

**THE FRIENDS OF THE FEDERATION OF CALGARY COMMUNITIES SOCIETY**  
**Financial Statements**  
**December 31, 2018**

**THE FRIENDS OF THE FEDERATION OF CALGARY COMMUNITIES SOCIETY**  
**Index to Financial Statements**  
**For the Year Ended December 31, 2018**

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## INDEPENDENT AUDITOR'S REPORT

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To the Directors of The Friends of the Federation of Calgary Communities Society

### Opinion

We have audited the financial statements of The Friends of the Federation of Calgary Communities Society (the "Society"), which comprise the statement of financial position as at December 31, 2018, and the statements of operations, change 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 our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Society as at December 31, 2018, and its financial performance 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 of the Friends of the Federation of Calgary Communities 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 an unmodified opinion on those statements on May 28, 2018.

### Basis for Opinion

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 Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our ethical responsibilities in accordance with those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our 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.

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Independent Auditor's Report to the Directors of The Friends of the Federation of Calgary Communities Society (continued)

Those charged with governance are responsible for overseeing the Society's financial reporting process.

**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 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.

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*

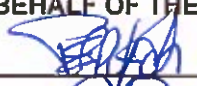
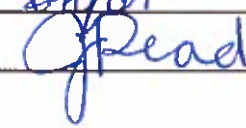
Chartered Professional Accountants

Calgary, Alberta  
May 27, 2019

**THE FRIENDS OF THE FEDERATION OF CALGARY COMMUNITIES SOCIETY**  
**Statement of Financial Position**  
**As at December 31, 2018**

|  | 2018              | 2017              |
|--|-------------------|-------------------|
| <b>Assets</b>                            |                   |                   |
| <b>Current</b>                           |                   |                   |
| Unrestricted cash                        | \$ 97,112         | \$ 80,555         |
| Restricted cash (Note 4)                 | 24,657            | 29,194            |
| Accounts receivable                      | 266               | -                 |
| Prepaid expenses                         | -                 | 1,570             |
|  | <u>122,035</u>    | <u>111,319</u>    |
| Equipment (Note 3)                       | <u>5,056</u>      | <u>5,348</u>      |
|  | <u>\$ 127,091</u> | <u>\$ 116,667</u> |
| <b>Liabilities and net assets</b>        |                   |                   |
| <b>Current</b>                           |                   |                   |
| Accounts payable and accrued liabilities | \$ 4,904          | \$ 4,904          |
| Deferred contributions                   |                   |                   |
| Related to operations (Note 4)           | <u>24,657</u>     | <u>29,194</u>     |
|  | 29,561            | 34,098            |
| <b>Net assets</b>                        |                   |                   |
| Unrestricted                             | <u>97,530</u>     | <u>82,569</u>     |
|  | <u>\$ 127,091</u> | <u>\$ 116,667</u> |

**ON BEHALF OF THE BOARD**

  
 \_\_\_\_\_ Director  
  
 \_\_\_\_\_ Director

**THE FRIENDS OF THE FEDERATION OF CALGARY COMMUNITIES SOCIETY**  
**Statement of Operations and Changes in Net Assets**  
**For the Year Ended December 31, 2018**

|  | 2018             | 2017             |
|--|------------------|------------------|
| <b>Revenue</b>   |                  |                  |
| Grants   | \$ 10,732        | \$ 46,368        |
| Donations  | 26,767           | 13,020           |
| Sponsorships   | 10,945           | 8,120            |
| Interest income  | 3,749            | 1,045            |
|  | <u>52,193</u>    | <u>68,553</u>    |
| <b>Expenses</b>  |                  |                  |
| Program expenses                                       | 20,729           | 39,968           |
| Salaries   | 10,834           | 10,829           |
| Professional fees                                      | 4,200            | 4,375            |
| Amortization   | 991              | 891              |
| Other expense  | 470              | -                |
| Miscellaneous  | 259              | 270              |
| Workshop and education                                 | 51               | 25               |
|  | <u>37,534</u>    | <u>56,358</u>    |
| <b>Excess of revenue over expenses from operations</b> | <b>14,659</b>    | <b>12,195</b>    |
| Gain on disposal of equipment                          | 302              | -                |
| <b>Excess of revenue over expenses</b>                 | <b>14,961</b>    | <b>12,195</b>    |
| Net assets - beginning of year                         | <u>82,569</u>    | <u>70,374</u>    |
| <b>Net assets - end of year</b>                        | <b>\$ 97,530</b> | <b>\$ 82,569</b> |

