

**CONNECTIONS COUNSELLING
AND CONSULTING FOUNDATION**

**FINANCIAL STATEMENTS
DECEMBER 31, 2017**

Nelson & Co. Chartered Accountants

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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, 2017, 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 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, 2017, and the result of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.


CHARTERED ACCOUNTANTS

Calgary, Alberta
May 28, 2018

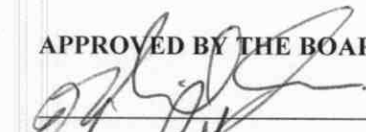

Nelson & Co. Chartered Accountants

CONNECTIONS COUNSELLING AND CONSULTING FOUNDATION

**STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2017**

CURRENT ASSETS	2017	2016
Cash (Notes 2 and 3)	\$ 999,004	\$ 703,175
Accounts receivable (Note 4)	81,019	77,624
Sales tax receivable	3,232	1,595
Prepaid expense	13,270	13,346
	<u>1,096,525</u>	<u>795,740</u>
PROPERTY AND EQUIPMENT, at cost (Note 5)		
Furniture and fixtures	20,263	9,600
Accumulated amortization	(4,542)	(960)
	<u>15,721</u>	<u>8,640</u>
	<u>\$ 1,112,246</u>	<u>\$ 804,380</u>
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 19,987	\$ 8,096
Deferred rent inducement	2,598	-
Deferred revenue (Note 6)	363,353	188,144
	<u>385,938</u>	<u>196,240</u>
UNAMORTIZED DEFERRED CAPITAL CONTRIBUTIONS (Note 7)	<u>5,760</u>	<u>7,200</u>
TOTAL LIABILITIES	<u>391,698</u>	<u>203,440</u>
NET ASSETS		
Internally restricted surplus (Note 8)	500,000	180,000
Unrestricted surplus	220,548	420,940
	<u>720,548</u>	<u>600,940</u>
	<u>\$ 1,112,246</u>	<u>\$ 804,380</u>
	Commitment (Note 9)	
	Contingent Liability (Note 10)	

APPROVED BY THE BOARD:

 Director
 Director

See Accompanying Notes.

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CONNECTIONS COUNSELLING AND CONSULTING FOUNDATION

**STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>2017</u>	<u>2016</u>
REVENUE		
Fee for service	\$ 893,370	\$ 726,668
Donations - United Way of Calgary	24,007	96,057
Donations and fundraising other (Note 11)	67,968	135,927
Casino revenue	70,620	49,358
Interest	3,865	1,090
Amortized capital contributions	1,440	800
	<u>1,061,270</u>	<u>1,009,900</u>
EXPENDITURE		
Accounting	23,468	24,949
Amortization	3,582	960
Bank charges and interest	608	326
Communications and community outreach	1,962	2,379
Insurance	6,338	5,122
Office expense	27,120	8,815
Office relocation	5,280	6,549
Program supplies	27,659	10,251
Program development	-	22,000
Professional development	5,850	3,119
Professional fees	8,500	5,693
Rent	54,399	37,529
Salaries and benefits	720,025	638,646
Telephone	9,667	8,936
Travel	47,204	36,680
	<u>941,662</u>	<u>811,954</u>
EXCESS OF REVENUE OVER EXPENSE	119,608	197,946
Net assets, beginning of year	<u>600,940</u>	<u>402,994</u>
NET ASSETS, END OF YEAR	<u>\$ 720,548</u>	<u>\$ 600,940</u>

See Accompanying Notes.

Nelson & Co. Chartered Accountants

CONNECTIONS COUNSELLING AND CONSULTING FOUNDATION

STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2017

	2017			2016
	Unrestricted surplus	Internally restricted surplus (Note 8)	Total	
Net assets, beginning of year	\$ 420,940	\$ 180,000	\$ 600,940	\$ 402,994
Excess of revenue over expenses	119,608	-	119,608	197,946
Transfers	<u>(320,000)</u>	<u>320,000</u>	<u>-</u>	<u>-</u>
Net assets, end of year	<u>\$ 220,548</u>	<u>\$ 500,000</u>	<u>\$ 720,548</u>	<u>\$ 600,940</u>

See Accompanying Notes.

