

**VOLUNTEER CENTRE OF CALGARY  
(OPERATING AS PROPELLUS)**

**AUDITORS' REPORT AND FINANCIAL STATEMENTS**

**DECEMBER 31, 2019**

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DECEMBER 31, 2019

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## INDEPENDENT AUDITOR'S REPORT

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To the Members of Propellus

### *Opinion*

We have audited the financial statements of Propellus (the Organization), which comprise the statement of financial position as at December 31, 2019, the statement of operations, changes in net assets and cash flows for the year ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2019, 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.

### *Basis for Opinion*

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Organization in accordance with ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *Other Information*

Management is responsible for the other information. The other information comprises the information included in the Annual Report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

The Annual Report is expected to be made available to us after the date of auditor's report. If, based on the work we will perform on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact to those charged with governance.

### *Responsibilities of Management and Those Charged with Governance for the Financial Statements*

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the

Independent Auditor's Report to the Members of Propellus *(continued)*

going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

*Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



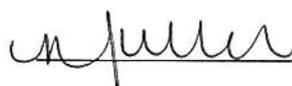
CHARTERED PROFESSIONAL ACCOUNTANTS

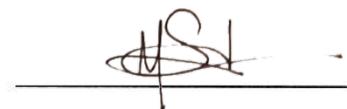
Calgary, Alberta  
February 25, 2020

VOLUNTEER CENTRE OF CALGARY (OPERATING AS PROPELLUS)  
STATEMENT OF FINANCIAL POSITION  
AS AT DECEMBER 31, 2019

	2019	2018
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash and short term deposits	\$ 354,512	\$ 477,954
Restricted cash - Note 3	15,693	32,116
Contributions receivable – Note 4	-	1,134
GST Recoverable	6,708	5,222
Prepaid expenses	<u>7,036</u>	<u>12,222</u>
	383,949	528,648
LONG TERM INVESTMENTS	561,362	547,025
ENDOWMENT FUND - Note 5	109,811	101,226
PROPERTY AND EQUIPMENT - Note 6	174,388	70,537
<b>TOTAL ASSETS</b>	<b>\$ 1,229,510</b>	<b>\$ 1,247,436</b>
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities	\$ 28,253	\$ 32,644
Prepaid fees	-	1,130
Deferred contributions related to operations - Note 7	<u>117,231</u>	<u>197,821</u>
	145,484	231,595
DEFERRED CONTRIBUTIONS RELATED TO PROPERTY AND EQUIPMENT- Note 8	<u>57,871</u>	<u>26,341</u>
	203,355	257,936
<b>NET ASSETS</b>		
INVESTED IN PROPERTY AND EQUIPMENT	116,517	44,196
INTERNALLY RESTRICTED NET ASSETS - Note 9	799,827	844,078
ENDOWMENT FUND - Note 5	<u>109,811</u>	<u>101,226</u>
	1,026,155	989,500
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 1,229,510</b>	<b>\$ 1,247,436</b>

APPROVED ON BEHALF OF THE BOARD:

 Director

 Director

The accompanying notes are an integral part of these financial statements.

VOLUNTEER CENTRE OF CALGARY (OPERATING AS PROPELLUS)  
STATEMENT OF CHANGES IN NET ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2019

	Invested in Property & Equipment	Internally Restricted	Endowment Fund	Total 2019	Total 2018
BALANCE - Beginning of year	\$ 44,196	\$ 844,078	\$ 101,226	\$ 989,500	\$ 1,000,352
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	-	28,070	-	28,070	(7,004)
NET INVESTMENT IN PROPERTY AND EQUIPMENT	72,321	(72,321)	-	-	-
NET ENDOWMENT CONTRIBUTION – Note 5	-	-	8,585	8,585	(3,848)
<b>BALANCE - End of year</b>	<b>\$ 116,517</b>	<b>\$ 799,827</b>	<b>\$ 109,811</b>	<b>\$ 1,026,155</b>	<b>\$ 989,500</b>

The accompanying notes are an integral part of these financial statements.

