Financial Statements

ACTION DIGNITY SOCIETY

(formerly Ethno-Cultural Council of Calgary)

Year ended March 31, 2018

KPMG

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INDEPENDENT AUDITORS' REPORT

To the Members of Action Dignity Society (formerly Ethno-Cultural Council of Calgary):

We have audited the accompanying financial statements of Action Dignity Society (formerly Ethno-Cultural Council of Calgary), which comprise the statement of financial position as at March 31, 2018, the statements of operations, changes in net assets and cash flows for the year then ended, and notes, comprising 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.

Auditors' 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 our 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, we consider 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 audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Action Dignity Society (formerly Ethno-Cultural Council of Calgary), as at March 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 organizations.

KPMG LLP

Chartered Professional Accountants

June 18, 2018
Calgary, Canada

ACTION DIGNITY SOCIETY

(formerly Ethno-Cultural Council of Calgary)
Statement of Financial Position

March 31, 2018, with comparative information for 2017

	2018	2017
Assets		
Current assets:		
Cash and cash equivalents	$ 263,370	$ 379,088
Restricted cash (note 3)	671	66,283
Short-term investments (note 4)	87,874	87,307
Grants receivable	83,458	63,553
Accounts receivable	2,623	4,117
Goods and services tax recoverable	3,785	7,450
Prepaid expenses and other current assets	–	7,084
	441,781	614,882
Property and equipment (note 5)	64,581	76,341
	$ 506,362	$ 691,223
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities	$ 52,925	$ 48,102
Current portion of long-term debt (note 6)	–	10,099
Deferred contributions (note 7)	228,020	443,945
	280,960	502,146
Deferred capital contributions (note 8)	509	11,745
Long-term debt (note 6)	–	15,740
Net assets:		
Invested in property and equipment	64,072	38,757
Unrestricted	160,836	122,835
	224,908	161,592
Commitments (note 10)		
	$ 506,362	$ 691,223

See accompanying notes to financial statements.

Approved on behalf of the Board of Directors:

_________________________ Director

_________________________ Director

ACTION DIGNITY SOCIETY

(formerly Ethno-Cultural Council of Calgary)
Statement of Operations

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

	2018	2017
Revenue:		
Grants (note 9)	$ 1,186,261	$ 1,239,434
Casino revenue	63,816	45,355
Co-location	37,783	34,816
Donation	841	6,078
Amortization of deferred contributions related to property and equipment (note 8)	11,236	14,045
Sponsorships and events	17,394	–
Membership	605	490
	1,317,936	1,340,218
Expenses:		
Salaries, wages and benefits	738,108	876,923
Program	107,097	86,334
Consulting fees	71,605	28,205
Rental	64,438	63,525
Special events and community forum	55,422	46,300
Meetings and workshops	31,604	19,481
Honorarium and community volunteer support	28,522	19,779
Professional fees	22,596	20,692
Repairs and maintenance	18,238	18,342
Amortization	17,881	19,485
Advertising and publicity	16,507	16,630
Professional development	14,627	12,733
Telephone and internet services	13,681	11,279
Communication	10,699	4,859
Board development and annual general meeting	10,246	4,915
Broker training	9,269	8,721
Postage, printing, and office supplies	6,969	6,307
Goods and services sales tax	5,540	5,425
Travel	4,885	13,171
Insurance	2,975	2,231
Interest and bank charges	1,338	931
Program Supplies	1,125	–
Other operating	887	1,321
Loan interest	230	920
Memberships and licenses	131	1,520
	1,254,620	1,290,029
Excess of revenue over expenses	$ 63,316	$ 50,189

See accompanying notes to financial statements.

ACTION DIGNITY SOCIETY

(formerly Ethno-Cultural Council of Calgary)
Statement of Changes in Net Assets

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

	Invested in property and equipment	Unrestricted	2018	2017
Net assets, beginning of year	$ 38,757	$ 122,835	$ 161,592	$ 111,403
Excess (deficiency) of revenue over expenses	(6,645)	69,961	63,316	50,189
Repayment of long-term debt	25,839	(25,839)	–	–
Investment in property and equipment	6,121	(6,121)	–	–
Net assets, end of year	$ 64,072	$ 160,836	$ 224,908	$ 161,592

See accompanying notes to financial statements.