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CONNECTIONS COUNSELLING AND CONSULTING FOUNDATION

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>2017</u>	<u>2016</u>
CASH DERIVED FROM (APPLIED TO):		
Operating Activities		
Excess of revenue over expense	\$ 119,608	\$ 197,946
Items not affecting cash:		
Amortization of property and equipment	3,582	960
Amortization of lease inducement	2,597	-
Earned capital contribution	(1,440)	(800)
Deferred casino proceeds recognized as revenue	(70,620)	(49,358)
Deferred grant and contract proceeds recognized as revenue	(254,715)	(321,958)
	<u>(200,988)</u>	<u>(173,210)</u>
Add (Deduct) change in:		
Accounts receivable	(5,032)	(21,791)
Prepaid expenses	76	(10,647)
Accounts payable and accrued liabilities	11,891	(1,236)
Casino proceeds	68,461	-
Grant and contract proceeds	432,084	328,363
	<u>306,492</u>	<u>121,479</u>
Investing activities		
Purchase of property and equipment	(10,663)	(1,600)
INCREASE IN CASH	295,829	119,879
Cash, beginning of year	<u>703,175</u>	<u>583,296</u>
CASH, END OF YEAR	<u>\$ 999,004</u>	<u>\$ 703,175</u>

See Accompanying Notes.

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CONNECTIONS COUNSELLING AND CONSULTING FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

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 (ASNPO) applied within the framework of the accounting policies summarized below.

a) Revenue Recognition

The Society follows the deferral method of accounting for 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. Externally restricted non-capital contributions are recorded as deferred contributions and recognized as revenue in the periods which the related expenses are incurred. Externally restricted amounts can only be used for the purposes designated by external parties.

Externally restricted capital contributions are recorded as deferred contributions until the amount is invested in capital assets. Contributions for capital assets that will be amortized are transferred to unamortized deferred capital contributions in the period the asset is acquired. Capital donations of assets that would otherwise be purchased are accounted for as externally restricted capital contributions, at fair value when fair value can be reasonably estimated.

Unamortized deferred capital contributions are recognized as revenue in the periods in which the related capital assets are amortized. The related portion of amortization expense and the earned capital contributions revenue are matched to indicate how the related amortization expense has been funded. Unamortized deferred capital contributions relating to capital assets disposed of are recognized as revenue in the period of disposal, provided that all restrictions have been complied with.

Unrestricted fundraising and investment earnings are recorded as revenue when earned.

b) Capital Assets

Capital assets are presented at cost less accumulated amortization. Amortization of capital assets is provided on office furniture and equipment using a diminishing balance basis at the annual rate of 20%. Leasehold improvements are amortized over the term of the lease.

c) Deferred Tenant Inducements

Leasehold inducements, including rent-free periods, are amortized on a straight-line basis over the term of the lease and recorded as deferred revenue and a reduction of rent expense.

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CONNECTIONS COUNSELLING AND CONSULTING FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

- d) 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 \$3,234 (\$11,728 in 2016; \$8,000 of which was contributed property and equipment see Note 5) in donations in kind were received (Note 11).
- e) Contributed Surplus
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.
- f) Use of Estimates and Measurement Uncertainty
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.
- In addition, the allocation of revenues and expenses to certain project and funds are subject to measurement uncertainty and are based on management's best information and judgement. Actual results could differ from those estimates. Allocated expenses include all general and administrative expenses. Allocations are determined based on review of the expenses and their relation to each project. Current year cash receipts subject to subsequent expense allocations, for proper revenue recognition purposes, are disclosed in Note 6.
- g) Cash and Cash Equivalents
Cash consists of bank balances and term certificates with maturities or redemption privileges of one year or less.
- h) 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 \$53,312 (\$55,471 in 2016) is restricted to payment of program and certain operating costs in compliance with the Society's lottery license and commitments to grant authorities. The Board has also internally restricted surplus of \$500,000 (Note 8).

