

The Calgary Between Friends Club
Financial Statements
Year Ended December 31, 2021



CZECHOWSKY, GRAHAM & HANEVELT
CHARTERED PROFESSIONAL ACCOUNTANTS
• AN ASSOCIATION OF PROFESSIONAL PRACTICES •

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INDEPENDENT AUDITOR'S REPORT

To the Members 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, 2021, 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, 2021, 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, 2021, current assets and net assets as at December 31, 2021. My audit opinion on the financial statements for the year ended December 31, 2020 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.

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.

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

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.

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

Calgary, Alberta
April 13, 2022



JESSICA STOCK PROFESSIONAL CORPORATION
CHARTERED PROFESSIONAL ACCOUNTANT

THE CALGARY BETWEEN FRIENDS CLUB
Statement of Financial Position
December 31, 2021

	2021	2020
Assets		
Current		
Cash and cash equivalents	\$ 757,154	\$ 833,300
Restricted casino cash (Note 4)	14,258	55,131
Short term investments (Note 5)	3,052	3,043
Accounts receivable	75,411	126,592
Prepaid expenses	20,662	16,314
Goods and services tax recoverable	6,740	5,286
	<u>877,277</u>	1,039,666
Property and equipment (Note 6)	87,759	32,603
Endowment fund investment (Note 7)	1,754,167	1,581,682
Restricted cash (Note 8)	126,128	60,000
	<u>\$ 2,845,331</u>	<u>\$ 2,713,951</u>
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 35,825	\$ 41,618
Source deduction payable	13,067	8,815
Unearned revenue	-	3,175
Deferred contributions related to operations (Note 9)	239,509	473,959
Deferred contributions related to casino (Note 9)	14,258	55,131
	<u>302,659</u>	582,698
Deferred contributions related to property and equipment (Note 8)	189,147	86,790
	<u>491,806</u>	669,488
Net Assets		
Invested in property and equipment	24,740	(369)
General fund	574,618	463,150
Endowment fund (Note 7)	1,754,167	1,581,682
	<u>2,353,525</u>	2,044,463
	<u>\$ 2,845,331</u>	<u>\$ 2,713,951</u>

Lease commitments (Note 10)

ON BEHALF OF THE BOARD


 _____ Director

 _____ Director

See notes to financial statements

THE CALGARY BETWEEN FRIENDS CLUB
Statement of Operations
Year Ended December 31, 2021

	2021	2020
Revenues		
Fundraising <i>(Note 11)</i>	\$ 1,064,165	\$ 573,938
Programs	159,684	95,298
Government grants <i>(Notes 12, 13)</i>	254,584	391,334
Investment income - endowment fund <i>(Note 7)</i>	59,889	20,439
Investment income - general	3,653	1,939
	<u>1,541,975</u>	<u>1,082,948</u>
Direct costs		
Program wages and benefits	662,541	428,079
Program costs	216,601	162,804
Fundraising wages and benefits <i>(Note 11)</i>	183,895	152,471
Fundraising costs <i>(Note 11)</i>	68,767	38,660
	<u>1,131,804</u>	<u>782,014</u>
Operating expenses		
General operating costs	98,277	65,425
Operating wages and benefits	79,382	129,012
Communications - publicity & promotions	39,537	3,310
Amortization	31,968	30,214
Building occupancy	28,698	19,978
Endowment fund administration charges <i>(Note 7)</i>	16,150	15,275
	<u>294,012</u>	<u>263,214</u>
Excess of revenues over expenses	116,159	37,720
Other income		
Unrealized gain on endowment fund investment <i>(Note 7)</i>	<u>192,903</u>	<u>69,665</u>
Excess of revenues over expenses	\$ 309,062	\$ 107,385

See notes to financial statements

THE CALGARY BETWEEN FRIENDS CLUB
Statement of Changes in Net Assets
Year Ended December 31, 2021

	Invested in Property and Equipment	General Fund	Endowment Fund	2021	2020
Net assets - beginning of year	\$ (369)	\$ 463,150	\$ 1,581,682	\$ 2,044,463	\$ 1,857,078
(Deficiency) excess of revenues over expenses	(8,197)	80,617	236,642	309,062	107,385
Property and equipment acquisition	27,125	(27,125)	-	-	-
Inter-fund transfers	6,181	57,976	(64,157)	-	-
Endowment contributions	-	-	-	-	80,000
Net assets - end of year	\$ 24,740	\$ 574,618	\$ 1,754,167	\$ 2,353,525	\$ 2,044,463

