

**VOLUNTEER CENTRE OF CALGARY
(OPERATING AS PROPELLUS)**

AUDITORS' REPORT AND FINANCIAL STATEMENTS

DECEMBER 31, 2013

VOLUNTEER CENTRE OF CALGARY (OPERATING AS PROPELLUS)

INDEX TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013

	Page No.
Auditors' Report	1
Statement of Financial Position	2
Statement of Changes in Net Assets	3
Statement of Operations	4
Statement of Cash Flow	5
Notes to the Financial Statements	6 - 10

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Volunteer Centre of Calgary (Operating as Propellus)

Report on the Financial Statements

We have audited the accompanying financial statements of Volunteer Centre of Calgary (Operating as Propellus), which comprise the statement of financial position as at December 31, 2013, and the statements of operations, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

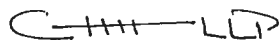
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Qualified Opinion

In common with many charitable organizations, the Centre derives part of its revenue from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Centre and we were not able to determine whether any adjustments might be necessary to donations and (deficiency) excess of revenues over expenses.

Qualified Opinion

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph the financial statements present fairly, in all material respects, the financial position of Volunteer Centre of Calgary (Operating as Propellus) as at December 31, 2013 and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.



CHARTERED ACCOUNTANTS

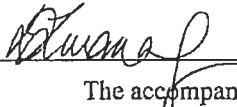
Calgary, Alberta
February 25, 2014

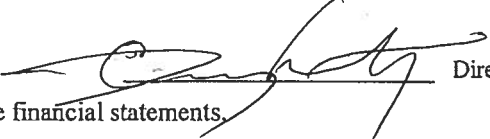
VOLUNTEER CENTRE OF CALGARY (OPERATING AS PROPELLUS)
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2013

	2013	2012
ASSETS		
CURRENT		
Cash and short term deposits	\$ 500,446	\$ 872,003
Restricted cash - Note 3	42,572	13,152
Contributions receivable	78,994	58,517
Work In progress	24,317	15,307
Prepaid expenses	<u>35,071</u>	<u>43,192</u>
	681,400	1,002,171
LONG TERM INVESTMENTS	814,780	832,843
ENDOWMENT FUND - Note 4	89,636	79,419
EQUIPMENT - Note 5	73,121	117,928
TOTAL ASSETS	\$ 1,658,937	\$ 2,032,361
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 55,516	\$ 99,080
Prepaid membership fees	76,986	67,848
Deferred contributions related to operations- Note 6	<u>291,301</u>	<u>583,840</u>
	423,803	750,768
DEFERRED CONTRIBUTIONS RELATED TO EQUIPMENT- Note 7	<u>52,534</u>	<u>89,827</u>
	476,337	840,595
NET ASSETS		
INVESTED IN EQUIPMENT	20,588	28,103
INTERNALLY RESTRICTED NET ASSETS - Note 8	1,072,376	1,084,244
ENDOWMENT FUND - Note 4	<u>89,636</u>	<u>79,419</u>
	1,182,600	1,191,766
TOTAL LIABILITIES AND NET ASSETS	\$ 1,658,937	\$ 2,032,361

COMMITMENTS - NOTE 9

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, 2013

	Invested in Equipment	Internally Restricted	Endowment Fund	Total 2013	Total, 2012
BALANCE - Beginning of year	\$ 28,103	\$ 1,084,244	\$ 79,419	\$ 1,191,766	\$ 1,187,071
(DEFICIENCY) EXCESS OF REVENUES OVER EXPENSES	-	(19,383)	-	(19,383)	1,454
NET INVESTMENT IN EQUIPMENT	(7,515)	7,515	-	-	-
NET ENDOWMENT CONTRIBUTION - Note 4	-	-	10,217	10,217	3,241
BALANCE - End of year	\$ 20,588	\$ 1,072,376	\$ 89,636	\$ 1,182,600	\$ 1,191,766