3. CASH AND TERM DEPOSITS

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

	<u>2017</u>	<u>2016</u>
Cash	\$ 620,004	\$ 519,175
Guaranteed investment certificates bearing interest at a rates of 0.55% to 1.50% maturing at dates up to May 2019	<u>379,000</u>	<u>184,000</u>
	<u>\$ 999,004</u>	<u>\$ 703,175</u>

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CONNECTIONS COUNSELLING AND CONSULTING FOUNDATION

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

4. RECEIVABLES

Most receivables are from government agencies under contract with little threat of impairment. During the year, \$Nil (\$Nil in 2016) in impairments of receivables of previously provided for accounts were recorded during the year and are recorded in office expense.

5. PROPERTY AND EQUIPMENT

	<u>-----2017-----</u>			<u>2016</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Office equipment	\$ 12,389	\$ 2,967	\$ 9,422	\$ 8,640
Leasehold improvements	\$ 7,874	\$ 1,575	\$ 6,299	\$ -
	<u>\$ 20,263</u>	<u>\$ 4,542</u>	<u>\$ 15,721</u>	<u>\$ 8,640</u>

6. DEFERRED REVENUE

Contributions that are restricted to funding specific program and operating costs are deferred and amortized into income as the related expenses are incurred.

Deferred revenue comprises:	<u>2017</u>	<u>2016</u>
PDD advance payments	\$ 112,686	\$ 92,262
Casino proceeds	68,461	-
Contract proceeds	319,398	236,100
Transferred to revenue	<u>(325,336)</u>	<u>(371,316)</u>
Increase (decrease)	175,209	(42,954)
Balance beginning of year	<u>188,144</u>	<u>231,098</u>
	<u>\$ 363,353</u>	<u>\$ 188,144</u>

7. UNAMORTIZED DEFERRED CAPITAL CONTRIBUTIONS

	<u>2017</u>	<u>2016</u>
Balance beginning of year	\$ 7,200	\$ -
Contributions received	<u>-</u>	<u>8,000</u>
	7,200	8,000
Amortization of assets acquired from capital contributions	<u>1,414</u>	<u>800</u>
Balance end of year	<u>\$ 5,760</u>	<u>\$ 7,200</u>

8. INTERNALLY RESTRICTED SURPLUS

In 2016 the Board established an internally restricted fund for operation reserves. The internally restricted funds can be up to a maximum of nine months payroll and office rent expenses plus \$50,000 for an opportunity to further the mission of the organization. The use of the fund requires approval by the Board. At December 31, 2017 the internally restricted funds were increased by \$320,000.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

9. COMMITMENT

The Society entered into a lease agreement for office space during the year. Annual rental and operating costs under this lease to maturity are:

2018	\$56,645
2019	\$62,870
2020	\$63,780
2021	\$53,150

10. CONTINGENT LIABILITY

Under the terms of the funding agreement with Alberta Community and Social Services any unspent contract funds are refundable to Alberta Community and Social Services pursuant to their review of the Society's financial reporting. Accordingly, the amounts reflected as payable to Alberta Community and Social Services may be amended through negotiation between Alberta Community and Social Services and the Society at the end of the contract term.

11. DONATIONS AND FUNDRAISING

Contributions reported in the statement of operations include the net revenues from fundraising events sponsored by the Society. Gross revenue and expense related to a single fundraising event held during 2017 were \$9,434 and \$1,717 (\$10,331 and \$2,379 in 2016). Fundraising expenses are included in Communications and community outreach on the statement of operations. No external professional fundraising individual or firm was paid by the organization in 2017 or 2016.

12. 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.

13. 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 two years 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.

14. 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.

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