

GREEN CALGARY ASSOCIATION
2021 Financial Statements
Year ended December 31, 2021

Green Calgary Association
2021 Financial Statements
For the year ended December 31, 2021

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Versatile Accounting Professional Corporation Chartered Professional Accountant

Independent Auditor's Report

To the Members of
Green Calgary Association

Opinion

I have audited the financial statements of Green Calgary Association, which comprise the statement of financial position as at December 31, 2021, and the statements of operations and 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 my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Association as at December 31, 2021, and the results of its operations and its cash flows for the year then ended in accordance with ASNPO.

Basis for Opinion

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Association in accordance with the ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Other Matter

The Green Calgary Association financial statements for the year ended December 31, 2020 were audited by another auditor who expressed an unmodified opinion on those financial statements on March 12, 2021.

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 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 Association'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 Association or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

My 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 my 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, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 my 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 Association'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 Association's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Association 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.

I 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 I identify during my audit.



Versatile Accounting Professional Corporation
Chartered Professional Accountant
Calgary, Alberta

March 30, 2022

**Green Calgary Association
Statement of Financial Position**

December 31	2021	2020
Assets		
Current		
Cash (note 3)	\$ 335,738	\$ 253,268
Accounts receivable (note 4)	37,134	19,990
Inventory (note 5)	5,293	5,085
Prepaid expenses	-	1,380
GST receivable	1,188	-
	<u>379,353</u>	<u>279,723</u>
Property and equipment, net of accumulated amortization (note 6)	6,015	9,181
	<u>\$ 385,368</u>	<u>\$ 288,904</u>
Liabilities and fund balances		
Current		
Accounts payable and accrued liabilities	\$ 10,033	\$ 15,312
Deferred contributions (note 7)	98,240	72,808
GST payable	-	186
	<u>108,273</u>	<u>88,306</u>
Net assets	<u>277,095</u>	<u>200,598</u>
	<u>\$ 385,368</u>	<u>\$ 288,904</u>

On behalf of the Board

Kirk Hite Member

Da Meyer Member

The accompanying notes are an integral part of these financial statements

Green Calgary Association
Statement of Operations and Changes in Net Assets

For the year ended December 31	2021	2020
Revenue		
Grants	\$ 285,932	\$ 257,490
Product sales	119,540	126,557
Government assistance programs (note 13)	78,542	96,891
Fees for services	24,270	30,101
Casino income	21,308	40,759
Donations	10,334	32,843
Sponsorship	9,000	37,000
Memberships	410	210
Interest income	90	2,670
	549,426	624,521
Expenditures		
Human resources	182,320	177,744
Program expenditure	126,328	140,114
Environmental product	80,810	94,282
Rent	35,072	34,627
General and administrative	30,749	35,245
Information technology	10,208	9,022
Amortization	3,165	1,794
Advertising and promotion	2,478	5,416
Strategic and fund development	1,799	1,799
	472,929	500,043
Excess of revenue over expenditures	76,497	124,478
Net assets, beginning of year	200,598	76,120
Net assets, end of year	\$ 277,095	\$ 200,598

The accompanying notes are an integral part of these financial statements

Green Calgary Association
Statement of Cash Flows

For the year ended December 31	2021	2020
Operating activities		
Excess of revenue over expenditures	\$ 76,497	\$ 124,478
Item not involving cash		
Amortization	3,165	1,794
	79,662	126,272
Net change in non-cash working capital items		
Accounts receivable	(17,144)	(3,354)
Inventory	(208)	435
Prepaid expenses	1,380	1,799
GST	(1,374)	(234)
Accounts payable and accrued liabilities	(5,278)	348
Deferred contribution	25,432	(43,059)
	2,808	(44,065)
Cash flows from operating activities	82,470	82,207
Financing activities		
Government assistance, proceeds of CEBA loan	60,000	-
Government assistance, repayment of CEBA loan	(40,000)	-
Government assistance, forgiveness of CEBA loan	(20,000)	-
Cash flows from financing activities	-	-
Investing activity		
Purchase of property and equipment and cash flows from investing activity	-	(8,228)
Net change in cash during the year	82,470	73,979
Cash and cash equivalents, beginning of year	253,268	179,289
Cash and cash equivalents, end of year	\$ 335,738	\$ 253,268
Cash and cash equivalents consist of:		
Cash	\$ 295,738	\$ 253,268
Term deposit	40,000	-
	\$ 335,738	\$ 253,268

The accompanying notes are an integral part of these financial statements

1. Nature of operations

Green Calgary Association (the "Association") is a not-for-profit organization incorporated under the Societies Act of Alberta.

The Association is committed to empowering Calgarians to create healthy homes and communities through environmental education, products and services.

2. Basis of accounting and summary of significant accounting policies

The financial statements of the Association have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO"). The financial statements have, in management's opinion, been properly prepared using careful judgment with reasonable limits of materiality and within the framework of the significant accounting policies.

