

Financial Statements of

**THE CALGARY BRIDGE FOUNDATION
FOR YOUTHS**

Year ended December 31, 2018



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INDEPENDENT AUDITORS' REPORT

To the Members of The Calgary Bridge Foundation for Youths

Qualified Opinion

We have audited the financial statements of The Calgary Bridge Foundation for Youths (the Entity), which comprise:

- the statement of financial position as at December 31, 2018
- the statement of operations year then ended
- the statement of change in net assets year then ended
- the statement of cash flows year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, except for the possible effects of the matter described in the "***Basis for Qualified Opinion***" section of our auditors' report, the financial statements present fairly, in all material respects, the financial position of The Calgary Bridge Foundation for Youths as at December 31, 2018, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organization.

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Entity derives revenue from fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Entity.

Therefore, we were not able to determine whether any adjustments might be necessary to:

- the current assets reported in the statements of financial position as at December 31, 2018 and December 31, 2017
- the fundraising revenues and (deficits) excess of revenues over expenses reported in the statements of operations for the years ended December 31, 2018 and December 31, 2017



- the unrestricted net assets, at the beginning and end of the year, reported in the statements of changes in net assets for the years ended end of December 31, 2018 and end of December 31, 2017
- the (deficits) excess of revenues over expenses reported in the statements of cash flows for the years ended end of December 31, 2018 and end of December 31, 2017.

Our opinion on the financial statements for the year ended end of December 31, 2017 was qualified accordingly because of the possible effects of this limitation in scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "**Auditors' Responsibilities for the Audit of the Financial Statements**" section of our auditors' report.

We are independent of the Entity in accordance with the 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.

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 Entity'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 to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

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

Auditors' 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 auditors' 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 the 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 Entity'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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Entity's 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.
- 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.

KPMG LLP

Chartered Professional Accountants

Calgary, Canada
March 20, 2019

THE CALGARY BRIDGE FOUNDATION FOR YOUTHS

Statement of Financial Position

December 31, 2018, with comparative information for 2017

	2018	2017
Assets		
Current assets:		
Cash	\$ 335,697	\$ 1,232,256
Government remittances recoverable	19,145	21,323
Prepaid expenses and deposits	59,155	78,064
Short-term investments (note 4)	152,344	—
Total current assets	566,341	1,331,643
Long-term investments (note 4)	678,378	20,167
Capital assets (note 5)	71,276	94,897
	\$ 1,315,995	\$ 1,446,707
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities (note 3)	\$ 110,355	\$ 97,800
Deferred contributions (note 6)	148,939	277,849
	259,294	375,649
Non-current liabilities:		
Deferred capital contributions (note 7)	39,643	48,016
Total liabilities	298,937	423,665
Net assets:		
Invested in capital assets	31,633	46,881
Unrestricted	985,425	976,161
Total net assets	1,017,058	1,023,042
Commitments (note 9)		
	\$ 1,315,995	\$ 1,446,707

See accompanying notes to financial statements.

Approved by the Board:

_____ Director

_____ Director

THE CALGARY BRIDGE FOUNDATION FOR YOUTHS

Statement of Operations

Year ended December 31, 2018, with comparative information for 2017

	2018	2017
Revenues:		
Amortization of deferred capital contributions (note 7)	\$ 22,786	\$ 25,410
Registration	61,275	59,521
Investment income and other	12,923	421
Fundraising (note 10)	32,263	51,026
Donations – restricted (note 10)	21,651	21,053
Donations – unrestricted (note 10)	11,231	20,472
Programs:		
Government of Canada	4,861,202	4,386,977
City of Calgary	741,160	926,089
United Way	485,161	503,211
Other Programs	75,446	51,618
RBC Foundation	42,582	38,372
	<u>6,367,680</u>	<u>6,084,170</u>
Expenses (note 13):		
Amortization of capital assets	48,038	47,331
Registration and administration	71,735	2,794
Fundraising (note 10)	26,689	29,456
Donations – restricted	21,651	21,053
Programs:		
Government of Canada	4,861,202	4,386,977
City of Calgary	741,160	926,089
United Way	485,161	503,211
Other Programs	75,446	51,618
RBC Foundation	42,582	38,372
	<u>6,373,664</u>	<u>6,006,901</u>
(Deficiency) excess of revenues over expenses	<u>\$ (5,984)</u>	<u>\$ 77,269</u>

See accompanying notes to financial statements.

