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## INDEPENDENT AUDITORS' REPORT

To the Members of [REDACTED] of Alberta (Registered Society)

### *Opinion*

We have audited the financial statements of [REDACTED] of Alberta (Registered Society), which comprise:

- the statement of financial position as at December 31, 2021
- the statement of operations for the year then ended
- the statement of changes in net assets (deficiency) for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies (Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements, present fairly, in all material respects, the financial position of the Registered Society as at December 31, 2021, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

### *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 "***Auditors' Responsibilities for the Audit of the Financial Statements***" section of our auditors' report.

We are independent of the Registered Society 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 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 generally accepted accounting principles, including the assessment of the going concern basis of accounting 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 Registered Society'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 Registered Society or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Registered Society's financial reporting process.

## ***Auditors' 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 auditors' 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 the 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 Registered Society'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 Registered Society's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Registered Society 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.
- 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.



A handwritten signature in black ink that reads "KPMG LLP". The "KPMG" part is in a bold, sans-serif font, and "LLP" is in a smaller, regular font. A single horizontal line is drawn underneath the signature.

Chartered Professional Accountants

Edmonton, Canada

April 19, 2022

# OF ALBERTA (Registered Society)

## Statement of Financial Position

December 31, 2021, with comparative information for 2020

	2021	2020
<b>ASSETS</b>		
Current		
Cash and cash equivalents	\$ 2,401,680	\$ 2,566,410
Investments (note 3)	775,000	500,000
Accounts receivable	310,013	651,105
Prepaid expenses and deposits	841,595	893,063
	<u>4,328,288</u>	<u>4,610,578</u>
Non-current investments (note 3)	-	275,000
Property and equipment (note 4)	7,384,662	5,740,027
	<u>\$ 11,712,950</u>	<u>\$ 10,625,605</u>
<b>LIABILITIES AND NET ASSETS (DEFICIENCY)</b>		
Current		
Accounts payable and accruals (note 5)	\$ 1,976,105	\$ 3,366,617
Deferred revenues	694,599	660,252
Current portion of long-term debt (note 6)	765,650	816,478
Current portion of obligation under capital lease (note 7)	15,388	-
	<u>3,451,742</u>	<u>4,843,347</u>
Long-term debt (note 6)	851,282	561,377
Obligations under capital lease (note 7)	63,705	-
Unamortized deferred capital contributions (note 8)	97,497	119,997
Straight-line rent and tenant inducements (note 9)	6,317,902	5,111,088
	<u>10,782,128</u>	<u>10,635,809</u>
Net assets (deficiency)	930,822	(10,204)
	<u>\$ 11,712,950</u>	<u>\$ 10,625,605</u>

Credit facility (note 6)

Commitments and contingencies (note 11)

Impacts of COVID-19 (note 14)

See accompanying notes to financial statements.

On behalf of the Board:

[REDACTED]

, Director

[REDACTED]

, Director

Financial Statements of

**[REDACTED] OF ALBERTA  
(Registered Society)**

Year ended December 31, 2021

**OF ALBERTA** (Registered Society)

**Financial Statements**

**Year ended December 31, 2021**

Independent Auditors' Report

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# OF ALBERTA (Registered Society)

## Statement of Operations

Year ended December 31, 2021, with comparative information for 2020

	2021	2020
Operating revenues		
Commercial	\$ 33,514,059	\$ 23,614,342
Federal subsidies (note 14)	688,637	2,295,714
Provincial contract fees	2,060,788	1,387,065
Donations, grants and contributions	221,419	60,396
Interest revenue	5,147	2,128
	<u>36,490,050</u>	<u>27,359,645</u>
Operating expenses (note 13)		
Human resources	19,236,285	15,047,405
Occupancy	12,004,258	9,521,057
Other operating	2,249,229	1,665,017
Materials	1,484,921	1,167,831
	<u>34,974,693</u>	<u>27,401,310</u>
Excess (deficiency) of revenues over expenses before the undernoted	1,515,357	(41,665)
Amortization of deferred capital contributions	22,500	22,500
Amortization of tenant inducements	517,564	458,136
Amortization of property and equipment	(1,155,994)	(1,089,313)
Gain on disposal of property and equipment	41,599	-
Excess (deficiency) of revenues over expenses	<u>\$ 941,026</u>	<u>\$ (650,342)</u>

See accompanying notes to financial statements.

