

**GREEN CALGARY ASSOCIATION**

**Financial Statements**

**Year Ended December 31, 2017**

**GREEN CALGARY ASSOCIATION**

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**Year Ended December 31, 2017**

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## INDEPENDENT AUDITOR'S REPORT

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To the Members of Green Calgary Association

We have audited the accompanying financial statements of Green Calgary Association, which comprise the statement of financial position as at December 31, 2017 and the statements of revenues and expenditures, changes in net assets and cash flow 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 qualified audit opinion.

*(continues)*

Independent Auditor's Report to the Members of Green Calgary Association *(continued)*

Basis for Qualified Opinion

In common with many not-for-profit organizations, Green Calgary Association derives revenue from fundraising activities the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of Green Calgary Association. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising revenue, excess of revenues over expenses, and cash flows from operations for the year ended December 31, 2017, current assets and net assets as at December 31, 2017.

Qualified Opinion

In our opinion, except for the possible 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 Green Calgary Association as at December 31, 2017 and the results of its operations and its cash flow for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

*Downard & Company LLP*

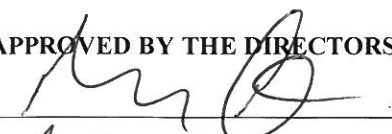
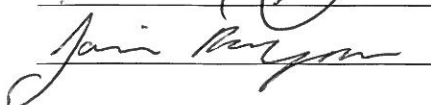
Edmonton, Alberta  
March 5, 2018

CHARTERED ACCOUNTANTS

**GREEN CALGARY ASSOCIATION**  
**Statement of Financial Position**  
**December 31, 2017**

	2017	2016
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	\$ 205,878	\$ 286,476
Marketable securities	37,330	35,448
Accounts receivable	56,246	40,007
Inventory	16,772	20,370
Prepaid expenses	14,907	4,117
	331,133	386,418
<b>CAPITAL ASSETS (Note 4)</b>	6,737	8,035
	<u>\$ 337,870</u>	<u>\$ 394,453</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT</b>		
Accounts payable	\$ 20,784	\$ 19,882
Goods and services tax payable	1,709	628
	22,493	20,510
<b>DEFERRED REVENUE (Note 5)</b>	6,177	8,875
<b>DEFERRED CONTRIBUTIONS (Note 6)</b>	103,841	76,109
	132,511	105,494
<b>NET ASSETS</b>	205,359	288,959
	<u>\$ 337,870</u>	<u>\$ 394,453</u>

**APPROVED BY THE DIRECTORS**

 Director  
 Director

**GREEN CALGARY ASSOCIATION**  
**Statement of Revenues and Expenditures**  
**Year Ended December 31, 2017**

	2017	2016
<b>TRADE SALES</b>		
Grants	\$ 265,272	\$ 340,969
Fee-for-Service	157,661	156,573
Fundraising events	67,679	105,295
Product sales	54,791	65,450
Casino income	44,930	29,419
Sponsorships	26,200	53,544
Donations	18,675	11,491
Memberships	7,833	7,872
Bank interest	4,890	4,522
Other income	2,359	4,449
	<u>650,290</u>	<u>779,584</u>
<b>EXPENSES</b>		
Human resources	246,515	169,767
Program expenditures	235,020	240,656
Rental	72,916	63,541
Rain barrel sale expenditures	72,808	50,638
General and administrative	55,830	48,856
Environmental products	33,765	82,594
Marketing	10,901	31,126
Strategic and fund development	4,137	13,764
Amortization	2,398	10,995
	<u>734,290</u>	<u>711,937</u>
<b>EXCESS (DEFICIENCY) OF TRADE SALES OVER EXPENSES FROM OPERATIONS</b>	(84,000)	67,647
<b>OTHER INCOME</b>		
Gain on disposal of assets	400	-
<b>EXCESS (DEFICIENCY) OF TRADE SALES OVER EXPENSES</b>	<u>\$ (83,600)</u>	<u>\$ 67,647</u>