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

**THE FRIENDS OF THE FEDERATION OF CALGARY COMMUNITIES SOCIETY**  
**Statement of Cash Flows**  
**For the Year Ended December 31, 2018**

|  | 2018             | 2017             |
|--|------------------|------------------|
| <b>Operating activities</b>                        |                  |                  |
| Excess of revenue over expenses                    | \$ 14,961        | \$ 12,195        |
| Items not affecting cash:                          |                  |                  |
| Amortization of equipment                          | 991              | 891              |
| Gain on disposal of equipment                      | (302)            | -                |
|  | <u>15,650</u>    | <u>13,086</u>    |
| <br>Changes in non-cash working capital:           |                  |                  |
| Restricted cash                                    | 4,537            | 31,068           |
| Accounts receivable                                | (266)            | -                |
| Accounts payable and accrued liabilities           | -                | (11,408)         |
| Deferred contributions related to operations       | (4,537)          | (31,068)         |
| Prepaid expenses                                   | 1,570            | (1,570)          |
|  | <u>1,304</u>     | <u>(12,978)</u>  |
| <br>Cash flows from operating activities           | <u>16,954</u>    | <u>108</u>       |
| <br><b>Investing activity</b>                      |                  |                  |
| Purchase of equipment                              | (397)            | -                |
| <br><b>Increase in cash flows</b>                  | <u>16,557</u>    | <u>108</u>       |
| <br>Cash and cash equivalents - beginning of year  | <u>80,555</u>    | <u>80,447</u>    |
| <br><b>Cash and cash equivalents - end of year</b> | <u>\$ 97,112</u> | <u>\$ 80,555</u> |

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

# THE FRIENDS OF THE FEDERATION OF CALGARY COMMUNITIES SOCIETY

## Notes to Financial Statements

Year Ended December 31, 2018

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### 1. Purpose of organization

The Friends of The Federation of Calgary Communities Society (the "Society") is a not-for-profit organization incorporated under the Societies Act of the Province of Alberta in November, 1988. The Society seeks financial assistance from corporations and individuals to be used to provide specific services to the member community associations of the Federation of Calgary Communities Society (the "Federation"). The Society is a registered charity under the Income Tax Act 149(1) and is therefore not subject to the payment of income tax.

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### 2. Summary of significant accounting policies

#### Basis of presentation

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the *CPA Canada Handbook*, and in management's opinion, have been properly prepared within reasonable limits of materiality and within the framework of the significant accounting policies summarized below:

#### Revenue recognition

The Society follows the deferral method of accounting for restricted contributions. Restricted contributions, including grants, are recognized as revenue in the period in which the related expenses are incurred.

Unrestricted contributions are recognized as revenue when received or receivable if the amount can be reasonably estimated and collection is reasonably assured.

Fundraising and other revenue such as sponsorships are recognized as revenue when received or receivable.

#### Cash and cash equivalents

Cash includes cash on hand and in banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash, with original maturities of three months or less and that are subject to an insignificant risk of change in value. The Society currently holds no cash equivalents.

#### Equipment

Property and equipment are recorded at cost. Contributed property and equipment are recorded at fair value at the date of contribution. Amortization is provided using the straight-line method to amortize the cost of assets over their estimated useful lives. The rates are as follows:

|                  |         |                      |
|------------------|---------|----------------------|
| Office equipment | 7 years | straight-line method |
|------------------|---------|----------------------|

The Society regularly reviews its equipment to eliminate obsolete items. Government grants are recorded as deferred contributions related to property and equipment.

Equipment acquired during the year but not placed into use are not amortized until they are placed into use.

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# THE FRIENDS OF THE FEDERATION OF CALGARY COMMUNITIES SOCIETY

## Notes to Financial Statements

Year Ended December 31, 2018

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### 2. Summary of significant accounting policies *(continued)*

#### Contributed services

Volunteers contribute many hours per year to assist the organization in carrying out its services and programs. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

#### Financial instruments

The Society initially measures its financial assets and financial liabilities at fair value. It subsequently measures all of its financial assets and financial liabilities at amortized cost.

#### Use of estimates

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 amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of property and equipment. These estimates are reviewed periodically and, as adjustments become necessary, they are reported in earnings in the period in which they become known.

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### 3. Equipment

|                  | Cost     | Accumulated<br>amortization | 2018<br>Net book<br>value | 2017<br>Net book<br>value |
|------------------|----------|-----------------------------|---------------------------|---------------------------|
| Office equipment | \$ 6,939 | \$ 1,883                    | \$ 5,056                  | \$ 5,348                  |

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### 4. Deferred contributions related to operations

Deferred contributions related to operations represent the portion of grants and donations received which relate to expenses of a future period.

|   | 2018      | 2017      |
|---|-----------|-----------|
| Balance, beginning of year                              | \$ 29,194 | \$ 60,262 |
| Plus: Additions received during the year                | 26,730    | 23,420    |
| Less: Grants returned                                   | (90)      | -         |
| Less: Fund transferred from United Way operating        | (9,500)   | -         |
| Less: Utilization recognized as revenue during the year | (21,677)  | (54,488)  |
| Balance, end of year                                    | \$ 24,657 | \$ 29,194 |

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**THE FRIENDS OF THE FEDERATION OF CALGARY COMMUNITIES SOCIETY**  
**Notes to Financial Statements**  
**Year Ended December 31, 2018**

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**5. Financial instruments**

The Society's financial instruments consist of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities. Unless otherwise noted, it is management's opinion that the Society is not exposed to significant interest, currency or credit risks arising from these financial instruments. There has been no change in this risk assessment from the prior year's

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