

THE FEDERATION OF CALGARY COMMUNITIES SOCIETY
Financial Statements
December 31, 2019

THE FEDERATION OF CALGARY COMMUNITIES SOCIETY
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For the Year Ended December 31, 2019

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INDEPENDENT AUDITOR'S REPORT

To the Directors of The Federation of Calgary Communities Society:

Opinion

We have audited the financial statements of The Federation of Calgary Communities Society (the "Federation"), which comprise the statement of financial position as at December 31, 2019, 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 Federation as at December 31, 2019, and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO").

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 Federation 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 Federation'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 Federation 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 Federation of Calgary Communities Society
(continued)

Those charged with governance are responsible for overseeing the Federation'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 Federation'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 Federation'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 Federation 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

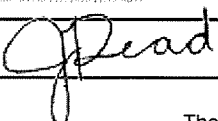
Chartered Professional Accountants

Calgary, Alberta
June 1, 2020

THE FEDERATION OF CALGARY COMMUNITIES SOCIETY
Statement of Financial Position
As at December 31, 2019

	2019	2018
Assets		
Current		
Unrestricted cash	\$ 626,848	\$ 606,045
Restricted cash (Note 3)	207,153	191,888
Accounts receivable	167,092	123,337
Work in progress (Note 4)	68,959	160,165
Prepaid expenses	32,392	32,959
	<u>1,102,444</u>	1,114,394
Property, plant and equipment (Note 5)	<u>106,932</u>	139,466
	<u>\$ 1,209,376</u>	<u>\$ 1,253,860</u>
Liabilities and net assets		
Current		
Accounts payable and accrued liabilities	\$ 20,871	\$ 19,300
Audit retainers (Note 4)	104,675	133,809
Unearned revenue	690	3,930
Goods and services tax payable	16,227	9,540
Fund held in trust (Note 6)	97,733	143,818
Current portion of lease inducement (Note 9)	14,657	14,657
Deferred contributions related to operations (Note 8)	109,420	48,070
	<u>364,273</u>	373,124
Deferred contributions related to property and equipment (Note 7)	73,469	94,741
Long term portion of lease inducement (Note 9)	<u>54,965</u>	69,622
	<u>492,707</u>	537,487
Net assets		
Invested in property and equipment	33,463	44,725
Unrestricted	<u>683,206</u>	671,648
	<u>716,669</u>	716,373
	<u>\$ 1,209,376</u>	<u>\$ 1,253,860</u>

On behalf of the Board


 _____ Director
 _____ Director

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

THE FEDERATION OF CALGARY COMMUNITIES SOCIETY
Statement of Operations
For the Year Ended December 31, 2019

	2019	2018
Revenue		
Service and fees	\$ 1,064,796	\$ 949,945
Grants	438,349	335,031
Memberships	62,100	61,600
Casino	60,000	51,500
Donations and sponsorships	42,906	42,243
Fundraising events	26,609	26,736
Interest	16,712	15,047
Fees for contracted services	12,875	2,362
Office and miscellaneous (Schedule 1)	3,243	2,105
	<u>1,727,590</u>	<u>1,486,569</u>
Expenses		
Salaries and benefits	1,450,297	1,309,792
Occupancy	91,514	77,353
Office and administration (Schedule 2)	57,130	53,558
Convening and group meeting	46,152	8,947
Memberships	11,643	7,591
Equipment lease	11,330	11,515
Fundraising expenses	11,140	11,997
Professional fees	9,500	9,214
Community resource and promotion	8,425	2,063
Education and training	8,143	16,738
Website and technology support	5,723	9,889
Volunteer recognition	4,002	3,391
Library	1,033	577
Bad debts	-	6,045
	<u>1,716,032</u>	<u>1,528,670</u>
Excess (deficiency) of revenue over expenses before amortization	<u>11,558</u>	<u>(42,101)</u>
Amortization of deferred contributions related to property and equipment (<i>Note 7</i>)	(21,272)	(21,272)
Amortization expense	<u>32,534</u>	<u>32,534</u>
	<u>11,262</u>	<u>11,262</u>
Excess (deficiency) of revenue over expenses	<u>\$ 296</u>	<u>\$ (53,363)</u>

