

COMMUNITYWISE RESOURCE CENTRE
Financial Statements
Year Ended December 31, 2014

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INDEPENDENT AUDITOR'S REPORT

To the Members of CommunityWise Resource Centre

We have audited the accompanying financial statements of CommunityWise Resource Centre, which comprise the statement of financial position as at December 31, 2014 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.

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Basis for Qualified Opinion

In common with many not-for-profit organizations, CommunityWise Resource Centre 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 CommunityWise Resource Centre. 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, 2014, current assets and net assets as at December 31, 2014.

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 CommunityWise Resource Centre as at December 31, 2014 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.

The financial statements for the year ended December 31, 2013 were audited by another accounting firm and are presented for comparative purposes only.

Calgary, Alberta
June 17, 2015



CERTIFIED GENERAL ACCOUNTANTS

COMMUNITYWISE RESOURCE CENTRE
Statement of Financial Position
December 31, 2014

	2014	2013 <i>(Revised)</i>
ASSETS		
CURRENT		
Cash, unrestricted	\$ 46,198	\$ 90,047
Cash, restricted (Note 3)	20,711	27,065
Term deposits, restricted (Note 3)	45,021	30,375
Investment in First Calgary Financial	259	244
Accounts receivable	16,652	10,064
Goods and services tax recoverable	2,915	9,183
Prepaid expenses	2,899	2,967
	134,655	169,945
CAPITAL ASSETS (Note 4)	517,621	588,653
	\$ 652,276	\$ 758,598
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities	\$ 23,368	\$ 20,468
Security deposits	31,038	30,907
	54,406	51,375
DEFERRED REVENUE (Note 5)	19,960	23,171
DEFERRED CAPITAL CONTRIBUTIONS (Note 6)	383,786	446,037
	458,152	520,583
NET ASSETS		
General fund	168,042	238,015
Reserve fund	26,082	-
	194,124	238,015
	\$ 652,276	\$ 758,598
LEASE COMMITMENTS (Note 7)		

ON BEHALF OF THE BOARD

 _____ Director
 _____ Director

See notes to financial statements
 LOCKHART LLP

COMMUNITYWISE RESOURCE CENTRE
Statement of Revenues and Expenditures
Year Ended December 31, 2014

	2014	2013 <i>(Revised)</i>
REVENUE		
Amortization of Deferred Capital Contributions	\$ 95,947	\$ 102,607
Grants, donations and fundraising	50,353	10,551
Interest income	694	724
Other income	2,320	114
Rental and memberships	186,080	172,468
	<u>335,394</u>	<u>286,464</u>
EXPENSES		
Amortization	123,006	108,719
Audit and legal	4,500	4,534
Bad debts	-	379
Bank charges	696	176
Employee Salaries	130,988	99,902
Fundraising expense	-	2,090
Insurance	4,410	4,218
Janitorial	26,097	25,923
Office supplies	3,889	2,328
Promotion and Community	3,123	629
Repairs and Maintenance	26,314	14,310
Self-supporting programs	20,442	-
Sub-contracts	4,497	-
Supplies	10,363	11,941
Utilities	20,960	10,056
	<u>379,285</u>	<u>285,205</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	<u>\$ (43,891)</u>	<u>\$ 1,259</u>

COMMUNITYWISE RESOURCE CENTRE
Statement of Changes in Net Assets
Year Ended December 31, 2014

	General Fund	Reserve Fund	2014	2013 <i>(Revised)</i>
NET ASSETS - BEGINNING OF YEAR	\$ 238,015	\$ -	\$ 238,015	\$ 236,756
Prior year investment in capital assets adjustment <i>(Note 10)</i>	-	-	-	(75,429)
Correct deferred capital contribution balance <i>(Note 10)</i>	-	-	-	75,429
Deficiency of revenue over expenses	(43,973)	82	(43,891)	1,259
Reserve contribution required by City of Calgary lease	(6,000)	6,000	-	-
Transfers to reserves	(20,000)	20,000	-	-
	-	-	-	-
	-	-	-	-
NET ASSETS - END OF YEAR	\$ 168,042	\$ 26,082	\$ 194,124	\$ 238,015

COMMUNITYWISE RESOURCE CENTRE

Statement of Cash Flow

Year Ended December 31, 2014

	2014	2013 <i>(Revised)</i>
OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenses	\$ (43,891)	\$ 1,259
Items not affecting cash:		
Amortization of capital assets	123,006	108,719
Amortization of deferred capital contributions	<u>(95,947)</u>	<u>(102,607)</u>
	<u>(16,832)</u>	<u>7,371</u>
Changes in non-cash working capital:		
Accounts receivable	(6,588)	77,175
Accounts payable and accrued liabilities	2,899	(1,896)
Prepaid expenses	68	-
Goods and services tax payable	6,268	(893)
Security deposits	<u>131</u>	<u>3,394</u>
	<u>2,778</u>	<u>77,780</u>
Cash flow from (used by) operating activities	<u>(14,054)</u>	<u>85,151</u>
INVESTING ACTIVITIES		
Purchase of capital assets	(51,975)	(308,991)
Deferred revenue received	30,487	197,818
	<u>-</u>	<u>-</u>
Cash flow used by investing activities	<u>(21,488)</u>	<u>(111,173)</u>
DECREASE IN CASH FLOW	(35,542)	(26,022)
Cash - beginning of year	<u>147,731</u>	<u>173,753</u>
CASH - END OF YEAR	\$ 112,189	\$ 147,731
CASH CONSISTS OF:		
Cash, unrestricted	\$ 46,198	\$ 90,047
Cash, restricted	20,711	27,065
Term deposits, restricted	45,021	30,375
Investment in First Calgary Financial	<u>259</u>	<u>244</u>
	<u>\$ 112,189</u>	<u>\$ 147,731</u>

COMMUNITYWISE RESOURCE CENTRE

Notes to Financial Statements

Year Ended December 31, 2014

1. PURPOSE OF THE ORGANIZATION

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

The Centre's objective is a commitment to preserving the "Old Y" building as a historical resource of Calgary, Alberta. As part of its mandate, the Centre provides office space to a family of non-profit and charitable organizations at nominal cost. CommunityWise Resource Centre houses over thirty such organizations that provide programs and support to the community in areas such as family planning, sexual orientation, environmental concerns, women's issues, and cultural, ethnic, arts and religious interests.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

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.