**OF ALBERTA** (Registered Society)**Statement of Changes in Net Assets (Deficiency)**

Year ended December 31, 2021, with comparative information for 2020

<b>2021</b>	<b>Unrestricted (deficiency)</b>	<b>Invested in property and equipment</b>	<b>Total</b>
Balance, beginning of year	\$ (760,172)	\$ 749,968	\$ (10,204)
Excess (deficiency) of revenues over expenses	1,556,956	(615,930)	941,026
Investment in property and equipment, net	(1,320,177)	1,320,177	-

<b>Balance, end of year</b>	<b>\$ (523,393)</b>	<b>\$ 1,454,215</b>	<b>\$ 930,822</b>
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<b>2020</b>	<b>Unrestricted (deficiency)</b>	<b>Invested in property and equipment</b>	<b>Total</b>
Balance, beginning of year	\$ (48,056)	\$ 688,194	\$ 640,138
Deficiency of revenues over expenses	(41,665)	(608,677)	(650,342)
Investment in property and equipment, net	(670,451)	670,451	-

<b>Balance, end of year</b>	<b>\$ (760,172)</b>	<b>\$ 749,968</b>	<b>\$ (10,204)</b>
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See accompanying notes to financial statements.

**[REDACTED] OF ALBERTA** (Registered Society)

**Statement of Cash Flow**

Year ended December 31, 2021, with comparative information for 2020

	<b>2021</b>	<b>2020</b>
Cash provided by (used in):		
Operating activities:		
Excess (deficiency) of revenues over expenses	\$ 941,026	\$ (650,342)
Amortization of property and equipment	1,155,994	1,089,313
Gain on disposal of property and equipment	(41,599)	-
Recognition of straight-line rent	562,096	73,645
Amortization of deferred capital contributions	(22,500)	(22,500)
Amortization of tenant inducements	(517,564)	(458,136)
	2,077,453	31,980
Change in non-cash operating working capital		
Accounts receivable	341,092	(137,526)
Prepaid expenses and deposits	51,468	(183,724)
Accounts payable and accrued liabilities	(1,390,512)	1,704,154
Deferred revenues	34,347	(18,376)
	1,113,848	1,396,508
Financing activities:		
Proceeds from long-term debt	800,000	-
Repayments of long-term debt	(560,923)	(207,780)
Repayments of obligations under capital leases	(14,395)	-
Tenant inducement received	1,162,282	-
	1,386,964	(207,780)
Investing activities:		
Proceeds from disposal of investments	775,000	787,013
Purchase of investments	(775,000)	(775,000)
Proceeds from disposal of property and equipment	41,599	-
Purchase of property and equipment	(2,707,141)	(462,671)
	(2,665,542)	(450,658)
(Decrease) increase in cash and cash equivalents	(164,730)	738,070
Cash and cash equivalents, beginning of year	2,566,410	1,828,340
Cash and cash equivalents, end of year	\$ 2,401,680	\$ 2,566,410
Supplemental cash flow information:		
Cash interest paid	\$ 86,067	\$ 92,288
Cash interest received	5,147	2,128

See accompanying notes to financial statements.

# OF ALBERTA (Registered Society)

## Notes to Financial Statements

Year ended December 31, 2021

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### 1. Purpose of the organization

[REDACTED] of Alberta (Registered Society) ( [REDACTED] ) is a non-profit registered charity incorporated without share capital under the Societies Act of Alberta. [REDACTED] is a social enterprise providing individuals with disabilities the opportunity to enhance their lives through meaningful employment. No provision for corporate income taxes has been provided in these financial statements pursuant to Section 149(1)(l) of the Income Tax Act, Canada.

At the start of the year, [REDACTED] and nine stand-alone donation collection centres throughout Alberta as well as performed extensive recycling and repurposing of donated items in addition to providing services under contract regarding employment opportunities for persons with disabilities. During the year, Goodwill added two new retail sites, one stand-alone donation collection site, expanded an existing retail site and moved to a new warehouse. One existing retail store was closed in 2021.