See notes to financial statements

THE CALGARY BETWEEN FRIENDS CLUB
Statement of Cash Flows
Year Ended December 31, 2021

	2021	2020
Operating activities		
Excess of revenue over expenses	\$ 309,062	\$ 107,385
Items not affecting cash:		
Amortization of property and equipment	31,968	30,214
Recognition of deferred contributions related to property and equipment	(23,771)	(28,000)
Unrealized gain on endowment fund	(192,903)	(69,655)
Bad debt expense	-	14,641
	<u>124,356</u>	<u>54,585</u>
Changes in non-cash working capital:		
Accounts receivable	51,181	(84,674)
Accounts payable and accrued liabilities	(5,792)	13,251
Unearned revenue	(3,175)	(42,976)
Prepaid expenses	(4,348)	2,429
Deferred contributions related to operations	(234,450)	328,574
Deferred contributions related to casino	(40,873)	44,776
Goods and services tax recoverable	(1,454)	6,804
Source deduction payable	4,252	2,439
	<u>(234,659)</u>	<u>270,623</u>
Cash flow from (used by) operating activities	<u>(110,303)</u>	<u>325,208</u>
Investing activities		
Purchase of property and equipment	(87,125)	(3,431)
Change in endowment fund	20,418	54,288
Short term investments	(9)	(10)
	<u>(66,716)</u>	<u>50,847</u>
Cash flow from (used by) investing activities	<u>(66,716)</u>	<u>50,847</u>
Financing activity		
Deferred contributions received for the purchase of property and equipment	126,128	60,000
	<u>126,128</u>	<u>60,000</u>
Increase (decrease) in cash flow	<u>(50,891)</u>	<u>436,055</u>
Cash - beginning of year	<u>948,431</u>	<u>512,376</u>
Cash - end of year	<u>\$ 897,540</u>	<u>\$ 948,431</u>
Cash consists of:		
Cash and cash equivalents	\$ 757,154	\$ 833,300
Restricted cash	126,128	60,000
Restricted casino cash	14,258	55,131
	<u>\$ 897,540</u>	<u>\$ 948,431</u>

See notes to financial statements

THE CALGARY BETWEEN FRIENDS CLUB
Notes to Financial Statements
Year Ended December 31, 2021

1. Purpose of the Society

The Calgary Between Friends Club (the Society) is a not-for-profit organization incorporated provincially under the Societies Act (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 (ASNPO).

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 (TCF). 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 TCF. 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 TCF. Net investment income in excess of the 4.5% maximum is reinvested back into the Endowment Fund.

Revenue recognition

The Society 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, 2021

3. **Summary of significant accounting policies** *(continued)*

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.

Property and equipment

Property and equipment are 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:

Leasehold improvements	term of the lease	straight-line method
Furniture and fixtures	5 years	straight-line method
Computer equipment	5 years	straight-line method
Equipment	5 years	straight-line method
Computer software	5 years	straight-line method

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

Long term investments

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

Financial instruments

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, restricted cash, 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.

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 \$5,097 (2020 - \$2,450).

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THE CALGARY BETWEEN FRIENDS CLUB
Notes to Financial Statements
Year Ended December 31, 2021

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 require 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 casino 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 must use the gaming proceeds within 24 months after receiving the proceeds. The Society maintains a separate bank account for casino funds.

5. **Short term investments**

	2021	2020
Guaranteed investment certificate, bearing interest at 0.20% (2020 - 0.35%) per annum, maturing on July 1, 2022	\$ 3,052	\$ 3,043

THE CALGARY BETWEEN FRIENDS CLUB
Notes to Financial Statements
Year Ended December 31, 2021

6. Property and equipment

	Cost	Accumulated amortization	2021 Net book value	2020 Net book value
Leasehold improvements	\$ 632,469	\$ 562,769	\$ 69,700	\$ 3,680
Furniture and fixtures	46,086	28,551	17,535	25,959
Computer equipment	1,311	787	524	1,372
Equipment	18,021	18,021	-	530
Computer software	-	-	-	1,062
	\$ 697,887	\$ 610,128	\$ 87,759	\$ 32,603

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 TCF. The movement in the Endowment Fund during the year is:

