

IRANIAN HERITAGE SOCIETY OF EDMONTON
Financial Statements
Year Ended August 31, 2020
(Unaudited)

IRANIAN HERITAGE SOCIETY OF EDMONTON

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Year Ended August 31, 2020

(Unaudited)

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INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

To the Members of Iranian Heritage Society of Edmonton:

I have reviewed the statement of financial position of Iranian Heritage Society of Edmonton as at August 31, 2020 and the statements of operations, changes in net assets and cash flow for the year then ended, as well as a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Practitioner's Responsibility

My responsibility is to express a conclusion on the accompanying financial statements based on our review. I conducted my review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, I do not express an audit opinion on these financial statements.

Conclusion

Based on my review, nothing has come to my attention that causes me to believe that these financial statements are not, in all material respects, in accordance with Canadian accounting standards for not-for-profit organizations.

Other Matter

I draw attention to Note 2 to the financial statements, which describes that Iranian Heritage Society of Edmonton adopted Canadian accounting standards for not-for-profit organizations on September 1, 2019 with a transition date of September 1, 2018. These financial statements are the first financial statements for which the society applied Canadian accounting standards for not-for-profit organizations. First-time adoption of this new basis of accounting had no impact on the organization's excess of revenues over expenses for the year ended August 31, 2020 or on net assets as at September 1, 2019, the date of transition. I was not engaged to report on the restated comparative information, and as such, it is neither audited nor reviewed.

I also draw attention to Note 6 to the financial statements, concerning the worldwide spread of a novel coronavirus known as COVID-19 and its effect on the global economy. My conclusion is not modified in respect of this matter.



Chartered Professional Accountant

Edmonton, Alberta

September 27, 2020

IRANIAN HERITAGE SOCIETY OF EDMONTON

Statement of Operations

Year Ended August 31, 2020

(Unaudited)

	2020	2019
REVENUES		
Donations	\$ 17,076	\$ -
Grants	10,411	16,204
Cost recoveries	5,297	-
Events	500	82,795
Membership	260	425
Interest	10	180
Other	-	1,150
	<u>33,554</u>	<u>100,754</u>
DIRECT COSTS		
Venue and rental fees	235	15,774
Food and materials	-	50,139
Subcontracts	-	9,528
Insurance and licenses	-	4,425
	<u>235</u>	<u>79,866</u>
	33,319	20,888
EXPENSES (Schedule 1)	<u>36,332</u>	<u>11,516</u>
Excess (deficiency) of revenues over expenses from operations	(3,013)	9,372
Other income (expenses)		
Loss on disposal of property, plant and equipment	(54)	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	<u>\$ (3,067)</u>	<u>\$ 9,372</u>

The accompanying notes are an integral part of these financial statements.

IRANIAN HERITAGE SOCIETY OF EDMONTON
Statement of Changes in Net Assets
Year Ended August 31, 2020
(Unaudited)

	General Fund	Restricted Fund	Capital Asset Fund	2020	2019
NET ASSETS AT BEGINNING OF YEAR	\$ 53,433	\$ -	\$ 18,863	\$ 72,296	\$ 62,924
Deficiency of revenues over expenses <i>(Note 5)</i>	18,497	(18,633)	(2,931)	(3,067)	9,372
Interfund transfers <i>(Note 5)</i>	(16,608)	18,633	(2,025)	-	-
NET ASSETS AT END OF YEAR	\$ 55,322	\$ -	\$ 13,907	\$ 69,229	\$ 72,296

The accompanying notes are an integral part of these financial statements.

IRANIAN HERITAGE SOCIETY OF EDMONTON
Statement of Financial Position
As at August 31, 2020
(Unaudited)

	2020	2019
ASSETS		
CURRENT ASSETS		
Cash	\$ 56,316	\$ 55,113
Prepaid expenses	1,631	-
	57,947	55,113
PROPERTY, PLANT AND EQUIPMENT (Note 3)	13,907	18,863
	\$ 71,854	\$ 73,976
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 2,625	\$ 1,680
NET ASSETS		
GENERAL FUND	55,322	53,433
CAPITAL ASSET FUND	13,907	18,863
	69,229	72,296
	\$ 71,854	\$ 73,976

Approved by the Board



Director



Director

The accompanying notes are an integral part of these financial statements.