THE CALGARY BRIDGE FOUNDATION FOR YOUTHS

Statement of Changes in Net Assets

Year ended December 31, 2018, with comparative information for 2017

	Invested in Capital Assets	Unrestricted	2018	2017
Net assets, beginning of year	\$ 46,881	\$ 976,161	\$ 1,023,042	\$ 945,773
(Deficiency) excess of revenues over expenses	(25,252)	19,268	(5,984)	77,269
Interfund transfers	10,004	(10,004)	—	—
Net assets, end of year	\$ 31,633	\$ 985,425	\$ 1,017,058	\$ 1,023,042

See accompanying notes to financial statements.

THE CALGARY BRIDGE FOUNDATION FOR YOUTHS

Statement of Cash Flows

Year ended December 31, 2018, with comparative information for 2017

	2018	2017
Cash flows provided by (used in):		
Operations:		
(Deficiency) Excess of revenues over expenses	\$ (5,984)	\$ 77,269
Add items not affecting cash:		
Amortization of capital assets	48,038	47,331
Amortization of deferred capital contributions	(22,786)	(25,410)
Interest receivable included in investments	(10,555)	—
	<u>8,713</u>	<u>99,190</u>
Change in non-cash working capital:		
Government remittances recoverable	2,178	(5,721)
Prepaid expenses and deposits	16,340	(30,207)
Accounts payable and accrued liabilities	12,555	3,928
Deferred contributions	(128,910)	(236,349)
	<u>(86,555)</u>	<u>(169,159)</u>
Financing:		
Deferred capital contributions received (note 7)	14,413	28,447
Investments:		
Purchase of capital assets using restricted funds (note 5)	(14,413)	(28,447)
Purchase of capital assets using unrestricted funds (note 5)	(10,004)	(21,115)
Purchase of investments (note 4)	(800,000)	(8,135)
	<u>(824,417)</u>	<u>(57,697)</u>
Decrease in cash	(896,559)	(198,409)
Cash, beginning of year	1,232,256	1,430,665
Cash, end of year	<u>\$ 335,697</u>	<u>\$ 1,232,256</u>

See accompanying notes to financial statements.

THE CALGARY BRIDGE FOUNDATION FOR YOUTHS

Notes to the Financial Statements

Year ended December 31, 2018, with comparative information for 2017

1. Purpose of the organization:

The Calgary Bridge Foundation for Youths (the "Foundation") was incorporated on November 6, 1990 under the Societies Act of Alberta as a not-for-profit organization, and is a registered charity under the Income Tax Act. The Foundation is committed to assisting youth to overcome language and cultural barriers that restrict their access and contribution to Canadian society.

2. Significant accounting policies:

The financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the Chartered Professional Accountants ("CPA") Handbook.

(a) Measurement uncertainty:

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Actual results could differ from those estimates. Significant estimates includes the recoverability and useful life of capital assets.

(b) Revenue recognition:

The Foundation follows the deferral method of accounting for contributions.

Revenue containing conditions as to its use is deferred until the conditions are fulfilled.

Fees for services are recognized as revenue as related services are provided and the amount to be received can be reasonably estimated and collection is reasonably assured.

Contributions restricted for the acquisition of capital assets are recognized as revenue in the amounts that match the amortization expense of the related capital assets purchased with the contributions.

Unrestricted donations and fundraising revenue are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

(c) Capital assets:

Capital assets are recorded at cost less accumulated amortization. Individual asset with a cost of \$1,000 or less are expensed in the year of acquisition.

THE CALGARY BRIDGE FOUNDATION FOR YOUTHS

Notes to the Financial Statements

Year ended December 31, 2018, with comparative information for 2017

2. Significant accounting policies (continued):

(c) Capital assets (continued):

Amortization is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

Computer equipment	3 years
Furniture and fixtures	5 years
Leasehold improvements	5 years

In the year of acquisition and disposal, amortization is half of the annual amount.

Capital assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable and exceeds its fair value.

(d) Investments:

Impairment of portfolio investments is recognized when the loss in value of a portfolio investment is other than temporary, and is included in the Statement of Operations.

(e) Contributed services:

Volunteers assist the Foundation in carrying out certain activities. Due to uncertainty in determining fair value of the service and given that such assistance is generally not otherwise purchased, contributed services are not recognized in the financial statements.

(f) Donated equipment and materials:

Donated equipment and materials are recorded at fair market value if it can be reasonably determined and the equipment and materials would otherwise be purchased. If fair market value cannot be reasonably determined, donated equipment and materials are recorded at nominal value.