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

THE FEDERATION OF CALGARY COMMUNITIES SOCIETY
Statement of Changes in Net Assets
For the Year Ended December 31, 2019

	Invested in property and equipment	Unrestricted	2019	2018
Net assets - beginning of year	\$ 44,725	\$ 671,648	\$ 716,373	\$ 769,736
Excess (deficiency) of revenue over expenses	(11,262)	11,558	296	(53,363)
Net assets - end of year	\$ 33,463	\$ 683,206	\$ 716,669	\$ 716,373

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

THE FEDERATION OF CALGARY COMMUNITIES SOCIETY
Statement of Cash Flows
For the Year Ended December 31, 2019

	2019	2018
Operating activities		
Excess (deficiency) of revenue over expenses	\$ 296	\$ (53,363)
Items not affecting cash:		
Amortization of property, plant and equipment	32,534	32,534
Amortization of deferred contributions related to property and equipment	<u>(21,272)</u>	<u>(21,272)</u>
	<u>11,558</u>	<u>(42,101)</u>
Changes in non-cash working capital:		
Restricted cash	(15,264)	83,361
Accounts receivable	(43,755)	41,231
Work in progress	91,206	(40,369)
Prepaid expenses	567	(6,211)
Accounts payable and accrued liabilities	1,570	3,004
Audit retainers	(29,134)	34,799
Unearned revenue	(3,240)	1,479
Goods and services tax payable	6,687	(1,199)
Fund held in trust	(46,085)	11,438
Deferred contribution related to operations	61,350	(94,799)
Long term portion of lease inducement	<u>(14,657)</u>	<u>(14,657)</u>
	<u>9,245</u>	<u>18,077</u>
Cash flows from (used by) operating activities	<u>20,803</u>	<u>(24,024)</u>
Investing activity		
Purchase of property, plant and equipment	<u>-</u>	<u>(39,352)</u>
Financing activity		
Deferred contributions received for purchase of property and equipment	<u>-</u>	<u>22,234</u>
Increase (decrease) in cash flows	20,803	(41,142)
Unrestricted cash - beginning of year	<u>606,045</u>	<u>647,187</u>
Unrestricted cash - end of year	\$ 626,848	\$ 606,045

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

THE FEDERATION OF CALGARY COMMUNITIES SOCIETY

Notes to Financial Statements

Year Ended December 31, 2019

1. Purpose of organization

The Federation of Calgary Communities Society (the "Federation") is a not-for-profit organization incorporated under the Societies Act of the Province of Alberta on August 10, 1961. The Federation is a support organization for 157 Calgary and area Community Associations and for more than 70 service member organizations that include small area non-profits, directly provides capacity building support and guidance for its members, and improve neighbourhood life in Calgary by providing services and programs that create, support and enhance vital and representative community based associations. Under section 149(1) of the Income Tax Act, the Federation has determined that they are not subject to the payment of income tax.

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 Federation follows the deferral method of accounting for externally restricted contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred.

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

Membership revenue is recognized in the year to which the membership applies.

Revenue from Fundraising events is recognized in the period when the event occurs.

Services and fees are invoiced when the services are rendered and are recorded on an accrual basis in the period to which they relate.

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 Federation currently holds no cash equivalents.

Contributed services

Volunteers contribute many hours per year to assist the Federation 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.

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THE FEDERATION OF CALGARY COMMUNITIES SOCIETY

Notes to Financial Statements

Year Ended December 31, 2019

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

Property, plant and equipment

Property, plant and equipment is stated at cost or deemed cost less accumulated amortization. Property, plant and equipment is amortized over its estimated useful life at the following rates and methods:

Computer equipment	3 years	straight-line method
Office equipment	7 years	straight-line method
Leasehold improvements	7 years	straight-line method

The Federation regularly reviews its property and equipment to eliminate obsolete items. Government grants for the acquisition of equipment are recorded as deferred contributions related to property and equipment.

Property, plant and equipment acquired during the year but not placed into use are not amortized until they are placed into use.

Financial instruments

The Federation 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, except for investments in equity instruments and mutual funds that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized as unrealized gains or losses in the statement of operations.