IRANIAN HERITAGE SOCIETY OF EDMONTON

**Statement of Cash Flow
Year Ended August 31, 2020**

(Unaudited)

	2020	2019
OPERATING ACTIVITIES		
Excess (deficiency) of revenues over expenses	\$ (3,067)	\$ 9,372
Add items not involving cash		
Amortization of property, plant and equipment	2,877	3,642
Loss on disposal of property, plant and equipment	54	-
	<u>(136)</u>	<u>13,014</u>
Change in non-cash working capital		
Accounts receivable	-	1,072
Accounts payable and accrued liabilities	945	(1,060)
Prepaid expenses	(1,631)	-
	<u>(686)</u>	<u>12</u>
Cash flow from (used by) operating activities	<u>(822)</u>	<u>13,026</u>
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	-	(3,788)
Proceeds on disposal of property, plant and equipment	2,025	-
Cash flow from (used by) investing activities	<u>2,025</u>	<u>(3,788)</u>
INCREASE IN CASH FLOW	1,203	9,238
CASH AT BEGINNING OF YEAR	55,113	45,875
CASH AT END OF YEAR	\$ 56,316	\$ 55,113

The accompanying notes are an integral part of these financial statements.

IRANIAN HERITAGE SOCIETY OF EDMONTON

Notes to Financial Statements

Year Ended August 31, 2020

(Unaudited)

NATURE OF OPERATIONS

Iranian Heritage Society of Edmonton (the "Society") is incorporated provincially under the Societies Act of Alberta in 1987. The purpose of the Society is to preserve, promote, educate, and engage in Iranian cultural holidays, events, customs, and traditions. As a not-for-profit organization, the Society is exempt from the payment of income tax under Section 149(1) of the Income Tax Act.

1. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements are prepared by management in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the CPA Canada Handbook.

Revenue recognition

Iranian Heritage Society of Edmonton 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.

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.

Measurement uncertainty

When preparing financial statements according to ASNPO, management makes estimates and assumptions relating to reported amount of revenues and expenses, assets and liabilities, and disclosure of contingent assets and liabilities.

Estimates are based on a number of factors including historical experience, current events and actions that the Society may undertake in the future, and other assumptions that management believes are reasonable under the circumstances. By their nature, these estimates are subject to measurement uncertainty and actual results could differ. In particular, estimates are used in accounting for certain items such as useful lives of capital assets and asset impairments.

Net assets

- a) Net assets invested in property and equipment represents the organization's net investment in property and equipment which is comprised of the unamortized amount of property and equipment purchased with unrestricted and restricted funds.
- b) Internally restricted net assets are funds which have been designated for a specific purpose by the organization's Board of Directors.
- c) Unrestricted net assets comprise the excess of revenue over expenses accumulated by the organization each year, not of transfers, and are available for general purposes.

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IRANIAN HERITAGE SOCIETY OF EDMONTON

Notes to Financial Statements

Year Ended August 31, 2020

(Unaudited)

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributed services

The operations of the organization depend on both the contribution of time by volunteers and donated materials from various sources. The fair value of donated materials and services cannot be reasonably determined and are therefore not reflected in these financial statements.

Property, Plant and Equipment

Property, plant and equipment are recorded at cost less accumulated amortization. The company amortizes the cost of the assets over their estimated useful lives as determined by management using the following annual rates and methods except for acquisitions in the current year which are amortized at one-half of the annual rates:

Equipment	20%	declining balance
Furniture and fixtures	20%	declining balance
Costumes	20%	declining balance
Cultural artwork		non-depreciable

2. IMPACT OF THE CHANGE IN THE BASIS OF ACCOUNTING

These financial statements are the first financial statements for which the society applied Canadian accounting standards for not-for-profit organizations. First-time adoption of this new basis of accounting had no impact on the organization's excess of revenues over expenses for the year ended August 31, 2020 or on net assets as at September 1, 2019, the date of transition.

IRANIAN HERITAGE SOCIETY OF EDMONTON

Notes to Financial Statements

Year Ended August 31, 2020

(Unaudited)

3. PROPERTY, PLANT AND EQUIPMENT

	Cost	Accumulated Amortization	2020 Net Book Value	2019 Net Book Value
Equipment	\$ 2,059	\$ 771	\$ 1,288	\$ 3,689
Furniture and fixtures	13,317	4,794	8,523	10,654
Costumes	2,650	954	1,696	2,120
Cultural artwork	2,400	-	2,400	2,400
	<u>\$ 20,426</u>	<u>\$ 6,519</u>	<u>\$ 13,907</u>	<u>\$ 18,863</u>

	Cost	Accumulated Amortization	2019 Net Book Value	2018 Net Book Value
Equipment	\$ 4,138	\$ 449	\$ 3,689	\$ 350
Furniture and fixtures	13,317	2,663	10,654	13,317
Costumes	2,650	530	2,120	2,650
Cultural artwork	2,400	-	2,400	2,400
	<u>\$ 22,505</u>	<u>\$ 3,642</u>	<u>\$ 18,863</u>	<u>\$ 18,717</u>

4. FINANCIAL INSTRUMENTS

The Society is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Society's risk exposure and concentration as of August 31, 2020. Unless otherwise noted, the Society's risk exposure has not changed from the prior year.

