

GREEN CALGARY ASSOCIATION

Financial Statements

Year Ended December 31, 2018

GREEN CALGARY ASSOCIATION
Index to Financial Statements
Year Ended December 31, 2018

	Page
INDEPENDENT AUDITOR'S REPORT	1 - 2
FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statement of Revenues and Expenditures	4
Statement of Changes in Net Assets	5
Statement of Cash Flows	6
Notes to Financial Statements	7 - 11

INDEPENDENT AUDITOR'S REPORT

To the Members of Green Calgary Association

Qualified Opinion

We have audited the financial statements of Green Calgary Association (the Association), which comprise the statement of financial position as at December 31, 2018, and the statements of revenues and expenditures, 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 our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Association as at December 31, 2018, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

In common with many not-for-profit organizations, the 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 the 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, 2018, current assets and net assets as at December 31, 2018. Our audit opinion on the financial statements for the year ended December 31, 2017 was modified accordingly because of the possible effects of this limitation of scope.

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

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 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.

In preparing the financial statements, management is responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters relating 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.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our 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 our 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, we exercise professional judgment and maintain professional skepticism throughout the audit. We 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 our 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 we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our 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.

We 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 we identify during our audit.

Dooward & Company LLP

Calgary, Alberta
March 22, 2019

CHARTERED ACCOUNTANTS

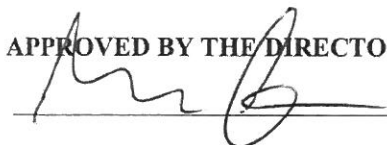
GREEN CALGARY ASSOCIATION

Statement of Financial Position

December 31, 2018

	2018	2017
ASSETS		
CURRENT		
Cash	\$ 49,822	\$ 205,878
Marketable securities	35,278	37,330
Accounts receivable	50,215	56,246
Inventory	20,290	16,772
Prepaid expenses	9,049	14,907
	<u>164,654</u>	<u>331,133</u>
CAPITAL ASSETS (Note 4)	<u>4,340</u>	<u>6,737</u>
	<u>\$ 168,994</u>	<u>\$ 337,870</u>
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable	\$ 15,140	\$ 20,784
Goods and services tax payable	420	1,709
	<u>15,560</u>	<u>22,493</u>
DEFERRED REVENUE (Note 5)	<u>6,000</u>	<u>6,177</u>
DEFERRED CONTRIBUTIONS (Note 6)	<u>78,746</u>	<u>103,841</u>
	<u>100,306</u>	<u>132,511</u>
NET ASSETS	<u>68,688</u>	<u>205,359</u>
	<u>\$ 168,994</u>	<u>\$ 337,870</u>

APPROVED BY THE DIRECTORS

 Director

Director

See notes to financial statements

GREEN CALGARY ASSOCIATION
Statement of Revenues and Expenditures
Year Ended December 31, 2018

	2018	2017
REVENUES		
Grants	\$ 305,815	\$ 265,272
Fee-for-Service	105,035	157,661
Product sales	69,462	54,791
Casino income	54,557	44,930
Fundraising events	32,988	67,679
Donations	25,417	18,675
Sponsorships	20,700	26,200
Memberships	7,580	7,833
Bank interest	3,238	4,890
Other income	-	2,359
	<u>624,792</u>	<u>650,290</u>
EXPENSES		
Human resources	278,648	246,515
Program expenditures	258,299	235,020
Rental	68,277	72,916
General and administrative	50,934	55,830
Environmental products	44,640	33,765
Rain barrel sale expenditures	34,744	72,808
Marketing	12,753	10,901
Strategic and fund development	8,718	4,137
Amortization	2,398	2,398
	<u>759,411</u>	<u>734,290</u>
DEFICIENCY OF REVENUES OVER EXPENSES FROM OPERATIONS	<u>(134,619)</u>	<u>(84,000)</u>
OTHER INCOME		
Gain on disposal of capital assets	-	400
Unrealized loss on marketable securities	(2,052)	-
	<u>(2,052)</u>	<u>400</u>
DEFICIENCY OF REVENUES OVER EXPENSES	<u>\$ (136,671)</u>	<u>\$ (83,600)</u>

See notes to financial statements

GREEN CALGARY ASSOCIATION
Statement of Changes in Net Assets
Year Ended December 31, 2018

	2018	2017
NET ASSETS - BEGINNING OF YEAR	\$ 205,359	\$ 288,959
DEFICIENCY OF REVENUES OVER EXPENSES	(136,671)	(83,600)
NET ASSETS - END OF YEAR	<u>\$ 68,688</u>	<u>\$ 205,359</u>

