOME</b>		
Donations	3,081	2,982
Fundraising income	-	3,055
Grants	12,419	-
Interest, refunds and rebates	3,265	678
	<u>18,765</u>	<u>6,715</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER EXPENSES</b>	<u>\$ 32,763</u>	<u>\$ 20,460</u>

See accompanying notes

**SOUTH EAST HEALTHABILITY SOCIETY INC.  
MOOSOMIN FOOD BANK SCHEDULE  
FOR THE YEAR ENDED MARCH 31, 2023**

**Schedule 2**

	2023	2022
<b>RECEIPTS</b>		
Donations	\$ 49,815	\$ 51,599
<b>DISBURSEMENTS</b>		
Bank charges and interest	48	-
Food purchases	20,366	15,413
Fundraising costs	482	-
Goods and services tax paid	568	112
Licenses and fees	50	50
Office supplies	501	148
Volunteer appreciation	3,370	1,477
	<u>25,385</u>	<u>17,200</u>
<b>EXCESS (DEFICIENCY) BEFORE OTHER INCOME</b>	<u>24,430</u>	<u>34,399</u>
<b>OTHER INCOME</b>		
Fundraising income	2,340	-
Grants	18,904	15,509
Interest	226	28
	<u>21,470</u>	<u>15,537</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER EXPENSES</b>	<u>\$ 45,900</u>	<u>\$ 49,936</u>

See accompanying notes