(a) Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Society is not exposed to credit risk from customers.

(b) Liquidity risk

Liquidity risk is the risk that an entity 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 its customers and other related sources and accounts payable.

(c) 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 rate risk, interest rate risk and other price risk. The Society is mainly exposed to market risk through its investment portfolio.

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IRANIAN HERITAGE SOCIETY OF EDMONTON

Notes to Financial Statements

Year Ended August 31, 2020

(Unaudited)

4. FINANCIAL INSTRUMENTS (continued)

(d) Currency risk

Currency risk is the risk to the company's earnings that arise from fluctuations of foreign exchange rates and the degree of volatility of these rates. The Society is not exposed to currency risk. The Society does not use derivative instruments to reduce its exposure to foreign currency risk.

(e) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the Society manages exposure through its normal operating and financing activities. The Society is exposed to interest rate risk primarily through its floating interest rate on investments.

(f) 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 Society is not exposed to other price risk.

Unless otherwise noted, it is management's opinion that the Society is not exposed to significant other price risks arising from these financial instruments.

5. INTERFUND TRANSFERS AND RESTRICTIONS

During the year, the board of directors of the Society resolved to restrict \$18,633 to support families directly impacted by the events of Flight PS752. Amounts of \$18,633 were transferred from the General Fund to the Restricted Fund to fund disbursements for the following:

	<u>2020</u>
PS752 Victims Family Support	\$ 9,464
PS752 Memorial	5,884
PS752 Endowment Fund Donation	2,869
GoFundMe Transaction Fees	416
	<u>\$ 18,633</u>

The Society may not use these internally restricted amounts for any other purpose without the approval of the board of directors.

IRANIAN HERITAGE SOCIETY OF EDMONTON

Notes to Financial Statements

Year Ended August 31, 2020

(Unaudited)

6. OTHER MATTER

On March 11, 2020 the World Health Organization declared a global pandemic due to a global outbreak of a novel coronavirus identified as "COVID-19" In order to combat the spread of COVID-19 governments worldwide have enacted emergency measures including travel bans, legally enforced or self-imposed quarantine periods, social distancing and business and organization closures. These measures have caused material disruptions to businesses, government and other organizations resulting in an economic slowdown and increased volatility in national and global equity and commodity markets.

Central banks and governments, including Canadian federal and provincial governments, have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of any interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and conditions of Iranian Heritage Society of Edmonton and its operations in future periods.

IRANIAN HERITAGE SOCIETY OF EDMONTON

Expenses

(Schedule 1)

Year Ended August 31, 2020

(Unaudited)

	2020	2019
EXPENSES		
Advertising and promotion	\$ -	\$ 396
Amortization	2,877	3,642
Bank service charges and interest	650	397
Business taxes, licences and memberships	1,266	409
Donations - restricted and unrestricted	21,964	670
Donations - IHSE Board PS752	1,000	-
Insurance	-	311
Meals and entertainment	289	639
Office	245	656
Professional fees	4,636	1,680
Rent and occupancy costs	3,385	1,746
Repairs and maintenance	-	392
Travel	20	578
	\$ 36,332	\$ 11,516

The accompanying notes are an integral part of these financial statements.

Cultural Events
Year Ended August 31, 2020
(Unaudited)

(Schedule 2)

	Yalda 2020	Nowruz 2020	Mini Events 2020	Heritage 2020	General 2020	PS752 2020	Total 2020	Total 2019
Revenues								
Donations	\$ -	\$ -	\$ 540	\$ -	\$ 3,200	\$ 13,336	\$ 17,076	\$ -
Grants	-	-	-	-	10,411	-	10,411	16,204
Cost recoveries	-	-	-	-	-	5,297	5,297	-
Events	-	-	-	500	-	-	500	82,795
Membership	-	-	-	-	260	-	260	425
Interest	-	-	-	-	10	-	10	180
Other	-	-	-	-	-	-	-	1,150
Revenues total	-	-	540	500	7,481	18,633	33,554	100,754
Expenses								
Venue and rental fees	-	235	-	-	-	-	235	15,775
Food and materials	-	-	-	-	-	-	-	50,138
Musical entertainment	-	-	-	-	-	-	-	9,528
Insurance and licenses	-	-	-	-	-	-	-	4,425
Expenses total	-	235	-	-	-	-	235	79,866
Grand Total	\$ -	\$ 235	\$ 540	\$ 500	\$ 7,481	\$ 18,633	\$ 33,319	\$ 20,888