(g) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship and equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Foundation has not elected to carry any such financial instruments at fair value.

THE CALGARY BRIDGE FOUNDATION FOR YOUTHS

Notes to the Financial Statements

Year ended December 31, 2018, with comparative information for 2017

2. Significant accounting policies (continued):

(g) Financial instruments (continued):

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Foundation determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset.

If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Foundation expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

(h) Allocation of expenses:

The Foundation records a number of its expenses by program. The costs of each program include the costs of personnel and other expenses that are directly related to providing the program.

The Foundation allocates certain of its general support expenses by identifying the appropriate basis of allocating each expense. Administration and corporate governance expenses are not allocated; other general operation expenses are allocated in the following basis:

- (i) Information technology: information technology costs are allocated based on number of full-time employees working for each program.
- (ii) Office rent, repairs and maintenance, insurance, professional service, and administrative salary and benefits are allocated based on budgeted amounts as agreed upon with funders.

THE CALGARY BRIDGE FOUNDATION FOR YOUTHS

Notes to the Financial Statements

Year ended December 31, 2018, with comparative information for 2017

3. Credit card facility:

The Foundation has a combined limit of the corporate credit card from a Canadian bank for \$15,000 (2017 - \$15,000). The Canadian bank required the Foundation to invest cash into a GIC with them as collateral for the credit cards. At December 31, 2018, \$13,358 (2017 - \$7,589) was outstanding on these credit cards and is included in accounts payable and accrued liabilities.

4. Investments:

On May 1, 2018, the Foundation purchased GICs and mutual funds of \$800,000, maturing between May 1, 2019 and May 3, 2021, with annual interest rates ranging from 1.6% to 2.8%. Interest of \$10,555 has been accrued and added to the investment amount. Total Investments at December 31, 2018 was \$810,555 (2017 - nil).

On July 28, 2017, the Foundation purchased a five-year RateRiser Plus GIC of \$20,072, maturing on July 28, 2022, with annual interest rates ranging from 1.1% to 1.65%. Interest of \$95 (2017 - \$95) has been accrued and added to the investment amount.

	2018	2017
Opening Balance	\$ 20,072	\$ 11,842
Additions	800,000	8,135
Dispositions	—	—
Revaluations	—	—
Interest Accrual	10,650	95
	<u>\$ 830,722</u>	<u>\$ 20,072</u>
Less: Current portion	152,344	—
	<u>\$ 678,378</u>	<u>\$ 20,072</u>

THE CALGARY BRIDGE FOUNDATION FOR YOUTHS

Notes to the Financial Statements

Year ended December 31, 2018, with comparative information for 2017

5. Capital assets:

	Cost	Accumulated amortization	2018 Net book value	2017 Net book value
Computer equipment	\$ 117,488	\$ 82,179	\$ 35,309	\$ 47,264
Furniture and fixtures	75,510	44,873	30,637	40,627
Leasehold improvements	35,548	30,218	5,330	7,006
	<u>\$ 228,546</u>	<u>\$ 157,270</u>	<u>\$ 71,276</u>	<u>\$ 94,897</u>

Current year capital additions of \$24,417 (2017 - \$49,561) were purchased using restricted funds of \$14,413 (2017 - \$28,447) and unrestricted funds of \$10,004 (2017 - \$21,115).

Current year amortization of \$48,038 (2017 - \$47,331) consists of \$22,786 (2017 - \$25,410) restricted assets and \$25,252 (2017 - \$21,921) unrestricted assets.

6. Deferred contributions:

Deferred contributions represent restricted program funds and restricted donations relating to programs of the Foundation.

	2018	2017
Balance, beginning of year	\$ 277,849	\$ 514,198
Contributions received in the year	6,123,975	5,770,444
Amounts recognized as revenue in the year	(6,238,472)	(5,978,346)
Amounts transferred to deferred capital contributions	(14,413)	(28,447)
<u>Balance, end of year</u>	<u>\$ 148,939</u>	<u>\$ 277,849</u>

THE CALGARY BRIDGE FOUNDATION FOR YOUTHS

Notes to the Financial Statements

Year ended December 31, 2018, with comparative information for 2017

7. Deferred capital contributions:

Deferred capital contributions represent restricted contributions received and designated to be used for capital purposes and comprise the following:

	2018	2017
Balance, beginning of year	\$ 48,016	\$ 44,979
Capital assets purchased with restricted contributions provided by funders	14,413	28,447
Amortization of deferred capital contributions	(22,786)	(25,410)
Balance, end of year	\$ 39,643	\$ 48,016

8. Related party transactions:

During the year, the Foundation received donations of \$2,315 (2017 - \$4,900) designated for scholarship from the Board of Directors. As at December 31, 2018, \$315 (2017 - \$1,000) of the designated donation is recorded as deferred contributions.

