

**CONNECTIONS COUNSELLING  
AND CONSULTING FOUNDATION**

**FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

*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, 2016, 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.

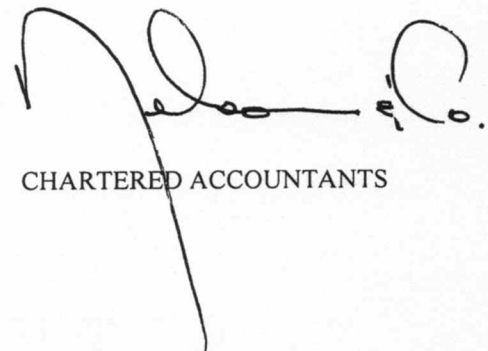
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

#### **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, 2016, 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  
March 22, 2017


*Nelson & Co. Chartered Accountants*

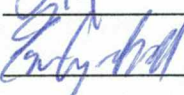
**CONNECTIONS COUNSELLING AND CONSULTING FOUNDATION**

**STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2016**

	<u>2016</u>	<u>2015</u>
<b>CURRENT ASSETS</b>		
Cash (Notes 2 and 3)	\$ 703,175	\$ 583,296
Accounts receivable (Note 4)	77,624	53,914
Sales tax receivable	1,595	3,514
Prepaid expense	<u>13,346</u>	<u>2,699</u>
	<u>795,740</u>	<u>643,424</u>
<b>PROPERTY AND EQUIPMENT, at cost (Note 5)</b>		
Furniture and fixtures	9,600	-
Accumulated amortization	<u>(960)</u>	<u>-</u>
	<u>8,640</u>	<u>-</u>
	<u>\$ 804,380</u>	<u>\$ 643,424</u>
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 8,096	\$ 9,332
Deferred revenue (Note 6)	<u>188,144</u>	<u>231,098</u>
	<u>196,240</u>	<u>240,430</u>
<b>UNAMORTIZED DEFERRED CAPITAL CONTRIBUTIONS (Note 7)</b>	<u>7,200</u>	<u>-</u>
<b>TOTAL LIABILITIES</b>	<u>203,440</u>	<u>240,430</u>
<b>NET ASSETS</b>		
Internally restricted surplus (Note 8)	180,000	180,000
Unrestricted surplus	<u>420,940</u>	<u>222,994</u>
	<u>600,940</u>	<u>402,994</u>
	<u>\$ 804,380</u>	<u>\$ 643,424</u>
	Commitment (Note 9)	

**APPROVED BY THE BOARD:**

 \_\_\_\_\_ Director

 \_\_\_\_\_ Director

See Accompanying Notes.

*Nelson & Co. Chartered Accountants*

**CONNECTIONS COUNSELLING AND CONSULTING FOUNDATION**

**STATEMENT OF OPERATIONS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>2016</u>	<u>2015</u>
<b>REVENUE</b>		
Fee for service	\$ 726,668	\$ 630,423
Grants – United Way of Calgary	96,057	96,060
Donations and fundraising (Note 10)	135,927	135,322
Casino revenue	49,358	30,144
Interest	1,090	706
Amortized capital contributions	800	-
	<u>1,009,900</u>	<u>892,655</u>
<b>EXPENDITURE</b>		
Accounting	24,949	10,225
Amortization	960	-
Bank charges and interest	326	1,283
Communications and community outreach	2,379	18,565
Insurance	5,122	5,773
Office expense	8,815	10,775
Office relocation	6,549	-
Program supplies	10,251	9,906
Program development	22,000	-
Professional development	3,119	8,875
Professional fees	5,693	6,297
Rent	37,529	28,363
Salaries and benefits	638,646	602,987
Telephone	8,936	9,872
Travel	36,680	32,177
	<u>811,954</u>	<u>745,098</u>
<b>EXCESS OF REVENUE OVER EXPENSE</b>	197,946	147,557
Net assets, beginning of year	<u>402,994</u>	<u>255,437</u>
<b>NET ASSETS, END OF YEAR</b>	<u><u>\$ 600,940</u></u>	<u><u>\$ 402,994</u></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, 2016**

	<u>2016</u>			<u>2015</u>
	Unrestricted surplus	Internally restricted surplus (Note 6)	Total	
Net assets, beginning of year	\$ 222,994	\$ 180,000	\$ 402,994	\$ 255,437
Excess of revenue over expenses	197,946	-	197,946	147,557
Transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net assets, end of year	<u>\$ 420,940</u>	<u>\$ 180,000</u>	<u>\$ 600,940</u>	<u>\$ 402,994</u>

See Accompanying Notes.