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, 2013

	2013	2012
REVENUES		
Donations	\$ 1,143,082	\$ 893,936
United Way of Calgary	446,677	440,280
Family and Community Support Services	193,684	197,021
Contracted Services and project management fees	179,371	216,357
Workshop and seminar fees	141,962	157,427
Government grants	81,200	6,685
Amortization of contributions related to equipment	54,913	57,065
Agency and membership fees	53,750	50,227
Interest and other income	43,165	54,250
Casino	39,789	49,773
Ticket sales	14,950	18,300
Material sales	<u>1,611</u>	<u>7,406</u>
	2,394,154	2,148,727
EXPENSES		
Salaries and benefits	1,362,706	1,203,462
Contracted services	376,443	368,638
Rent	138,349	136,373
Promotion and publicity	95,892	60,335
Event costs	85,970	81,979
Amortization	85,275	83,653
General office expense	75,452	76,747
Workshop expense	58,376	40,839
Training and development	53,594	17,532
GST expense	21,437	18,159
Travel	19,895	20,275
Telephone and utilities	18,233	16,906
Postage and courier	8,473	7,697
Periodicals and reference materials	6,425	5,941
Program supplies	5,762	7,320
Equipment and maintenance	<u>1,255</u>	<u>1,417</u>
	2,413,537	2,147,273
(DEFICIENCY) EXCESS OF REVENUES OVER EXPENSES	\$ (19,383)	\$ 1,454

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, 2013

	2013	2012
CASH PROVIDED BY (USED IN):		
OPERATING ACTIVITIES:		
(Deficiency) excess of revenues over expenses for the year	\$ (19,383)	\$ 1,454
Items not affecting cash		
Amortization of equipment	85,275	83,653
Amortization of contributions related to equipment	<u>(54,913)</u>	<u>(57,065)</u>
	10,979	28,042
Net change in non-cash working capital balances		
Contributions receivable	(20,477)	29,206
Work in progress	(9,010)	(15,307)
Prepaid expenses	8,121	(11,149)
Accounts payable and accrued liabilities	(43,564)	43,421
Prepaid membership fees	9,138	(432)
Deferred contributions related to operations	<u>(292,539)</u>	<u>261,835</u>
	<u>(337,352)</u>	<u>335,616</u>
FINANCING ACTIVITY:		
Contributions of equipment	17,620	97,615
INVESTING ACTIVITY:		
Sale (Purchase) of equipment	(40,468)	(105,477)
Sale (Purchase) of long term investments	18,063	(130,249)
(DECREASE) INCREASE IN CASH	(342,137)	197,505
CASH AND SHORT TERM DEPOSITS - Beginning of year	885,155	687,650
CASH AND SHORT TERM DEPOSITS - End of year	\$ 543,018	\$ 885,155
CASH AND SHORT TERM DEPOSITS CONSISTS OF THE FOLLOWING:		
Cash	\$ 389,108	\$ 721,427
Short term deposits	111,338	150,576
Restricted cash	<u>42,572</u>	<u>13,152</u>
	\$ 543,018	\$ 885,155

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, 2013

NOTE 1 **ORGANIZATION AND PURPOSE**

The Volunteer Centre of Calgary (Operating as Propellus) ("the Centre") 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 the Centre 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**

Cash and Short-Term Deposits

Cash and short terms deposits consist of cash on hand, bank balances, deposits with a maturity of six-months 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.

Equipment

Purchased equipment is recorded at cost. Contributed 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

Revenue Recognition

The Centre 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, 2013

NOTE 2 Continued ...

Use of Estimates

The preparation of the financial statements in conformity with Canadian generally accepted accounting principles 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. 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 Services

Due to the difficulty of determining their value, the Centre does not record the value of contributed services in the financial statements.

Financial Instruments

Measurement of financial instruments

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

The Centre 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

The Centre 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 some of the Centre's cash is restricted pursuant to the Casino Licence agreement, in accordance with the provisions of the Gaming and Liquor Act (Alberta). The Centre 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 13, 2015.

NOTE 4 **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, the Centre is entitled to annual income distributions and the Foundation is permitted to charge for its expenses to administer the fund. During the year, the

VOLUNTEER CENTRE OF CALGARY (OPERATING AS PROPELLUS)
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2013

NOTE 4 Continued ...

Fund received contributions of \$0 (2012 - \$0) and had earnings of \$15,029 (2012 - \$7,816), from which the Centre received income distributions in the amount of \$3,765 (2012 - \$3,601) and the Foundation charged administration fees in the amount of \$1,047 (2012 - \$974).

