

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

AUDITORS' REPORT AND FINANCIAL STATEMENTS

DECEMBER 31, 2014

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DECEMBER 31, 2014

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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, 2014, 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.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Volunteer Centre of Calgary (Operating as Propellus) as at December 31, 2014 and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Chittick

CHARTERED ACCOUNTANTS

Calgary, Alberta
February 24, 2015

VOLUNTEER CENTRE OF CALGARY (OPERATING AS PROPELLUS)
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2014

	2014	2013
ASSETS		
CURRENT		
Cash and short term deposits	\$ 451,097	\$ 500,446
Restricted cash - Note 3	63,632	42,572
Contributions receivable	62,719	78,994
Work In progress	20,521	24,317
Prepaid expenses	<u>17,498</u>	<u>35,071</u>
	615,467	681,400
LONG TERM INVESTMENTS	660,627	814,780
ENDOWMENT FUND - Note 4	95,437	89,636
EQUIPMENT - Note 5	66,794	73,121
TOTAL ASSETS	\$ 1,438,325	\$ 1,658,937
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 34,316	\$ 55,516
Prepaid membership fees	9,059	76,986
Deferred contributions related to operations- Note 6	<u>182,907</u>	<u>291,301</u>
	226,282	423,803
DEFERRED CONTRIBUTIONS RELATED TO EQUIPMENT- Note 7	<u>49,876</u>	<u>52,534</u>
	276,158	476,337
NET ASSETS		
INVESTED IN EQUIPMENT	16,919	20,588
INTERNALLY RESTRICTED NET ASSETS - Note 8	1,049,811	1,072,376
ENDOWMENT FUND - Note 4	<u>95,437</u>	<u>89,636</u>
	1,162,167	1,182,600
TOTAL LIABILITIES AND NET ASSETS	\$ 1,438,325	\$ 1,658,937

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, 2014

	Invested in Equipment	Internally Restricted	Endowment Fund	Total 2014	Total 2013
BALANCE - Beginning of year	\$ 20,588	\$ 1,072,376	\$ 89,636	\$ 1,182,600	\$ 1,191,766
(DEFICIENCY) EXCESS OF REVENUES OVER EXPENSES	-	(26,234)	-	(26,234)	(19,383)
NET INVESTMENT IN EQUIPMENT	(3,669)	3,669	-	-	-
NET ENDOWMENT CONTRIBUTION – Note 4	-	-	5,801	5,801	10,217
BALANCE - End of year	\$ 16,919	\$ 1,049,811	\$ 95,437	\$ 1,162,167	\$ 1,182,600

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, 2014

	2014	2013
REVENUES		
Donations	\$ 836,641	\$ 1,143,082
United Way of Calgary	416,610	446,677
Workshop and seminar fees	201,035	141,962
Contracted Services and project management fees	185,778	179,371
Government grants	146,055	81,200
Agency and membership fees	69,204	53,750
Interest and other income	68,005	43,165
Amortization of contributions related to equipment	50,039	54,913
Casino	52,830	39,789
Ticket sales	9,000	14,950
Material sales	5,330	1,611
Family and Community Support Services	<u>-</u>	<u>193,684</u>
	2,040,527	2,394,154
EXPENSES		
Salaries and benefits	1,148,591	1,362,706
Contracted services	359,028	376,443
Rent	141,828	138,349
Event costs	80,198	85,970
Promotion and publicity	70,428	95,892
Amortization	64,881	85,275
General office expense	62,845	75,452
Workshop expense	42,261	58,376
Training and development	21,081	53,594
Travel	19,660	19,895
GST expense	19,467	21,437
Telephone and utilities	18,044	18,233
Periodicals and reference materials	6,552	6,425
Program supplies	5,299	5,762
Postage and courier	5,062	8,473
Equipment and maintenance	<u>1,536</u>	<u>1,255</u>
	2,066,761	2,413,537
(DEFICIENCY) EXCESS OF REVENUES OVER EXPENSES	\$ (26,234)	\$ (19,383)

