

THE CALGARY BETWEEN FRIENDS CLUB
Financial Statements
Year Ended December 31, 2016

THE CALGARY BETWEEN FRIENDS CLUB
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Year Ended December 31, 2016

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Independent Auditor's Report

To the Directors of The Calgary Between Friends Club

We have audited the accompanying financial statements of The Calgary Between Friends Club, which comprise the statement of financial position as at December 31, 2016 and the statements of revenue and expenses, changes in net assets and cash flows for the year then ended, and 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

(continues)

Independent Auditor's Report to the Directors of The Calgary Between Friends Club *(continued)*

Basis for Qualified Opinion

The Calgary Between Friends Club derives revenue from donations, fundraising and program registration 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 Calgary Between Friends Club. Therefore, we were not able to determine whether any adjustments might be necessary to donations revenue, fundraising revenue, excess of revenues over expenses, and cash flows from operations for the year ended December 31, 2016, current assets and net assets as at December 31, 2016.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of The Calgary Between Friends Club as at December 31, 2016 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.

Other Matter

The financial statements for the year ended December 31, 2015 were audited by another audit firm who expressed a qualified opinion dated March 6, 2016.



Calgary, Alberta
April 13, 2017

Calvista LLP
Chartered Professional Accountants

THE CALGARY BETWEEN FRIENDS CLUB
Statement of Financial Position
As at December 31, 2016

	2016	2015
Assets		
Current		
Cash and cash equivalents	\$ 381,384	\$ 528,120
Short term investments (Note 3)	179,016	176,016
Accounts receivable	9,279	16,021
Goods and services tax recoverable	23,919	11,955
Prepaid expenses	22,623	24,822
	<u>616,221</u>	756,934
Endowment fund (Note 4)	1,339,783	1,227,553
Property and equipment (Note 5)	<u>58,594</u>	6,574
	<u>\$ 2,014,598</u>	<u>\$ 1,991,061</u>
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 27,316	\$ 34,520
Source deductions payable	2,699	16,355
Unearned revenue (Note 6)	<u>35,669</u>	18,649
	65,684	69,524
Deferred contributions related to operations (Note 7)	374,748	435,926
Deferred contributions related to property and equipment (Note 7)	<u>48,511</u>	7,628
	<u>488,943</u>	513,078
Net Assets		
Invested in property and equipments	10,083	-
General fund	175,789	250,430
Endowment fund	<u>1,339,783</u>	1,227,553
	<u>1,525,655</u>	1,477,983
	<u>\$ 2,014,598</u>	<u>\$ 1,991,061</u>

On behalf of the Board


 _____ Director

 _____ Director

THE CALGARY BETWEEN FRIENDS CLUB
Statement of Revenue and Expenses
Year Ended December 31, 2016

	2016	2015
Revenue		
Fundraising (Note 8)	\$ 1,255,916	\$ 1,223,376
Programs	669,475	739,568
Government grants	104,601	67,880
Investment income - endowment fund	37,705	64,933
Investment income - general fund	1,047	900
	<u>2,068,744</u>	<u>2,096,657</u>
Expenses		
Direct costs		
Program wages and benefits	973,174	925,832
Program costs	520,841	538,906
Fundraising wages and benefits (Note 8)	226,113	197,466
Fundraising costs (Note 8)	98,362	162,350
Operating expenses		
Wages and benefits	101,678	31,158
General operating costs	66,454	65,991
Communications - publicity & promotions	42,007	21,293
Amortization	21,222	5,408
Building occupancy	19,514	18,481
Endowment fund administration charges	14,841	14,865
	<u>2,084,206</u>	<u>1,981,750</u>
Excess (deficiency) of revenue over expenses	(15,462)	114,907
Other income		
Unrealized gain on long term investments	63,134	13,205
Excess of revenue over expenses	\$ 47,672	\$ 128,112

THE CALGARY BETWEEN FRIENDS CLUB
Statement of Changes in Net Assets
Year Ended December 31, 2016

	Invested in property and equipments	General fund	Endowment fund	2016	2015
Net assets - beginning of year	\$ -	\$ 250,430	\$ 1,227,553	\$ 1,477,983	\$ 1,349,871
Excess (deficiency) of revenues over operating expenses	(2,521)	(35,805)	85,998	47,672	128,112
Property and equipment acquisitions	12,604	(12,604)	-	-	-
Inter-fund transfers (Note 4)	-	(26,232)	26,232	-	-
Net assets - end of year	\$ 10,083	\$ 175,789	\$ 1,339,783	\$ 1,525,655	\$ 1,477,983

THE CALGARY BETWEEN FRIENDS CLUB
Statement of Cash Flows
Year Ended December 31, 2016