GREEN CALGARY ASSOCIATION

Statement of Cash Flows

Year Ended December 31, 2018

	2018	2017
OPERATING ACTIVITIES		
Deficiency of revenues over expenses	\$ (136,671)	\$ (83,600)
Items not affecting cash:		
Amortization of capital assets	2,398	2,398
Gain on disposal of capital assets	-	(400)
Write-down of marketable securities	2,052	-
	<u>(132,221)</u>	<u>(81,602)</u>
Changes in non-cash working capital:		
Accounts receivable	6,031	(16,239)
Inventory	(3,518)	3,598
Accounts payable	(5,645)	902
Prepaid expenses	5,858	(10,790)
Goods and services tax payable	(1,289)	1,081
Deferred revenue	(177)	(2,698)
	<u>1,260</u>	<u>(24,146)</u>
Cash flow used by operating activities	<u>(130,961)</u>	<u>(105,748)</u>
INVESTING ACTIVITIES		
Purchase of capital assets	-	(1,100)
Proceeds on disposal of capital assets	-	400
Purchase of marketable securities		<u>(1,882)</u>
Cash flow used by investing activities	<u>-</u>	<u>(2,582)</u>
FINANCING ACTIVITY		
Deferred contributions	<u>(25,095)</u>	<u>27,732</u>
DECREASE IN CASH FLOW	<u>(156,056)</u>	<u>(80,598)</u>
Cash - beginning of year	<u>205,878</u>	<u>286,476</u>
CASH - END OF YEAR	<u>\$ 49,822</u>	<u>\$ 205,878</u>

See notes to financial statements

GREEN CALGARY ASSOCIATION

Notes to Financial Statements

Year Ended December 31, 2018

1. PURPOSE OF THE ASSOCIATION

Green Calgary Association (the "Association") is a not-for-profit organization incorporated under the Societies Act of Alberta. As a registered charity the Association is exempt from the payment of income tax under Section 149(1) of the Income Tax Act.

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

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 unrealized 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.

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GREEN CALGARY ASSOCIATION

Notes to Financial Statements

Year Ended December 31, 2018

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

Capital assets

Capital assets are stated at cost or deemed cost less accumulated amortization and are amortized over their estimated useful lives on a declining balance 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

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.

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GREEN CALGARY ASSOCIATION

Notes to Financial Statements

Year Ended December 31, 2018

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

Allocation of fundraising and general support expenses

Costs for fundraising during the year were \$27,900 (2017 - \$67,601) and are included in general fund operating and management expenses. All general expenses are included in administrative and office expenses.

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, 2018.

(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.

GREEN CALGARY ASSOCIATION

Notes to Financial Statements

Year Ended December 31, 2018

4. CAPITAL ASSETS

	Cost	Accumulated amortization	2018 Net book value	2017 Net book value
Office equipment	\$ 4,225	\$ 1,056	\$ 3,169	\$ 3,591
Computer equipment	5,925	4,754	1,171	3,146
Leasehold improvements	39,925	39,925	-	-
	<u>\$ 50,075</u>	<u>\$ 45,735</u>	<u>\$ 4,340</u>	<u>\$ 6,737</u>

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	2018
Deferred memberships	\$ 3,777	\$ -	\$ (3,777)	\$ -
ECCO Recycling & Energy Corp.	2,400	-	(2,400)	-
Calgary Co-op	-	1,000	-	1,000
Enmax Corporation	-	5,000	-	5,000
	<u>\$ 6,177</u>	<u>\$ 6,000</u>	<u>\$ (6,177)</u>	<u>\$ 6,000</u>

GREEN CALGARY ASSOCIATION

Notes to Financial Statements

Year Ended December 31, 2018

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	2018	2017
<u>Deferred contributions related to operations</u>					
AB EcoTrust	\$ 2,240	\$ 4,000	\$ (2,240)	\$ 4,000	\$ 2,240
Calgary Foundation	-	24,000	(24,000)	-	-
Casino	64,901	-	(54,557)	10,344	64,901
City of Calgary	-	162,000	(162,000)	-	-
City of Calgary - Water Resource	-	27,000	(2,700)	24,300	-
EcoAction	10,500	29,775	(28,973)	11,302	10,500
TD Friends of the Environment	26,200	4,800	(28,200)	2,800	26,200
RBC Foundation	-	12,000	(6,000)	6,000	-
Intact Foundation	-	20,000	-	20,000	-
	<u>\$ 103,841</u>	<u>\$ 283,575</u>	<u>\$ (308,670)</u>	<u>\$ 78,746</u>	<u>\$ 103,841</u>

7. LEASE COMMITMENTS

The Association has a long term lease with respect to its premises that expires on June 30, 2021. The lease requires minimum monthly lease payments as well as a share of monthly operating costs. Future minimum lease payments as at December 31, 2018, are as follows:

2019	\$ 29,093
2020	29,093
2021	14,547
	<u>\$ 72,733</u>

8. ECONOMIC DEPENDENCE

The Association obtains approximately 26% (2017 - 33%) of its revenue from the City of Calgary in the form of grants. Without this support the operations of the organization may need to change significantly.