

FOUNDATION FOR OROMIAN CULTURE, EDUCATION AND ART SERVICES (FOCAS)
Financial Statements
Year Ended December 31, 2021

FOUNDATION FOR OROMIAN CULTURE, EDUCATION AND ART SERVICES (FOCAS)

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INDEPENDENT AUDITOR'S REPORT

To the Members of Foundation for Oromian Culture, Education and Art Services (FOCAS)

Opinion

We have audited the financial statements of Foundation for Oromian Culture, Education and Art Services (FOCAS) (the organization), which comprise the statement of financial position as at December 31, 2021, and the statements of revenues and expenditures, 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, the accompanying financial statements present fairly, in all material respects, the financial position of the organization as at December 31, 2021, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO)

Basis for 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 Financial Statements* section of our report. We are independent of the organization in accordance with 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 opinion.

Other Matter

The financial statements for the year ended December 31, 2020 were prepared by another practitioner and are unaudited.

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 ASNPO, 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 to 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.

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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 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 a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Edmonton, Alberta
October 31, 2022

Seniuk & Company
**Seniuk and Company,
Chartered Professional Accountants**

FOUNDATION FOR OROMIAN CULTURE, EDUCATION AND ART SERVICES (FOCAS)**Statement of Financial Position****December 31, 2021**

	2021	2020 <i>Unaudited</i>
ASSETS		
CURRENT		
Cash	\$ 53,998	\$ 29,146
Restricted cash (Note 9)	167,119	-
Term deposits (Note 8)	10,000	-
Prepaid expenses	5,100	641
	236,217	29,787
CAPITAL ASSETS (Note 7)	56,341	12,175
	\$ 292,558	\$ 41,962
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable	\$ 9,269	\$ -
Employee government deductions payable	3,721	7,100
Deferred income (Note 9)	218,551	-
	231,541	7,100
NET ASSETS		
General fund	4,676	22,687
Capital asset fund	56,341	12,175
	61,017	34,862
	\$ 292,558	\$ 41,962

LEASE COMMITMENTS (Note 10)

FUNDS HELD IN TRUST (Note 6)

ON BEHALF OF THE BOARD_____
*Director*_____
Director

The accompanying notes form an integral part of these financial statements

FOUNDATION FOR OROMIAN CULTURE, EDUCATION AND ART SERVICES (FOCAS)**Statement of Revenues and Expenditures****Year Ended December 31, 2021**

	2021	2020 <i>Unaudited</i>
REVENUES		
Grant revenue	\$ 100,738	\$ 189,368
Donations	59,717	60,130
Membership	52,992	18,696
Miscellaneous	400	-
	213,847	268,194
EXPENSES		
Advertising and promotion	3,613	2,500
Amortization	9,022	-
Business taxes, licences and memberships	348	380
Direct program expenses	-	119,354
Donations	600	1,726
Insurance	375	-
Interest and bank charges	1,387	471
Meals and entertainment	476	935
Office	2,531	1,454
Professional fees	7,521	12,444
Rental	22,377	17,400
Salaries and wages	114,969	90,331
Supplies	8,574	2,248
Telephone	1,446	334
Training	1,645	-
Travel	633	9,350
	175,517	258,927
EXCESS OF REVENUES OVER EXPENSES FROM OPERATIONS	38,330	9,267
OTHER INCOME (EXPENSES)		
Loss on disposal of assets	(12,175)	-
EXCESS OF REVENUES OVER EXPENSES	\$ 26,155	\$ 9,267

The accompanying notes form an integral part of these financial statements

FOUNDATION FOR OROMIAN CULTURE, EDUCATION AND ART SERVICES (FOCAS)**Statement of Changes in Net Assets****Year Ended December 31, 2021**