NOTE 5 **EQUIPMENT**

	2013		2012	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Computer equipment	\$ 434,463	\$ 384,560	\$ 49,903	\$ 86,195
Furniture and fixtures	115,833	92,615	23,218	31,733
	\$ 550,296	\$ 477,175	\$ 73,121	\$ 117,928

NOTE 6 **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:

	2013	2012
E-Cap Government Funding	\$ 78,595	\$ -
Awards event sponsorship	65,000	80,000
Casino program	43,561	14,384
Employee Volunteerism program funding	41,978	23,477
Community Service Learning	25,000	25,000
Leadership Calgary program	22,167	91,000
Executive Directions Program	15,000	42,712
Development of Capacity Building Programs	-	146,200
Transition to New Programs and services	-	76,910
Family and Community Support Services	-	49,255
Training	-	34,902
	\$ 291,301	\$ 583,840

NOTE 7 **DEFERRED CONTRIBUTIONS RELATED TO EQUIPMENT**

Restricted contributions received to purchase equipment are deferred and brought into income as the related assets are amortized. During 2013, the Centre purchased computer equipment and furniture with a fair value of \$40,468 of which \$17,620 was purchased using restricted grant funds, and \$22,848 using unrestricted funds.

During 2012, the Centre purchased computer equipment and furniture with a fair value of \$105,477 of which \$97,615 was purchased using restricted grant funds, and \$7,862 using unrestricted funds.

VOLUNTEER CENTRE OF CALGARY (OPERATING AS PROPELLUS)
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2013

NOTE 7 Continued ...

	<u>2013</u>	<u>2012</u>
Balance, Beginning of year	\$ 89,827	\$ 49,277
Add: Restricted contributions for purchases of equipment	17,620	97,615
Less: Amounts amortized into revenue	<u>(54,913)</u>	<u>(57,065)</u>
Balance, End of year	<u>\$ 52,534</u>	<u>\$ 89,827</u>

NOTE 8 **INTERNALLY RESTRICTED NET ASSETS**

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

	<u>2013</u>	<u>2012</u>
Operating Reserve	\$ 565,000	\$ 1,084,244
Stabilization Reserve	452,380	-
Leadership Calgary Reserve	36,805	-
Executive Directions Reserve	<u>18,191</u>	<u>-</u>
Internally restricted net assets	<u>\$ 1,072,376</u>	<u>\$ 1,084,244</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 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 2014 are \$2,302,000. Internally Restricted Net Assets do not include any monies from Family and Community Support Services, the United Way or donations the use of which have been restricted by the donor.

NOTE 9 **COMMITMENTS**

The Centre has annual lease and operating expense commitments for its office premises under lease expiring in March 31, 2019 with annual commitment of \$138,121.

In addition the Centre has a commitment of \$599 per quarter until January 20, 2017 for mailing equipment, and a commitment of \$1,357 per quarter until July 24, 2016 for printing equipment.

NOTE 10 **CAPITAL DISCLOSURES**

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

VOLUNTEER CENTRE OF CALGARY (OPERATING AS PROPELLUS)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

NOTE 10 Continued ...

The Centre 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. The Centre has complied with the external restrictions on any external funding provided.

NOTE 11 **FINANCIAL INSTRUMENTS**

Management does not believe that the Centre 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 \$180,790 (2012 -\$108,479). This total includes \$156,804 (2012 - \$96,473) which was paid as remuneration to various employees of the organization whose duties involve fundraising.

NOTE 13 **RELATED PARTY TRANSACTIONS**

During the year \$0 (2012 - \$1,930) was paid to a company controlled by an immediate family member of the Director, Communications for promotion and publicity services.

The expenses for promotion and publicity were made in the normal course of operations under the same terms and conditions as transactions with unrelated third parties. They are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. As at December 31, 2013 there is no balance resulting from these transactions on the balance sheet.

NOTE 14 **TERMINATION BENEFITS**

During the year the Volunteer Centre of Calgary (Operating as Propellus) paid termination benefits to former employees of \$58,631 (2012 - \$30,561).