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, 2014

	2014	2013
CASH PROVIDED BY (USED IN):		
OPERATING ACTIVITIES:		
(Deficiency) excess of revenues over expenses for the year	\$ (26,234)	\$ (19,383)
Items not affecting cash		
Amortization of equipment	64,881	85,275
Amortization of contributions related to equipment	<u>(50,039)</u>	<u>(54,913)</u>
	(11,392)	10,979
Net change in non-cash working capital balances		
Contributions receivable	16,275	(20,477)
Work in progress	3,796	(9,010)
Prepaid expenses	17,573	8,121
Accounts payable and accrued liabilities	(21,199)	(43,564)
Prepaid membership fees	(67,927)	9,138
Deferred contributions related to operations	<u>(108,395)</u>	<u>(292,539)</u>
	(171,269)	(337,352)
FINANCING ACTIVITY:		
Contributions of equipment	47,381	17,620
INVESTING ACTIVITY:		
Sale (Purchase) of equipment	(58,554)	(40,468)
Sale (Purchase) of long term investments	154,153	18,063
(DECREASE) INCREASE IN CASH	(28,289)	(342,137)
CASH AND SHORT TERM DEPOSITS - Beginning of year	543,018	885,155
CASH AND SHORT TERM DEPOSITS - End of year	\$ 514,729	\$ 543,018
CASH AND SHORT TERM DEPOSITS CONSISTS OF THE FOLLOWING:		
Cash	\$ 134,709	\$ 389,108
Short term deposits	316,388	111,338
Restricted cash	<u>63,632</u>	<u>42,572</u>
	\$ 514,729	\$ 543,018

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, 2014

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.

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

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, 2014

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. 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, Propellus does not record the value of contributed services 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 some 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 November 17, 2016.

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, 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

VOLUNTEER CENTRE OF CALGARY (OPERATING AS PROPELLUS)
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 4 Continued ...

Fund received contributions of \$0 (2013 - \$0) and had earnings of \$10,553 (2013 - \$15,029), from which Propellus received income distributions in the amount of \$3,755 (2013 - \$3,765) and the Foundation charged administration fees in the amount of \$997 (2013 - \$1,047).

NOTE 5 **EQUIPMENT**

	2014		2013	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Computer equipment	\$ 490,741	\$ 440,331	\$ 50,410	\$ 49,903
Furniture and fixtures	115,143	98,759	16,384	23,218
	\$ 605,884	\$ 539,090	\$ 66,794	\$ 73,121

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:

	2014	2013
Casino program	\$ 64,923	\$ 43,561
Program Design	56,924	-
Capacity Building Programs	25,000	-
Executive Directions Program	25,000	15,000
Consulting Service Programs	5,560	-
Leadership Calgary program	5,500	22,167
E-Cap Government Funding	-	78,595
Awards event sponsorship	-	65,000
Employee Volunteerism program funding	-	41,978
Community Service Learning	-	25,000
Consulting Service Programs	-	-
	\$ 182,907	\$ 291,301

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 2014, Propellus purchased computer equipment and furniture with a fair value of \$58,554 of which \$47,381 was purchased using restricted grant funds, and \$11,173 using unrestricted funds.

During 2013, Propellus purchased computer equipment and furniture with a fair value of \$40,468 of which \$17,621 was purchased using restricted grant funds, and \$22,847 using unrestricted funds.

VOLUNTEER CENTRE OF CALGARY (OPERATING AS PROPELLUS)
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 7 Continued ...

	<u>2014</u>	<u>2013</u>
Balance, Beginning of year	\$ 52,534	\$ 89,827
Add: Restricted contributions for purchases of equipment	47,381	17,620
Less: Amounts amortized into revenue	<u>(50,039)</u>	<u>(54,913)</u>
Balance, End of year	<u>\$ 49,876</u>	<u>\$ 52,534</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>2014</u>	<u>2013</u>
Operating Reserve	\$ 500,000	\$ 565,000
Stabilization Reserve	451,906	452,380
Leadership Calgary Reserve	75,257	36,805
Executive Directions Reserve	<u>22,648</u>	<u>18,191</u>
Internally restricted net assets	<u>\$ 1,049,811</u>	<u>\$ 1,072,376</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 2015 are \$2,117,000. 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**

Propellus has annual lease and operating expense commitments for its office premises under lease expiring in March 31, 2019 with annual commitment of \$136,348.

In addition Propellus 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**

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.

VOLUNTEER CENTRE OF CALGARY (OPERATING AS PROPELLUS)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 10 Continued ...

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 \$162,638 (2013 -\$180,790). This total includes \$138,350 (2013 - \$156,804) which was paid as remuneration to various employees of the organization whose duties involve fundraising.

NOTE 13 **TERMINATION BENEFITS**

During the year Propellus paid termination benefits to former employees of \$14,330 (2013 - \$58,631).