

THE FEDERATION OF CALGARY COMMUNITIES SOCIETY

Financial Statements

December 31, 2023

THE FEDERATION OF CALGARY COMMUNITIES SOCIETY
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For the Year Ended December 31, 2023

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INDEPENDENT AUDITOR'S REPORT

To the Members 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, 2023, 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 our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Federation as at December 31, 2023, 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 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 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.

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

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

Auditor's Responsibilities for the Audit of Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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.

Chartered Professional Accountants

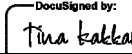
Calgary, Alberta
May 29, 2024


THE FEDERATION OF CALGARY COMMUNITIES SOCIETY
Statement of Financial Position
As at December 31, 2023

	2023	2022
Assets		
Current		
Unrestricted cash	\$ 630,419	\$ 423,217
Restricted assets (Note 3)	196,822	191,833
Accounts receivable	146,601	294,877
Work in progress (Note 4)	141,332	81,100
Prepaid expenses	38,121	43,797
	<u>1,153,295</u>	1,034,824
Property and equipment (Note 5)	<u>33,760</u>	51,521
	<u>\$ 1,187,055</u>	<u>\$ 1,086,345</u>
Liabilities and Net Assets		
Current		
Accounts payable and accrued liabilities	\$ 51,844	\$ 33,924
Audit retainer (Note 4)	150,336	142,360
Goods and services tax payable	17,584	13,731
Unearned revenue	38,076	3,075
Fund held in trust (Note 6)	88,752	103,305
Current portion of lease inducement (Note 9)	10,994	14,657
Deferred contributions related to operations (Note 7)	108,070	88,528
	<u>465,656</u>	399,580
Deferred contributions related to property and equipment (Note 8)	10,614	24,475
Long-term portion of lease inducement (Note 9)	-	10,994
	<u>476,270</u>	435,049
Net Assets		
Invested in property and equipment	23,147	27,047
Unrestricted	687,638	624,249
	<u>710,785</u>	651,296
	<u>\$ 1,187,055</u>	<u>\$ 1,086,345</u>

Commitments (Note 10)

On behalf of the Board

DocuSigned by:

 Tina Bakkar Director
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 Abdul Director
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See notes to financial statements

THE FEDERATION OF CALGARY COMMUNITIES SOCIETY
Statement of Operations
For the Year Ended December 31, 2023

	2023	2022
Revenue		
Service and fees	\$ 1,159,982	\$ 927,562
Grants (Note 7)	503,140	350,594
Casino (Note 7)	30,000	100,000
Memberships	64,458	61,175
Fees for contracted services	59,733	49,651
Donations and sponsorships	40,541	40,182
Interest	39,698	15,729
Office and miscellaneous (Schedule 1)	1,721	1,439
	<u>1,899,273</u>	<u>1,546,332</u>
Expenses		
Salaries and benefits	1,557,592	1,424,212
Occupancy	97,692	89,757
Office and administration (Schedule 2)	71,318	70,242
Equipment lease	10,571	10,766
Professional fees	12,802	11,500
Education and training	4,397	9,517
Memberships and audit insurance	17,338	7,189
Website and technology support	5,102	5,683
Convening and group meeting	7,716	5,432
Community resource and promotion	1,560	495
Volunteer recognition	3,205	395
Library	189	52
CSRF Grant Expenses	30,600	-
	<u>1,820,082</u>	<u>1,635,240</u>
Excess of revenue over expenses before amortization	<u>79,191</u>	<u>(88,908)</u>
Amortization of deferred contributions related to property and equipment (Note 8)	(13,861)	(13,861)
Amortization expense	<u>33,563</u>	<u>28,768</u>
	<u>19,702</u>	<u>14,907</u>
Excess (deficiency) of revenue over expenses for the year	<u>\$ 59,489</u>	<u>\$ (103,815)</u>

THE FEDERATION OF CALGARY COMMUNITIES SOCIETY
Statement of Changes in Net Assets
For the Year Ended December 31, 2023

	Invested in property and equipment	Unrestricted	2023	2022
Net assets - beginning of year	\$ 27,047	\$ 624,249	\$ 651,296	\$ 755,111
Excess (deficiency) of revenue over expenses	(19,702)	79,191	59,489	(103,815)
Interfund transfers	15,802	(15,802)	-	-
Net assets - end of year	\$ 23,147	\$ 687,638	\$ 710,785	\$ 651,296

THE FEDERATION OF CALGARY COMMUNITIES SOCIETY
Statement of Cash Flows
For the Year Ended December 31, 2023

