COMMUNITYWISE RESOURCE CENTRE

FINANCIAL STATEMENTS

DECEMBER 31, 2017

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MBD LLP

Chartered Professional Accountants

INDEPENDENT AUDITORS' 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, 2017**, and the statements of operations, 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 this financial statement 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 this financial statement 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 whether the financial statements are free of material misstatement.

An audit includes performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of 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 the Society, 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 audit opinion.

Basis for Qualified Opinion

Consistent with many not for profit organizations, CommunityWise Resource Centre derives revenue from fundraising activities, cash and in-kind donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of the revenues was limited to the amounts recorded in the records of the CommunityWise Resource Centre, and we were unable to satisfy ourselves by alternative means concerning such donations for the year ended **December 31, 2017**. Since donations enter into the determination of the financial performance and cash flows, we were unable to determine whether adjustments might have been necessary in respect of the profit for the year reported in the statement of operations and the net cash flows from operating activities reported in the statement of cash flows.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, these financial statements present fairly, in all material respects, the financial position of **CommunityWise Resource Centre** as at **December 31, 2017**, and its financial performance and its cash flows for the year then ended in accordance with Canadian generally accepted accounting standards for Not for Profit Organizations.

Prior year comparatives were prepared by a previous accountant

MBD LLP

May 17 2018
Calgary, Alberta

MBD LLP
Chartered Professional Accountants

COMMUNITYWISE RESOURCE CENTRE

STATEMENT OF FINANCIAL POSITION

	December 31 2017	December 31 2016
ASSETS		
Current asset:		
Cash and cash equivalents (Note 2)	$ 165,177	$ 181,598
Accounts receivable	11,330	12,768
Goods and services tax recoverable	2,611	1,101
Prepaid expenses	1,058	1,084
	180,176	196,551
Long term investments (Note 3)	71,380	62,606
Capital assets (Note 4)	278,425	341,860
	$ 529,981	$ 601,017
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and accrued liabilities	$ 16,308	$ 20,412
Employee remittances payable	4,196	3,955
Security deposits	30,634	30,801
Deferred revenue (Note 5)	123,678	123,747
	174,816	178,915
Deferred capital contributions (Note 6)	193,178	241,473
	367,994	420,388
Net assets		
General fund	123,245	138,202
Restricted fund	38,742	42,427
	161,987	180,629
	$ 529,981	$ 601,017

ON BEHALF OF THE BOARD

Seth Dean Director

[illegible] Director

COMMUNITYWISE RESOURCE CENTRE

STATEMENT OF OPERATIONS

	Year Ended December 31 2017	2016
Revenue		
Grants, donations and fundraising	$ 136,073	$ 91,259
Rental and memberships	171,070	182,105
Interest income	1,284	457
Other income	519	470
	308,946	274,291
Expenses		
Bad debts	2,739	60
Bank charges and interest	245	299
Fundraising expense	-	205
Insurance	2,540	3,527
Janitorial	26,331	25,425
Office supplies	5,379	7,449
Promotion and community	5,387	3,234
Professional fees	4,659	6,970
Repairs and maintenance	20,730	29,549
Salaries and related benefits	166,327	143,655
Self-supporting programs	18,675	2,989
Subcontractors	14,467	7,354
Supplies and rental equipment	7,750	10,178
Utilities	31,496	24,906
	306,725	265,800
Excess of revenue over expenses from operations	2,221	8,491
Other items		
Amortization of deferred capital contributions	48,295	60,368
Amortization	(69,158)	(85,580)
	(20,863)	(25,212)
Deficiency of revenue over expenses	$ (18,642)	$ (16,721)

COMMUNITYWISE RESOURCE CENTRE

STATEMENT OF CHANGES IN NET ASSETS

	Unrestricted	Restricted Fund (Note 3)	Year Ended December 31 2017	2016
Net assets, beginning of year	$ 150,233	$ 30,396	$ 180,629	$ 197,350
Deficiency of revenues over expenses	(18,988)	346	(18,642)	(16,721)
Reserve contribution required by City of Calgary lease	(8,000)	8,000	-	-
Net assets, end of year	$ 123,245	$ 38,742	$ 161,987	$ 180,629

COMMUNITYWISE RESOURCE CENTRE

STATEMENT OF CASH FLOW

	Year Ended December 31 2017	2016
Operating activities		
Deficiency of revenue over expenses	$ (18,642)	$ (16,721)
Items not affecting cash:		
Amortization of capital assets	69,158	85,580
Amortization of deferred capital contributions	(48,295)	(60,368)
	2,221	8,491
Changes in non-cash working capital		
Accounts receivable	1,438	(552)
Goods and services tax payable	(1,510)	1,431
Prepaid expenses	26	1,960
Accounts payable and accrued liabilities	(4,104)	10,485
Employee remittances payable	241	1,050
Security deposits	(167)	504
	(4,076)	14,878
Cash flow from operating activities	(1,855)	23,369
Investing activities		
Purchase of capital assets	(5,723)	(986)
Financing activities		
Deferred revenue	(69)	63,142
Increase in cash flow	(7,647)	85,525
Cash and cash equivalents, beginning of year	244,204	158,879
Cash and cash equivalents, end of year	$ 236,557	$ 244,204
Cash and cash equivalents consists of:		
Cash	$ 165,177	$ 181,598
Long-term investments	71,380	62,606
	$ 236,557	$ 244,204

1. Operations

CommunityWise Resource Centre (the "Centre") is a not-for-profit organization incorporated under the Societies Act of Alberta. As a registered charity, the Centre 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. Significant Accounting Policies

(a) Basis for accounting

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

(b) Measurement uncertainty

The preparation of the financial statements in accordance with Canadian accounting principles for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting 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 and affect the results reported in these financial statements.

