

Gateway Association for Community Living
Financial Statements
Year Ended December 31, 2014

Gateway Association for Community Living
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Year Ended December 31, 2014

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Independent Auditor's Report

To the Members of Gateway Association for Community Living

Report on the Financial Statements

We have audited the accompanying financial statements of Gateway Association for Community Living, which comprise the statement of financial position as at December 31, 2014 and the statements of operations, changes in 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, the association derives revenue from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the association and we were not able to determine whether any adjustments might be necessary to contributions, the statement of operations, current assets and net assets.

Qualified 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 Gateway Association for Community Living as at December 31, 2014 and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Mowbrey Gil LLP

Edmonton, Alberta
April 14, 2015

CHARTERED ACCOUNTANTS

Gateway Association for Community Living

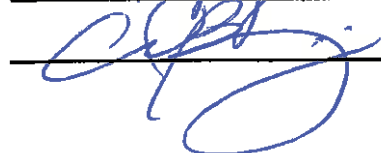
Statement of Financial Position

December 31, 2014

	2014	2013
Assets		
Current		
Cash (Note 3)	\$ 232,866	\$ 197,176
Accounts receivable	94,147	59,425
Prepaid expenses and deposits	14,115	8,528
	341,128	265,129
Furniture and equipment (Note 4)	26,204	7,898
	\$ 367,332	\$ 273,027
Liabilities and net assets		
Current		
Accounts payable and accrued liabilities (Note 5)	\$ 61,476	\$ 32,866
Deferred revenue (Note 6)	124,200	66,446
	185,676	99,312
Deferred contributions related to furniture and equipment (Note 7)	18,000	-
	203,676	99,312
Net assets		
Investment in capital assets	8,204	7,898
Unrestricted	155,452	165,817
	163,656	173,715
	\$ 367,332	\$ 273,027

ON BEHALF OF THE BOARD

 **LEONARD L. LORING** *PRESIDENT* Director

 Director



Gateway Association for Community Living

Statement of Operations

Year Ended December 31, 2014

	2014	2013
Revenues		
Government contracts	\$ 822,078	\$ 664,025
Grants and other	246,049	152,104
United Way	99,868	99,889
Casino revenue	30,114	12,139
Social role valorization donations	17,350	9,182
Donations and fundraising	8,346	22,883
Sub-lease revenue	7,635	12,665
Deferred contributions related to furniture and equipment (Note 7)	2,000	-
	1,233,440	972,887
Expenses		
Salaries and related benefits	931,136	740,947
Programs	120,311	63,445
Office and administration	80,641	52,705
Building occupancy	76,859	89,601
Promotion	11,859	7,275
Professional fees	8,010	7,900
Unrecoverable portion of goods and services tax	5,028	3,978
Bad debts	2,750	-
Bank charges	1,140	1,204
Amortization	5,765	6,333
	1,243,499	973,388
Deficiency of revenues over expenses for the year	\$ (10,059)	\$ (501)

Gateway Association for Community Living
Statement of Changes in Net Assets
Year Ended December 31, 2014

	Investment in Capital Assets	Unrestricted	2014	2013
Net assets - beginning of year	\$ 7,898	\$ 165,817	\$ 173,715	\$ 174,216
Deficiency of revenues over expenses for the year	(3,765)	(6,294)	(10,059)	(501)
Investment in equipment, net of disposals	4,071	(4,071)	-	-
Net assets - end of year	\$ 8,204	\$ 155,452	\$ 163,656	\$ 173,715

Gateway Association for Community Living

Statement of Cash Flows

Year Ended December 31, 2014

	2014	2013
Operating activities		
Deficiency of revenues over expenses for the year	\$ (10,059)	\$ (501)
Items not affecting cash:		
Amortization of furniture and equipment	5,765	6,333
Amortization of deferred contributions related to furniture and equipment	(2,000)	-
	(6,294)	5,832
Changes in non-cash working capital:		
Accounts receivable	(34,722)	13,019
Prepaid expenses and deposits	(5,587)	-
Accounts payable and accrued liabilities	28,610	420
Deferred revenue	57,754	(25,821)
	46,055	(12,382)
	39,761	(6,550)
Investing activity		
Purchase of furniture and equipment	(4,071)	(378)
Increase (decrease) in cash flow	35,690	(6,928)
Cash - beginning of year	197,176	204,104
Cash - end of year	\$ 232,866	\$ 197,176

Gateway Association for Community Living

Notes to Financial Statements

Year Ended December 31, 2014

1. Description of business

Gateway Association for Community Living ("the Association") is a not-for-profit organization registered under the Societies Act of Alberta on February 6, 1975. The Association is committed to the principles of normalization and integration as related to improving the quality of life for individuals with a developmental disability and their families. The Association received 53% (2013 - 68%) of its revenue in the form of an operating grant from the Government of Alberta. The Association is a registered charity under the Income Tax Act and is exempt for income tax purposes.