ACTION DIGNITY SOCIETY

(formerly Ethno-Cultural Council of Calgary)
Statement of Cash Flows

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

	2018	2017
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenses	$ 63,316	$ 50,189
Items not affecting cash:		
Amortization	17,881	19,485
Amortization of deferred capital contributions related to property and equipment	(11,236)	(14,045)
Interest reinvested in short-term investments	(567)	(566)
	69,394	55,063
Change in non-cash working capital:		
Grants receivable	(19,913)	(19,236)
Accounts receivable	1,494	(3,482)
Goods and services tax recoverable	3,665	4,662
Prepaid expenses and other current assets	7,084	3,414
Accounts payable and accrued liabilities	4,830	(4,411)
Deferred contributions	(215,926)	162,794
	(218,765)	143,741
Cash flow from operating activities	(149,371)	198,804
Investing activities:		
Purchase of property and equipment	(6,121)	(19,016)
	(6,121)	(19,016)
Financing activities:		
Principal repayment of long-term debt	(25,839)	(9,788)
	(25,839)	(9,788)
Net (decrease) increase in cash position	(181,330)	170,000
Cash and cash equivalents, beginning of year	445,371	275,371
Cash and cash equivalents, end of year	$ $264,041	$ 445,371
Cash and cash equivalents consists of:		
Cash	$ 263,370	$ 379,088
Restricted cash	671	66,283
	$ 264,041	$ 445,371

See accompanying notes to financial statements.

1. **Purpose:**

The Action Dignity Society (formerly Ethno-Cultural Council of Calgary (the "Society")) is a not-for-profit entity incorporated under the Societies Act on December 16, 2002 and became a registered charity in October 2012. The Society is a community-based organization that facilitates the collective voice of Calgary's visible minority communities, in order to influence social, economic, and political change through collaborative action. The activity of the Society shall be carried out chiefly, but not exclusively, in Calgary and vicinity, in the Province of Alberta. As a registered charity, the Society is not subject to the payment of income tax under section 149(1) of the Income Tax Act (Canada).

2. **Significant accounting policies:**

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the CPA Canada Handbook.

(a) Revenue recognition:

The Society follows the deferral method of accounting for restricted contributions. Restricted contributions, including grants, are recognized as revenue in the period in which the related expenses are incurred.

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

Collected fees and other fundraising revenues are recognized as revenue when received or receivable.

(b) Cash and cash equivalents:

Cash includes deposits in bank and investment in treasury bills with maturities of less than ninety days.

(c) Contributed services:

Volunteers contribute many hours per year to assist the Society in carrying out its services and programs. Due to the difficulty in determining their fair value, contributed services are not recognized in the financial statements.

2. Significant accounting policies (continued):

(d) Property and equipment:

Property and equipment are recorded at cost less accumulated amortization. Assets acquired over $500 are capitalized to the appropriate accounts.

Contributions invested in property and equipment are deferred and amortized to income on the same basis as the related assets are amortized. Property and equipment are amortized using the declining balance method at the following annual rates: Property and equipment is amortized over its estimated useful life at the following rates and methods.

Computer equipment	30%	Declining balance method
Computer software	30%	Declining balance method
Furniture	20%	Declining balance method
Leasehold improvements	Term of lease	Straight-line

(e) Long-lived assets:

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability is measured by a comparison of the asset's carrying amount to the estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of the asset exceeds its estimated future cash flows, an impairment charge is recognized for the amount by which the carrying amount of the asset exceeds the fair value of the asset. When quoted market prices are not available, the Society uses the expected future cash flows discounted at a rate commensurate with the risks associated with the recovery of the asset as an estimate of fair value. Property and equipment acquired during the year but not placed into use are not amortized until they are placed into use.

(f) Goods and service tax recoverable:

Goods and services tax paid is recoverable at 50% as a rebate. The unrecoverable amount is recorded as an expense with the rebate recorded as a receivable.

(g) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Society has not elected to carry any such financial instruments at fair value.

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.

2. Significant accounting policies (continued):

(g) Financial instruments (continued):

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 Society 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 Society 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) Use of estimates:

The preparation of the financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to use 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 reported period. By their nature these amounts are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant. Significant items subject to such estimates and assumptions include the carrying amount of property and equipment. Actual results could differ from those estimates.

