

Summary of 2020 Financial Statements as prepared by HLH

- For the 2020 year, there was a net profit of \$57,522.00 which is mainly due to the receipt of funds from the Canada Emergency Wage Subsidy (CEWS) program.
- Of the \$74,443.00 amount reported as CEWS revenue, the actual cash received was \$45,865.00 with \$28,578.00 recognized and recorded as accounts receivable on the balance sheet.
- There were 2 adjustments made to the prior year (2019) comparative financial statement - one for an equipment purchase of \$13,615.00 that was expensed and should have been recognized as a capital asset and the other one for correction to the accounts payable and wage accrual, which overstated the 2019 wage expense – see Note 4 - Prior Period Adjustment for further details.
- These adjustments resulted in a smaller deficit being reported in 2019 - a reinstated deficit of \$62,959.00 versus \$77,732.00. The 2019 balance sheet was also corrected to the asset amount to reflect the capitalization of the equipment.
- There was an increase in professional fees, due to the increased costs related to accounting fees for filing the CEWS and lawyer fees related to discussion and advice on the release of various staff members.
- Severance paid to staff has been segregated from the salaries, wage and benefit expense.
- Notes 14 and 15 of the 2020 financial statements highlight SEESA's future financial risk and what SEESA should be concentrating on in the future – economic dependence and liquidity risk.
- HLH also prepared a detailed letter addressed to the Finance Committee highlighting their significant audit findings and several areas of improvement. Some of the areas of improvement have already been corrected and

the remaining items will be reviewed and addressed throughout the 2021 fiscal year.