### 2. Significant accounting policies

These financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations and reflect the following policies:

#### (a) Revenue recognition

[REDACTED] accounting for contributions and operating subsidies. Restricted contributions and operating subsidies are recognized as revenue in the year in which the related expenses are incurred. Restricted contributions and subsidies for the purchase of property and equipment are deferred and recognized as revenue on the same basis as the amortization expense related to the acquired property and equipment. Unrestricted contributions and subsidies are recognized as revenue when received or receivable if the amount to be received can be estimated and collection is reasonably assured.

Provincial contract fees are recognized as revenue when the related service is performed, the amount to be received or receivable can be reasonably estimated and collection is reasonably assured. Grant revenue is recognized over the term of the related contract or agreement.

Commercial revenues are recognized at the time the service is performed or the contributed item is sold and when reasonable assurance exists regarding the measurement and collection of the consideration received.

A substantial number of volunteers contribute a significant amount of their time each year. Because of the difficulty of determining the fair value, contributed services are not recognized in the financial statements. In-kind donations of services are recorded at fair value when such value can be reasonably determined.

#### (b) Cash and cash equivalents

Cash and cash equivalents include cash on hand and balances with banks, net of bank overdrafts.

## Notes to Financial Statements

Year ended December 31, 2021

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### 2. Significant accounting policies (continued)

#### (c) Inventory

Donated materials for resale are not recorded in the financial statements as the fair value of the amounts cannot be reasonably determined. Processing and reconditioning costs applicable to these materials are expensed in the period incurred.

#### (d) Property and equipment

Purchased property and equipment is recorded at cost. Contributed property and equipment is recorded at fair value at the date of the contribution. Assets acquired under capital leases are amortized over the estimated life of the asset or over the lease term, as appropriate. Repairs and maintenance costs are charged to expense when incurred. Betterments which extend the estimated life of an asset are capitalized. When property or equipment no longer contributes to [REDACTED] ability to provide services, the relevant carrying amount is written down to its residual value.

Amortization is calculated using the straight-line method, prorated from the date of acquisition, as follows:

Computers and electronic equipment	3 years
Furniture and equipment	10 years
Vehicles	3 years
Leasehold improvements	Term of the lease (maximum of 10 years)

#### (e) Employee future benefits

Prior to December 31, 2013, [REDACTED] had a defined contribution plan and a defined benefit plan covering certain employees. Effective December 31, 2013, the Trustee approved the termination of both plans and both plans began to wind-down.

Effective January 1, 2014, [REDACTED] established a group Registered Retirement Savings Plan (Group RRSP) that is funded by the employee and the employer on a shared basis. Contributions to the Group RRSP for current service is recognized when the contribution is paid (or payable) based on pay dates.

#### (f) Leases and tenant inducements

Leases are classified as capital or operating leases. A lease that transfers substantially the entire benefits and risks incidental to ownership is classified as a capital lease. All other leases are accounted for as operating leases, wherein rental payments are amortized on a straight-line basis over the term of the lease including free rental periods.

Tenant inducements are recognized as reductions in rent expense on a straight-line basis over the term of the related lease.

# OF ALBERTA (Registered Society)

## Notes to Financial Statements

Year ended December 31, 2021

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### 2. Significant accounting policies (continued)

#### (g) Financial instruments

Financial instruments are recorded at fair value on initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship and equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. Goodwill has elected to carry its investments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, [REDACTED] determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of expected cash flows, the amount that could be realized from selling the financial asset or the amount [REDACTED] expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

#### (h) Foreign currency translation

Monetary items denominated in foreign currencies are translated to Canadian dollars at the rate of exchange in effect at the statement of financial position date. Gains or losses on translation are included in earnings. Transactions denominated in foreign currencies are translated at the rate of exchange on the date the transaction is completed.

#### (i) 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 amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Significant items subject to such estimates and assumptions include the rates and methods to calculate amortization and impairments of property and equipment, assets and obligations related to employee future benefits and accrued liabilities related to tenant inducements. Actual results could differ from those estimates.

