

**THE CALGARY BETWEEN FRIENDS CLUB**  
**Financial Statements**  
**Year Ended December 31, 2019**

**THE CALGARY BETWEEN FRIENDS CLUB**  
**Index to Financial Statements**  
**Year Ended December 31, 2019**

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## INDEPENDENT AUDITOR'S REPORT

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To the Directors of The Calgary Between Friends Club

### *Qualified Opinion*

I have audited the financial statements of The Calgary Between Friends Club (the Society), which comprise the statement of financial position as at December 31, 2019, and the statements of operations, 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 my opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of my report, the accompanying financial statements present fairly, in all material respects, the financial position of the Society as at December 31, 2019, 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 Qualified Opinion*

In common with many not-for-profit organizations, the Society derives revenue from fundraising 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, I was not able to determine whether any adjustments might be necessary to fundraising revenue, excess of revenues over expenses, and cash flows from operations for the year ended December 31, 2019, current assets and net assets as at December 31, 2019. My audit opinion on the financial statements for the year ended December 31, 2019 was modified accordingly because of the possible effects of this limitation of scope.

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Society in accordance with ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

### *Other Matter*

The financial statements for the year ended December 31, 2018 were audited by another auditor who expressed a qualified opinion on those financial statements on April 10, 2019 for the reasons described in the *Basis for Qualified Opinion* section.

### *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 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 to 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.

### *Auditor's Responsibilities for the Audit of the Financial Statements*

My 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 my 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, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 my 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 I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the 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.

I 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 I identify during my audit.

*(continues)*

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

A handwritten signature in black ink that reads "Stock." The signature is written in a cursive style with a large, looped initial "S" and a period at the end.

Calgary, Alberta  
April 8, 2020

JESSICA STOCK PROFESSIONAL CORPORATION  
CHARTERED PROFESSIONAL ACCOUNTANT

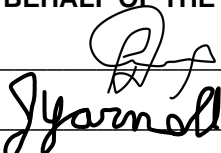
**THE CALGARY BETWEEN FRIENDS CLUB**  
**Statement of Financial Position**  
**December 31, 2019**

	2019	2018
<b>Assets</b>		
Current		
Cash and cash equivalents	\$ 495,721	\$ 171,331
Restricted cash (Note 4)	10,355	67,824
Short term investments (Note 5)	3,033	181,143
Accounts receivable	56,559	46,751
Prepaid expenses	18,743	40,393
Goods and services tax recoverable	12,090	6,168
	<u>596,501</u>	513,610
Property and equipment (Note 6)	59,386	54,606
Endowment fund investment (Note 7)	1,486,305	1,368,976
Restricted cash (Note 10)	6,300	32,400
	<u>\$ 2,148,492</u>	<u>\$ 1,969,592</u>
<b>Liabilities</b>		
Current		
Accounts payable and accrued liabilities	\$ 28,357	\$ 23,025
Source deduction payable	6,376	9,676
Unearned revenue (Note 8)	46,151	42,201
Deferred contributions related to operations (Note 9)	145,385	91,600
Deferred contributions related to casino (Note 9)	10,355	67,824
	<u>236,624</u>	234,326
Deferred contributions related to property and equipment (Note 10)	54,790	72,934
	<u>291,414</u>	307,260
<b>Net Assets</b>		
Invested in property and equipment	10,896	14,073
General fund	359,877	279,283
Endowment fund (Note 7)	1,486,305	1,368,976
	<u>1,857,078</u>	1,662,332
	<u>\$ 2,148,492</u>	<u>\$ 1,969,592</u>

Lease commitments (Note 13)

Subsequent events (Note 16)

**ON BEHALF OF THE BOARD**

\_\_\_\_\_  
 Director

\_\_\_\_\_  
 Director

See notes to financial statements

**THE CALGARY BETWEEN FRIENDS CLUB**  
**Statement of Operations**  
**Year Ended December 31, 2019**

	2019	2018
<b>Revenues</b>		
Fundraising <i>(Note 11)</i>	\$ 1,087,036	\$ 1,247,238
Programs	859,961	850,600
Government grants <i>(Note 12)</i>	217,385	201,453
Investment income - endowment fund <i>(Note 7)</i>	34,875	31,542
Investment income - general	3,673	5,588
	<u>2,202,930</u>	<u>2,336,421</u>
<b>Direct costs</b>		
Program wages and benefits	1,106,454	1,210,869
Program costs	524,670	514,314
Fundraising wages and benefits <i>(Note 11)</i>	167,858	179,572
Fundraising costs <i>(Note 11)</i>	54,702	49,835
	<u>1,853,684</u>	<u>1,954,590</u>
<b>Operating Expenses</b>		
Operating wages and benefits	119,412	145,384
General operating costs	79,114	60,782
Communications - publicity & promotions	39,724	48,442
Amortization	29,485	22,675
Building occupancy	23,979	22,629
Endowment fund administration charges <i>(Note 7)</i>	15,575	12,720
	<u>307,289</u>	<u>312,632</u>
<b>Excess of revenues over expenses</b>	<b>41,957</b>	<b>69,199</b>
Other income		
Unrealized gain (loss) on Endowment Fund Investment <i>(Note 7)</i>	<u>152,789</u>	<u>(14,034)</u>
<b>Excess of revenues over expenses</b>	<b>\$ 194,746</b>	<b>\$ 55,165</b>