VOLUNTEER CENTRE OF CALGARY (OPERATING AS PROPELLUS)  
STATEMENT OF OPERATIONS  
FOR THE YEAR ENDED DECEMBER 31, 2019

	2019	2018
<b>REVENUES</b>		
Donations	\$ 407,227	\$ 331,629
Government grants	155,250	132,250
Casino	85,817	49,178
United Way of Calgary	62,800	282,997
Interest and other income	28,236	28,959
Amortization of contributions related to property and equipment	18,470	17,651
Agency and membership fees	14,387	28,900
Workshop and seminar fees	3,326	5,200
Contracted services and project management fees	1,500	17,272
Special events	-	7,180
	<u>777,013</u>	<u>901,216</u>
<b>EXPENSES</b>		
Salaries and benefits	513,014	560,458
Promotion and publicity	68,451	25,662
Contracted services	62,321	74,268
Amortization	49,399	56,917
General office expense	38,823	50,602
Travel	19,937	19,451
Training and development	8,464	5,987
Telephone and utilities	7,041	12,373
Event costs	3,743	13,523
Rent	2,483	51,901
Workshop expense	2,249	1,669
Equipment and maintenance	<u>1,500</u>	<u>2,094</u>
	<u>777,425</u>	<u>874,905</u>
<b>EXCESS OF EXPENSES OVER REVENUES BEFORE OTHER ITEMS</b>	<b>\$ (412)</b>	<b>\$ 26,311</b>
<b>OTHER ITEMS</b>		
Unrealized (Loss) Gain on Investments	28,482	(33,315)
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES</b>	<b>\$ 28,070</b>	<b>\$ (7,004)</b>

The accompanying notes are an integral part of these financial statements.

VOLUNTEER CENTRE OF CALGARY (OPERATING AS PROPELLUS)  
STATEMENT OF CASH FLOW  
FOR THE YEAR ENDED DECEMBER 31, 2019

	2019	2018
<b>CASH PROVIDED BY (USED IN):</b>		
<b>OPERATING ACTIVITIES:</b>		
Excess (deficiency) of revenues over expenses for the year	\$ 28,070	\$ (7,004)
Items not affecting cash		
Amortization of property and equipment	49,399	56,917
Amortization of contributions related to property and equipment	(18,470)	(17,651)
Unrealized loss (gain) on investments	(28,482)	33,315
Loss on disposal of property and equipment	<u>-</u>	<u>3,926</u>
	30,517	69,503
Net change in non-cash working capital balances		
Contributions receivable	1,134	2,316
GST Recoverable	(1,486)	1,771
Prepaid expenses	5,186	(7,173)
Accounts payable and accrued liabilities	(4,391)	(2,292)
Prepaid membership fees	(1,130)	(607)
Deferred contributions related to operations	<u>(80,590)</u>	<u>(140,176)</u>
	(50,760)	(76,658)
<b>FINANCING ACTIVITY:</b>		
Contributions of property and equipment	50,000	21,160
<b>INVESTING ACTIVITIES:</b>		
Purchase of property and equipment	(153,250)	(34,427)
Sale of long term investments	14,145	13,271
<b>(DECREASE) INCREASE IN CASH</b>	<b>(139,865)</b>	<b>(76,654)</b>
<b>CASH AND SHORT TERM DEPOSITS - Beginning of year</b>	<b>510,070</b>	<b>586,724</b>
<b>CASH AND SHORT TERM DEPOSITS - End of year</b>	<b>\$ 370,205</b>	<b>\$ 510,070</b>
<b>CASH AND SHORT TERM DEPOSITS CONSISTS OF THE FOLLOWING:</b>		
Cash	\$ 34,700	\$ 143,304
Short term deposits	319,812	334,650
Restricted cash	<u>15,693</u>	<u>32,116</u>
	<b>\$ 370,205</b>	<b>\$ 510,070</b>

The accompanying notes are an integral part of these financial statements.

VOLUNTEER CENTRE OF CALGARY (OPERATING AS PROPELLUS)  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019

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NOTE 1      **ORGANIZATION AND PURPOSE**

The Volunteer Centre of Calgary (Operating as Propellus) ("Propellus") was incorporated on August 11, 1971 under the Societies Act of Alberta and is exempt from income tax under Section 149 of the Income Tax Act. The purpose of Propellus is to provide leadership on issues relating to volunteering, to connect people to volunteer opportunities, to strengthen the ability of groups and organizations to support volunteers and achieve their mission, and to promote volunteerism in the community.

NOTE 2      **SIGNIFICANT ACCOUNTING POLICIES**

These statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

**Cash and Short-Term Deposits**

Cash and short terms deposits consist of cash on hand, bank balances, deposits with a maturity of one year or less and other short term highly liquid investments that are readily convertible into known amounts of cash.

**Long-Term Investments**

Long term investments are comprised of marketable securities with a maturity of longer than one year and marketable securities with no stated maturity date that are intended to be held for longer than one year.

