

**VOLUNTEER CENTRE OF CALGARY**

**(OPERATING AS PROPELLUS)**

**AUDITORS' REPORT AND FINANCIAL STATEMENTS**

**DECEMBER 31, 2015**

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DECEMBER 31, 2015

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## INDEPENDENT AUDITORS' 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, 2015, 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, 2015 and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

as signed by



CHARTERED ACCOUNTANTS  
Calgary, Alberta  
February 24, 2016

VOLUNTEER CENTRE OF CALGARY (OPERATING AS PROPELLUS)  
STATEMENT OF FINANCIAL POSITION  
AS AT DECEMBER 31, 2015

	2015	2014
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash and short term deposits	\$ 239,232	\$ 451,097
Restricted cash - Note 3	1	63,632
Contributions receivable	33,547	51,863
GST Recoverable	8,651	10,856
Work In progress	313	20,521
Prepaid expenses	<u>6,953</u>	<u>17,498</u>
	288,697	615,467
<b>LONG TERM INVESTMENTS</b>	629,916	660,627
<b>ENDOWMENT FUND - Note 4</b>	96,329	95,437
<b>EQUIPMENT - Note 5</b>	39,298	66,794
<b>TOTAL ASSETS</b>	<b>\$ 1,054,240</b>	<b>\$ 1,438,325</b>
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities	\$ 33,285	\$ 34,316
Prepaid fees	16,190	9,059
Deferred contributions related to operations- Note 6	<u>41,175</u>	<u>182,907</u>
	90,650	226,282
<b>DEFERRED CONTRIBUTIONS RELATED TO EQUIPMENT- Note 7</b>	<u>33,309</u>	<u>49,876</u>
	123,959	276,158
<b>NET ASSETS</b>		
<b>INVESTED IN EQUIPMENT</b>	5,989	16,919
<b>INTERNALLY RESTRICTED NET ASSETS - Note 8</b>	827,963	1,049,811
<b>ENDOWMENT FUND - Note 4</b>	<u>96,329</u>	<u>95,437</u>
	930,281	1,162,167
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 1,054,240</b>	<b>\$ 1,438,325</b>

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, 2015

	Invested in Equipment	Internally Restricted	Endowment Fund	Total 2015	Total 2014
BALANCE - Beginning of year	\$ 16,919	\$ 1,049,811	\$ 95,437	\$ 1,162,167	\$ 1,182,600
DEFICIENCY OF REVENUES OVER EXPENSES	-	(232,778)	-	(232,778)	(26,234)
NET INVESTMENT IN EQUIPMENT	(10,930)	10,930	-	-	-
NET ENDOWMENT CONTRIBUTION – Note 4	-	-	892	892	5,801
<b>BALANCE - End of year</b>	<b>\$ 5,989</b>	<b>\$ 827,963</b>	<b>\$ 96,329</b>	<b>\$ 930,281</b>	<b>\$ 1,162,167</b>

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, 2015

	2015	2014
<b>REVENUES</b>		
Donations	\$ 831,855	\$ 836,641
United Way of Calgary	443,108	416,610
Contracted Services and project management fees	149,118	185,778
Government grants	75,000	146,055
Casino	63,375	52,830
Agency and membership fees	41,600	69,204
Workshop and seminar fees	39,691	201,035
Amortization of contributions related to equipment	33,275	50,039
Interest and other income	3,992	68,005
Ticket sales	3,930	9,000
Material sales	-	5,330
	<u>1,684,944</u>	<u>2,040,527</u>
<b>EXPENSES</b>		
Salaries and benefits	1,160,993	1,148,591
Contracted services	351,791	359,028
Rent	138,608	141,828
General office expense	61,272	62,845
Amortization	45,245	64,881
Promotion and publicity	34,009	70,428
Training and development	24,873	21,081
Event costs	24,701	80,198
Workshop expense	18,237	42,261
Travel	19,973	19,660
GST expense	15,149	19,467
Telephone and utilities	12,986	18,044
Periodicals and reference materials	5,730	6,552
Program supplies	-	5,299
Postage and courier	3,715	5,062
Equipment and maintenance	440	1,536
	<u>1,917,722</u>	<u>2,066,761</u>
<b>DEFICIENCY OF REVENUES OVER EXPENSES</b>	<b>\$ (232,778)</b>	<b>\$ (26,234)</b>