Cash and cash equivalents

Cash and cash equivalents are defined as cash and highly liquid investments, consisting primarily of term deposits, with terms to maturity of one year from the date of purchase.

Revenue recognition

The Association follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Sales are recorded as delivered, which include rain barrel sales and environmental products.

Fundraising and fee for service revenues are recorded as received. Membership fees and sponsorships are recorded as earned.

Government assistance

Government assistance received or receivable as a result of the Government of Canada COVID-19 response programs are accounted for as operating grants and are recognized as revenue in the period in which they are earned when there is reasonable assurance that the company has complied and will continue to comply with the conditions associated with the assistance. The amount of government assistance is recorded as a direct increase in revenues.

Property and equipment

Property and equipment are recorded at cost. Amortization of property and equipment are based on their useful lives using the straight-line method and following durations:

Office equipment	10 years
Computer equipment	3 years

2. Basis of accounting and summary of significant accounting policies – continued

Impairment of long-lived assets

The Association 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 undiscounted 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 carrying value exceeds its fair value.

Inventory

Inventory is valued at the lower of cost and net realizable value. Cost is determined using the first-in, first-out method.

Measurement uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for not-for profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

Contributed services

Volunteers incur their time to assist in the Association's activities. While these services benefit the Association considerably, a reasonable estimate of their amount and fair value cannot be made and, accordingly, these contributed services are not recognized in the financial statements.

Deferred contributions

The deferred contributions represent the unspent portion of externally restricted contributions. These amounts are recorded as liabilities as they are not recognized as revenue until the related expenses have occurred.

Leases

Leases are classified as either capital or operating leases. Leases that transfer substantially all of the benefits and inherent risks of ownership of property to the Association are accounted for as capital leases. At the time a capital lease is entered into, an asset is recorded together with its related long-term obligation to reflect the acquisition and financing. Equipment recorded under capital leases is amortized on the same basis as described above. Payments under operating leases are expensed as incurred.

2. Basis of accounting and summary of significant accounting policies – continued

Financial instruments

(i) Measurement of financial instruments

The Association initially measures its financial assets and financial liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument. Amounts due to and from related parties are measured at the exchange amount, being the amount agreed upon by the related parties.

The Association subsequently measures its financial assets and financial liabilities at amortized cost.

Financial assets measured at amortized cost include cash, accounts receivable, inventory and GST receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities, GST payable and deferred contributions.

(ii) Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of possible impairment. When a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial asset or group of assets, a write-down is recognized in net income. The write down reflects the difference between the carrying amount and the higher of:

- the present value of the cash flows expected to be generated by the asset or group of assets;
- the amount that could be realized by selling the assets or group of assets;
- the net realizable value of any collateral held to secure repayment of the assets or group of assets.

When the events occurring after the impairment confirm that a reversal is necessary, the reversal is recognized in net income up to the amount of the previously recognized impairment.

Green Calgary Association
Notes to Financial Statements
For the year ended December 31, 2021

3. Cash

	2021	2020
Cash and bank balance	\$ 295,738	\$ 253,268
Term deposit	40,000	-
	\$ 335,738	\$ 253,268

4. Accounts receivable

	2021	2020
City of Calgary, Water Resource contribution	\$ 32,000	\$ 19,990
Other receivables	5,134	-
	\$ 37,134	\$ 19,990

City of Calgary, Water Resource contribution was invoiced in advance to City of Calgary. The funds were received subsequent to the year end.

5. Inventory

	2021	2020
Ecostore	\$ 5,293	\$ 5,085

Inventory consists of Ecostore material of rain barrels, their accessories, composters accessories, worm bin rental and other sustainability products materials.

6. Property and equipment

	2021		2020	
	Cost	Accumulated amortization	Cost	Accumulated amortization
Office equipment	\$ 4,225	\$ 2,324	\$ 4,225	\$ 1,901
Computer equipment	14,154	10,040	14,154	7,297
	18,379	12,364	18,379	9,198
Net book value	\$ 6,015		\$ 9,181	

Green Calgary Association
Notes to Financial Statements
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7. Deferred contributions

	2021 Deferred contributions			
	Opening balance	Addition	Utilization	2021
AGLC Casino contributions	\$ 21,308	\$ -	\$ (21,308)	\$ -
Alberta Eco Trust	-	39,590	(32,500)	7,090
Alberta Real Estate Foundation	-	5,000	(5,000)	-
Calgary Foundation	-	10,290	(10,290)	-
City, Waste and Recycling	-	160,450	(160,450)	-
City, Water Resource	27,000	34,921	(29,921)	32,000
ECCO Recycling & Energy Corp.	3,000	-	(3,000)	-
Enmax Corporation	-	50,000	-	50,000
RBC foundation	14,500	25,000	(35,333)	4,167
TD Friends of the Environment	7,000	11,959	(13,976)	4,983
TOTAL	\$ 72,808	\$ 337,210	\$ (311,778)	\$ 98,240