The Federation currently holds no financial assets measured at fair value.

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 revenues and expenses during the reporting period. Accounts receivable and work in process are stated after evaluation as to their collectability and an appropriate allowance for doubtful amounts 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.

3. Restricted cash

	<u>2019</u>	<u>2018</u>
Funds held in trust (Note 6)	\$ 97,733	\$ 143,818
Deferred contributions related to operations	109,420	48,070
	<u>\$ 207,153</u>	<u>\$ 191,888</u>

THE FEDERATION OF CALGARY COMMUNITIES SOCIETY

Notes to Financial Statements

Year Ended December 31, 2019

4. Work in progress

Work in progress represents the billing value of services provided to the members up to December 31, 2019. These services are completed and billed subsequent to that date. Audit retainers represent payments made in advance by members for audit services to be provided.

5. Property, plant and equipment

	Cost	Accumulated amortization	2019 Net book value	2018 Net book value
Leasehold improvements	\$ 142,776	\$ 53,541	\$ 89,235	\$ 107,082
Computer equipment	59,040	46,283	12,757	25,514
Office equipment	27,330	22,390	4,940	6,870
	<u>\$ 229,146</u>	<u>\$ 122,214</u>	<u>\$ 106,932</u>	<u>\$ 139,466</u>

6. Funds held in trust

The Federation is acting as an administrator for four funds: the Energizing Spaces Fund which aims to replace inefficient electric appliances. Energizing Spaces is funded by Enmax providing \$75,000 for 2019 (2018: \$75,000) to be used for appliance replacements for successful applicants. The entire balance of this fund has been committed and the Federation is awaiting supporting documentation before releasing the remaining funds of \$39,129 (2018: \$17,645) to Energizing Spaces recipients.

Walk 21 Microgrants is a one-time program to encourage community-led activities that improve connections at a local level. Through this program 150 micro grants, averaging \$750, will be awarded across Calgary to experiment with local level ideas and actions that create safer and more walkable streets.

ActivateYYC Microgrants led to 769 volunteers completing 75 projects, across the city, engaging more than 13,671 Calgarians. ActivateYYC was a partnership with the Pedestrian Strategy Department, City of Calgary, Alberta Traffic Safety, Walk21 and The Federation. A microgrant and support program that will invite neighbours to focus on reclaiming their shortcuts through a process of mapping or auditing the shortcut, thinking about the possibilities and then implementing transforming changes to the space.

Alberta Traffic Safety Fund ("ATSF") funded by Car Seat Techs of Alberta to provide caregivers with current child passenger safety education and assistance, and technicians with assistance in equipment, educational materials and continued education.

	2019	2018
Funds Held in Trust - Energizing Spaces	\$ 39,129	\$ 17,645
Funds Held in Trust - Active YYC Microgrants	39,812	76,173
Funds Held in Trust - ATSF North	7,314	25,000
Funds Held in Trust - ATSF South	11,478	25,000
	<u>\$ 97,733</u>	<u>\$ 143,818</u>

THE FEDERATION OF CALGARY COMMUNITIES SOCIETY
Notes to Financial Statements
Year Ended December 31, 2019

7. Deferred contributions related to property and equipment

	2019	2018
Balance, beginning of year	\$ 94,741	\$ 93,779
Plus: Additions transferred from operating	-	22,234
Less: Utilizations recognized as revenue during the year	<u>(21,272)</u>	<u>(21,272)</u>
Balance, end of year	<u>\$ 73,469</u>	<u>\$ 94,741</u>

8. Deferred contributions related to operations

Deferred contributions related to operations represent the portion of grants received in the current year which relate to a future period.

	Opening	Additions	Utilizations	2019
City of Calgary	\$ -	\$ 306,429	\$ 306,429	\$ -
Casino	37,645	69,825	60,000	47,470
Energy Efficiency AB	-	110,000	110,000	-
AB Real Estate - Urban Planning	-	37,500	-	37,500
SCP Summer Student	-	8,400	8,400	-
Activate YYC				
AB Transportation Safety Fund	10,425	-	10,425	-
City of Calgary operating	-	24,450	-	24,450
	<u>10,425</u>	<u>24,450</u>	<u>10,425</u>	<u>24,450</u>
	<u>\$ 48,070</u>	<u>\$ 556,604</u>	<u>\$ 495,254</u>	<u>\$ 109,420</u>

9. Lease inducement

As part of the Federation's facility lease renewal in 2016, the landlord offered a total of 11 months of free rent and cash allowance of \$90,900. The lease inducement is being recognized as a reduction of the lease expense over the seven-year term of the lease.