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, 2015

	2015	2014
<b>CASH PROVIDED BY (USED IN):</b>		
<b>OPERATING ACTIVITIES:</b>		
Deficiency of revenues over expenses for the year	\$ (232,778)	\$ (26,234)
Items not affecting cash		
Amortization of equipment	45,245	64,881
Amortization of contributions related to equipment	<u>(33,275)</u>	<u>(50,039)</u>
	(220,808)	(11,392)
Net change in non-cash working capital balances		
Contributions receivable	18,316	13,722
GST Recoverable	2,205	2,553
Work in progress	20,208	3,796
Prepaid expenses	10,545	17,573
Accounts payable and accrued liabilities	(1,031)	(21,199)
Prepaid membership fees	7,131	(67,927)
Deferred contributions related to operations	<u>(141,732)</u>	<u>(108,395)</u>
	(305,166)	(171,269)
<b>FINANCING ACTIVITY:</b>		
Contributions of equipment	16,708	47,381
<b>INVESTING ACTIVITY:</b>		
Purchase of equipment	(17,749)	(58,554)
Sale of long term investments	30,711	154,153
(DECREASE) INCREASE IN CASH	(275,496)	(28,289)
CASH AND SHORT TERM DEPOSITS - Beginning of year	514,729	543,018
<b>CASH AND SHORT TERM DEPOSITS - End of year</b>	<b>\$ 239,233</b>	<b>\$ 514,729</b>
<b>CASH AND SHORT TERM DEPOSITS CONSISTS OF THE FOLLOWING:</b>		
Cash	\$ 146,160	\$ 134,709
Short term deposits	93,072	316,388
Restricted cash	<u>1</u>	<u>63,632</u>
	\$ 239,233	\$ 514,729

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, 2015

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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, 2015

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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

VOLUNTEER CENTRE OF CALGARY (OPERATING AS PROPELLUS)  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED DECEMBER 31, 2015

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NOTE 4 Continued...

and the Foundation is permitted to charge for its expenses to administer the fund. During the year, the Fund received contributions of \$0 (2014 - \$0) and had earnings of \$6,139 (2014 - \$10,533), from which Propellus received income distributions in the amount of \$4,026 (2014 - \$3,755) and the Foundation charged administration fees in the amount of \$1,221 (2014 - \$997).

NOTE 5 **EQUIPMENT**

	2015			2014
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Computer equipment	\$ 508,491	\$ 477,898	\$ 30,593	\$ 50,410
Furniture and fixtures	<u>115,143</u>	<u>106,438</u>	<u>8,705</u>	<u>16,384</u>
	<u>\$ 623,634</u>	<u>\$ 584,336</u>	<u>\$ 39,298</u>	<u>\$ 66,794</u>

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:

	2015	2014
Capacity Building Programs	\$ 25,000	\$ 25,000
Consulting Service Programs	7,987	5,560
Executive Directions Program	4,167	25,000
Program Design	2,475	56,924
Casino program	1,546	64,923
Leadership Calgary program	<u>-</u>	<u>5,500</u>
	<u>\$ 41,175</u>	<u>\$ 182,907</u>

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 2015, Propellus purchased computer equipment and furniture with a fair value of \$17,751 (2014- \$58,554) of which \$16,708 (2014- \$47,381) was purchased using restricted grant funds, and \$1,043(2014- \$11,173) using unrestricted funds.

	2015	2014
Balance, Beginning of year	\$ 49,876	\$ 52,534
Add: Restricted contributions for purchases of equipment	16,708	47,381
Less: Amounts amortized into revenue	<u>(33,275)</u>	<u>(50,039)</u>
Balance, End of year	<u>\$ 33,309</u>	<u>\$ 49,876</u>

VOLUNTEER CENTRE OF CALGARY (OPERATING AS PROPELLUS)  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED DECEMBER 31, 2015

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**NOTE 8 INTERNALLY RESTRICTED NET ASSETS**

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

	<u>2015</u>	<u>2014</u>
Operating Reserve	\$ 365,000	\$ 500,000
Stabilization Reserve	440,035	451,906
Leadership Calgary Reserve	-	75,257
Executive Directions Reserve	<u>22,928</u>	<u>22,648</u>
Internally restricted net assets	<u>\$ 827,963</u>	<u>\$ 1,049,811</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 2016 are \$1,508,000. 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 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 \$137,044.

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.

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 \$229,838 (2014 - \$162,638). This total includes \$189,267 (2014 - \$138,350) which was paid as remuneration to various employees of the organization whose duties involve fundraising.

VOLUNTEER CENTRE OF CALGARY (OPERATING AS PROPELLUS)  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2015

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**NOTE 13      TERMINATION BENEFITS**

During the year Propellus paid termination benefits to former employees of \$52,230 (2014 - \$14,330).