**GREEN CALGARY ASSOCIATION**  
**Statement of Changes in Net Assets**  
**Year Ended December 31, 2017**

	2017	2016
<b>NET ASSETS - BEGINNING OF YEAR</b>	\$ 288,959	\$ 221,312
DEFICIENCY OF TRADE SALES OVER EXPENSES	<u>(83,600)</u>	<u>67,647</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 205,359</u>	<u>\$ 288,959</u>

**GREEN CALGARY ASSOCIATION****Statement of Cash Flow****Year Ended December 31, 2017**

	2017	2016
<b>OPERATING ACTIVITIES</b>		
Excess (deficiency) of trade sales over expenses	\$ (83,600)	\$ 67,647
Items not affecting cash:		
Amortization of capital assets	2,398	10,995
Gain on disposal of capital assets	(400)	-
	<u>(81,602)</u>	<u>78,642</u>
Changes in non-cash working capital:		
Accounts receivable	(16,239)	6,915
Inventory	3,598	(14,173)
Accounts payable	902	(18,305)
Prepaid expenses	(10,790)	11,854
Goods and services tax payable	1,081	(822)
Deferred revenue	(2,698)	(8,925)
	<u>(24,146)</u>	<u>(23,456)</u>
Cash flow from (used by) operating activities	<u>(105,748)</u>	<u>55,186</u>
<b>INVESTING ACTIVITIES</b>		
Purchase of capital assets	(1,100)	(9,050)
Proceeds on disposal of capital assets	400	-
Purchase of marketable securities	(1,882)	(35,448)
	<u>(2,582)</u>	<u>(44,498)</u>
Cash flow used by investing activities	<u>(2,582)</u>	<u>(44,498)</u>
<b>FINANCING ACTIVITY</b>		
Deferred contributions	27,732	(76,921)
	<u>27,732</u>	<u>(76,921)</u>
<b>DECREASE IN CASH FLOW</b>	<u>(80,598)</u>	<u>(66,233)</u>
Cash - beginning of year	<u>286,476</u>	<u>352,709</u>
<b>CASH - END OF YEAR</b>	<u>\$ 205,878</u>	<u>\$ 286,476</u>



## GREEN CALGARY ASSOCIATION

### Notes to Financial Statements

Year Ended December 31, 2017

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#### 1. DESCRIPTION OF BUSINESS

Green Calgary Association (the "Association") is 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. The Association is a registered charity and is therefore exempt from the payment of income tax under the Income Tax Act.

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#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPO) and, in management's opinion, have been properly prepared within reasonable limits of materiality and within the framework of the significant accounting policies summarized below.

##### Financial instruments policy

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealised gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

##### Cash and cash equivalents

Cash includes cash and cash equivalents. Cash equivalents are investments with maturities less than 90 days and are valued at cost plus accrued interest. The carrying amounts approximate fair value because they have maturities at the date of purchase of less than ninety days.

##### Inventory

Inventory is valued at the lower of cost and net realizable value with the cost being determined on a first-in, first-out basis.

##### Capital assets

Capital assets are stated at cost or deemed cost less accumulated amortization. Capital assets are amortized over their estimated useful lives on a straight-line basis at the following rates and methods:

Office equipment	10 years	straight-line method
Motor vehicles	5 years	straight-line method
Computer equipment	3 years	straight-line method
Leasehold improvements		straight-line method over the remainder of the lease

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## GREEN CALGARY ASSOCIATION

### Notes to Financial Statements

Year Ended December 31, 2017

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#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

##### Goods and Services Tax

GST is collected on sales of taxable supplies and 60% is remitted to CRA (Simplified method). GST paid is recoverable at 50% as a rebate. The unrecoverable portion is recorded as an expense, and the rebate is treated as a receivable.

##### Revenue recognition

Green Calgary 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 product sales.