	General Fund	Capital Asset Fund	2021	2020 <i>Unaudited</i>
NET ASSETS - BEGINNING OF YEAR	\$ 22,687	\$ 12,175	\$ 34,862	\$ 25,595
EXCESS OF REVENUES OVER EXPENSES	39,176	(13,021)	26,155	9,267
CAPITAL ASSET DISPOSALS NET OF CONTRIBUTIONS	8,177	(8,177)	-	-
GRANT FUNDS USED FOR CAPITAL ADDITIONS	(59,607)	59,607	-	-
OPERATING FUNDS USED FOR CAPITAL ADDITIONS	(5,757)	5,757	-	-
NET ASSETS - END OF YEAR	\$ 4,676	\$ 56,341	\$ 61,017	\$ 34,862

The accompanying notes form an integral part of these financial statements

FOUNDATION FOR OROMIAN CULTURE, EDUCATION AND ART SERVICES (FOCAS)**Statement of Cash Flows****Year Ended December 31, 2021**

	2021	2020 <i>Unaudited</i>
OPERATING ACTIVITIES		
Excess of revenues over expenses	\$ 26,155	\$ 9,267
Items not affecting cash:		
Amortization of capital assets	9,022	-
Loss on disposal of assets	12,175	-
	47,352	9,267
Changes in non-cash working capital:		
Accounts payable	9,270	(1)
Deferred income	218,551	-
Prepaid expenses	(4,459)	(641)
Employee deductions payable	(3,379)	7,100
	219,983	6,458
Cash flow from operating activities	267,335	15,725
INVESTING ACTIVITIES		
Additions to capital assets	(65,364)	-
Purchase of term deposits	(10,000)	-
Restricted cash	(167,119)	-
Cash flow used by investing activities	(242,483)	-
INCREASE IN CASH FLOW	24,852	15,725
Cash - beginning of year	29,146	13,421
CASH - END OF YEAR	\$ 53,998	\$ 29,146
CASH FLOWS SUPPLEMENTARY INFORMATION		
CASH CONSISTS OF:		
Cash	\$ 53,998	\$ 29,146

The accompanying notes form an integral part of these financial statements

FOUNDATION FOR OROMIAN CULTURE, EDUCATION AND ART SERVICES (FOCAS)

Notes to Financial Statements

Year Ended December 31, 2021

1. FIRST TIME ADOPTION OF ACCOUNTING STANDARDS FOR NOT-FOR-PROFIT ORGANIZATIONS

During the year the organization adopted Canadian accounting standards for not-for-profit organizations (ASNPO). These financial statements are the first prepared in accordance with these standards. There were no changes applied retrospectively as prior years have not been audited.

2. PURPOSE OF THE ORGANIZATION

Foundation for Oromian Culture, Education and Art Services (FOCAS) (the "organization") is a not-for-profit organization incorporated federally under the Canada Not-for-profit Corporations Act. As a registered charity the organization is exempt from the payment of income tax under Section 149(1) of the Income Tax Act.

The organization operates to provide and assist refugees and new immigrants living in Edmonton through partnerships, services and programs that are timely, culturally appropriate and address their concerns.

3. BASIS OF PRESENTATION

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPO) on a basis consistent with that of the preceding year. Outlined below are those policies considered particularly significant:

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cash equivalents

Highly liquid investments with maturities of one year or less at date of purchase are classified as cash equivalents.

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.

Financial instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost and tested for impairment at each reporting date. Transaction costs on the acquisition, sale or issue of financial instruments are expensed when incurred.

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FOUNDATION FOR OROMIAN CULTURE, EDUCATION AND ART SERVICES (FOCAS)

Notes to Financial Statements

Year Ended December 31, 2021

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

Fund accounting

Foundation for Oromian Culture, Education and Art Services (FOCAS) follows the deferral method of accounting for contributions.

Revenues and expenses related to program delivery and administrative activities are reported in the Operating fund.

The Capital fund reports the assets, liabilities, revenues and expenses related to Foundation for Oromian Culture, Education and Art Services (FOCAS)'s capital assets. Grants contributed to the purchase of capital assets are included as part of deferred contributions and are included as grant revenue as the associated assets are amortized.