	2020 Deferred contributions			
	Opening balance	Addition	Utilization	2020
AGLC Casino contributions	\$ 62,067	\$ -	\$ (40,759)	\$ 21,308
Alberta Eco Trust	2,000	4,740	(6,740)	-
Calgary Foundation	-	10,000	(10,000)	-
City, Waste and Recycling	-	148,500	(148,500)	-
City, Water Resource	18,300	60,000	(51,300)	27,000
ECCO Recycling & Energy Corp.	-	5,000	(2,000)	3,000
Enmax Corporation	-	5,000	(5,000)	-
Government, Eco Action	-	11,950	(11,950)	-
Halsall Family Foundation	1,000	-	(1,000)	-
Intact	20,000	-	(20,000)	-
Morguard Investments	-	6,000	(6,000)	-
RBC foundation	12,500	29,000	(27,000)	14,500
TD Friends of the Environment	-	7,000	-	7,000
	\$ 115,867	\$ 287,190	\$ (330,249)	\$ 72,808

8. Lease commitments

The Association has a long term lease with respect to its premises that expires on November 30, 2024. The lease requires minimum monthly lease payments as well as a share of monthly operating costs.

Future minimum lease payments are as follows:

2022	\$ 16,943
2023	16,943
2024	15,532
	<hr/>
	\$ 49,418

9. Economic dependence

The Association receives the majority of its revenue through a funding agreement from the City of Calgary in form of various grants. The Association's continued operations are dependent on this funding agreement and on satisfying the terms of the agreement.

10. Fundraising expenses

As required under section 7(2) of the Charitable Fundraising Regulation of Alberta, the following amounts are disclosed:

During the year, no direct costs incurred for the purpose of soliciting contributions. No amounts paid as remuneration to employees whose principal duties involve fundraising.

11. COVID-19

In March 2020, the World Health Organization characterized the COVID-19 virus as a global pandemic. The spread of COVID-19 virus has severely impacted many local economies around the globe. In many countries, including Canada, businesses are being forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions. The Association was impacted from this event in the past. The Association had able to obtain the various government incentive programs such as Canada emergency wage subsidy (Note 13), Canada emergency business loan (Note 12), Canada emergency rent subsidy (Note 13) and other grants for the operational purpose.

Effective March 1, 2022, the provincial government has removed most of the COVID 19 restrictions. The management is of the opinion that there is no going concern issue for the Association and it is fully operational.

Green Calgary Association
Notes to Financial Statements
For the year ended December 31, 2021

12. Canada emergency business loan ("CEBA")

Canada Emergency Business Account ("CEBA") is interest free loan of \$60,000 received under the Government of Canada COVID-19 response programs. 33% of the first \$60,000 of the loan will be eligible for loan forgiveness if the loan is fully repaid on or before December 31, 2023.

During the year, the Association has repaid the \$40,000 CEBA loan. The maximum forgivable loan portion of \$20,000 (2020 - \$nil) has been included in income (Note 10).

13. Government assistance program

	2021	2020
Canada emergency wage subsidy program	\$ 50,487	\$ 91,672
Canada emergency rent subsidy program	8,055	2,985
loan forgiveness, CEBA loan (note 12)	20,000	-
Worker compensation rebate	-	2,234
	\$ 78,542	\$ 96,891

14. Financial instruments

Transactions in financial instruments may result in an entity assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of financial statements in assessing the extent of risk related to financial instruments.

The Association is exposed to the following risks in respect of certain of the financial instruments held:

Fair value

The Association's carrying value of cash, term deposit, accounts receivable, inventory, accounts payable and accrued liabilities, and deferred contribution approximates its fair value due to the immediate or short term maturity of these instruments.

The carrying value of term deposit approximates the fair value because the interest rates are comparable to market rates.

14. Financial instruments – continued

Credit risk

Credit risk is the risk that the Association will incur a financial loss because a contributor or counterparty fails to discharge an obligation. The Association is exposed to credit risk through its cash and its accounts receivable from customers. The Association has a number of different clients to purchase the products and provide services for fees, which reduces the concentration of credit risk from customers.

The Association has a concentration of credit risk with respect to cash as all of the cash and term deposit are held at one financial institution, and as such, the Association is exposed to the risks of the institution. The financial institution has deposit insurance through the Canada Deposit Insurance Corporation to minimize any potential loss to the Association.

It is management's opinion that the Association exposure to the above financial instrument risk is low and not material.

15. Contributed goods and services

Contributed services and donated goods are recognized in the financial statements when their fair value can be reasonably determined, when the goods are used in the normal course of the Association's operations and when they would otherwise have been purchased.

A substantial number of volunteers have made significant contributions of their time to develop the Association's programs. The value of this contributed time is not reflected in these financial statements.

16. Comparative figures

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year earnings.