# OF ALBERTA (Registered Society)

## Notes to Financial Statements

Year ended December 31, 2021

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### 3. Investments

	2021	2020
Cashable and redeemable ATB Financial guaranteed investment certificates with annual interest rate of 0.20% (2020 - 0.63%) with maturity within one year	\$ 775,000	\$ 775,000
<u>Less current portion</u>	<u>775,000</u>	<u>500,000</u>
	\$ -	\$ 275,000

A portion of the ATB Financial Guaranteed Investment Certificate of \$275,000 is restricted as cash security for an irrevocable letter of credit (note 11).

### 4. Property and equipment

2021	Cost	Accumulated Amortization	Net Book Value
Computers and electronic equipment	\$ 1,023,693	\$ 809,091	\$ 214,602
Furniture and equipment	3,495,494	1,225,197	2,270,297
Vehicles	297,152	266,042	31,110
<u>Leasehold improvements</u>	<u>9,022,359</u>	<u>4,153,706</u>	<u>4,868,653</u>
<b>Total property and equipment</b>	<b>\$ 13,838,698</b>	<b>\$ 6,454,036</b>	<b>\$ 7,384,662</b>
2020	Cost	Accumulated Amortization	Net Book Value
Computers and electronic equipment	\$ 868,392	\$ 733,405	\$ 134,987
Furniture and equipment	2,465,070	1,000,279	1,464,791
Vehicles	279,373	269,016	10,357
<u>Leasehold improvements</u>	<u>7,795,094</u>	<u>3,665,202</u>	<u>4,129,892</u>
<b>Total property and equipment</b>	<b>\$ 11,407,929</b>	<b>\$ 5,667,902</b>	<b>\$ 5,740,027</b>

During the year, property and equipment of \$93,488 (2020 - \$nil) was acquired by means of capital leases (note 7).

Property and equipment include assets under capital leases with a cost of \$99,534 (2020 - \$96,042) and accumulated amortization of \$8,294 (2020 - \$86,439).

During the year, Goodwill wrote off fully amortized assets resulting in a reduction to cost and accumulated amortization of \$369,861 (2020 - \$394,689).

# OF ALBERTA (Registered Society)

## Notes to Financial Statements

Year ended December 31, 2021

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### 5. Accounts payable and accruals

	2021	2020
Government remittances including payroll taxes	\$ 147,144	\$ 103,953
Operating expenditures	816,714	890,662
Payroll and payroll related	1,012,247	1,003,540
<u>Deferred rent and occupancy costs (note 14)</u>	<u>-</u>	<u>1,368,462</u>
	<b>\$ 1,976,105</b>	<b>\$ 3,366,617</b>

### 6. Long term debt and credit facility

	2021	2020
Callable loan payable to ATB bearing interest at 4.45%, with blended monthly payments of \$8,400 until September 30, 2024	\$ 255,606	\$ 342,923
Loan payable to Alberta Social Enterprise Venture Fund Inc. (ASEV) bearing interest at 5%, repayable in blended monthly payments of \$9,442, matured on September 15, 2021	-	83,239
Loan payable to ASEV bearing interest at 6.5%, repayable in blended monthly payments of \$36,722, maturing on April 15, 2023	561,326	951,693
Loan payable to ASEV bearing interest at 5%, with scheduled repayments in monthly interest-only payments to June 2022, with blended monthly payments starting July 2022 of \$18,779, maturing on June 11, 2026	800,000	-
	1,616,932	1,377,855
<u>Less current portion of long-term debt</u>	<u>(765,650)</u>	<u>(816,478)</u>
	<b>\$ 851,282</b>	<b>\$ 561,377</b>

As of December 31, 2021, there was no long-term debt outstanding in the current year. Accounting payment of the callable debt is not demanded, regular principal payments required on all callable and long-term debt for the next five years are due as follows:

2022	\$ 598,315
2023	432,851
2024	278,185
2025	214,848
2026	92,733

# OF ALBERTA (Registered Society)

## Notes to Financial Statements

Year ended December 31, 2021

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### 6. Long term debt and credit facility (continued)

Goodwill has a demand operating loan facility available to a maximum of \$1,000,000 (2020 - \$1,000,000) of which \$nil was outstanding at December 31, 2021 (2020 - \$nil). The facility bears interest at the bank's prime rate plus 2.0% (2020 - prime rate plus 2.0%). The facility is secured by an investment portfolio with a minimum market value of \$500,000 (2020 - \$500,000) supported by a security agreement constituting a first ranking security interest in the investment portfolio. The facility is subject to certain financial covenants. At December 31, 2021, Goodwill was in compliance with the two financial covenants. Management expects all credit facilities to remain in place.