The above transactions are in the normal course of operations and are measured at their exchange amount, which is the amount of consideration established and agreed to by the related parties.

9. Commitments:

The Foundation has contractual obligations to pay annual operating lease rental payments in the next five years as follows:

2019	197,666
2020	101,468
2021	101,468
2022	101,468
2023	42,278

10. Donations and fundraising:

In raising \$32,882 (2017 - \$41,525) in donations and \$32,263 (2017 - \$51,026) in fundraising revenues, the Foundation incurred \$26,689 (2017 - \$29,456) for the purpose of soliciting contributions.

THE CALGARY BRIDGE FOUNDATION FOR YOUTHS

Notes to the Financial Statements

Year ended December 31, 2018, with comparative information for 2017

11. Financial instruments:

The Foundation is subject to the following financial instrument risk:

(a) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Foundation does not believe it is subject to any significant concentration of credit risk. Cash and investments are in place with major financial institutions and majority of the accounts receivables are due from the federal government, where chances of default are low.

(b) Liquidity risk:

Liquidity risk is the risk that the Foundation will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Foundation does not believe it is subject to any significant concentration of liquidity risk.

The Foundation manages its liquidity risk by monitoring its operating requirements. The Foundation prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations.

(c) Interest rate risk:

Interest rate risk arises on cash and investments. The Foundation is exposed to interest rate risk due to fluctuations in the bank's interest rates.

THE CALGARY BRIDGE FOUNDATION FOR YOUTHS

Notes to the Financial Statements

Year ended December 31, 2018, with comparative information for 2017

12. Allocation of expenses by program:

The allocation of certain administrative expenses has been made to specific programs as follows:

	<u>Information Technology</u>		<u>Office Rent</u>		<u>Repairs and Maintenance</u>	
	2018	2017	2018	2017	2018	2017
City of Calgary	\$ 4,585	\$ 4,330	\$ 18,020	\$ 22,375	\$ 75	\$ 1,190
Government of Canada	56,307	34,923	91,927	29,160	-	-
RBC Foundation	300	300	-	-	-	-
United Way	5,962	4,330	13,517	10,000	60	1,190
	<u>\$ 67,154</u>	<u>\$ 43,883</u>	<u>\$ 123,464</u>	<u>\$ 61,535</u>	<u>\$ 135</u>	<u>\$ 2,380</u>

	<u>Insurance</u>		<u>Professional Service</u>		<u>Admin Salary and Benefits</u>	
	2018	2017	2018	2017	2018	2017
City of Calgary	\$ 5,639	\$ 5,425	\$ 5,114	\$ 5,750	\$ 96,462	\$ 116,589
Government of Canada	14,639	13,676	10,836	10,700	413,817	403,910
RBC Foundation	475	475	550	550	-	-
Other Programs	500	600	-	-	-	-
United Way	3,175	3,175	3,500	3,500	74,222	74,500
	<u>\$ 24,428</u>	<u>\$ 23,351</u>	<u>\$ 20,000</u>	<u>\$ 20,500</u>	<u>\$ 584,501</u>	<u>\$ 594,999</u>

All other expenses are charged directly to the programs.

THE CALGARY BRIDGE FOUNDATION FOR YOUTHS

Notes to the Financial Statements

Year ended December 31, 2018, with comparative information for 2017

13. Expenses by object:

	2018	2017
Advertising and promotion	\$ 60,804	\$ 67,628
Amortization of capital assets	48,038	47,331
Conferences and workshops	14,535	59,684
Insurance	25,194	23,351
Partnership development	-	48,000
Professional service	20,500	20,500
Program supplies and field trips	141,587	117,935
Rent	169,666	168,409
Repairs and maintenance	287	29,708
Salaries and benefits	5,450,525	4,976,260
Scholarship	18,000	19,000
Staff meeting and professional development	32,583	29,315
Information technology	76,932	76,816
Telecommunications	52,631	58,522
Transportation	142,924	142,166
Office, administration, fundraising and other	138,358	122,276
	<u>\$ 6,392,564</u>	<u>\$ 6,006,901</u>

14. Comparative figures:

Certain comparative figures have been reclassified to conform to the current year's presentation.