**Property and Equipment**

Purchased property and equipment is recorded at cost. Contributed property and equipment is recorded at the fair value on the date of contribution. The cost of development and acquisition of new software with a probable value exceeding its cost beyond one year is recorded at cost. Amortization is recorded once development is complete on a straight-line basis over the assets' estimated useful lives as follows:

Computer software and equipment	3 years
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**Revenue Recognition**

Propellus follows the deferral method of accounting for contributions.

Contributions which do not have externally imposed restrictions with respect to their use are reported as revenue in the period in which they are received, or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured. The Board of Directors may from time to time set aside portions of these unrestricted contributions for specific purposes. These internally restricted contributions are included in revenue and subsequently set aside as internally restricted net assets.

Contributions received whose use is restricted by donor, statute or some other externally imposed conditions, are reported as deferred contributions related to operations and are recognized as revenue in the period in which the restrictions are fulfilled.

Endowment contributions are recognized as direct increases in net assets.

Membership fees and workshop fees are recognized in revenue when earned.

Contracted services and project management fees are recognized in income using a percentage of completion method whereby total contracted hours spent on a project are accrued at the contracted hourly rate and charged to work in progress.

Unrealized gains and losses on available-for-sale financial assets are included directly in net assets or deferred contributions as appropriate, until the asset is removed from the statement of financial position. Unrealized gains and losses on held-for-trading financial assets are included in investment income and recognized as revenue in the statement of operations, deferred or reported directly in net assets, depending on the nature of any external restrictions imposed on the investment income. Restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Other unrestricted investment income is recognized as revenue when earned.

VOLUNTEER CENTRE OF CALGARY (OPERATING AS PROPELLUS)  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019

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NOTE 2 Continued ...

**Use of Estimates**

The preparation of the financial statements in conformity with Canadian accounting standards 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 revenues and expenses during the reporting period. Such estimates include, but are not limited to, providing for amortization of property and equipment. These estimates are reviewed periodically, and, as adjustments become necessary, they are recorded in the Statement of Operations in the period in which they become known.

**Contributed Goods and Services**

Due to the difficulty of determining their value, Propellus does not record the value of a) contributed services or b) contributed goods where the fair market value cannot be reasonably determined in the financial statements.

**Financial Instruments**

*Measurement of financial instruments*

Propellus initially measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions.

Propellus subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in equity instruments and other securities that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in the Statement of Operations.

Financial assets measured at amortized cost include cash, restricted cash and contributions receivable.

Financial assets measured at fair value include short term deposits and long term investments.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

*Impairment*

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in the Statement of Operations. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in the Statement of Operations.

*Transaction costs*

Propellus recognizes its transaction costs in the Statement of Operations in the period incurred. However, financial instruments that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their obligation, issuance or assumption.

NOTE 3

**RESTRICTED CASH**

The use of \$15,693 of Propellus cash is restricted pursuant to the Casino Licence agreement, in accordance with the provisions of the Gaming and Liquor Act (Alberta). Propellus is permitted to use these funds for administration, promotional activities, resource materials and to purchase equipment. Under the license agreement, the Centre is expected to use these funds within 24 months of their receipt, which is Nov 12, 2021.

VOLUNTEER CENTRE OF CALGARY (OPERATING AS PROPELLUS)  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED DECEMBER 31, 2019

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NOTE 4      **CONTRIBUTIONS RECEIVABLE**

Contributions receivable consists of the following:

	<u>2019</u>	<u>2018</u>
Accounts receivable	\$ -	\$ 4,284
Allowance for doubtful accounts	<u>-</u>	<u>(3,150)</u>
	<u>\$ -</u>	<u>\$ 1,134</u>

NOTE 5      **ENDOWMENT FUND**

The Volunteer Centre of Calgary Endowment Fund ("Fund") was established under agreement with The Calgary Foundation ("Foundation"). Under the terms of the agreement, the Foundation retains all endowment contributions to the fund in perpetuity, Propellus is entitled to annual income distributions and the Foundation is permitted to charge for its expenses to administer the fund. During the year, the Fund received contributions of \$0 (2018 - \$0) and had earnings of \$13,872 (2018 - \$1,379), from which Propellus received income distributions in the amount of \$4,049 (2018 - \$4,221) and the Foundation charged administration fees in the amount of \$1,238 (2018 - \$1,006).