	2023	2022
Operating activities		
Excess (deficiency) of revenue over expenses	\$ 59,489	\$ (103,815)
Items not affecting cash:		
Amortization of property, and equipment	33,563	28,768
Amortization of deferred contributions related to property and equipment	<u>(13,861)</u>	<u>(13,861)</u>
	<u>79,191</u>	<u>(88,908)</u>
Changes in non-cash working capital:		
Restricted cash	(4,989)	80,769
Accounts receivable	148,276	(158,278)
Work in progress	(60,232)	(13,886)
Accounts payable and accrued liabilities	17,921	(2,997)
Prepaid expenses	5,675	(2,961)
Goods and services tax payable	3,853	3,146
Funds held in trust	35,001	3,075
Audit retainer	7,976	35,502
Funds held in trust	(14,553)	(25,127)
Lease inducement	(14,657)	(14,657)
Deferred contribution related to operations	<u>19,542</u>	<u>(55,642)</u>
	<u>143,813</u>	<u>(151,056)</u>
Cash flow from (used by) operating activities	<u>223,004</u>	<u>(239,964)</u>
Investing activity		
Purchase of equipment	<u>(15,802)</u>	<u>(13,375)</u>
Increase (decrease) in cash flow	207,202	(253,339)
Cash - beginning of year	<u>423,217</u>	<u>676,556</u>
Cash - end of year	\$ 630,419	\$ 423,217

THE FEDERATION OF CALGARY COMMUNITIES SOCIETY

Notes to Financial Statements

Year Ended December 31, 2023

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 improves 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 (ASNPO) 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.

Restricted cash

Cash subject to restrictions imposed by Alberta Gaming, Liquor and Cannabis Commission (AGLC) is classified as restricted cash.

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THE FEDERATION OF CALGARY COMMUNITIES SOCIETY
Notes to Financial Statements
Year Ended December 31, 2023

2. Summary of significant accounting policies (continued)

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.

Property and equipment

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

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

All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date.

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

Use of estimates

The preparation of financial statements in conformity with ASNPO 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.

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THE FEDERATION OF CALGARY COMMUNITIES SOCIETY
Notes to Financial Statements
Year Ended December 31, 2023

2. Summary of significant accounting policies (continued)

Impairment of Long Lived Assets

The Federation tests for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Recoverability is assessed by comparing the carrying amount to the projected future net cash flows the long-lived assets are expected to generate through their direct use and eventual disposition. When a test for impairment indicates that the carrying amount of an asset is not recoverable, an impairment loss is recognized to the extent the carrying value exceeds its fair value.

3. Restricted cash

	<u>2023</u>	<u>2022</u>
Funds held in trust (Note 6)	\$ 88,752	\$ 103,305
Deferred contributions related to operations	<u>108,070</u>	<u>88,528</u>
	<u>\$ 196,822</u>	<u>\$ 191,833</u>

4. Work in progress

Work in progress represents the billing value of services provided to the members up to December 31, 2023. 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	2023 Net book value	2022 Net book value
Leasehold improvements	\$ 142,776	\$ 124,929	\$ 17,847	\$ 35,694
Computer equipment	101,765	87,436	14,329	13,351
Office equipment	29,332	27,748	1,584	2,476
	<u>\$ 273,873</u>	<u>\$ 240,113</u>	<u>\$ 33,760</u>	<u>\$ 51,521</u>

THE FEDERATION OF CALGARY COMMUNITIES SOCIETY

Notes to Financial Statements

Year Ended December 31, 2023

6. Funds held in trust

The Federation is acting as an administrator for three funds: Energizing Spaces Fund which aims to replace inefficient electric appliances and rink lights. Energizing Spaces is funded by Enmax providing \$85,000 for 2023 (2022: \$75,000) to be used for appliance and lighting replacements for successful applications. The entire balance of this fund has been committed and the Federation is awaiting supporting documentation before releasing the remaining funds of \$63,281 (2022: \$55,143) to Energizing Spaces Recipients.

ActivateYYC is a partnership with the Pedestrian Strategy Department, City of Calgary, Alberta. It is a microgrant which supports programs that invites neighbours to focus on reclaiming public space. Volunteers utilize the microgrants to make low cost transformative changes to create place.

Exploring Communities is a partnership with the University of Calgary, Urban Design program. Microgrants are awarded annually to the winning teams.

	<u>2023</u>	<u>2022</u>
Funds Held in Trust - Energizing Spaces	\$ 63,281	\$ 55,143
Funds Held in Trust - Active YYC	21,935	44,626
Funds Held in Trust - Exploring Communities	3,536	3,536
	<u>\$ 88,752</u>	<u>\$ 103,305</u>

7. 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.