### 7. Obligations under capital lease

	2021	2020
Prime Capital Lease	\$ 67,700	\$ -
<u>Sherwood Park Volkswagen</u>	<u>11,393</u>	<u>-</u>
	79,093	-
<u>Less current portion</u>	<u>15,388</u>	<u>-</u>
	\$ 63,705	\$ -

Prime Capital Lease, payable in 60 monthly payments of \$1,486, 4.75% nominal annual rate, due January 2026, secured by two units of electric forklift with net book value of \$74,413 (2020 - \$nil).

Sherwood Park Volkswagen, payable in 4 years with bi-weekly payment of \$142, 7.89% annual rate, secured by a vehicle with net book value of \$16,826 (2020 - \$nil).

Future minimum lease payments in the remaining years is as follows:

2022	\$ 21,870
2023	21,870
2024	21,870
2025	20,625
<u>2026</u>	<u>1,523</u>
	87,758
<u>Less amount representing interest</u>	<u>(8,665)</u>
	\$ 79,093

### 8. Unamortized deferred capital contributions

Changes in unamortized deferred capital contributions are as follows:

	2021	2020
Balance, beginning of year	\$ 119,997	\$ 142,497
<u>Recognized as revenue</u>	<u>(22,500)</u>	<u>(22,500)</u>
Balance, end of year	\$ 97,497	\$ 119,997

# OF ALBERTA (Registered Society)

## Notes to Financial Statements

Year ended December 31, 2021

### 9. Straight-line rent and tenant inducements

	Tenant Inducements	Straight-line Rent	2021 Total	2020 Total
Balance, beginning of year	\$ 3,492,207	\$ 1,618,881	\$ 5,111,088	\$ 5,495,579
Tenant inducements received	1,162,282	-	1,162,282	-
Amortization of tenant inducements	(517,564)	-	(517,564)	(458,136)
Recognition of straight-line rent	-	562,096	562,096	73,645
Balance, end of year	\$ 4,136,925	\$ 2,180,977	\$ 6,317,902	\$ 5,111,088

### 10. Employee future benefits

The [REDACTED] defined benefit and defined contribution pension plans were terminated effective December 31, 2013. At December 31, 2021, [REDACTED] is [REDACTED] trust on behalf of the members of the plans for payment of remaining available benefits to members. [REDACTED]ency or plan surplus following full disbursement of member funds.

### 11. Commitments and contingencies

	Premises base rent	Vehicles and equipment rent	Total
2022	\$ 6,988,911	\$ 571,271	\$ 7,560,182
2023	6,991,087	212,749	7,203,836
2024	6,810,114	157,451	6,967,565
2025	6,338,088	117,874	6,455,962
2026	5,769,206	95,991	5,865,197

[REDACTED]  
[REDACTED]

The letter of credit is fully secured by a restricted investment (note 3). The letter of credit will be cancelled in January 2022 under the terms of the lease agreement.

[REDACTED]  
denying all allegations. The final outcome of the lawsuit is not presently determinable.

**Notes to Financial Statements**

Year ended December 31, 2021

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**12. Financial risks and concentration of credit risk**

(a) Credit risk

Credit risk arises from the possibility that the entities to which Goodwill sells products may experience financial difficulty and be unable to fulfill their contractual obligations. This risk is mitigated by proactive credit management policies that include regular monitoring of the debtor's payment history and performance. Substantially all of Goodwill's commercial sales are settled at the transaction date.

(b) Interest rate risk

Interest rate risk relates to the floating interest rate on the demand operating loan. As at December 31, 2021, the demand operating loan had a \$nil balance. In management's opinion, [REDACTED] is not exposed to significant interest rate risk. The interest rate on long-term debt is fixed for the term of the loans.

(c) Foreign currency risk

Foreign currency risk relates to holding funds in a US or other foreign bank account used to pay US or other foreign suppliers. In management's opinion, Goodwill is not exposed to significant foreign currency risk.