2. Significant accounting policies

The financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations. The precise determination of many assets and liabilities is dependent on future events. As a result, the preparation of financial statements for a period involves the use of estimates and approximations which have been made using careful judgment. The significant estimates include the allowance for doubtful accounts and useful life of furniture and equipment. Actual results could differ from those estimates and approximations. The financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the accounting policies summarized as follows:

Cash

Cash consists of demand deposits held with a financial institution.

Furniture and equipment

Furniture and equipment are stated at cost less accumulated amortization. Furniture and equipment are amortized over their estimated useful lives at the following rates and methods:

Computer equipment	55%	declining balance method
Furniture and fixtures	20%	declining balance method

The Association regularly reviews its furniture and equipment to eliminate obsolete items.

Revenue recognition

The Association follows the deferral method of accounting for contributions.

Unrestricted contribution revenue is recorded as revenue when it is received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. The following revenue streams are unrestricted contributions: Grants and other revenue, United Way, Donations and fundraising, and Sub-lease revenue.

Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. The following revenue streams are restricted contributions: Government contracts, Casino revenue, and Social role valorization donations.

Investment income earned on the various fund resources is recognized as revenue when earned.

(continues)

Gateway Association for Community Living

Notes to Financial Statements

Year Ended December 31, 2014

2. Significant accounting policies (continued)

Financial instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

Contributed goods and services

Some of the work of the Association is dependent on the voluntary services of members and others. Since their services are not purchased by the Association and due to the difficulty in determining their fair value, donated services are not recognized in the financial statements.

Contributed goods are recorded at their fair market value at the time of the donation, as long as the goods would otherwise have been purchased by the Association in the normal course of operations.

3. Cash

	2014	2013
Cash	\$ 108,666	\$ 130,730
Deferred cash	124,200	66,446
	\$ 232,866	\$ 197,176

4. Furniture and equipment

	Cost	Accumulated amortization	2014 Net book value	2013 Net book value
Computer equipment	\$ 21,119	\$ 18,281	\$ 2,838	\$ 4,532
Furniture and fixtures	28,446	5,080	23,366	3,366
	\$ 49,565	\$ 23,361	\$ 26,204	\$ 7,898

5. Accounts payable and accrued liabilities

	2014	2013
Accounts payable and accrued liabilities	\$ 27,356	\$ 12,088
Source deductions	34,120	20,778
	\$ 61,476	\$ 32,866

Gateway Association for Community Living

Notes to Financial Statements

Year Ended December 31, 2014

6. Deferred revenue

The Association receives the majority of its funding by way of grants and restricted donations. The externally restricted cash is to be used for such purposes as indicated in accordance with the funder or donor's specifications or regulations. The externally restricted contributions have been presented as a current liability under deferred revenue on the statement of financial position. This funding is deferred and recognized in conjunction with the related expense. The balance at year end consists of the following:

	2014	2013
Casino revenue - externally restricted	\$ 53,998	\$ 5,128
Disability Innovations - externally restricted	34,859	-
Social role valorization programs - externally restricted	4,251	20,818
Ministry of Human Services	20,000	18,000
40th Anniversary - Gala tickets	8,092	-
Self Advocacy Federation - payroll services	3,000	-
Youth grant	-	22,500
	\$ 124,200	\$ 66,446

Casino revenue is to be used in accordance with the rules and regulations of the Alberta Gaming and Liquor Commission to cover rent and administrative expenses of the Association.

Disability Innovations is to be used to provide individualized services and support to the specific individuals who are designated the grant funding.

Social role valorization programs is restricted by the individual donors to fund social role valorization programs.

7. Deferred contributions related to furniture and equipment

Deferred contributions related to furniture and equipment represent an amount of donated furniture and equipment. The contribution is amortized to revenue over the life of the donated asset. The change in the deferred contributions balance for the year is as follows:

	2014	2013
Balance, beginning of the year	\$ -	\$ -
Addition	20,000	-
Less: amount amortized to revenue	(2,000)	-
	\$ 18,000	\$ -

Gateway Association for Community Living

Notes to Financial Statements

Year Ended December 31, 2014

8. Contractual obligations

The Association has the following obligation for their premises lease expiring March 31, 2018:

2015	\$ 98,984
2016	101,247
2017	103,509
2018	26,019
	<hr/>
	\$ 329,759

9. Comparative figures

Some of the comparative figures have been reclassified to conform to the presentation adopted in the current year. The reclassification of certain balances has no impact on net assets or the statement of operations.

10. Financial instruments

Financial instruments are defined as contractual rights to receive or deliver cash or another financial asset. The Association's financial instruments consist of recorded amounts of cash, accounts receivable and accounts payable and accrued liabilities.

The Association is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Association's risk exposure and concentration as of December 31, 2014.

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Association is exposed to credit risk from donors and government contributors. The Association is exposed to concentration of credit risk to the extent that amounts owing from one contributor comprised 92% (2013 - 94%) of the accounts receivable at year end. Subsequent to year end the Association has collected all outstanding amounts.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Association is exposed to this risk mainly in respect of its receipt of funds from its contributors and donors, and accounts payable.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency rate risk, interest rate risk and other price risk. The Association is not exposed to market risk.