See notes to financial statements

**THE CALGARY BETWEEN FRIENDS CLUB**  
**Statement of Changes in Net Assets**  
**Year Ended December 31, 2019**

	Invested in Property and Equipment	General Fund	Endowment Fund	<b>2019</b>	2018
<b>Net assets - beginning of year</b>	\$ 14,073	\$ 279,283	\$ 1,368,976	<b>\$ 1,662,332</b>	\$ 1,607,166
(Deficiency) excess of revenues over expenses	(5,041)	27,699	172,088	<b>194,746</b>	55,166
Property and equipment acquisition	1,864	(1,864)	-	-	-
Inter-fund transfers	-	54,759	(54,759)	-	-
<b>Net assets - end of year</b>	<b>\$ 10,896</b>	<b>\$ 359,877</b>	<b>\$ 1,486,305</b>	<b>\$ 1,857,078</b>	<b>\$ 1,662,332</b>

See notes to financial statements



**THE CALGARY BETWEEN FRIENDS CLUB**  
**Statement of Cash Flows**  
**Year Ended December 31, 2019**

	2019	2018
<b>Operating activities</b>		
Excess of revenue over expenses	\$ 194,746	\$ 55,165
Items not affecting cash:		
Amortization of property and equipment	29,485	22,675
Recognition of deferred contributions related to property and equipment	(24,445)	(19,196)
Unrealized gain (loss) on Endowment fund	(152,788)	14,034
Bad debt expense	10,370	-
	<u>57,368</u>	<u>72,678</u>
Changes in non-cash working capital:		
Accounts receivable	(20,178)	(39,421)
Accounts payable and accrued liabilities	5,331	(10,452)
Unearned revenue	3,950	541
Prepaid expenses	21,650	(12,790)
Deferred contributions related to operations	53,785	(100,776)
Deferred contributions related to casino	(57,469)	37,002
Goods and services tax payable	(5,922)	6,363
Source deduction payable	(3,300)	(53,748)
	<u>(2,153)</u>	<u>(173,281)</u>
Cash flow from (used by) operating activities	<u>55,215</u>	<u>(100,603)</u>
<b>Investing activities</b>		
Purchase of property and equipment	(34,264)	(6,158)
Change in endowment fund	35,460	38,277
Short term investments	178,110	(2,127)
	<u>179,306</u>	<u>29,992</u>
Cash flow from investing activities	<u>179,306</u>	<u>29,992</u>
<b>Financing activity</b>		
Deferred contributions received for the purchase of property and equipment	6,300	32,400
	<u>6,300</u>	<u>32,400</u>
Cash flow from financing activities	<u>6,300</u>	<u>32,400</u>
<b>Increase (decrease) in cash flow</b>	<b>240,821</b>	<b>(38,211)</b>
Cash - beginning of year	<u>271,555</u>	<u>309,766</u>
<b>Cash - end of year</b>	<b>\$ 512,376</b>	<b>\$ 271,555</b>
<b>Cash consists of:</b>		
Cash and cash equivalents	\$ 495,721	\$ 171,331
Restricted cash	10,355	67,824
Restricted cash	6,300	32,400
	<u>\$ 512,376</u>	<u>\$ 271,555</u>

See notes to financial statements

**THE CALGARY BETWEEN FRIENDS CLUB**  
**Notes to Financial Statements**  
**Year Ended December 31, 2019**

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**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. Basis of presentation**

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

**3. Summary of significant accounting policies**

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, 2019**

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**3. 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 method
Computer equipment	5 years	straight-line method
Computer software	5 years	straight-line method
Furniture and fixtures	5 years	straight-line method
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 cannot 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 \$8,871 (2018: \$19,325)

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, 2019**

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**3. 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.

Accounts receivable is stated after evaluation of collectability, 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.

