

VOLUNTEER CENTRE OF CALGARY
(OPERATING AS PROPELLUS)

AUDITORS' REPORT AND FINANCIAL STATEMENTS

DECEMBER 31, 2018

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DECEMBER 31, 2018**

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INDEPENDENT AUDITOR'S REPORT

To the Members of Propellus

Opinion

We have audited the financial statements of Propellus (the Organization), which comprise the statement of financial position as at December 31, 2018, 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 Organization as at December 31, 2018, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

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 Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other 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.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual Report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

The Annual Report is expected to be made available to us after the date of auditor's report. If, based on the work we will perform on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact to those charged with governance.

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 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 Organization's ability

to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the 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 Organization'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 Organization'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 Organization 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 ACCOUNTANTS

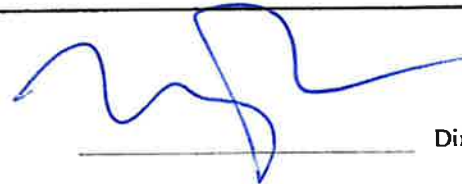
Calgary, Alberta
February 26, 2019

VOLUNTEER CENTRE OF CALGARY (OPERATING AS PROPELLUS)
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2018

	2018	2017
ASSETS		
CURRENT		
Cash and short term deposits	\$ 477,954	\$ 570,996
Restricted cash - Note 3	32,116	15,728
Contributions receivable – Note 4	1,134	3,450
GST Recoverable	5,222	6,993
Prepaid expenses	<u>12,222</u>	<u>5,049</u>
	528,648	602,216
LONG TERM INVESTMENTS	547,025	593,611
ENDOWMENT FUND - Note 5	101,226	105,074
PROPERTY AND EQUIPMENT - Note 6	70,537	96,953
TOTAL ASSETS	\$ 1,247,436	\$ 1,397,854
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 32,644	\$ 34,936
Prepaid fees	1,130	1,737
Deferred contributions related to operations - Note 7	<u>197,821</u>	<u>337,997</u>
	231,595	374,670
DEFERRED CONTRIBUTIONS RELATED TO PROPERTY AND EQUIPMENT- Note 8	<u>26,341</u>	<u>22,832</u>
	257,936	397,502
NET ASSETS		
INVESTED IN PROPERTY AND EQUIPMENT	44,196	74,121
INTERNALLY RESTRICTED NET ASSETS - Note 9	844,078	821,157
ENDOWMENT FUND - Note 5	<u>101,226</u>	<u>105,074</u>
	989,500	1,000,352
TOTAL LIABILITIES AND NET ASSETS	\$ 1,247,436	\$ 1,397,854

APPROVED ON BEHALF OF THE BOARD:

 Director

 Director

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

VOLUNTEER CENTRE OF CALGARY (OPERATING AS PROPELLUS)
 STATEMENT OF CHANGES IN NET ASSETS
 FOR THE YEAR ENDED DECEMBER 31, 2018

	Invested in Property & Equipment	Internally Restricted	Endowment Fund	Total 2018	Total 2017
BALANCE - Beginning of year	\$ 74,121 \$	821,157 \$	105,074 \$	1,000,352 \$	938,310
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	-	(7,004)	-	(7,004)	56,177
NET INVESTMENT IN PROPERTY AND EQUIPMENT	(29,925)	29,925	-	-	-
NET ENDOWMENT CONTRIBUTION - Note 5	-	-	(3,848)	(3,848)	5,865
BALANCE - End of year	\$ 44,196 \$	844,078 \$	101,226 \$	989,500 \$	1,000,352