3. Restricted cash:

Restricted cash represents Casino funds that may only be used in accordance with the funding guidelines of the Alberta Gaming and Liquor Commission.

4. Short-term investments:

Short term investments consist of two cashable guaranteed investment certificates ("GIC") of \$5,118 and \$82,756 (2017 - \$5,085 and \$82,222), bearing interest at 0.55% (2017 – 0.65%) per annum and maturing in July and December 2018, respectively.

5. Property and equipment:

	Cost	Accumulated amortization	2018 Net book value	2017 Net book value
Computer equipment	$ 46,999	$ 33,048	$ 13,951	$ 13,073
Computer software	2,814	2,576	238	340
Furniture	23,447	10,736	12,711	14,220
Leasehold Improvements	74,340	36,659	37,681	48,708
	$ 147,600	$ 83,019	$ 64,581	$ 76,341

6. Long-term debt

	2018	2017
Unsecured loan bearing interest at a fixed rate of 3% per annum repayable in monthly blended payments of $892 commencing July 1, 2015 and maturing August 1, 2019	$ –	$ 25,839
Less: current portion of loan payable	–	(10,099)
	$ –	$ 15,740

Proceeds on the loan were used to fund the purchase of capital assets for the HUB expansion. The loan was repaid in full fiscal 2018.

7. Deferred contributions:

Deferred contributions relate to a variety of fundraising efforts and grants received for specific purposes as described. As such these are treated as restricted contributions, with the revenue being recognized as the applicable expenses are incurred.

	Beginning	Received during the year	Recognized in revenue	Ending
United Way	$ 229,342	$ 535,661	$ 675,898	$ 89,104
City of Calgary Family and Community Support Services	126,122	320,183	327,887	118,418
Casino	66,283	23	65,635	671
Calgary Foundation	19,500	45,600	55,101	9,999
NAWP – Alberta Workers' Health Center	–	2,500	2,500	–
University of Calgary	–	2,926	2,926	–
Other	2,698	122,514	115,386	9,828
	$ 443,945	$ 1,029,407	$ 1,245,334	$ 228,020

8. Deferred capital contributions

Deferred capital contributions represent restricted contributions received and designated to be used for capital purposes. Contributions received for property and equipment are deferred and amortized over the useful life of the related assets and are composed of the following:

	2018	2017
Balance, beginning of year	$ 11,745	$ 25,790
Amortization of deferred capital contributions related to property and equipment	(11,236)	(14,045)
Balance, end of year	$ 509	$ 11,745

9. Grants:

	2018	2017
United Way	$ 675,898	$ 467,880
City of Calgary Family and Community Support Services	327,887	239,688
Canadian Heritage – Youth	77,000	–
Calgary Foundation	55,101	78,916
Other grants	23,750	21,591
Calgary Immigrant Educational Society	21,199	–
University of Calgary	2,926	34,617
NAWP – Alberta Workers' Health Centre	2,500	98,145
Immigration, Refugees, and Citizenship Canada	–	280,273
Government of Alberta		15,406
AHR&M	–	2,918
	$ 1,186,261	$ 1,239,434

10. Commitments:

The Society occupies leased premises until August 31, 2019. The future minimum lease payments are as follows:

2019	$ 35,385
2020	14,744
	$ 50,129

11. Financial instruments:

(a) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Society is exposed to credit risk with respect to its cash and cash equivalents, short-term investments, and accounts receivable. A substantial portion of the accounts receivable are with well-known and reliable funders and are subject to normal credit risk. Cash and cash equivalents, restricted cash and short-term investments are deposited with Canadian commercial banks.

11. Financial instruments (continued):

(b) Liquidity risk:

Liquidity risk is the risk that the Society will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Society manages its liquidity risk by monitoring its operating requirements. The Society prepares budgets and cash forecasts to ensure it has sufficient funds to fulfill its obligations.

(c) Interest rate risk:

Interest rate risk is the risk that the fair value of the financial instruments or future cash flows associated with the instruments will fluctuate due to changes in market rates. The Society is exposed to interest rate risk on its loans and its short-term investments.

The Society is not exposed to significant foreign currency risk. There has been no change to the risk exposures from 2017.