

**CONNECTIONS COUNSELLING
AND CONSULTING FOUNDATION**

**FINANCIAL STATEMENTS
DECEMBER 31, 2012**

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, 2012, 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

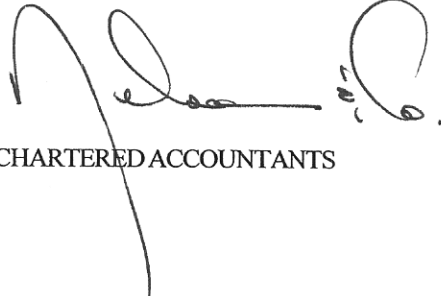
In common with many charitable organizations, Connections Counselling and Consulting Foundation derives revenue from donations, grants, and gaming activities the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to 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, 2012, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Comparative Information

Without modifying our opinion, we draw attention to note 2 to the financial statements, which describes that Connections Counselling and Consulting Foundation adopted Canadian accounting standards for not-for-profit organizations on January 1, 2012 with a transition date of January 1, 2011. These standards were applied retrospectively by management to the comparative information in these financial statements, including the statements of financial position as at December 31, 2011 and January 1, 2011, and the statements of current and capital replacement reserve fund operation and changes in net assets and cash flows for the year ended December 31, 2011 and related disclosures. We were not engaged to report on the restated comparative information, and as such, it is unaudited.



CHARTERED ACCOUNTANTS

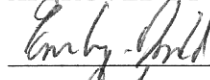
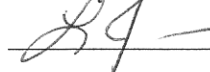
Calgary, Alberta
May 13, 2013

CONNECTIONS COUNSELLING AND CONSULTING FOUNDATION

**STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2012**

	<u>December 31 2012</u>	<u>December 31 2011</u>	<u>January 1 2011</u>
CURRENT ASSETS			
Cash and term deposits (Notes 3,4)	\$ 216,005	\$ 293,101	\$ 215,697
Accounts receivable	46,001	26,281	18,911
Sales tax receivable	1,838	3,041	1,508
Prepaid expense and deposit	<u>2,495</u>	<u>5,378</u>	<u>2,271</u>
	<u>\$ 266,339</u>	<u>\$ 327,801</u>	<u>\$ 238,387</u>
CURRENT LIABILITIES			
Accounts payable and accrued liabilities	\$ 15,983	\$ 22,149	\$ 21,459
Deferred revenue (Note 6)	<u>119,269</u>	<u>175,737</u>	<u>120,054</u>
	<u>135,252</u>	<u>197,886</u>	<u>141,513</u>
NET ASSETS			
Unrestricted surplus	<u>131,087</u>	<u>129,915</u>	<u>96,874</u>
	<u>\$ 266,339</u>	<u>\$ 327,801</u>	<u>\$ 238,387</u>
		Commitment (Note 9)	

APPROVED BY THE BOARD:

 _____ Director
 _____ Director

See Accompanying Notes.

CONNECTIONS COUNSELLING AND CONSULTING FOUNDATION

**STATEMENT OF OPERATIONS AND NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>2012</u>	<u>2011</u>
REVENUE		
Grants – United Way of Calgary	\$ 121,081	\$ 85,931
Fees for service	346,103	251,303
Donations	144,463	102,227
Casino revenue	46,861	51,911
Interest	<u>603</u>	<u>673</u>
	<u>659,111</u>	<u>492,045</u>
EXPENDITURE		
Accounting	12,557	12,685
Advertising	1,281	1,400
Bank charges and interest	362	163
Computer consulting	-	1,566
Equipment purchases	2,346	1,824
Insurance	4,343	4,808
Office expense	15,630	6,314
Program supplies	2,617	4,272
Professional development	4,045	650
Professional fees	5,750	4,982
Rent	25,614	25,364
Salaries and benefits	544,401	368,012
Telephone	7,865	7,011
Travel	28,858	19,953
Volunteer appreciation	<u>2,270</u>	<u>-</u>
	<u>657,939</u>	<u>459,004</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSE	1,172	33,041
Net assets, beginning of year	<u>129,915</u>	<u>96,874</u>
NET ASSETS, END OF YEAR	<u>\$ 131,087</u>	<u>\$ 129,915</u>

See Accompanying Notes.

CONNECTIONS COUNSELLING AND CONSULTING FOUNDATION

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>2012</u>	<u>2011</u>
CASH DERIVED FROM OPERATING ACTIVITIES		
Excess of revenue over expense	\$ 1,172	\$ 33,041
Change in non-cash working capital related to operations	(21,800)	(11,320)
Casino proceeds	67,240	-
Grant proceeds	95,068	167,842
Casino recognized as revenue	(46,861)	(51,911)
Grant recognized as revenue	<u>(171,915)</u>	<u>(60,248)</u>
INCREASE IN CASH	(77,096)	77,404
Cash, beginning of year	<u>293,101</u>	<u>215,697</u>
CASH, END OF YEAR	<u>\$ 216,005</u>	<u>\$ 293,101</u>

See Accompanying Notes.

CONNECTIONS COUNSELLING AND CONSULTING FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2012

1. 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.

2. SIGNIFICANT ACCOUNTING POLICIES

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

On January 1, 2012, the Society adopted Canadian accounting standards for not-for-profit organizations (ASNFP). These are the first financial statements prepared in accordance with ASNFP.

In accordance with the transitional provisions in ASNFP, the Society has adopted the changes retrospectively. The transition date is January 1, 2011 and all comparative information provided has been presented by applying ASNFP. There were no adjustments to net assets as at January 1, 2011 or excess revenue over expense for the year ended December 31, 2011 as the result of the transition to ASNFP.

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 no significant 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.

CONNECTIONS COUNSELLING AND CONSULTING FOUNDATION

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012**

- d) **Use of Estimates**
The preparation of the Society's financial statements requires management to make estimates and assumptions that effect 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 three months or less
- 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.

3. RESTRICTED CASH

Cash in the amount of \$121,500 (\$175,737 in 2011) is restricted to payment of program and certain operating costs in compliance with the Society's lottery license and commitments to grant authorities.

4. CASH AND TERM DEPOSITS

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

Investments comprise:	<u>2012</u>	<u>2011</u>
Cash	\$ 127,416	\$ 205,128
Guaranteed investment certificates bearing interest at rates at 0.8% maturing at dates up to December 2013	<u>88,589</u>	<u>87,973</u>
	<u>\$ 216,005</u>	<u>\$ 293,101</u>

5. RECEIVABLES

Most receivables are from government agencies under contract with little threat of impairment. During the year \$1,886 was recovered.

CONNECTIONS COUNSELLING AND CONSULTING FOUNDATION

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012**

6. DEFERRED REVENUE

Deferred revenue comprises:

	<u>2012</u>	<u>2011</u>
PDD advance payments	\$ 40,068	\$ 33,044
Casino proceeds	67,240	-
Grants	95,068	167,842
Transferred to revenue	<u>(258,844)</u>	<u>(145,203)</u>
Increase(decrease)	(56,468)	55,683
Balance beginning of year	<u>175,737</u>	<u>120,054</u>
Balance end of year	<u>\$ 119,269</u>	<u>\$ 175,737</u>

Deferred revenue is held for program and operating costs.

7. 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.

8. FINANCIAL INSTRUMENTS

Transacting in financial instruments exposes the Corporation 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.

9. COMMITMENT

The society has a commitment for the lease of the office premises until August 31, 2013 at rents approximating \$29,056 annually.

10. 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.