	2019	2018
Deferred lease inducement, beginning	\$ 84,279	\$ 98,936
Recognition of lease inducement current period	<u>(14,657)</u>	<u>(14,657)</u>
Balance, end of year	69,622	84,279
Less: current portion	<u>(14,657)</u>	<u>(14,657)</u>
Deferred lease inducement, long term portion	<u>\$ 54,965</u>	<u>\$ 69,622</u>

THE FEDERATION OF CALGARY COMMUNITIES SOCIETY

Notes to Financial Statements

Year Ended December 31, 2019

10. Commitments

The Federation has minimum lease commitments under office and photocopier leases. The current office lease will expire in September 2024. During 2018, the Federation replaced the existing copier with new lease which will expire in November 2023. Future minimum payments excluding operating costs, are as follows:

2020	\$	71,930
2021		71,127
2022		74,157
2023		82,370
2024		54,540
		<hr/>
	\$	354,124

11. Controlled Not-for-Profit Organization

The Federation controls The Friends of The Federation of Calgary Communities Society (the "Society") as the board of directors is the same for both organizations. The Society was formed in November 1988 to seek financial assistance from corporations and individuals to be used to provide specific services to the member community associations of the Federation. The Society is a registered charity under the Income Tax Act.

	<u>2019</u>	<u>2018</u>
Statement of financial position		
Total assets	\$ 152,282	\$ 127,091
Total current liabilities	<u>(40,749)</u>	<u>(29,561)</u>
	<u>\$ 111,533</u>	<u>\$ 97,530</u>
Statement of operations		
Total revenue	\$ 49,804	\$ 52,495
Total expenses	<u>(35,802)</u>	<u>(37,534)</u>
	<u>\$ 14,002</u>	<u>\$ 14,961</u>
Statement of cash flows		
Cash flows from operating activities	\$ 10,781	\$ 16,954
Cash flows from investing activity	<u>-</u>	<u>(397)</u>
	<u>\$ 10,781</u>	<u>\$ 16,557</u>

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

THE FEDERATION OF CALGARY COMMUNITIES SOCIETY

Notes to Financial Statements

Year Ended December 31, 2019

12. Financial instruments

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

13. Subsequent events

The global COVID 19 pandemic has disrupted economic activities and supply chains. Although the disruption from the virus is expected to be temporary, given the dynamic nature of these circumstances, the duration of business disruption and the related financial impact cannot be reasonably estimated at this time. The Federation's ability to continue to service debt and meet lease and other obligations as they come due is dependent on the continued ability to generate earnings and cash flows. The Federation is able to serve their members to secure the revenue and manage the expenses.

THE FEDERATION OF CALGARY COMMUNITIES SOCIETY
Schedules to the Financial Statements
For the Year Ended December 31, 2019

(Schedule 1)

	2019	2018
Office and miscellaneous revenue		
Mileage and parking	\$ 948	\$ 383
Marketing and publications	824	281
Postage	782	700
Stationary and supplies	400	620
Photocopier	197	-
Miscellaneous revenue	69	38
Courier	23	83
	<u>\$ 3,243</u>	<u>\$ 2,105</u>

(Schedule 2)

	2019	2018
Office and administration expenses		
Stationary, supplies and software	\$ 22,764	\$ 22,609
Insurance	15,655	14,257
Mileage and parking	4,470	1,794
Telephone	4,413	4,314
Copier charges	3,637	4,211
Postage	2,387	2,420
Merchant account charges	1,765	1,886
Payroll service charges	1,673	1,523
Bank charges	274	13
Courier	92	128
Repairs and maintenance	-	403
	<u>\$ 57,130</u>	<u>\$ 53,558</u>

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