(c) Revenue recognition:

The Centre 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 are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Unrestricted revenues include rental income, interest and other income, and unrestricted donations.

Deferred revenue represents funds advanced for programs to be carried out in future periods.

(d) Deferred capital contributions

Contributions provided or allocated for the purposes of acquiring property and equipment are recognized as revenues on the same basis as the related property and equipment is amortized.

2. Significant Accounting Policies (*continued)*

(e) Capital assets

Capital assets are stated at cost or deemed cost, less accumulated amortization. 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. Capital assets are amortized over their estimated useful lives on a declining balance basis at the following rates:

Office equipment	30%
Leasehold improvements	20%
Furniture and fixtures	55%

The Centre regularly reviews its capital assets for obsolescence.

(f) Contributed services

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

(g) Financial instruments

Financial instruments are recorded at fair value when acquired or issued. They are subsequently measured 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.

Financial assets subsequently measured at amortized cost include cash and cash equivalents, accounts receivable, goods and services tax recoverable and long term investments.

Financial liabilities subsequently measured at amortized cost include accounts payable, payroll liabilities and security deposits.

3. Long term investments

Long term investments represent the 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	December 31	
	%	2017	2016
Fixed non-redeemable GIC	0.90%	$ 6,206	$ 6,151
Fixed non-redeemable GIC	1.75%	16,367	16,173
Fixed non-redeemable GIC	0.65%	8,169	8,072
Fixed non-redeemable GIC	0.65%	8,000	-
Total restricted		38,742	30,396
Non-redeemable term deposit	2.01%	32,357	31,929
Common shares – First Calgary Financial		281	281
Total unrestricted		32,638	32,210
		$ 71,380	$ 62,606

4. Capital assets

	Cost	Accumulated Amortization	Net Book Value December 31 2017	Net Book Value December 31 2016
Computer equipment	$ 6,806	$ 5,006	$ 1,800	$ 1,825
Furniture and fixtures	37,213	34,873	2,340	2,672
Leasehold improvements	1,275,357	1,001,072	274,285	337,363
	$ 1,319,376	$ 1,040,951	$ 278,425	$ 341,860

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

	December 31 2017	December 31 2016
Casino funds deferred	$ 32,611	$ 95,148
Funds received and deferred	91,067	28,599
	$ 123,678	$ 123,747

Casino funds are restricted in accordance with the Alberta Gaming and Liquor Commission application.

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 related asset.

	December 31 2017	December 31 2016
Deferred capital contributions, beginning of year	$ 241,473	$ 301,841
Amortization of deferred capital contributions	(48,295)	(60,368)
	$ 193,178	$ 241,473

Casino funds are restricted in accordance with the Alberta Gaming and Liquor Commission application.

7. **Related parties**

A number of Board members are also Board members of organizations that rent space from the Centre. These transactions occur in the normal course of operations, and no preferential treatment is given to these related organizations.

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 $8,000 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, 2017.

The Centre has also signed two operating leases for photocopiers which expire in 2023, and require monthly payments of $374.94 and $315.51 respectively, including GST.

9. **Financial Instruments**

The Centre is exposed to various risks associated with financial instruments that have the potential to affect its operations and financial performance. The following analysis provides a measure of the risks at the reporting date December 31, 2017:

(a) Fair values

The carrying value of the Centre's financial instruments including cash, accounts receivable, bank loan, accounts payable, accrued liabilities and deferred revenue approximate their fair value due to their short term nature or existing terms similar to those that could be obtained currently.

(b) Credit risk

The Centre provides credit to its clients who rent office space in the normal course of operations. Accounts receivables are with known and reliable sources and are subject to normal credit risks. They assess, on a continuous basis, the ability to collect the outstanding amounts.

(c) Liquidity risk

Liquidity risk is the risk of being unable to meet cash requirements or to fund obligations as they become due. Accounts payable and accrued liabilities are generally paid within 30 days. Security deposits are paid when the obligation to do so arises.

(d) Interest rate risk

Interest rate risk is the risk that the value of financial instruments might be adversely affected by a change in the interest rates. The Centre is exposed to interest rate risk on its fixed and floating rate instruments. Fixed-rate instruments subject the Centre to fair value risk, while the floating rate instruments subject it to a cash flow risk. The Centre is exposed to this type of risk as a result of long-term investments. However, the risk associated with investments is reduced to a minimum since these assets are invested in government securities.

10. Restatement

Adjustments were made to the classification of certain balance sheet and operational accounts in order to reflect more accurate account descriptions. The reclassification does not impact the financial results.