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

VOLUNTEER CENTRE OF CALGARY (OPERATING AS PROPELLUS)
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2018

	2018	2017
REVENUES		
Donations	\$ 331,629	\$ 663,675
United Way of Calgary	282,997	388,658
Government grants	132,250	67,842
Casino	49,178	32,941
Interest and other income	28,959	55,488
Agency and membership fees	28,900	36,700
Amortization of contributions related to property and equipment	17,651	16,985
Contracted services and project management fees	17,272	37,794
Special events	7,180	-
Workshop and seminar fees	5,200	6,350
	<u>901,216</u>	<u>1,306,433</u>
EXPENSES		
Salaries and benefits	560,458	641,827
Contracted services	74,268	375,374
Amortization	56,917	58,602
Rent	51,901	67,731
General office expense	50,602	45,524
Promotion and publicity	25,662	20,475
Travel	19,451	19,765
Event costs	13,523	3,996
Telephone and utilities	12,373	11,935
Training and development	5,987	10,027
Equipment and maintenance	2,094	1,706
Workshop expense	1,669	1,878
	<u>874,905</u>	<u>1,258,840</u>
EXCESS OF REVENUES OVER EXPENSES BEFORE OTHER ITEMS	\$ 26,311	\$ 47,593
OTHER ITEMS		
Unrealized (Loss) Gain on Investments	(33,315)	8,584
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	\$ (7,004)	\$ 56,177

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

VOLUNTEER CENTRE OF CALGARY (OPERATING AS PROPELLUS)
STATEMENT OF CASH FLOW
FOR THE YEAR ENDED DECEMBER 31, 2018

	2018	2017
CASH PROVIDED BY (USED IN):		
OPERATING ACTIVITIES:		
Excess (deficiency) of revenues over expenses for the year	\$ (7,004)	\$ 56,177
Items not affecting cash		
Amortization of property and equipment	56,917	58,602
Amortization of contributions related to property and equipment	(17,651)	(16,985)
Unrealized loss (gain) on investments	33,315	(8,584)
Loss on disposal of property and equipment	<u>3,926</u>	<u>-</u>
	69,503	89,210
Net change in non-cash working capital balances		
Contributions receivable	2,316	51,251
GST Recoverable	1,771	(1,953)
Work in progress	-	2,866
Prepaid expenses	(7,173)	(56)
Accounts payable and accrued liabilities	(2,292)	2,259
Prepaid membership fees	(607)	(11,034)
Deferred contributions related to operations	<u>(140,176)</u>	<u>(154,796)</u>
	(76,658)	(22,253)
FINANCING ACTIVITY:		
Contributions of property and equipment	21,160	34,248
INVESTING ACTIVITY:		
Purchase of property and equipment	(34,427)	(115,043)
Sale of long term investments	13,271	(47,437)
(DECREASE) INCREASE IN CASH	(76,654)	(150,485)
CASH AND SHORT TERM DEPOSITS - Beginning of year	586,724	737,209
CASH AND SHORT TERM DEPOSITS - End of year	\$ 510,070	\$ 586,724
CASH AND SHORT TERM DEPOSITS CONSISTS OF THE FOLLOWING:		
Cash	\$ 143,304	\$ 173,782
Short term deposits	334,650	397,214
Restricted cash	<u>32,116</u>	<u>15,728</u>
	\$ 510,070	\$ 586,724

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

VOLUNTEER CENTRE OF CALGARY (OPERATING AS PROPELLUS)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 1 ORGANIZATION AND PURPOSE

The Volunteer Centre of Calgary (Operating as Propellus) ("Propellus") was incorporated on August 11, 1971 under the Societies Act of Alberta and is exempt from income tax under Section 149 of the Income Tax Act. The purpose of Propellus is to recruit and refer volunteers to community organizations, provide training and consultation in volunteer and not-for-profit management and promote volunteerism in the community.

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES

These statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

Cash and Short-Term Deposits

Cash and short terms deposits consist of cash on hand, bank balances, deposits with a maturity of one year or less and other short term highly liquid investments that are readily convertible into known amounts of cash.

Long-Term Investments

Long term investments are comprised of marketable securities with a maturity of longer than one year and marketable securities with no stated maturity date that are intended to be held for longer than one year.

Property and Equipment

Purchased property and equipment is recorded at cost. Contributed property and equipment is recorded at the fair value on the date of contribution. Amortization has been recorded on a straight-line basis over the assets' estimated useful lives as follows:

Computer equipment	3 years
Furniture and fixtures	5 years
Leasehold improvements	life of lease

Revenue Recognition

Propellus follows the deferral method of accounting for contributions.