	2016	2015
Operating activities		
Excess of revenue over expenses	\$ 47,672	\$ 128,112
Items not affecting cash:		
Amortization of property and equipment	21,222	7,813
Recognition of deferred contributions related to property and equipment	(19,756)	(2,405)
Unrealized gain on endowment fund	(63,134)	(13,205)
	<u>(13,996)</u>	<u>120,315</u>
Changes in non-cash working capital:		
Accounts receivable	4,821	1,513
Allowance for doubtful accounts	1,922	-
Prepaid expenses	2,199	(2,731)
Accounts payable	(7,205)	2,367
Goods and services tax receivable	(11,964)	(558)
Source deductions payable	(13,656)	9,687
Unearned revenue	17,020	18,649
Deferred contributions related to operations	(61,178)	230,194
	<u>(68,041)</u>	<u>259,121</u>
	<u>(82,037)</u>	<u>379,436</u>
Investing activities		
Purchase of property and equipment	(73,243)	-
Purchase of short term investments	(3,000)	(50,316)
Change in endowment fund	(49,095)	1,223
	<u>(125,338)</u>	<u>(49,093)</u>
Financing activity		
Deferred contributions received for purchase of property and equipment	60,639	-
	<u>60,639</u>	<u>-</u>
Increase (decrease) in cash flows	(146,736)	330,343
Cash and cash equivalents - beginning of year	<u>528,120</u>	<u>197,777</u>
Cash and cash equivalents - end of year	\$ 381,384	\$ 528,120

THE CALGARY BETWEEN FRIENDS CLUB

Notes to Financial Statements

Year Ended December 31, 2016

1. Purpose of the Society

The Calgary Between Friends Club (the "Society") is a not-for-profit organization incorporated provincially under the Companies Act of Alberta. As a registered charity the Society is exempt from the payment of income tax under Section 149(1) of the Income Tax Act.

The Society operates to provide quality social, recreation and self-development opportunities for people with disabilities to connect, grow and belong.

2. Summary of significant accounting policies

Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPPO).

Fund accounting

Revenue and expenses related to program delivery and administrative activities are reported in the General Fund.

The Endowment Fund was created to accumulate assets to generate investment income to help fund the Society's operations. The Endowment Fund's investments are maintained in trust by the Calgary Foundation. Access to capital contributions within the Endowment Fund are restricted for ten years following the initial date of contributions. Net investment income earned on the assets of the Endowment Fund is unrestricted and can be used to fund operations of the Society as determined by the Board of Directors. The Society's access to undistributed net investment income is restricted to a maximum of 4.5% of the market value of the Endowment Fund's pro-rata share of investments held in trust by the Calgary Foundation. Net investment income in excess of the 4.5% maximum is reinvested back into the Endowment Fund.

Revenue recognition

The Calgary Between Friends Club follows the deferral method of accounting for contributions.

Restricted contributions are recognized as revenue in the General Fund in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue in the General Fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Investment income, except that earned on the assets of the Endowment Fund is recognized as revenue in the General Fund in the year it is earned.

The Society carries on programs, when fees are collected in advance of the program's start date the Society defers this revenue until the program commences at which time revenue can be recognized in the General Fund.

Contributions received for property and equipment are recognized in revenue in the General Fund in proportion to the annual amortization of the related assets for which the contributions were made.

Endowment contributions are recognized as direct increases in the Endowment Fund balance. Investment income earned on the assets in the Endowment Fund is recognized as revenue in the Endowment Fund in the year it is earned.

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THE CALGARY BETWEEN FRIENDS CLUB

Notes to Financial Statements

Year Ended December 31, 2016

2. Summary of significant accounting policies (continued)

Long term investments

Investments held within the Endowment Fund are recorded at fair value as they are invested by The Calgary Foundation in publicly traded instruments. The investments are written down to net realizable value when other than a temporary decline occurs.

Property and equipment

Property and equipment is stated at cost less accumulated amortization. Contributed property and equipment are recorded at fair value of the date of contribution. Property and equipment is amortized over its estimated useful life on a straight-line basis at the following rates and methods:

Equipment	5 years	straight-line
Computer equipment	5 years	straight-line
Computer software	5 years	straight-line
Furniture and fixtures	5 years	straight-line
Leasehold improvements	5 years	straight-line

The Society regularly reviews its property and equipment to eliminate obsolete items.

Cash and cash equivalents

Cash includes cash on hand, amounts held with third parties and in banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with maturities at the date of purchase of less than ninety days and that are subject to an insignificant risk of change in value.

Contributed services

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

Financial instruments policy

Financial instruments are recorded at fair value when acquired or issued. Transaction costs on acquisition, sale or issue of financial instruments are expensed when incurred. In subsequent periods, financial instruments excluding long-term investments are reported at amortized cost. Long-term investments continue to be measured at fair value.