NOTE 6      **PROPERTY AND EQUIPMENT**

	<u>2019</u>		<u>2018</u>	
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Computer Software and Equipment	\$ <u>338,764</u>	\$ <u>164,376</u>	\$ <u>174,388</u>	\$ <u>70,537</u>

Included in Computer Software and Equipment are intangible assets of \$166,517 (2018 - \$15,721). These intangible assets are under development and are not yet subject to amortization.

NOTE 7      **DEFERRED CONTRIBUTIONS RELATED TO OPERATIONS**

Deferred contributions related to operations consist of unspent resources, the use of which is restricted by the donor, statute or some other externally imposed conditions as described in Note 2. These contributions will be brought into income in the period in which the restrictions are fulfilled. The deferred contributions related to operations consists of the following:

	<u>2019</u>	<u>2018</u>
Capacity Building Programs	\$ 98,430	\$ 124,036
Casino Program	15,836	33,320
Miscellaneous Projects	2,965	2,965
Consulting Service Programs	<u>-</u>	<u>37,500</u>
	<u>\$ 117,231</u>	<u>\$ 197,821</u>

VOLUNTEER CENTRE OF CALGARY (OPERATING AS PROPELLUS)  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED DECEMBER 31, 2019

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NOTE 8      **DEFERRED CONTRIBUTIONS RELATED TO EQUIPMENT**

Restricted contributions received to purchase equipment are deferred and brought into income as the related assets are amortized. During 2019, Propellus purchased computer software with a fair value of \$153,250 (2018- \$34,427) of which \$50,000 (2018- \$21,160) was purchased using restricted grant funds, and \$103,250 (2018- \$13,267) using unrestricted funds.

	<u>2019</u>	<u>2018</u>
Balance, Beginning of year	\$ 26,341	\$ 22,832
Add: Restricted contributions for purchases of software	50,000	21,160
Less: Amounts amortized into revenue	<u>(18,470)</u>	<u>(17,651)</u>
Balance, End of year	<u>\$ 57,871</u>	<u>\$ 26,341</u>

NOTE 9      **INTERNALLY RESTRICTED NET ASSETS**

Internally restricted net assets consist of amounts restricted by the board of directors for the following purposes:

	<u>2019</u>	<u>2018</u>
Operating Reserve	\$ 215,686	\$ 232,125
Stabilization Reserve	<u>584,141</u>	<u>611,953</u>
Internally restricted net assets	<u>\$ 799,827</u>	<u>\$ 844,078</u>

Pursuant to a resolution adopted by the Board of Directors, restricted capital reserves have been established for the purpose of protecting budgeted services against adverse changes in revenues or expenses. Unrestricted net assets at the end of the year are set aside for allocation to an Operating Reserve equal to at least three months cash flow and a Stabilization Reserve that must be between \$400,000 and \$500,000 while the operating budget is less than \$3,000,000. The anticipated annual operating expenses for 2020 are \$875,027. Internally Restricted Net Assets do not include any monies from the United Way or donations the use of which have been restricted by the donor.

NOTE 10      **CAPITAL DISCLOSURES**

Propellus receives its principle source of capital through provincial funding, corporate sponsors and fundraising and administrative activities performed. Propellus defines capital to be net assets. In carrying out its purpose, Propellus regularly distributes its capital through administration of services provided and through program commitments.

Propellus is not subject to debt covenants or any other capital requirements with respect to operating funding. Funding received for designated purposes must be used for the purpose outlined by the funding party. Propellus has complied with the external restrictions on any external funding provided.

NOTE 11      **FINANCIAL INSTRUMENTS**

Management does not believe that Propellus is exposed to significant interest, currency or credit risk in respect of its financial instruments.

VOLUNTEER CENTRE OF CALGARY (OPERATING AS PROPELLUS)  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019

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**NOTE 12 SOLICITATION OF CONTRIBUTIONS**

The expenses incurred for the purpose of soliciting contributions were \$30,968 (2018 - \$39,546). This total includes \$28,602 (2018 - \$36,925) which was paid as remuneration to various employees of the organization whose duties involve fundraising.

**NOTE 13 RELATED PARTY TRANSACTIONS**

During the year \$112 (2018 - \$0) was paid to a company controlled by a Director for event management and payment processing services.

The expenses for event management and payment processing were made in the normal course of operations under the same terms and conditions as transactions with unrelated third parties. They are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. As at December 31, 2019 there is no balance resulting from these transactions on the balance sheet.

**NOTE 14 TERMINATION BENEFITS**

During the year Propellus paid termination benefits to former employees of \$3,288 (2018 - \$0).