Contributions which do not have externally imposed restrictions with respect to their use are reported as revenue in the period in which they are received, or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured. The Board of Directors may from time to time set aside portions of these unrestricted contributions for specific purposes. These internally restricted contributions are included in revenue and subsequently set aside as internally restricted net assets.

Contributions received whose use is restricted by donor, statute or some other externally imposed conditions, are reported as deferred contributions related to operations and are recognized as revenue in the period in which the restrictions are fulfilled.

Endowment contributions are recognized as direct increases in net assets.

Membership fees and workshop fees are recognized in revenue when earned.

Contracted services and project management fees are recognized in income using a percentage of completion method whereby total contracted hours spent on a project are accrued at the contracted hourly rate and charged to work in progress.

Unrealized gains and losses on available-for-sale financial assets are included directly in net assets or deferred contributions as appropriate, until the asset is removed from the statement of financial position. Unrealized gains and losses on held-for-trading financial assets are included in investment income and recognized as revenue in the statement of operations, deferred or reported directly in net assets, depending on the nature of any external restrictions imposed on the investment income. Restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Other unrestricted investment income is recognized as revenue when earned.

VOLUNTEER CENTRE OF CALGARY (OPERATING AS PROPELLUS)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 2 Continued ...

Use of Estimates

The preparation of the 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 at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Such estimates include, but are not limited to, providing for amortization of property and equipment. These estimates are reviewed periodically, and, as adjustments become necessary, they are recorded in the Statement of Operations in the period in which they become known.

Contributed Goods and Services

Due to the difficulty of determining their value, Propellus does not record the value of a) contributed services or b) contributed goods where the fair market value cannot be reasonably determined in the financial statements.

Financial Instruments

Measurement of financial instruments

Propellus initially measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions.

Propellus subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in equity instruments and other securities that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in the Statement of Operations.

Financial assets measured at amortized cost include cash, restricted cash and contributions receivable.

Financial assets measured at fair value include short term deposits and long term investments.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

Impairment

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in the Statement of Operations. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in the Statement of Operations.

Transaction costs

Propellus recognizes its transaction costs in the Statement of Operations in the period incurred. However, financial instruments that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their obligation, issuance or assumption.

NOTE 3

RESTRICTED CASH

The use of \$32,116 of Propellus cash is restricted pursuant to the Casino Licence agreement, in accordance with the provisions of the Gaming and Liquor Act (Alberta). Propellus is permitted to use these funds for administration, promotional activities, printing, rent of premises and to purchase equipment. Under the license agreement, the Centre is expected to use these funds within 24 months of their receipt, which is May 6, 2020.

VOLUNTEER CENTRE OF CALGARY (OPERATING AS PROPELLUS)
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 4 CONTRIBUTIONS RECEIVABLE

Contributions receivable consists of the following:

	<u>2018</u>	<u>2017</u>
Accounts receivable	\$ 4,284	\$ 3,450
Allowance for doubtful accounts	(3,150)	-
	\$ 1,134	\$ 3,450

NOTE 5 ENDOWMENT FUND

The Volunteer Centre of Calgary Endowment Fund ("Fund") was established under agreement with The Calgary Foundation ("Foundation"). Under the terms of the agreement, the Foundation retains all endowment contributions to the fund in perpetuity, Propellus is entitled to annual income distributions and the Foundation is permitted to charge for its expenses to administer the fund. During the year, the Fund received contributions of \$0 (2017 - \$0) and had earnings of \$1,379 (2017 - \$11,277), from which Propellus received income distributions in the amount of \$4,221 (2017 - \$4,132) and the Foundation charged administration fees in the amount of \$1,006 (2017 - \$1,280).

