

**CONNECTIONS COUNSELLING
AND CONSULTING FOUNDATION**

**FINANCIAL STATEMENTS
DECEMBER 31, 2014**

Nelson & Co. Chartered Accountants

Nelson & Co.
Chartered Accountants

WILLIAM D. NELSON, B.Comm., C.A. *

*Denotes Professional Corporation

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INDEPENDENT AUDITORS' REPORT

Members of
Connections Counselling and Consulting Foundation

We have audited the accompanying financial statements of Connections Counselling and Consulting Foundation, which comprise the statement of financial position as at December 31, 2014, and the statements of operations and net assets, and cash flows 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.

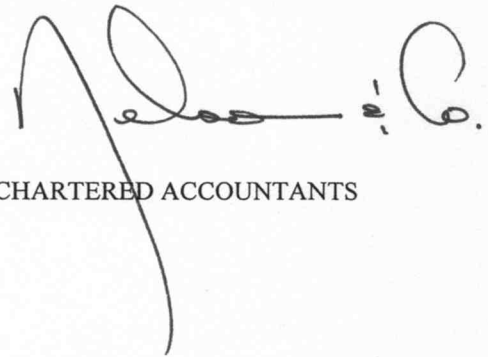
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

In common with many charitable organizations, Connections Counselling and Consulting Foundation derives revenue from donations, grants, and gaming activities the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Foundation and we were not able to determine whether any adjustments might be necessary to revenues, excess (deficiency) of revenue over expense, assets and net assets.

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 Connections Counselling and Consulting Foundation as at December 31, 2014, and the result of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

A handwritten signature in black ink, appearing to read 'Nelson & Co.', is written over the printed text 'CHARTERED ACCOUNTANTS'. The signature is stylized and extends across the width of the text.

CHARTERED ACCOUNTANTS

Calgary, Alberta
April 10, 2015

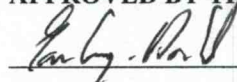
Nelson & Co. Chartered Accountants

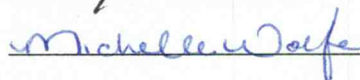
CONNECTIONS COUNSELLING AND CONSULTING FOUNDATION

**STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2014**

	<u>2014</u>	<u>2013</u>
CURRENT ASSETS		
Cash (Notes 2 and 3)	\$ 393,000	\$ 207,484
Accounts receivable (Note 4)	55,645	78,232
Employee receivable (Note 4)	728	7,723
Sale tax receivable	1,722	1,292
Prepaid expense and deposit	<u>1,911</u>	<u>1,796</u>
	<u>\$ 453,006</u>	<u>\$ 296,527</u>
 CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 14,155	\$ 14,288
Deferred revenue (Note 5)	<u>183,414</u>	<u>175,832</u>
	<u>197,569</u>	<u>190,120</u>
 NET ASSETS		
Unrestricted surplus	<u>255,437</u>	<u>106,407</u>
	<u>\$ 453,006</u>	<u>\$ 296,527</u>

APPROVED BY THE BOARD:

 Director

 Director

See Accompanying Notes.

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CONNECTIONS COUNSELLING AND CONSULTING FOUNDATION

**STATEMENT OF OPERATIONS AND NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>2014</u>	<u>2013</u>
REVENUE		
Grants – United Way of Calgary	\$ 111,045	\$ 104,357
Fees for service	537,945	390,540
Donations	152,875	166,612
Casino revenue	5,299	30,438
Interest	<u>384</u>	<u>497</u>
	<u>807,548</u>	<u>692,444</u>
EXPENDITURE		
Accounting	5,395	6,360
Advertising	-	600
Bank charges and interest	319	412
Equipment purchases	4,170	1,574
Insurance	4,873	4,815
Office expense	14,399	7,537
Program supplies	3,510	4,115
Professional development	1,008	1,440
Professional fees	5,740	5,613
Rent	26,464	26,174
Salaries and benefits	533,018	616,724
Telephone	9,076	9,683
Travel	28,296	32,077
Web development	20,238	-
Volunteer and employee appreciation	<u>2,012</u>	<u>-</u>
	<u>658,518</u>	<u>717,124</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSE	149,030	(24,680)
Net assets, beginning of year	<u>106,407</u>	<u>131,087</u>
NET ASSETS, END OF YEAR	<u>\$ 255,437</u>	<u>\$ 106,407</u>

See Accompanying Notes.

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CONNECTIONS COUNSELLING AND CONSULTING FOUNDATION

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>2014</u>	<u>2013</u>
CASH DERIVED FROM OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expense	\$ 149,030	\$ (24,680)
Change in non-cash working capital related to operations:		
Accounts receivable	29,152	(39,408)
Prepaid expenses	(115)	699
Accounts payable and accrued liabilities	(133)	(1,695)
Casino proceeds	-	67,147
Grant proceeds	160,230	142,767
Deferred Casino proceeds recognized as revenue	(5,299)	(30,438)
Deferred Grant proceeds recognized as revenue	<u>(147,349)</u>	<u>(122,913)</u>
INCREASE (DECREASE) IN CASH	185,516	(8,521)
Cash, beginning of year	<u>207,484</u>	<u>216,005</u>
CASH, END OF YEAR	<u>\$ 393,000</u>	<u>\$ 207,484</u>

See Accompanying Notes.

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CONNECTIONS COUNSELLING AND CONSULTING FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014

PURPOSE OF THE ORGANIZATION

Connections Counselling and Consulting Foundation was incorporated under the Societies Act of Alberta on April 9, 1992.

The Society operates as a non-profit organization formed for the purpose of providing counseling services to members of families to help them collectively overcome the challenges that arise from the developmental disability of someone they live with.

1. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

a) Revenue Recognition

The Society follows the deferral method of accounting for donations and grant 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. Unrestricted fundraising and investment earnings are recorded as revenue when earned.

b) Equipment

Expenditures for furniture and equipment are expensed against current operations as incurred.

c) Donations in Kind

Significant contributions in kind relating to equipment and materials or supplies are recorded at the estimated fair market value of such contributions as received. During the year \$1,689 in donations in kind were received.

Contributed Services

Volunteers contribute their time to assist the Society in carrying out its operating activities. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

d) Use of Estimates

The preparation of the Society's financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

e) Cash and Cash Equivalents

Cash consists of bank balances and term certificates with maturities or redemption privileges of one year or less.

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CONNECTIONS COUNSELLING AND CONSULTING FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

f) Financial Instrument Measurement

The Society initially measures its financial assets and financial liabilities at fair value. It subsequently measures all its financial assets and financial liabilities at amortized cost.

2. RESTRICTED CASH

Cash in the amount of \$183,414 (\$175,832 in 2013) is restricted to payment of program and certain operating costs in compliance with the Society's lottery license and commitments to grant authorities.

3. CASH AND TERM DEPOSITS

The cash and term deposits are reflected in the financial statements at cost.

Investments comprise:

	<u>2014</u>	<u>2013</u>
Cash	\$ 344,553	\$ 159,420
Guaranteed investment certificates bearing interest at rates at 0.8% maturing at dates up to November 2015	<u>48,232</u>	<u>48,064</u>
	<u>\$ 392,785</u>	<u>\$ 207,484</u>

4. RECEIVABLES

Most receivables are from government agencies under contract with little threat of impairment. During the year, \$7,299 (\$11,202 in 2013) in impairments of receivables or recoveries of previously provided for accounts were recorded during the year and are recorded in office expense and wages.

5. DEFERRED REVENUE

Deferred revenue comprises:

	<u>2013</u>	<u>2013</u>
PDD advance payments	\$ 60,853	\$ 42,425
Casino proceeds	-	67,147
Grants	160,230	142,767
Transferred to revenue	<u>(213,501)</u>	<u>(195,776)</u>
Increase (decrease)	7,582	56,563
Balance beginning of year	<u>175,832</u>	<u>119,269</u>
	<u>\$ 183,414</u>	<u>\$ 175,832</u>

Deferred revenue is held for program and operating costs.

6. INCOME TAXES

The Society maintains a registration under the Income Tax Act (Canada) as a charitable organization and is exempt from Federal and Provincial income taxes. This status is maintained by complying with regulations concerning disbursements of contribution raised.

Nelson & Co. Chartered Accountants

CONNECTIONS COUNSELLING AND CONSULTING FOUNDATION

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014**

7. FINANCIAL INSTRUMENTS

Transacting in financial instruments exposes the Society to certain financial risk and uncertainties. These risks include:

a) **Credit Risk**

The Society is exposed to credit risk from fee for service clients who fail to honor fee assessments. As there are few individual fee for service clients billed independently of a government agency the concentration of credit risk is minimized.

b) **Interest Rate Risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Society's investments include fixed rate instruments with maturities of one year or less that are generally reinvested as they mature. The Society has exposure to interest rate movements that occur beyond the term of maturity of the fixed rate investments.

8. ECONOMIC DEPENDENCE

The Society provides services to families with special needs. Substantially all revenue is earned under renewable contracts with departments of the Province of Alberta and United Way of Calgary.

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WILLIAM D. NELSON, B.Comm., C.A. *

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May 2, 2015

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Connections Counseling & Consulting Foundation
203 1603 10 Ave SW
Calgary Alberta T3C 0J7

Attention: Board of Directors

Dear Ms. Erin Waite:

We have recently completed our audit of the accounts of The Connections Counseling & Consulting Foundation for the year ended December 31, 2014. During this examination the following matters came to our attention which we believe should be considered by you and the Board for possible remedial action.

1. Evidence of payroll timesheet approvals and management acceptance missing

The timesheets that are submitted with the payroll reports do not show evidence of management approval. The service provider reports issued do not bear evidence of management review.

Recommendation

The timesheets should be reviewed by management ahead of processing. The payroll report (especially personnel changes report and the yearend summary reports) provided by the service company should be reviewed by senior management and initialed on a regular basis.

2. Contract Employees

Contractors must meet certain requirements in order to not be considered employees of the Foundation. The Foundation would be at risk for source deductions should CRA determine that the relationship is an employer relationship. Further information on this may be found on the CRA website www.cra-arc.gc.ca/E/pub/tg/rc4110/

Recommendation

The Foundation should ensure it is in compliance with CRA requirements as they relate to contract employees and ensure that the contracts are up to date.

3. Capital Assets in organizations over \$500,000 threshold

An organization with gross revenues less than \$500,000 need not capitalize its capital assets in the financial statements but may instead provide certain information about the assets in the notes to the statements. The current policy is to expense assets as incurred. Connections Counselling and Consulting Foundation has exceeded the threshold.

Recommendation

The Foundation should consider amending the policy to capitalize items purchased over a set dollar value.

It should be appreciated that the matters dealt with in this memorandum came to our attention during the conduct of our normal examination and, as a result, do not necessarily include all those matters which a more extensive or special examination might develop. As you know, our audit is planned and conducted to enable us to prepare audited financial statements, and is not therefore designed to identify, and cannot necessarily be expected to disclose defalcations and other irregularities. The discovery of irregularities might, of course, result from our examination and, if so, anything significant would be reported to you.

This communication is prepared solely for the information of management and is not intended for any other purpose. We accept no responsibility to a third party who uses this communication.

We would be pleased to provide any assistance you may wish in putting these recommendations into effect.

Yours truly,

William D. Nelson, CA
Daina Iliffe, CA

Nelson & Co. Chartered Accountants