

COMMUNITYWISE RESOURCE CENTRE
Financial Statements
Year Ended December 31, 2015

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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, 2015 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)

Basis for Qualified Opinion

In common with many not-for-profit organizations, CommunityWise Resource Centre derives revenue from cash receipts 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, 2015, current assets and net assets as at December 31, 2015.

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, 2015 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.

Calgary, Alberta
March 25, 2016

LOCKHART LLP
Chartered Professional Accountants

COMMUNITYWISE RESOURCE CENTRE

Statement of Financial Position

December 31, 2015

	2015	2014 <i>(Revised)</i>
ASSETS		
CURRENT		
Cash and cash equivalents <i>(Note 3)</i>	\$ 110,590	\$ 72,984
Accounts receivable	12,216	12,454
Goods and services tax recoverable	2,532	2,915
Prepaid expenses	3,044	2,899
	<u>128,382</u>	91,252
LONG-TERM INVESTMENTS <i>(Note 4)</i>	48,089	39,205
CAPITAL ASSETS <i>(Note 5)</i>	426,454	517,621
	<u>\$ 602,925</u>	\$ 648,078
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities	\$ 9,927	\$ 10,406
Employee deductions payable	2,905	3,774
Security deposits	30,297	31,038
	<u>43,129</u>	45,218
DEFERRED REVENUE <i>(Note 6)</i>	60,605	29,809
DEFERRED CAPITAL CONTRIBUTIONS <i>(Note 7)</i>	301,841	364,662
	<u>405,575</u>	439,689
NET ASSETS		
General fund	163,081	182,307
Reserve fund	34,269	26,082
	<u>197,350</u>	208,389
	<u>\$ 602,925</u>	\$ 648,078
LEASE COMMITMENTS <i>(Note 8)</i>		

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, 2015

	2015	2014 <i>(Revised)</i>
REVENUE		
Grants, donations and fundraising	\$ 78,492	\$ 74,066
Interest income	995	694
Rental and memberships	183,821	184,202
	<u>263,308</u>	<u>258,962</u>
EXPENSES		
Audit and legal	6,006	4,500
Bad debts	1,658	-
Bank charges	910	696
Employee salaries	129,232	121,800
Fundraising expense	2,310	-
Insurance	4,760	4,410
Janitorial	24,198	26,097
Office supplies	1,398	3,889
Promotion and community	2,350	3,123
Repairs and maintenance	13,330	26,314
Self-supporting programs	26,405	20,442
Sub-contracts	6,989	4,497
Building Supplies	9,091	10,363
Utilities	16,146	20,960
	<u>244,783</u>	<u>247,091</u>
EXCESS OF REVENUE OVER EXPENSES FROM OPERATIONS	<u>18,525</u>	<u>11,871</u>
OTHER INCOME (EXPENSES)		
Amortization of deferred capital contributions	75,460	91,166
Amortization expense	(105,024)	(123,006)
	<u>(29,564)</u>	<u>(31,840)</u>
DEFICIENCY OF REVENUE OVER EXPENSES	<u>\$ (11,039)</u>	<u>\$ (19,969)</u>

COMMUNITYWISE RESOURCE CENTRE
Statement of Changes in Net Assets
Year Ended December 31, 2015

	General Fund	Reserve Fund	2015	2014 <i>(Revised)</i>
NET ASSETS - BEGINNING OF YEAR	\$ 182,307	\$ 26,082	\$ 208,389	\$ 238,015
Adjustment to deferred contributions in prior period <i>(Note 11)</i>	-	-	-	(9,657)
Deficiency of revenue over expenses	(11,226)	187	(11,039)	(19,969)
Reserve contribution required by City of Calgary lease	(6,000)	6,000	-	-
Additional reserve fund contribution	(2,000)	2,000	-	-
	-	-	-	-
NET ASSETS - END OF YEAR	\$ 163,081	\$ 34,269	\$ 197,350	\$ 208,389

COMMUNITYWISE RESOURCE CENTRE

Statement of Cash Flow

Year Ended December 31, 2015

	2015	2014 <i>(Revised)</i>
OPERATING ACTIVITIES		
Deficiency of revenue over expenses	\$ (11,039)	\$ (19,969)
Items not affecting cash:		
Amortization of capital assets	105,024	123,006
Amortization of deferred capital contributions	<u>(75,460)</u>	<u>(91,166)</u>
	<u>18,525</u>	<u>11,871</u>
Changes in non-cash working capital:		
Accounts receivable	238	(2,390)
Accounts payable and accrued liabilities	(478)	(11,558)
Prepaid expenses	(145)	68
Goods and services tax payable	383	(2,915)
Employee deductions payable	(869)	3,774
Security deposits	<u>(741)</u>	<u>131</u>
	<u>(1,612)</u>	<u>(12,890)</u>
Cash flow from (used by) operating activities	<u>16,913</u>	<u>(1,019)</u>
INVESTING ACTIVITIES		
Purchase of capital assets	(13,858)	(51,975)
Deferred revenue received	<u>43,435</u>	<u>17,451</u>
Cash flow from (used by) investing activities	<u>29,577</u>	<u>(34,524)</u>
INCREASE (DECREASE) IN CASH FLOW	46,490	(35,543)
Cash - beginning of year	<u>112,189</u>	<u>147,732</u>
CASH - END OF YEAR	\$ 158,679	\$ 112,189
CASH CONSISTS OF:		
Cash and cash equivalents	\$ 110,590	\$ 72,984
Long-term investments	<u>48,089</u>	<u>39,205</u>
	<u>\$ 158,679</u>	<u>\$ 112,189</u>