Cash and cash equivalents

Cash includes cash and cash equivalents. Cash equivalents are investments in treasury bills 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.

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.

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COMMUNITYWISE RESOURCE CENTRE

Notes to Financial Statements

Year Ended December 31, 2014

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

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 declining balance basis at the following rates and methods:

Office equipment	30%	declining balance method
Leasehold improvements	20%	declining balance method
Furniture and fixtures	20%	declining balance method

The organization regularly reviews its capital assets to eliminate obsolete items. Government grants are treated as a reduction of capital assets cost.

Capital assets acquired during the year but not placed into use are not amortized until they are placed into use. Newly acquired assets are amortized at half the rate for the first year.

Revenue Recognition - Deferral Accounting Method

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

Contributed services

Volunteers contribute a significant amount of their time each year. Because of the difficulty in determining their fair value, contributed services are not recognized in the financial statements.

Income taxes

CommunityWise Resource Centre is a not-for-profit organization. Accordingly, no provision for income taxes is reflected in these financial statements, as the organization is exempt pursuant to Section 149(1)L of the Income Tax Act (Canada).

3. RESTRICTED CASH AND EQUIVALENTS

Restricted investments represent the following: Proceeds from casino events yet to be expended on approved disbursements; security deposits received from the tenants for the Centre; and the reserve funds set aside for building repair and improvements as required by the City of Calgary lease.

	<u>2014</u>	<u>2013</u>
Cash - Casino funds	\$ 8,705	\$ 27,065
Cash - Reserve fund	12,007	-
Term deposit - Reserve fund	14,075	-
Term deposit - Security deposits	30,946	30,375
	65,733	
	<u>\$ 65,733</u>	<u>\$ 57,440</u>

COMMUNITYWISE RESOURCE CENTRE

Notes to Financial Statements

Year Ended December 31, 2014

4. CAPITAL ASSETS

	Cost	Accumulated amortization	2014 Net book value	2013 Net book value
Computer equipment	\$ 3,986	\$ 3,452	\$ 534	\$ 764
Furniture and fixtures	36,988	32,814	4,174	5,219
Leasehold improvements	1,257,837	744,924	512,913	582,670
	\$ 1,298,811	\$ 781,190	\$ 517,621	\$ 588,653

5. DEFERRED REVENUE

Deferred revenue represents funds received by the Centre where there are external restrictions on their use and therefore deferred for future periods or for a specific purpose.

	2014	2013
Deferred revenue, beginning of year	\$ 23,171	\$ 9,242
Casino event income for the year	-	67,147
Casino funds transferred from other charity	-	5,000
Restricted grant, Alberta Heritage	10,813	102,500
Restricted grant, Calgary Foundation	20,000	30,000
Restricted grant, Innoweave	10,000	-
Special fund for programming	6,795	-
Deferred revenue used in programs	(17,123)	(6,829)
Deferred revenue use for purchase of capital assets	(33,696)	(183,889)
	\$ 19,960	\$ 23,171

6. DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions represent contributions that were used for the purchase of capital assets. The contributions are recognized as revenue on the same basis as amortization of the asset for which the relate.

	2014	2013
Deferred capital contributions, beginning of year	\$ 446,037	\$ 364,755
Capital contributions transferred from deferred revenue	33,696	183,889
Amortization of deferred capital contributions	(95,947)	(102,607)
	\$ 383,786	\$ 446,037

7. LEASE COMMITMENTS

The Centre's operations are conducted on premises that are part of a lease agreement with the City of Calgary. The most recent lease term agreement was for a period of five years and ended on May 31, 1999. No extension of the lease has been provided to date. The lease provided for rent of \$1 per year and the commitment of \$6,000 annually to be put in reserve for building preservation. The Centre has been in negotiations with the City of Calgary for several years, but the parties have not finalized an agreement for renewal of the lease as of December 31, 2014.

COMMUNITYWISE RESOURCE CENTRE

Notes to Financial Statements

Year Ended December 31, 2014

8. FINANCIAL INSTRUMENTS

The organization, as part of its operations, carries a number of financial instruments and has a management framework to monitor, evaluate and manage the principal risks assumed with these financial instruments. The risks that arise from transacting financial instruments include credit risk, fair value risk, interest rate risk and market risk.

Credit Risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The organization is not exposed to significant credit risk because of government funding from Alberta Education.

Market Risk

Market Risk relates to fluctuations in market prices from supplies. The Organization is not exposed to significant market risk in its operations.

Interest Rate Risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. The Society is not exposed to significant risks from interest rate fluctuations.

9. COMPARATIVE FIGURES

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

10. PRIOR PERIOD ERROR CORRECTION

In the prior year there was a direct reduction of net assets totalling \$75,249 on the Statement of Changes in Net Assets. This represents the purchase of capital assets using funds allocated to the reserve fund. The overall effect was that deferred capital contributions were overstated by \$75,249 and total net assets were understated by the same amount. The transaction should have been recorded on the Statement of Changes in Net Assets as an increase in the unrestricted fund, a reduction in restricted fund, and consequently no change to total net assets. Accordingly, the prior period adjustment increases total net assets and reduces deferred capital contributions by the same amount.
