

THE CALGARY BETWEEN FRIENDS CLUB

Financial Statements

December 31, 2018

THE CALGARY BETWEEN FRIENDS CLUB
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For the Year Ended December 31, 2018

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INDEPENDENT AUDITOR'S REPORT

To the Directors of The Calgary Between Friends Club

Qualified Opinion

We have audited the financial statements of The Calgary Between Friends Club (the "Society"), which comprise the statement of financial position, as at December 31, 2018, and the statement of operations, statement of changes in net assets and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Society as at December 31, 2018, and its results of operations and its cash flows for the year then ended in accordance with the Canadian accounting standards for not-for-profit organizations.

Other Matter

The financial statements of the Society for the year ended December 31, 2017 were audited by the firm of Calvista LLP, whose practice now operates under BDO Canada LLP, and who expressed a modified opinion of those statements on April 11, 2018. The financial statements of the Society for the year ended December 31, 2017 was a qualified opinion for the completeness of donations, fundraising and program registration activities.

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Society derives revenue from 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 Society. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising and program registration revenue, excess of revenues over expenses, and cash flows from operations for the years ended December 31, 2018, current assets as at December 31, 2018, and net assets as at January 1 and December 31 for 2018. Our audit opinion on the financial statements for the year ended December 31, 2018 was modified accordingly because of the possible effects of this limitation in scope.

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 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 qualified audit opinion.

Responsibilities of Management and Those Charged with Governance 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.

In preparing the financial statements, management is responsible for assessing the 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 Society or cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Society's financial reporting process.

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

Auditor's Responsibilities for the Audit of 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 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 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 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 Entity 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.

BDO Canada LLP


Chartered Professional Accountants

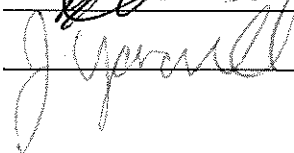
Calgary, Alberta
April 10, 2019

THE CALGARY BETWEEN FRIENDS CLUB
Statement of Financial Position
As at December 31, 2018

	2018	2017
Assets		
Current		
Cash and cash equivalents	\$ 203,731	\$ 278,944
Restricted cash (Note 3)	67,824	30,822
Short term investments (Note 4)	181,143	179,016
Accounts receivable	46,751	7,330
Goods and services tax recoverable	6,168	12,531
Prepaid expenses	40,393	27,603
	<u>546,010</u>	<u>536,246</u>
Property and equipment (Note 5)	54,606	71,122
Endowment fund investment (Note 6)	<u>1,368,976</u>	<u>1,421,287</u>
	<u>\$ 1,969,592</u>	<u>\$ 2,028,655</u>
Liabilities and Net assets		
Current		
Accounts payable and accrued liabilities	\$ 23,026	\$ 33,476
Source deductions payable	9,676	63,424
Unearned revenue (Note 7)	42,201	41,660
Deferred contributions related to operations (Note 8)	91,600	192,376
Deferred contributions related to casino (Note 8)	67,824	30,822
	<u>234,327</u>	<u>361,758</u>
Deferred contributions related to property and equipment (Note 9)	<u>72,934</u>	<u>59,731</u>
	<u>307,261</u>	<u>421,489</u>
Net Assets		
Invested in property and equipment	14,072	11,392
General fund	279,283	174,487
Endowment fund (Note 6)	<u>1,368,976</u>	<u>1,421,287</u>
	<u>1,662,331</u>	<u>1,607,166</u>
	<u>\$ 1,969,592</u>	<u>\$ 2,028,655</u>

On behalf of the Board


 _____ Director


 _____ Director

THE CALGARY BETWEEN FRIENDS CLUB
Statement of Operations
For the Year Ended December 31, 2018

	2018	2017
Revenue		
Fundraising (Note 10)	\$ 1,247,238	\$ 1,274,367
Programs	850,600	772,002
Government grants	201,453	221,296
Investment income - endowment fund (Note 6)	31,542	32,800
Investment income - general	5,588	1,802
	<u>2,336,421</u>	<u>2,302,267</u>
Expenses		
Direct costs		
Program wages and benefits	1,210,869	1,205,041
Program costs	514,314	551,690
Fundraising wages and benefits (Note 10)	179,572	217,441
Fundraising costs (Note 10)	49,835	103,713
	<u>1,954,590</u>	<u>2,077,885</u>
Operating Expenses		
Operating wages and benefits	145,384	97,760
General operating costs	60,782	61,442
Communications - publicity & promotions	48,442	45,277
Amortization	22,675	21,443
Building occupancy	22,629	21,457
Endowment fund administration charges (Note 6)	12,720	16,245
	<u>312,632</u>	<u>263,624</u>
Deficiency of revenue over expenses	69,199	(39,242)
Other income		
Unrealized gain (loss) on Endowment Fund investment (Note 6)	<u>(14,034)</u>	<u>120,752</u>
Excess of revenue over expenses	\$ 55,165	\$ 81,510