	2021	2020
Balance - beginning of year	\$ 1,581,682	\$ 1,486,305
Investment income	59,889	20,439
TCF operational costs	(16,150)	(15,275)
Grants approved by TCF	(64,157)	(59,452)
Contributions	-	80,000
Subtotal	1,561,264	1,512,017
Unrealized gain (loss) on endowment fund	192,903	69,665
	\$ 1,754,167	\$ 1,581,682

8. Deferred contribution related to property and equipment

	2021	2020
Balance - beginning of year	\$ 86,790	\$ 54,790
Contributions received	126,128	60,000
Amounts utilized during the year	(23,771)	(28,000)
	\$ 189,147	\$ 86,790

The Society restricts cash for deferred contributions related to property and equipment. During the fiscal year, contributions received of \$126,128 (2020 - \$60,000) have been deferred for future renovations.

THE CALGARY BETWEEN FRIENDS CLUB
Notes to Financial Statements
Year Ended December 31, 2021

9. Deferred contribution related to operations and casino

	<u>2021</u>	<u>2020</u>
Operations (a)		
Balance - beginning of year	\$ 473,959	\$ 145,385
Contributions received	241,509	398,959
Amounts utilized	<u>(475,959)</u>	<u>(70,385)</u>
	<u>\$ 239,509</u>	<u>\$ 473,959</u>
 Casino		
Balance - beginning of year	\$ 55,131	\$ 10,355
Contributions received	8,216	94,374
Amounts utilized	<u>(49,089)</u>	<u>(49,598)</u>
	<u>\$ 14,258</u>	<u>\$ 55,131</u>

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

General Operating	\$ 80,000	\$ 87,599
Camp Bonaventure	56,840	173,650
ICAN Training Module	27,341	7,500
Fee Assistance / Subsidy	25,000	20,000
WESOAR / WeConnect Programming	20,000	16,500
GLOW	15,928	-
General Programs	10,000	168,043
Social Enterprise	4,400	-
Scholarships	-	667
	<u>\$ 239,509</u>	<u>\$ 473,959</u>

10. Lease commitments

The Society has a lease with respect to its premises that expires on February 28, 2022, at which point it converts to a month-to-month lease. The Society is currently in negotiations to renew the lease long-term. The lease contains payment of utilities, property taxes and maintenance costs. Future minimum lease payments as at December 31, 2021, are as follows:

2022	<u>\$ 7,229</u>
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THE CALGARY BETWEEN FRIENDS CLUB
Notes to Financial Statements
Year Ended December 31, 2021

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

	2021	2020
Fundraising revenue	\$ 1,064,165	\$ 573,938

Expenses incurred for the purposes of soliciting contributions were \$68,767 (2020 - \$38,660).

Remuneration paid to employees for fundraising activities were \$183,895 (2020 - \$152,470).

12. City of Calgary, Family & Community Support Services

During the year ended December 31, 2021, the Society received \$254,584 in government funding, of which \$133,439 relates to FCSS (\$110,543 Family and Community Support Services Funding, \$12,500 Capacity Building and \$10,396 Change Can't Wait) (2020 - \$110,543) from the City of Calgary, Family and Community Support Services. The FCSS grants totaling \$127,511 were fully expensed in the calendar period ending December 31, 2021. Expenditures were related to:

- i) Family and Community Support Services Funding: salaries and benefits
- ii) Capacity Building: subcontractor to revamp online Inclusion Training
- iii) Change Can't Wait: salaries, materials and supplies for G.L.O.W Pilot Workshop

The remaining \$5,928 was deferred as at December 31, 2021 and were expensed by January 31, 2022 as per the Change Can't Wait contracted dates.

13. Government assistance

The Society applied for financial assistance available under the COVID-19 government assistance programs related to the Canada Emergency Wage Subsidy. During the year ended December 31, 2021 the Society recognized \$11,531 (2020 - \$257,856) of government assistance, which has been included in government grant revenue. The amount of government assistance receivable at December 31, 2021 is \$Nil (2020 - \$50,573).

THE CALGARY BETWEEN FRIENDS CLUB
Notes to Financial Statements
Year Ended December 31, 2021

14. Financial instrument risk

The Society's financial instruments consist of cash and cash equivalents, restricted cash, 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.

Unless otherwise noted, it is management's opinion that the Society is not exposed to significant other price risks arising from these financial instruments.