COMMUNITYWISE RESOURCE CENTRE

Notes to Financial Statements

Year Ended December 31, 2015

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 include the estimated useful life of capital assets. 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 and cash equivalents include investments in treasury bills with a maturity date of 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 90 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.

COMMUNITYWISE RESOURCE CENTRE

Notes to Financial Statements

Year Ended December 31, 2015

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.

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. CASH AND CASH EQUIVALENTS

Restrictions are placed on the use of a portion of cash and cash equivalents as follows: proceeds from casino events are to be expended on approved disbursements per the Alberta Gaming and Liquor Commission, funds are set aside for building repair and improvements as required by the City of Calgary lease.

	<u>2015</u>	<u>2014</u>
Unrestricted	\$ 33,971	\$ 46,198
Casino fund	58,450	8,704
Reserve fund	18,169	18,082
	<u>\$ 110,590</u>	<u>\$ 72,984</u>

COMMUNITYWISE RESOURCE CENTRE

Notes to Financial Statements

Year Ended December 31, 2015

4. LONG TERM INVESTMENTS

Long-term investments represent the following: reserve funds set aside for building repair and improvements as required by the City of Calgary lease, security deposits received from tenants for the Centre, and investments in common shares of First Calgary Financial required for banking.

	Interest rate %	2015	2014
Non-Redeemable GICs	0.90%	\$ 16,100	\$ 8,000
Non-Redeemable Term Deposits	0.66%	31,720	30,946
Common Shares - First Calgary Financial		269	259
		\$ 48,089	\$ 39,205

5. CAPITAL ASSETS

	Cost	Accumulated amortization	2015 Net book value	2014 Net book value
Computer equipment	\$ 5,205	\$ 3,795	\$ 1,410	\$ 534
Furniture and fixtures	36,988	33,648	3,340	4,174
Leasehold improvements	1,270,475	848,771	421,704	512,913
	\$ 1,312,668	\$ 886,214	\$ 426,454	\$ 517,621

6. 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.

	2015	2014
Deferred revenue, beginning of year	\$ 29,809	\$ 45,671
Casino event income for the year	74,883	-
Restricted grant, Alberta Heritage	3,341	10,813
Restricted grant, Calgary Foundation	10,000	20,000
Restricted grant, Innoweave	-	10,000
Special fund for programming	-	6,795
Restricted grant, Knowledge Builders	-	2,400
Deferred revenue used in programs	(44,789)	(32,557)
Deferred revenue use for purchase of capital assets	(12,639)	(33,313)
	\$ 60,605	\$ 29,809

COMMUNITYWISE RESOURCE CENTRE

Notes to Financial Statements

Year Ended December 31, 2015

7. 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 they relate.

	<u>2015</u>	<u>2014</u>
Deferred capital contributions, beginning of year	\$ 364,662	\$ 422,515
Capital contributions transferred from deferred revenue	12,639	33,313
Amortization of deferred capital contributions	<u>(75,460)</u>	<u>(91,166)</u>
	<u>\$ 301,841</u>	<u>\$ 364,662</u>

8. 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 \$10 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, 2015.

9. 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 in its operations.

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 organization is not exposed to significant risks from interest rate fluctuations.

10. COMPARATIVE FIGURES

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

COMMUNITYWISE RESOURCE CENTRE

Notes to Financial Statements

Year Ended December 31, 2015

11. PRIOR PERIOD ERROR CORRECTION

In the prior year incorrect amounts were transferred from deferred revenue to deferred capital contributions. Items are transferred from deferred revenue to deferred capital contributions when related assets are purchased with funding; however, the transfer of funding related to these purchases of capital assets is limited to the amount of deferred funding available and restricted for the purchase of such assets. In 2013, the original amount transferred from deferred revenue to deferred capital contributions was \$183,889; however, only \$163,389 of related deferred revenue was available at the time of transfer. Therefore, the transfer to deferred capital contributions and the related amortization of capital contributions have been adjusted to reflect this; the increase in net income as a result of this adjustment is \$3,021. The remainder of the adjustment relates to differences noted in deferred revenue balances from 2014, which included timing differences of the recognition of revenue streams related to deferred revenue.