THE CALGARY BETWEEN FRIENDS CLUB
Statement of Changes in Net Assets
For the Year Ended December 31, 2018

	Invested in property and equipment	General Fund	Endowment Fund	2018	2017
Net assets - beginning of year	\$ 11,392	\$ 174,487	\$ 1,421,287	\$ 1,607,166	\$ 1,525,656
(Deficiency) excess of revenue over expenses	(3,478)	110,954	(52,311)	55,165	81,510
Property and equipment acquisition	6,158	(6,158)	-	-	-
Net assets - end of year	\$ 14,072	\$ 279,283	\$ 1,368,976	\$ 1,662,331	\$ 1,607,166

THE CALGARY BETWEEN FRIENDS CLUB
Statement of Cash Flows
For the Year Ended December 31, 2018

	2018	2017
Operating activities		
Excess of revenue over expenses	\$ 55,165	\$ 81,510
Items not affecting cash:		
Amortization of property and equipment	22,675	21,443
Recognition of deferred contributions related to property and equipment	(19,196)	(17,965)
Unrealized gain (loss) on Endowment fund	14,034	(120,752)
Allowance for doubtful accounts	-	1,216
	<u>72,678</u>	<u>(34,548)</u>
Changes in non-cash working capital:		
Accounts receivable	(39,421)	732
Marketable securities	(2,127)	-
Accounts payable	(10,452)	6,160
Unearned revenue	541	5,991
Prepaid expenses	(12,790)	(4,980)
Goods and services tax payable	6,363	11,388
Employee deductions payable	(53,748)	60,725
Deferred contributions related to operations	(100,776)	(177,412)
Deferred contributions related to casino	37,002	25,863
	<u>(175,408)</u>	<u>(71,533)</u>
Cash flows from operating activities	<u>(102,730)</u>	<u>(106,081)</u>
Investing activities		
Purchase of property and equipment	(6,158)	(33,972)
Change in endowment fund	38,277	39,250
Cash flows from investing activities	<u>32,119</u>	<u>5,278</u>
Financing activity		
Deferred contributions received for purchase of property and equipment	32,400	29,185
Cash flows from financing activity	<u>32,400</u>	<u>29,185</u>
Decrease in cash flows	<u>(38,211)</u>	<u>(71,618)</u>
Cash and cash equivalents - beginning of year	<u>309,766</u>	<u>381,384</u>
Cash and cash equivalents - end of year	<u>271,555</u>	<u>309,766</u>
Cash consists of:		
Cash	\$ 203,731	\$ 278,944
Restricted cash	67,824	30,822
	<u>\$ 271,555</u>	<u>\$ 309,766</u>

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

THE CALGARY BETWEEN FRIENDS CLUB

Notes to Financial Statements

Year Ended December 31, 2018

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 development opportunities so that people with disabilities can 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 (ASNPO).

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 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. Revenue from donations and fundraising activities are recorded when committed and collection is reasonably assured. Investment income, except that earned on the assets of the Endowment Fund is recognized as revenue in the year it is earned.

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

Endowment contributions are recognized as direct increases in net assets. 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, 2018

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	term of the lease

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 goods and services

The operations of the Society depend on the contribution of time by volunteers. The fair value of donated services can not be reasonably determined and are therefore not reflected in these financial statements. Contributed goods are recognized where their fair values are readily determinable and the goods would have been purchased had they not be contributed. The amount of gift in kind received during the year was \$19,325 (2017: \$24,651).

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, 2018

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 is stated after evaluation of collectibility, management considers setting up an allowance for doubtful accounts where 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 statement of operations in the period in which they become known. Actual results could differ from these estimates.

3. Restricted cash

Restricted cash are funds that have been collected through casino proceeds and are therefore externally restricted by the Alberta Gaming and Liquor Commission. The Society maintains a separate bank account for casino funds.