	<u>Opening</u>	<u>Additions</u>	<u>Utilizations</u>	<u>2023</u>
CSRF	\$ -	\$ 76,500	\$ 30,600	\$ 45,900
City of Calgary	-	425,000	425,000	-
Casino	88,528	3,642	30,000	62,170
SCP Summer Student	-	12,540	12,540	-
Activate YYC-City of Calgary	-	-	-	-
Operating	-	35,000	35,000	-
	<u>\$ 88,528</u>	<u>\$ 552,682</u>	<u>\$ 533,140</u>	<u>\$ 108,070</u>

THE FEDERATION OF CALGARY COMMUNITIES SOCIETY

Notes to Financial Statements

Year Ended December 31, 2023

8. Deferred contributions related to property and equipment

Deferred contributions related to property and equipment represent donations and grant funding received for the purchase of capital assets. These deferred contributions are being amortized to income on the same basis as the related capital asset.

	2023	2022
Balance, beginning of year	\$ 24,475	\$ 38,336
Less: Utilizations recognized as revenue during the year	<u>(13,861)</u>	<u>(13,861)</u>
Balance, end of year	<u>\$ 10,614</u>	<u>\$ 24,475</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.

	2023	2022
Deferred lease inducement, beginning	\$ 25,651	\$ 40,308
Recognition of lease inducement current period	<u>(14,657)</u>	<u>(14,657)</u>
Balance, end of year	10,994	25,651
Less: Current portion	<u>(10,994)</u>	<u>(14,657)</u>
Deferred lease inducement, long-term portion	<u>\$ -</u>	<u>\$ 10,994</u>

10. Commitments

The Federation has minimum lease commitments under office and photocopier leases. Our lease agreement was amended and renewed for additional 6 years from Jan 01,2024 to Dec 31,2029. During 2023, the Federation replaced the existing copier with a new lease which will expire in April 2028. Future minimum payments excluding operating costs are as follows:

2024	\$ 60,744
2025	<u>60,744</u>
	<u>\$ 121,488</u>

THE FEDERATION OF CALGARY COMMUNITIES SOCIETY

Notes to Financial Statements

Year Ended December 31, 2023

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>2023</u>	<u>2022</u>
Statement of financial position		
Total assets	\$ 280,426	\$ 188,154
Total liabilities	<u>(159,170)</u>	<u>(67,019)</u>
	<u>\$ 121,256</u>	<u>\$ 121,135</u>
Statement of operations		
Total revenue	\$ 73,697	\$ 52,009
Total expenses	<u>(73,576)</u>	<u>(76,204)</u>
	<u>\$ 121</u>	<u>\$ (24,195)</u>
Statement of cash flows		
Cash flows from operating activities	<u>\$ (30,382)</u>	<u>\$ (25,894)</u>

In 2023, the Friends paid \$4,286 (2022 - \$6,000) plus GST to the Federation for accounting services and office expenses and \$56,250 (2022 - \$35,000) included GST to the Federation for providing workshops and Janes Walk. 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.

12. Financial instruments

The Federation is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Federation's risk exposure and concentration as of December 31, 2023.

(a) Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Federation is exposed to credit risk from customers. In order to reduce its credit risk, the Federation reviews a new customer's credit history before extending credit and conducts regular reviews of its existing customers' credit performance. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information. The Federation has a significant number of customers which minimizes concentration of credit risk.

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THE FEDERATION OF CALGARY COMMUNITIES SOCIETY
Notes to Financial Statements
Year Ended December 31, 2023

12. Financial instruments (*continued*)

(b) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Federation is exposed to this risk mainly in respect of its receipt of funds from its customers and other related sources, long-term debt, obligations under capital leases, contributions to the pension plan, and accounts payable.

(c) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the Federation manages exposure through its normal operating and financing activities. The Federation is exposed to interest rate risk primarily through its floating interest rate bank indebtedness and credit facilities.

THE FEDERATION OF CALGARY COMMUNITIES SOCIETY
Schedules to the Financial Statements
For the Year Ended December 31, 2022

(Schedule 1)

	2023	2022
Office and miscellaneous revenue		
Postage	\$ 900	\$ 714
Mileage and parking	401	372
Stationary and supplies	190	280
Miscellaneous revenue	50	38
Courier	11	35
Photocopier	36	-
Marketing and publications	133	-
	<u>\$ 1,721</u>	<u>\$ 1,439</u>

(Schedule 2)

	2023	2022
Office and administration expenses		
Stationary, supplies and software	\$ 33,623	\$ 40,265
Insurance	24,294	17,903
Telephone	3,791	3,788
Postage	2,847	3,211
Payroll service charges	2,696	1,820
Copier charges	2,099	1,338
Bank charges	538	506
Small equipment	688	482
Mileage and parking	588	457
Repairs and maintenance	39	301
Merchant account charges	48	106
Courier	67	65
	<u>\$ 71,318</u>	<u>\$ 70,242</u>