The financial assets measured at amortized cost include cash and cash equivalents, short-term investments and accounts receivable. The financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

Financial assets are tested for impairment at each reporting date.

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THE CALGARY BETWEEN FRIENDS CLUB
Notes to Financial Statements
Year Ended December 31, 2016

2. 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 revenue and expenses during the period.

Accounts receivable and goods and service tax receivable are stated after evaluation as to their collectibility and appropriate allowance for doubtful accounts is provided where considered necessary.

Amortization of property and equipment is based on estimated useful lives of the underlying assets.

Amounts received as contributions are recognized as revenue when the conditions, those contributions have been subject to, are met.

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.

3. Short term investments

	<u>2016</u>	<u>2015</u>
Guaranteed investment certificate, bearing interest at 0.51% (2015: 0%) per annum, maturing June 2016	\$ 3,000	\$ -
Mutual Funds	176,016	176,016
	<u>\$ 179,016</u>	<u>\$ 176,016</u>

4. Endowment fund

The Endowment Fund was created to accumulate assets to generate investment income to help fund the Society's operations. The funds are managed by The Calgary Foundation ("TCF"). The movement in the Endowment Fund during the year is:

	<u>2016</u>	<u>2015</u>
Balance - beginning of year	\$ 1,227,553	\$ 1,215,571
Investment income	37,705	64,932
TCF operational costs	(14,841)	(14,866)
Contributions approved by the board	75,000	-
Grants approved by TCF	(48,768)	(51,289)
	<u>1,276,649</u>	<u>1,214,348</u>
Unrealized gain on long term investments	63,134	13,205
	<u>\$ 1,339,783</u>	<u>\$ 1,227,553</u>

THE CALGARY BETWEEN FRIENDS CLUB
Notes to Financial Statements
Year Ended December 31, 2016

5. Property and equipments

	Cost	Accumulated amortization	2016 Net book value	2015 Net book value
Equipment	\$ 129,653	\$ 121,443	\$ 8,210	\$ 6,503
Computer equipment	8,621	1,724	6,897	-
Computer software	13,365	9,831	3,534	71
Furniture and fixtures	14,873	11,702	3,171	-
Leasehold improvements	526,944	490,162	36,782	-
	<u>\$ 693,456</u>	<u>\$ 634,862</u>	<u>\$ 58,594</u>	<u>\$ 6,574</u>

6. Unearned revenue

	2016	2015
Membership fees	\$ 7,565	\$ 5,890
Program Fees	28,104	12,759
	<u>\$ 35,669</u>	<u>\$ 18,649</u>

THE CALGARY BETWEEN FRIENDS CLUB
Notes to Financial Statements
Year Ended December 31, 2016

7. Deferred contributions

	<u>2016</u>		<u>2015</u>
<u>Deferred contributions related to operations</u>			
Balance - beginning of year	435,926	\$	178,920
Contributions received	261,002		435,926
Amounts utilized during the year	<u>(322,180)</u>		<u>(178,920)</u>
	<u>374,748</u>		<u>435,926</u>
 <u>Deferred contributions related to property and equipment</u>			
Balance - beginning of year	7,628		10,033
Contributions received	60,639		-
Amounts utilized during the year	<u>(19,756)</u>		<u>(2,405)</u>
	<u>48,511</u>		<u>7,628</u>

8. Additional information to comply with the disclosure requirement of the Charitable Fundraising Act of Alberta and regulations

	<u>2016</u>		<u>2015</u>
Gross fundraising contributions received			
General Fund	<u>\$ 1,255,916</u>	\$	<u>1,223,376</u>

Expenses incurred for the purposes of soliciting contributions were \$98,362 (2015: \$162,350)

Remuneration paid to employees for fundraising activities were \$226,113 (2015: \$197,466)

9. Financial instruments risk

The Society's financial instruments consist of cash and cash equivalents, short term investments, long term investments, accounts receivable and accounts payable and accrued liabilities, all of which are reported at amortized cost except long term investments which are reported at fair value. The fair value of the financial instruments reported at amortized cost approximate their carrying values due to their short term maturity. Unless otherwise noted, it is management's opinion that the Society is not exposed to significant credit and interest risks arising from these financial instruments.

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 funders and other related sources, obligations under rental leases and accounts payable. Management monitors its cash flows periodically to ensure these obligations are settled when due.

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THE CALGARY BETWEEN FRIENDS CLUB
Notes to Financial Statements
Year Ended December 31, 2016

9. Financial instruments risk (*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 rate risk, interest rate risk and other price risk. The Society is not exposed to interest rate risk as it does not have financial assets or liabilities bearing these risks. The Society is however, exposed to risk of changes in fair value of its Endowment Fund. Management reviews these investments closely to ensure that these investments are made in low risk instruments and accounts.

10. Comparative figures

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