NOTE 6 PROPERTY AND EQUIPMENT

	<u>2018</u>		<u>2017</u>	
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Computer equipment	\$ 187,031	\$ 116,494	\$ 70,537	\$ 87,139
Leasehold improvements	-	-	-	9,814
Furniture and fixtures	1,311	1,311	-	-
	\$ 188,342	\$ 117,805	\$ 70,537	\$ 96,953

In 2018, there is \$15,721 (2017 - \$0) of computer software and equipment that has not been amortized as these assets are under development.

NOTE 7 DEFERRED CONTRIBUTIONS RELATED TO OPERATIONS

Deferred contributions related to operations consist of unspent resources, the use of which is restricted by the donor, statute or some other externally imposed conditions as described in Note 2. These contributions will be brought into income in the period in which the restrictions are fulfilled. The deferred contributions related to operations consists of the following:

	<u>2018</u>	<u>2017</u>
Capacity Building Programs	\$ 124,036	\$ 280,131
Community Service Learning Program	-	20,000
Consulting Service Programs	37,500	17,960
Casino Program	33,320	16,531
Miscellaneous Projects	2,965	3,375
	\$ 197,821	\$ 337,997

VOLUNTEER CENTRE OF CALGARY (OPERATING AS PROPELLUS)
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 8 DEFERRED CONTRIBUTIONS RELATED TO EQUIPMENT

Restricted contributions received to purchase equipment are deferred and brought into income as the related assets are amortized. During 2018, Propellus purchased computer equipment and furniture with a fair value of \$34,427 (2017- \$115,043) of which \$21,160 (2017- \$34,248) was purchased using restricted grant funds, and \$13,267 (2017- \$80,795) using unrestricted funds.

	<u>2018</u>	<u>2017</u>
Balance, Beginning of year	\$ 22,832	\$ 5,569
Add: Restricted contributions for purchases of equipment	21,160	34,248
Less: Amounts amortized into revenue	<u>(17,651)</u>	<u>(16,985)</u>
Balance, End of year	<u>\$ 26,341</u>	<u>\$ 22,832</u>

NOTE 9 INTERNALLY RESTRICTED NET ASSETS

Internally restricted net assets consist of amounts restricted by the board of directors for the following purposes:

	<u>2018</u>	<u>2017</u>
Operating Reserve	\$ 232,125	\$ 292,747
Stabilization Reserve	<u>611,953</u>	<u>528,410</u>
Internally restricted net assets	<u>\$ 844,078</u>	<u>\$ 821,157</u>

Pursuant to a resolution adopted by the Board of Directors, restricted capital reserves have been established for the purpose of protecting budgeted services against adverse changes in revenues or expenses. Unrestricted net assets at the end of the year are set aside for allocation to an Operating Reserve equal to at least three months cash flow and a Stabilization Reserve that must be between \$400,000 and \$500,000 while the operating budget is less than \$3,000,000. The anticipated annual operating expenses for 2019 are \$928,500. Internally Restricted Net Assets do not include any monies from the United Way or donations the use of which have been restricted by the donor.

NOTE 10 CAPITAL DISCLOSURES

Propellus receives its principle source of capital through provincial funding, corporate sponsors and fundraising and administrative activities performed. Propellus defines capital to be net assets. In carrying out its purpose, Propellus regularly distributes its capital through administration of services provided and through program commitments.

Propellus is not subject to debt covenants or any other capital requirements with respect to operating funding. Funding received for designated purposes must be used for the purpose outlined by the funding party. Propellus has complied with the external restrictions on any external funding provided.

NOTE 11 FINANCIAL INSTRUMENTS

Management does not believe that Propellus is exposed to significant interest, currency or credit risk in respect of its financial instruments.

NOTE 12 SOLICITATION OF CONTRIBUTIONS

The expenses incurred for the purpose of soliciting contributions were \$39,546 (2017 - \$41,460). This

VOLUNTEER CENTRE OF CALGARY (OPERATING AS PROPELLUS)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

total includes \$36,925 (2017 - \$37,701) which was paid as remuneration to various employees of the organization whose duties involve fundraising.

NOTE 13 COMPARATIVE FIGURES

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