

Gateway Association for Community Living
Financial Statements
Year Ended December 31, 2015



Gateway Association for Community Living
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Year Ended December 31, 2015

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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, 2015 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 not-for-profit 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. Therefore, we were not able to determine whether any adjustments might be necessary to revenues, the statement of operations, 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 the Association as at December 31, 2015 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.



Edmonton, Alberta
March 20, 2016

CHARTERED PROFESSIONAL ACCOUNTANTS


Gateway Association for Community Living


Statement of Financial Position

December 31, 2015

	2015	2014
Assets		
Current		
Cash (Note 3)	\$ 217,889	\$ 232,866
Accounts receivable	114,160	94,147
Prepaid expenses and deposits	10,601	14,115
	342,650	341,128
Furniture and equipment (Note 4)	22,547	26,204
	\$ 365,197	\$ 367,332
Liabilities and net assets		
Current		
Accounts payable and accrued liabilities (Note 5)	\$ 40,992	\$ 61,476
Deferred revenue (Note 6)	108,362	124,200
	149,354	185,676
Deferred contributions related to furniture and equipment (Note 7)	14,400	18,000
	163,754	203,676
Net assets		
Investment in capital assets	8,147	8,204
Unrestricted	193,296	155,452
	201,443	163,656
	\$ 365,197	\$ 367,332

ON BEHALF OF THE BOARD


 _____ Director


 _____ Director



Gateway Association for Community Living
Statement of Operations
For the Year Ended December 31, 2015

	2015	2014
Revenues		
Government contracts	\$ 929,847	\$ 822,078
Grants and other	272,699	246,049
United Way	103,477	99,868
Donations and fundraising	56,086	8,346
Casino revenue	51,949	30,114
Sub-lease revenue	10,420	7,635
Deferred contributions related to furniture and equipment (Note 7)	3,600	2,000
Social role valorization donations	1,250	17,350
	<u>1,429,328</u>	<u>1,233,440</u>
Expenses		
Salaries and related benefits	1,041,970	931,136
Programs	119,763	120,311
Building occupancy	79,322	76,859
Office and administration	72,828	80,641
Promotion	54,044	11,859
Professional fees	10,000	8,010
Unrecoverable portion of goods and services tax	5,719	5,028
Bank charges	1,375	1,140
Bad debts	-	2,750
Amortization	6,520	5,765
	<u>1,391,541</u>	<u>1,243,499</u>
Excess (deficiency) of revenues over expenses for the year	\$ 37,787	\$ (10,059)

Gateway Association for Community Living
Statement of Changes in Net Assets
Year Ended December 31, 2015

	Investment in Capital Assets	Unrestricted	2015	2014
Net assets - beginning of year	\$ 8,204	\$ 155,452	\$ 163,656	\$ 173,715
Excess (deficiency) of revenues over expenses for the year	(2,920)	40,707	37,787	(10,059)
Investment in equipment, net of disposals	2,863	(2,863)	-	-
Net assets - end of year	\$ 8,147	\$ 193,296	\$ 201,443	\$ 163,656



Gateway Association for Community Living

Statement of Cash Flows

Year Ended December 31, 2015

	2015	2014
Operating activities		
Excess (deficiency) of revenues over expenses for the year	\$ 37,787	\$ (10,059)
Items not affecting cash:		
Amortization of furniture and equipment	6,520	5,765
Amortization of deferred contributions related to furniture and equipment	<u>(3,600)</u>	<u>(2,000)</u>
	<u>40,707</u>	<u>(6,294)</u>
Changes in non-cash working capital:		
Accounts receivable	(20,013)	(34,722)
Prepaid expenses and deposits	3,514	(5,587)
Accounts payable and accrued liabilities	(20,484)	28,610
Deferred revenue	<u>(15,838)</u>	<u>57,754</u>
	<u>(52,821)</u>	<u>46,055</u>
	<u>(12,114)</u>	<u>39,761</u>
Investing activity		
Purchase of furniture and equipment	<u>(2,863)</u>	<u>(4,071)</u>
Increase (decrease) in cash flow	(14,977)	35,690
Cash - beginning of year	<u>232,866</u>	<u>197,176</u>
Cash - end of year	<u>\$ 217,889</u>	<u>\$ 232,866</u>



Gateway Association for Community Living

Notes to Financial Statements

Year Ended December 31, 2015

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 50% (2014 - 53%) 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 is stated at cost less accumulated amortization. Furniture and equipment is amortized over its estimated useful life at the following rates and methods:

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

The 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.

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Gateway Association for Community Living

Notes to Financial Statements

Year Ended December 31, 2015

2. Significant accounting policies (continued)

Impairment of long lived assets

The Association tests for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Recoverability is assessed by comparing the carrying amount to the projected future net cash flows the long-lived assets are expected to generate through their direct use and eventual disposition. When a test for impairment indicates that the carrying amount of an asset is not recoverable, an impairment loss is recognized to the extent the carrying value exceeds its fair value.

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.

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in net income. 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.

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

	<u>2015</u>	<u>2014</u>
Cash	\$ 109,527	\$ 108,666
Deferred cash	<u>108,362</u>	<u>124,200</u>
	<u>\$ 217,889</u>	<u>\$ 232,866</u>



Gateway Association for Community Living

Notes to Financial Statements

Year Ended December 31, 2015

4. Furniture and equipment

	Cost	Accumulated amortization	2015 Net book value	2014 Net book value
Furniture and fixtures	\$ 31,310	\$ 10,040	\$ 21,270	\$ 23,366
Computer equipment	21,119	19,842	1,277	2,838
	\$ 52,429	\$ 29,882	\$ 22,547	\$ 26,204

5. Accounts payable and accrued liabilities

	2015	2014
Accounts payable and accrued liabilities	\$ 11,292	\$ 27,356
Source deductions payable	29,700	34,120
	\$ 40,992	\$ 61,476

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:

	2015	2014
Casino revenue - externally restricted	\$ 85,861	\$ 53,998
Social role valorization programs - externally restricted	4,001	4,251
Disability Innovations - externally restricted	-	34,859
Telus Fund	15,000	-
Self Advocacy Federation - payroll services	3,000	3,000
Raiford Lawson - lease deposit	500	-
Ministry of Human Services	-	20,000
40th Anniversary - Gala tickets	-	8,092
	\$ 108,362	\$ 124,200

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.

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



Gateway Association for Community Living

Notes to Financial Statements

Year Ended December 31, 2015

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:

	2015	2014
Balance, beginning of the year	\$ 18,000	\$ -
Addition	-	20,000
Less: amount amortized to revenue	(3,600)	(2,000)
Balance, end of the year	<u>\$ 14,400</u>	<u>\$ 18,000</u>

8. Contractual obligations

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

2016	\$ 101,247
2017	103,509
2018	<u>26,019</u>
	<u>\$ 230,775</u>

Actual payments made will be less as the Association receives a property tax exemption on their premise lease payments. The property tax exemption cannot be estimated and was excluded from the above contractual obligation.

9. 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, 2015.

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 two contributors comprised 94% (2014 - one contributor comprised 92%) of the accounts receivable at year end. Subsequent to year end the Association has collected all outstanding amounts.

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Gateway Association for Community Living

Notes to Financial Statements

Year Ended December 31, 2015

9. Financial instruments *(continued)*

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 and accrued liabilities.

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.