4. Short term investments

	2018	2017
Guaranteed investment certificate, bearing interest at 0.05% (2017: 0.51%) per annum, maturing July 2019	\$ 3,022	\$ 3,000
Mutual Funds	178,121	176,016
	<u>\$ 181,143</u>	<u>\$ 179,016</u>

5. Property and equipment

	Cost	Accumulated amortization	2018 Net book value	2017 Net book value
Equipment	\$ 136,991	\$ 129,715	\$ 7,276	\$ 12,028
Computer equipment	11,544	6,342	5,202	7,511
Computer software	18,675	13,722	4,953	6,899
Furniture and fixtures	21,032	13,288	7,744	2,378
Leasehold improvements	545,344	515,913	29,431	42,306
	<u>\$ 733,586</u>	<u>\$ 678,980</u>	<u>\$ 54,606</u>	<u>\$ 71,122</u>

THE CALGARY BETWEEN FRIENDS CLUB

Notes to Financial Statements

Year Ended December 31, 2018

6. 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>2018</u>	<u>2017</u>
Balance - beginning of year	\$ 1,421,287	\$ 1,339,783
Investment income	31,542	32,800
TCF operational costs	(12,720)	(16,245)
Grants approved by TCF	(57,099)	(55,803)
	<u>1,383,010</u>	<u>1,300,535</u>
Unrealized (loss) gain on Endowment fund	(14,034)	120,752
	<u>\$ 1,368,976</u>	<u>\$ 1,421,287</u>

7. Unearned revenue

	<u>2018</u>	<u>2017</u>
Membership fees	\$ 9,422	\$ 9,230
Program Fees	32,779	32,430
	<u>\$ 42,201</u>	<u>\$ 41,660</u>

THE CALGARY BETWEEN FRIENDS CLUB

Notes to Financial Statements

Year Ended December 31, 2018

8. Deferred contribution related to operations and casino

	<u>2018</u>	<u>2017</u>
<u>Operations (a)</u>		
Balance - beginning of year	\$ 192,376	\$ 369,788
Contribution received	80,000	170,649
Amount utilized	<u>(180,776)</u>	<u>(348,061)</u>
	<u>\$ 91,600</u>	<u>\$ 192,376</u>
<u>Casino</u>		
Balance - beginning of year	\$ 30,822	\$ 4,959
Contribution received	96,819	68,461
Amount utilized	<u>(59,817)</u>	<u>(42,598)</u>
	<u>\$ 67,824</u>	<u>\$ 30,822</u>

(a) Deferred contributions related to operations are summarized by program as follows:

	<u>2018</u>	<u>2017</u>
Camp Bonaventure	\$50,000	\$ -
Scholarships	11,600	13,600
ICAN	-	88,776
Adventurers	-	35,000
VIT Project	-	20,000
WESOAR	30,000	35,000
	<u>\$91,600</u>	<u>\$192,376</u>

9. Deferred contributions related to property and equipment

	<u>2018</u>	<u>2017</u>
Balance - beginning of year	59,731	\$ 48,511
Contributions received	32,400	29,184
Amounts utilized during the year	<u>(19,197)</u>	<u>(17,964)</u>
	<u>72,934</u>	<u>59,731</u>

Contributions received of \$32,400 during 2018, have been deferred for future acquisition of property and equipment.

THE CALGARY BETWEEN FRIENDS CLUB

Notes to Financial Statements

Year Ended December 31, 2018

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

	<u>2018</u>	<u>2017</u>
Gross fundraising contributions received		
General Fund	\$ 1,253,683	\$ 1,274,367

Expenses incurred for the purposes of soliciting contributions were \$49,835 (2017: \$103,713)

Remuneration paid to employees for fundraising activities were \$179,572 (2017: \$217,441)

11. Financial instruments risk

The Society's financial instruments consist of cash and cash equivalents, short term investments, endowment fund, accounts receivable and accounts payable and accrued liabilities, all of which are reported at amortized cost except the endowment fund 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.

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 the short-term investments closely to ensure that these investments are made in low risk instruments and accounts.

12. Lease commitments

The Society has a long term lease with respect to its premises that expires on February 28, 2022. The lease contains payment of utilities, property taxes and maintenance costs. Future minimum lease payments as at December 31, 2018, are as follows:

2019	\$ 43,373
2020	43,373
2021	43,373
2022	<u>7,229</u>
	<u>\$ 137,348</u>

THE CALGARY BETWEEN FRIENDS CLUB
Notes to Financial Statements
Year Ended December 31, 2018

13. Comparative figures

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