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

##### Contributed services

The operations of the organization depend on both the contribution of time by volunteers and donated materials from various sources. The fair value of donated materials and services cannot be reasonably determined and are therefore not reflected in these financial statements.

##### 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.

##### Allocation of Fundraising and General Support Expenses

Costs for fundraising during the year were \$67,601 ( 2016 - \$1,614) and are included in general fund operating and management expenses. All general expenses are included in administrative and office expenses.

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## GREEN CALGARY ASSOCIATION

### Notes to Financial Statements

Year Ended December 31, 2017

#### 3. FINANCIAL INSTRUMENTS

The Association is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Association's risk exposure and concentration as of December 31, 2017.

##### *(a) Credit risk*

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Association is exposed to credit risk from the credit quality of the customers to which it provides services. As the Association provides services to a variety of customers, its credit risk is minimized.

##### *(b) Market risk*

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency rate risk, interest rate risk and other price risk. The Association is mainly exposed to other price risk.

##### *(c) Other price risk*

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Association is exposed to other price risk through its investment in quoted shares.

Unless otherwise noted, it is management's opinion that the Association is not exposed to significant other price risks arising from these financial instruments.

#### 4. CAPITAL ASSETS

	Cost	Accumulated amortization	2017 Net book value	2016 Net book value
Computer equipment	\$ 5,925	\$ 2,779	\$ 3,146	\$ 4,021
Office equipment	4,225	634	3,591	4,014
Leasehold improvements	39,925	39,925	-	-
	<u>\$ 50,075</u>	<u>\$ 43,338</u>	<u>\$ 6,737</u>	<u>\$ 8,035</u>

**GREEN CALGARY ASSOCIATION**

**Notes to Financial Statements**

**Year Ended December 31, 2017**

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5. DEFERRED REVENUE

The deferred revenue relates to funds received in the current and previous periods for services that are to be provided in subsequent periods.

	Opening	Additions	Revenue Earned	2016
UPS	\$ 5,000	\$ -	\$ (5,000)	\$ -
Deferred memberships	3,875	3,777	(3,875)	3,777
ECCO Recycling & Energy Corp.	-	5,000	(2,600)	2,400
	<u>\$ 8,875</u>	<u>\$ 8,777</u>	<u>\$ (11,475)</u>	<u>\$ 6,177</u>

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# GREEN CALGARY ASSOCIATION

## Notes to Financial Statements

Year Ended December 31, 2017

### 6. DEFERRED CONTRIBUTIONS

The deferred contributions relate to funds received in the current and previous periods to be matched with expenses of subsequent periods. Contributions received for property and equipment are deferred and amortized over the useful life of the property.

	Opening	Addition	Utilization	
Deferred contributions related to operations				
AB Calgary CIP community initiative	\$ 3,500	\$ -	\$ (3,500)	\$ -
AB EcoTrust	5,280	5,974	(9,014)	2,240
Casino	42,830	64,755	(42,683)	64,902
City of Calgary	-	160,000	(160,000)	-
City of Calgary - Water Resource	20,000	34,500	(54,500)	-
EcoAction	-	12,318	(1,818)	10,500
Nickle Family Foundation	-	5,000	(5,000)	-
TD Friends of the Environment	4,500	26,200	(4,500)	26,200
RBC Foundation	-	24,000	(24,000)	-
	<u>\$ 76,110</u>	<u>\$ 332,747</u>	<u>\$ (305,015)</u>	<u>\$ 103,842</u>

### 7. LEASE COMMITMENTS

The Association signed a new long term lease in May of 2016, commencing July 1, 2016, with respect to its premises. Future minimum lease payments as at December 31, 2017, are as follows:

2018	\$ 29,093
2019	29,093
2020	29,093
2021	14,547
	<u>\$ 101,826</u>

### 8. ECONOMIC DEPENDENCE

The Association obtains approximately 33% (2016 - 25%) of its revenue from the City of Calgary grants. Without this support the operations of the organization may need to change significantly.

### 9. COMPARATIVE FIGURES

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