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**CONNECTIONS COUNSELLING AND CONSULTING FOUNDATION**

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>2016</u>	<u>2015</u>
<b>CASH DERIVED FROM OPERATING ACTIVITIES</b>		
Excess of revenue over expense	\$ 197,946	\$ 147,557
<b>Items not affecting cash flow</b>		
Amortization of property and equipment	960	-
Earned capital contribution	(800)	-
<b>Change in non-cash working capital related to operations</b>		
Accounts receivable	(21,791)	667
Prepaid expenses	(10,647)	(788)
Accounts payable and accrued liabilities	(1,236)	(4,823)
Casino proceeds	-	72,698
Grant proceeds	328,363	147,968
Deferred casino proceeds recognized as revenue	(49,358)	(30,144)
Deferred grant proceeds recognized as revenue	(321,958)	(142,839)
	<u>121,479</u>	<u>190,296</u>
<b>Investing activities</b>		
Purchase of property and equipment	<u>(1,600)</u>	<u>-</u>
<b>INCREASE IN CASH</b>		
Cash, beginning of year	119,879	190,296
	<u>583,296</u>	<u>393,000</u>
<b>CASH, END OF YEAR</b>	<u><u>\$ 703,175</u></u>	<u><u>\$ 583,296</u></u>

See Accompanying Notes.

*Nelson & Co. Chartered Accountants*

# CONNECTIONS COUNSELLING AND CONSULTING FOUNDATION

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016

### 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%.

#### 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 a reduction of rent expense.



## CONNECTIONS COUNSELLING AND CONSULTING FOUNDATION

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016

#### 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 \$11,728 in donations in kind were received (see Note 10), \$8,000 of which was contributed property and equipment (Note 7).
- 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 5.
- 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 \$55,471 (\$104,829 in 2015) 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 and comprises:

	<u>2016</u>	<u>2015</u>
Cash	\$ 519,175	\$ 478,296
Guaranteed investment certificates bearing interest at a rates of 0.65% to 1.35% maturing at dates up to June 2017	<u>184,000</u>	<u>105,000</u>
	<u>\$ 703,175</u>	<u>\$ 583,296</u>

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# CONNECTIONS COUNSELLING AND CONSULTING FOUNDATION

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016

### 4. RECEIVABLES

Most receivables are from government agencies under contract with little threat of impairment. During the year, \$Nil (\$2,240 in 2015) in impairments of receivables of previously provided for accounts were recorded during the year and are recorded in office expense.

### 5. PROPERTY AND EQUIPMENT

	-----2016-----			2015
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Office equipment	\$ 9,600	\$ 960	\$ 8,640	\$ -

During the year \$8,000 (\$Nil in 2015) of capital assets were contributed.

### 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>2016</u>	<u>2015</u>
PDD advance payments	\$ 92,262	\$ -
Casino proceeds	-	72,698
Grant payments	236,100	147,968
Transferred to revenue	<u>(371,316)</u>	<u>(172,983)</u>
Increase (decrease)	(42,954)	47,683
Balance beginning of year	<u>231,098</u>	<u>183,415</u>
	<u>\$ 188,144</u>	<u>\$ 231,098</u>

### 7. UNAMORTIZED DEFERRED CAPITAL CONTRIBUTIONS

	<u>2016</u>	<u>2015</u>
Balance beginning of year	\$ -	\$ -
Contributions received	<u>8,000</u>	<u>-</u>
	8,000	-
Amortization of assets acquired from capital contributions	<u>800</u>	<u>-</u>
	800	-
Balance end of year	<u>\$ 7,200</u>	<u>\$ -</u>

### 8. INTERNALLY RESTRICTED SURPLUS

The Board of Directors approves all transfer of funds between the unrestricted and internally restricted funds. The Board voted to internally restrict funds as at December 31, 2015 in the amount of \$180,000 to be set aside for emergency, program enhancement or special project as specified by the Board of Directors from time to time. Any use of these funds requires explicit approval by the Board of Directors.

## CONNECTIONS COUNSELLING AND CONSULTING FOUNDATION

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016

#### 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:

2017	\$54,825
2018	\$56,645
2019	\$62,870
2020	\$63,780
2021	\$53,150

#### 10. DONATIONS AND FUNDRAISING

During the year the Company sponsored certain events to raise funds for general operations. Contributions reported in the statement of operations include the net revenues from these events. Gross revenue and expense related to fundraising were \$10,331 and \$2,379 (\$6,451 and \$3,538 in 2015). Fundraising expenses are included in Communications and community outreach on the statement of operations.

#### 11. 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.

#### 12. 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.

#### 13. 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.