**4. 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.

**5. Short term investments**

	<b>2019</b>		<b>2018</b>
Guaranteed investment certificate, bearing interest at 0.35% (2018: 0.05%) per annum, maturing July 2020	<b>\$ 3,033</b>	\$	3,022
Mutual Funds	-		178,121
	<b>\$ 3,033</b>	\$	<b>181,143</b>

**THE CALGARY BETWEEN FRIENDS CLUB**  
**Notes to Financial Statements**  
**Year Ended December 31, 2019**

**6. Property and equipment**

	Cost	Accumulated amortization	<b>2019 Net book value</b>	2018 Net book value
Equipment	\$ 137,411	\$ 133,277	\$ 4,134	\$ 7,276
Computer equipment	12,856	8,913	3,943	5,202
Computer software	18,675	15,668	3,007	4,953
Furniture and fixtures	53,565	21,819	31,746	7,744
Leasehold improvements	545,344	528,788	16,556	29,431
	<b>\$ 767,851</b>	<b>\$ 708,465</b>	<b>\$ 59,386</b>	<b>\$ 54,606</b>

**7. 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:

	<b>2019</b>	2018
Balance - beginning of year	\$ 1,368,976	\$ 1,421,287
Investment income	34,875	31,542
TCF operational costs	(15,575)	(12,720)
Grants approved by TCF	(54,759)	(57,099)
Subtotal	1,333,517	1,383,010
Unrealized gain (loss) on Endowment fund	152,788	(14,034)
	<b>\$ 1,486,305</b>	<b>\$ 1,368,976</b>

**8. Unearned revenue**

	<b>2019</b>	2018
Membership fees	\$ 9,538	\$ 9,422
Program fees	36,613	32,779
	<b>\$ 46,151</b>	<b>\$ 42,201</b>

**THE CALGARY BETWEEN FRIENDS CLUB**  
**Notes to Financial Statements**  
**Year Ended December 31, 2019**

**9. Deferred contribution related to operations and casino**

	2019	2018
Operations (a)		
Balance - beginning of year	\$ 91,600	\$ 192,376
Contributions received	137,085	80,000
Amounts utilized	(83,300)	(180,776)
	\$ 145,385	\$ 91,600
 Casino		
Balance - beginning of year	\$ 67,824	\$ 30,822
Contributions received	-	96,819
Amounts utilized	(57,469)	(59,817)
	\$ 10,355	\$ 67,824

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

Camp Bonaventure	\$ 50,000	\$ 50,000
WESOAR	26,500	30,000
Salaries	25,585	-
Fundraising	25,000	-
Scholarships	8,300	11,600
ICAN	5,000	-
VIT Project	5,000	-
	\$ 145,385	\$ 91,600

**10. Deferred contribution related to property and equipment**

	2019	2018
Balance - beginning of year	\$ 72,934	\$ 59,731
Contributions received	6,300	32,400
Amounts utilized during the year	(24,445)	(19,197)
	\$ 54,789	\$ 72,934

Contributions received of \$6,300 during 2019, have been deferred for future acquisition of property and equipment.

**THE CALGARY BETWEEN FRIENDS CLUB**  
**Notes to Financial Statements**  
**Year Ended December 31, 2019**

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

	2019	2018
Fundraising revenue	<b>\$ (1,087,036)</b>	<b>\$ (1,247,238)</b>
Expenses incurred for the purposes of soliciting contributions were \$54,702 (2018: \$49,835)		
Remuneration paid to employees for fundraising activities were \$167,858 (2018: \$179,572)		

**12. City of Calgary, Family & Community Support Services**

During 2019, the Society received \$125,543 (2018: 123,077) from the City of Calgary, Family and Community Support Services. The FCSS grants totalling \$125,543 were fully expensed in the calendar period ending December 31, 2019. Expenditures were related to salaries and benefits.

**13. 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, 2019, are as follows:

2020	\$ 43,373
2021	43,373
2022	7,229
	<b>\$ 93,975</b>

**THE CALGARY BETWEEN FRIENDS CLUB**  
**Notes to Financial Statements**  
**Year Ended December 31, 2019**

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**14. Financial instrument 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.

**15. Comparative figures**

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

**16. Subsequent events**

Subsequent to year end, on March 11, 2020, the World Health Organization declared the coronavirus (COVID-19) a global pandemic. As a result, there has been a downturn in many economic factors that may have a negative effect on the financial instruments and cash flow of the Society. The impact of COVID-19 on the global economy and financial markets are evolving and the potential impact on the Society is uncertain and cannot be quantified at this time. The Society has begun evaluating measures to both protect its future operations and continued support it provides to its membership in this time of crisis. The measures being implemented to protect our members include cancelling all summer programming, and shifting the way programs are delivered. Although this heightens the risk related to the Society's future operations, the steps being contemplated will ensure that social, recreation and development focused programming and services continue.