

**VCC INITIATIVES LTD.**  
**Financial Statements**  
**December 31, 2019**

**VCC INITIATIVES LTD.**  
**Index to Financial Statements**  
**For the Year Ended December 31, 2019**

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## INDEPENDENT AUDITOR'S REPORT

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**To the Members of VCC Initiatives Ltd.**

### **Opinion**

We have audited the financial statements of VCC Initiatives Ltd. (the "Organization"), which comprise the statement of financial position as at December 31, 2019 and the statements of operations and changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of VCC Initiatives Ltd. 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 the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our ethical responsibilities in accordance with those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Responsibilities of Management and Those Charged with Governance 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

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

*(continues)*



Independent Auditor's Report to the Members of VCC Initiatives Ltd. *(continued)*

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

**Auditor's Responsibilities for the Audit of 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.

*BDO Canada LLP*


Chartered Professional Accountants

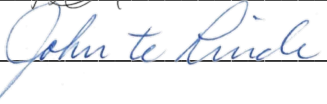
Calgary, Alberta  
April 20, 2020

**VCC INITIATIVES LTD.**  
**Statement of Financial Position**  
**As at December 31, 2019**

|   | 2019                     | 2018                     |
|---|--------------------------|--------------------------|
| <b>Assets</b>   |                          |                          |
| Current   |                          |                          |
| Cash  | \$ 115,034               | \$ 78,729                |
| Accounts receivable                                   | 31,073                   | 71,334                   |
| Prepaid expenses                                      | 5,601                    | 8,005                    |
|   | <u>\$ 151,708</u>        | <u>\$ 158,068</u>        |
| <b>Liabilities and Net assets</b>                     |                          |                          |
| Current   |                          |                          |
| Accounts payable and accrued liabilities              | \$ 32,466                | \$ 64,578                |
| Deferred contributions related to operations (Note 3) | 24,216                   | 9,872                    |
|   | <u>56,682</u>            | 74,450                   |
| <b>Net assets</b>                                     | <u><b>95,026</b></u>     | <u>83,618</u>            |
|   | <u><b>\$ 151,708</b></u> | <u><b>\$ 158,068</b></u> |

**ON BEHALF OF THE BOARD**

  
 \_\_\_\_\_ Director

  
 \_\_\_\_\_ Director

**VCC INITIATIVES LTD.****Statement of Operations and Changes in Net Assets****For the Year Ended December 31, 2019**

|   | 2019             | 2018             |
|---|------------------|------------------|
| <b>Revenue</b>                              |                  |                  |
| Charitable agency agreement <i>(Note 4)</i> | \$ 784,881       | \$ 1,055,364     |
| Donations                                   | 5,000            | 5,000            |
| Projects                                    | 17,068           | 1,480            |
|   | <u>806,949</u>   | <u>1,061,844</u> |
| <b>Expenses</b>                             |                  |                  |
| Salaries and wages                          | 535,745          | 608,693          |
| Program expenses                            | 80,611           | 286,875          |
| Rent  | 30,996           | 37,653           |
| Events and meetings                         | 23,617           | 18,879           |
| Office and general                          | 14,462           | 20,300           |
| Travel                                      | 14,941           | 14,585           |
| Marketing and communications                | 22,939           | 23,230           |
| Professional fees                           | 9,818            | 10,506           |
| Recruitment and Training                    | 27,825           | 4,773            |
| Insurance                                   | 4,152            | 3,672            |
| Consulting fees                             | 26,541           | 19,303           |
| Telephone                                   | 3,894            | 3,446            |
| Equipment and repairs                       | -                | 4,928            |
|   | <u>795,541</u>   | <u>1,056,843</u> |
| <b>Excess of revenue over expenses</b>      | <b>11,408</b>    | <b>5,001</b>     |
| Net assets - beginning of year              | <u>83,618</u>    | <u>78,617</u>    |
| <b>Net assets - end of year</b>             | <b>\$ 95,026</b> | <b>\$ 83,618</b> |

**VCC INITIATIVES LTD.**  
**Statement of Cash Flows**  
**For the Year Ended December 31, 2019**

|  | 2019                     | 2018                    |
|--|--------------------------|-------------------------|
| <b>Operating activities</b>                    |                          |                         |
| Cash receipts                                  | \$ 861,554               | \$ 1,059,945            |
| Cash paid to suppliers and employees           | <u>(825,249)</u>         | <u>(1,032,407)</u>      |
| <b>Increase in cash flows</b>                  | <b>36,305</b>            | 27,538                  |
| Cash and cash equivalents - beginning of year  | <u>78,729</u>            | 51,191                  |
| <b>Cash and cash equivalents - end of year</b> | <b><u>\$ 115,034</u></b> | <b><u>\$ 78,729</u></b> |

**VCC INITIATIVES LTD.**  
**Notes to Financial Statements**  
**Year Ended December 31, 2019**

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**1. Purpose of the organization**

VCC Initiatives Ltd. (the "Organization") was incorporated in Alberta on April 15, 2005 as a Part 9 not-for-profit company in Alberta, a company limited by guarantee. VCC Initiatives Ltd. works collaboratively, with various stakeholders and partners, seeking to engage Calgarians and to advocate for long term strategies that address the root causes of poverty in Calgary. Management has determined that the Organization is a not-for-profit organization under section 149(1) of the Income Tax Act and therefore, in the opinion of management, is exempt from the payment of income tax.