(d) Liquidity risk

[REDACTED] manages its liquidity risk to ensure it has access to sufficient funds to meet operational, investing and financing requirements. Subject to the impacts of COVID-19 (note 14), management is confident that future cash flows from operations and the availability of credit under existing credit arrangements is adequate to support Goodwill's financial liquidity needs under normal and stressed conditions. Available sources of liquidity include a revolving credit facility of up to \$1,000,000 and available term loans of \$750,000.

# OF ALBERTA (Registered Society)

## Notes to Financial Statements

Year ended December 31, 2021

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### 13. Operating expenses

Further details of operating expenses include the following:

	2021	2020
<b>Human resource costs</b>		
Salaries and wages	\$ 16,898,896	\$ 13,299,298
Employee benefits	1,913,547	1,522,499
Training, recruitment and other costs	283,176	101,164
Contracted labour	140,666	124,444
	<b>19,236,285</b>	<b>\$ 15,047,405</b>
<b>Occupancy costs</b>		
Rent and other occupancy costs, including straight-line rent	\$ 9,843,866	\$ 8,060,354
Repairs and maintenance	908,544	629,625
Utilities	760,990	443,371
Telephone and communications	200,485	183,334
Insurance	179,086	143,506
Security guard services	111,287	60,867
	<b>\$ 12,004,258</b>	<b>\$ 9,521,057</b>
<b>Other operating costs</b>		
Vehicle leases, rent, fuel and other	\$ 477,890	\$ 311,684
Advertising and promotion	446,038	209,147
Audit and professional fees	323,207	345,846
Disposal fees	306,215	232,651
Bank charges and interest	259,003	182,746
Fees and other dues	184,097	156,159
Affiliation dues	85,872	76,221
Interest on long-term debt	86,067	90,837
Travel	70,655	49,724
Postage and delivery	10,185	10,002
	<b>\$ 2,249,229</b>	<b>\$ 1,665,017</b>
<b>Materials costs</b>		
Supplies	\$ 1,416,862	\$ 1,039,667
Materials	36,409	16,646
Pandemic supplies	31,650	111,518
	<b>\$ 1,484,921</b>	<b>\$ 1,167,831</b>

# OF ALBERTA (Registered Society)

## Notes to Financial Statements

Year ended December 31, 2021

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### 14. Impacts of COVID-19

In March 2020, the World Health Organization declared a global pandemic related to COVID-19. The Government of Alberta subsequently announced a state of public health emergency related to the spread of the COVID-19 virus and implemented a Public Health Order restricting certain businesses and forcing workplace closures to protect the public and limit the virus spread. [REDACTED] operations were deemed non-essential and all operations were temporarily closed for approximately two months in 2020. Operations were gradually resumed following the announced phased re-opening strategy. Operations remained subject to certain varying restrictions during the year which limited traffic flow into the stores. The situation is dynamic and the ultimate duration and magnitude of the impact on the economy and the financial effect to [REDACTED] is not known at this time. Estimates and judgments made by management in the preparation of these financial statements may be subject to a higher degree of measurement uncertainty during this volatile period.

In 2020, [REDACTED] took actions to manage its financial position by temporarily laying off staff, closing sites and reducing operating and planned capital expenditures. During the year, additional efficiency measures in stores and throughout the enterprise were put in place in more effective managing of labour costs in alignment with sales activities. The negotiated deferrals in 2020 on payments for most leases and vendors with some payments on leases extended through to 2021. All deferred lease obligations were fully paid at the end of the year.

[REDACTED] or and recognized revenue under following federal subsidy programs:

- Canada Temporary Wage Subsidy - \$nil (2020 - \$25,000);
- Canada Emergency Wage Subsidy - \$527,237 (2020 - \$2,193,914 of which \$155,775 is included in accounts receivable);
- Canada Emergency Rent Subsidy - \$161,400 (2020 - \$76,800 of which \$76,800 is included in accounts receivable).

Amounts received under these programs are subject to verification by the Canada Revenue Agency and may be subject to adjustment. Any adjustments will be reflected in the period in which the adjustment is confirmed.

[REDACTED] property and equipment and right to use assets for impairment in light of the adverse economic environment caused by the COVID-19 pandemic and determined there are no indicators of impairment as of December 31, 2021.

### 15. Comparative information

Certain comparative information has been reclassified to conform with the financial statement presentation adopted in the current year.