Government grants

Government grants are recorded when there is a reasonable assurance that the organization had complied with and will continue to comply with all the necessary conditions to obtain the grants.

Impairment of long lived assets

The organization tests for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Recoverability is assessed by comparing the carrying amount to the projected future net cash flows the long lived assets are expected to generate through their direct use and eventual disposition. When a test for impairment indicates that the carrying amount of an asset is not recoverable, an impairment loss is recognized to the extent the carrying value exceeds its fair value.

Capital assets

Capital assets are stated at cost or deemed cost less accumulated amortization and are amortized over their estimated useful lives on a declining balance basis at the following rates:

Computer equipment	55%
Furniture and fixtures	20%

The organization regularly reviews its capital assets to eliminate obsolete items. Government grants utilized to purchase are included in deferred contributions.

Capital assets acquired during the year but not placed into use are not amortized until they are placed into use.

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FOUNDATION FOR OROMIAN CULTURE, EDUCATION AND ART SERVICES (FOCAS)

Notes to Financial Statements

Year Ended December 31, 2021

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

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

- Useful lives for amortization of capital assets.
- Assessment of impairment of long term assets.
- Estimated accrued payables.

5. FINANCIAL INSTRUMENTS

The organization 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 organization's risk exposure and concentration as of December 31, 2021.

(a) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The organization is exposed to this risk mainly in respect of its receipt of funds from its grantors and other related sources, and accounts payable.

(b) 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 organization manages exposure through its normal operating and financing activities. The organization is exposed to interest rate risk primarily through its floating interest rate bank indebtedness and credit facilities.

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

FOUNDATION FOR OROMIAN CULTURE, EDUCATION AND ART SERVICES (FOCAS)

Notes to Financial Statements

Year Ended December 31, 2021

6. FUNDS HELD IN TRUST

The organization in conjunction with Immigration, Refugees and Citizenship Canada (IRCC) administers the Sponsorship and Settlement Program on behalf of contributing partners. Related trust funds are not owned by the organization have been excluded from the reporting entity. The funds are reconciled as follows:

	Annual changes	Totals
Opening balance 2021	\$ -	\$ 373,157
Add sponsorship deposits	423,386	423,386
Less sponsorship returns	(12,000)	(12,000)
Add Interest earned on deposits	1,698	1,698
Less bank charges incurred	(169)	(169)
Net annual changes	- 412,915	
Ending balance 2021		\$ 786,072

7. CAPITAL ASSETS

	Cost	Accumulated amortization	2021 Net book value	2020 Net book value
Computer equipment	\$ 14,204	\$ 3,906	\$ 10,298	\$ 200
Furniture and fixtures	51,159	5,116	46,043	11,975
	\$ 65,363	\$ 9,022	\$ 56,341	\$ 12,175

8. TERM DEPOSITS

	2021	2020
1 Year non-redeemable GIC maturing on November 22, 2022 at 0.61% per annum	\$ 10,000	\$ -
Cost	\$ 10,000	\$ -

9. DEFERRED REVENUE

Deferred revenue represents unspent resources externally restricted for future operating purposes received in the current period that are related to the subsequent period. Deferred revenue is comprised of:

	2021	2020
Deferred grant revenues - see note below	\$ 167,119	\$ -
Deferred capital asset grant contributions	51,431	-
	\$ 218,550	\$ -

Note, unexpended funds related to the deferred grant revenue are supported by restricted cash held exclusively for future expenses related to these grants.

FOUNDATION FOR OROMIAN CULTURE, EDUCATION AND ART SERVICES (FOCAS)

Notes to Financial Statements

Year Ended December 31, 2021

10. LEASE COMMITMENTS

Office rent

The organization has a long term lease with respect to its premises. The lease contains renewal options and provides for payment of utilities, property taxes and maintenance costs. Future minimum lease payments as at year end are as follows:

2022	\$	17,625
2023		17,625
2024		17,625
2025		17,625
2026		17,625
		<hr/>
	\$	<u>88,125</u>

11. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.