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**2. Summary of significant accounting policies**

Basis of presentation

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the CPA Handbook, and in management's opinion, have been properly prepared within reasonable limits of materiality and within the framework of the significant accounting policies summarized below:

Revenue recognition

VCC Initiatives Ltd. follows the deferral method of accounting for 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.

Cash

Cash includes cash on hand and in banks.

Contributed services

Volunteers contributed a significant number of hours during the year to assist the Organization in carrying out its mandate. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

Financial instruments

The Organization initially measures its financial assets and financial liabilities at fair value. It subsequently measures all of its financial assets and financial liabilities at amortized cost, except for investments in equity instruments and mutual funds that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized as unrealized gains or losses in the statement of operations.

The financial assets measured at amortized cost include cash and accounts receivable. The financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

*(continues)*

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**VCC INITIATIVES LTD.**  
**Notes to Financial Statements**  
**Year Ended December 31, 2019**

**2. Summary of significant accounting policies (continued)**

Measurement estimates

Under Canadian accounting standards for not-for-profit organizations, an important concept in the preparation of financial statements is the use of estimates in the determination of assets, liabilities, revenue, expenses and excess of revenue over expenses for the year. To the extent that these estimates may vary from actual results, there would be a corresponding effect on various elements of the financial statements. The key accounting estimates used in preparation of these financial statements are deferred contributions and relevant revenue, and accrued liabilities.

**3. Deferred contributions related to operations**

Deferred contributions related to operations reported is funding received for future operations.

|                           | <u>Beginning</u> | <u>Additions</u> | <u>Utilizations</u> | <u>2019 Ending</u> |
|---------------------------|------------------|------------------|---------------------|--------------------|
| Calgary Social Policy     | \$ -             | \$ 7,216         | \$ -                | \$ 7,216           |
| Women's Centre of Calgary | 7,079            | -                | 7,079               | -                  |
| Secondary Suites          | 2,793            | -                | 2,793               | -                  |
| Basic Income Calgary      | -                | 17,000           | -                   | 17,000             |
|                           | <u>\$ 9,872</u>  | <u>\$ 24,216</u> | <u>\$ 9,872</u>     | <u>\$ 24,216</u>   |

|                           | <u>Beginning</u> | <u>Additions</u> | <u>Utilizations</u> | <u>2018 Ending</u> |
|---------------------------|------------------|------------------|---------------------|--------------------|
| Women's Centre of Calgary | 7,079            | -                | -                   | 7,079              |
| Secondary Suites          | 2,793            | -                | -                   | 2,793              |
|                           | <u>\$ 9,872</u>  | <u>\$ -</u>      | <u>\$ -</u>         | <u>\$ 9,872</u>    |

**4. Charitable agency agreement**

Effective January 1, 2015, the Organization has established an "agency agreement for charitable activities" with a registered charity in Canada ( the "Charity"). Under this agreement, the Charity acts as the charitable sponsor to receive funds from other organizations that direct and control how the charitable funds are spent and, in doing so, ensures that the Organization spends the funding only to carry out the activities in accordance with the agency agreement. The breakdown of the revenue is presented as follows:

|                        | <u>2019</u>       | <u>2018</u>         |
|------------------------|-------------------|---------------------|
| United Way of Calgary  | \$ 385,032        | \$ 447,207          |
| City of Calgary        | 385,032           | 447,207             |
| Donation               | 11,988            | 13,988              |
| The Calgary Foundation | 2,829             | 146,962             |
|                        | <u>\$ 784,881</u> | <u>\$ 1,055,364</u> |

**VCC INITIATIVES LTD.**  
**Notes to Financial Statements**  
**Year Ended December 31, 2019**

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**5. Financial instruments**

The Organization's financial instruments consist of cash and cash equivalents, accounts receivable, and accounts payable and accrued liabilities, all of which are reported at amortized cost. The fair value approximates their carrying value due to their short term maturity. Management has determined that the Organization is not exposed to significant credit, market, or interest rate risk.

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**6. Subsequent Event**

The global COVID-19 pandemic has disrupted economic activities. Although the disruption from the virus is expected to be temporary, given the dynamic nature of these circumstances, the duration of the disruption and the related impact is difficult to determine at this time. Management continues to monitor the events and believes the overall impact to the Organization will be managed.

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