

Volunteer Alberta
Financial Statements
December 31, 2020

Volunteer Alberta Contents

For the year ended December 31, 2020

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To the Members of Volunteer Alberta (The Association of Volunteer Centres and Volunteer Engaging Organizations of Alberta):

Qualified Opinion

We have audited the financial statements of Volunteer Alberta (the "Association"), which comprise the statement of financial position as at December 31, 2020, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Association as at December 31, 2020, 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 Qualified Opinion

In common with many not-for-profit organizations, the Association 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 Association. Therefore, we were not able to determine whether any adjustments might be necessary to contributions, excess (deficiency) of revenues over expenses, and cash flows from operations for the year ended December 31, 2020, current assets as at December 31, 2020, and net assets as at January 1, 2020 and December 31, 2020. The predecessor accountant's review engagement conclusion on the financial statements for the year ended December 31, 2019 was modified 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Association 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 qualified opinion.

Other Matter

The financial statements of the Association for the year ended December 31, 2019 were reviewed by another firm of Chartered Professional Accountants who expressed a qualified conclusion on those statements on May 3, 2020 for the reasons described in the Basis for Qualified Opinion paragraph.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 Association'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 Association or to cease operations, or has no realistic alternative but to do so.

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

Auditor's 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 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 Association'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 Association'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 Association 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.

Edmonton, Alberta

May 19, 2021

MNP LLP
Chartered Professional Accountants

Volunteer Alberta
Statement of Financial Position
As at December 31, 2020

	2020	2019 <i>(Unaudited)</i>
Assets		
Current		
Cash (Note 3)	522,931	580,698
Restricted cash (Note 3)	52,860	52,860
Accounts receivable	3,750	3,640
Interest receivable	833	4,294
Goods and services tax recoverable	3,252	4,220
Prepaid expenses	16,949	18,877
	600,575	664,589
Capital assets (Note 4)	10,923	7,293
	611,498	671,882
Liabilities		
Current		
Accounts payable and accrued liabilities	41,650	42,598
Deferred contributions (Note 5)	434,666	498,834
	476,316	541,432
Deferred contributions related to capital assets (Note 6)	618	773
	476,934	542,205
Contractual obligations (Note 8)		
Significant event (Note 10)		
Net Assets		
Unrestricted	74,259	73,157
Internally restricted (Note 7)	50,000	50,000
Invested in capital assets	10,305	6,520
	134,564	129,677
	611,498	671,882

Approved on behalf of the Board

signed by "Morgan Bamford"

Director

signed by "Sian Anderson"

Director

The accompanying notes are an integral part of these financial statements

Volunteer Alberta Statement of Operations

For the year ended December 31, 2020

	2020	2019 <i>(Unaudited)</i>
Revenue		
Contracts, grants and contributions <i>(Note 10)</i>	1,372,400	1,731,636
Memberships, workshops and donations	75,493	81,274
Interest	1,777	7,150
	1,449,670	1,820,060
Expenses		
Wages and benefits	870,701	937,486
Vulnerable sector check fee waiver	170,974	446,904
Contract services	81,487	97,706
Office rent	70,397	75,064
Capacity building networking	64,000	64,500
Computer	49,668	49,975
Education and development grants	30,000	30,000
Office and postage	29,227	25,401
Program travel	14,877	29,688
Professional fees	13,000	8,396
Utilities and telephone	12,603	10,385
Website	11,111	12,501
Marketing and communications	9,399	17,913
Staff expenses	4,431	20,763
Professional development	3,382	21,848
Insurance	3,008	3,039
Amortization	2,925	2,686
Bank charges	2,193	2,116
Volunteer recognition	566	672
Convening	352	32,136
Board expense	189	4,422
Venue rental	118	798
Donations	100	100
Events	75	3,464
	1,444,783	1,897,963
Excess (deficiency) of revenue over expenses	4,887	(77,903)

The accompanying notes are an integral part of these financial statements

Volunteer Alberta
Statement of Changes in Net Assets
For the year ended December 31, 2020

	<i>Invested in capital assets</i>	<i>Unrestricted</i>	<i>Internally restricted</i>	2020	<i>2019</i> <i>(Unaudited)</i>
Net assets, beginning of year	6,520	73,157	50,000	129,677	207,580
Excess (deficiency) of revenue over expenses	(2,770)	7,657	-	4,887	(77,903)
Interfund transfers	6,555	(6,555)	-	-	-
Net assets, end of year	10,305	74,259	50,000	134,564	129,677

The accompanying notes are an integral part of these financial statements

Volunteer Alberta
Statement of Cash Flows
For the year ended December 31, 2020

	2020	2019 <i>(Unaudited)</i>
Cash provided by (used for) the following activities		
Operating		
Cash receipts from contracts, grants and memberships	1,168,458	1,744,362
Cash paid for program service expenses	(1,224,908)	(1,864,808)
Interest received	5,238	4,570
	(51,212)	(115,876)
Investing		
Purchase of capital assets	(6,555)	-
	(6,555)	-
Decrease in cash	(57,767)	(115,876)
Cash, beginning of year	580,698	696,574
Cash, end of year	522,931	580,698

The accompanying notes are an integral part of these financial statements

1. Incorporation and nature of the organization

Volunteer Alberta (The Association of Volunteer Centres and Volunteer Engaging Organizations of Alberta) (the "Association") was incorporated under the authority of the Societies Act of the Province of Alberta and is registered as a charitable organization and thus is exempt from income taxes under section 149(1)(f) of the Income Tax Act ("the Act").

The Association's purpose is to strengthen Alberta's nonprofit and voluntary sector organizations through knowledge and strategic connections.

2. Significant accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations set out in Part III of the CPA Canada Handbook - Accounting, as issued by the Accounting Standards Board in Canada, which are part of Canadian generally accepted accounting principles, and include the following significant accounting policies:

Net assets

Unrestricted net assets account for the Association's program delivery and administrative activities.

Internally restricted net assets were established by the Board of Directors in the event strategic funding is required.

Net assets invested in capital assets reports the assets, liabilities, revenues and expenses related to the Association's capital assets.

Revenue recognition

The Association 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.

Revenues from direct program contributions are recognized when received, or when receivable if the amount can be reasonably estimated and collection is reasonably assured.

Revenues for the provision of goods or services are recognized in the period in which the goods are provided or the services are substantially rendered and collection is reasonably assured.

Revenues from memberships are recognized when the related membership services are provided. Membership fees received in advance are deferred and recognized as revenue in the fiscal period to which they relate.

Revenues received from donations and contributions-in-kind are recorded at fair value when such value can be reasonably determined. Revenues from interest are recognized when they are earned.

Contributed materials and services

Contributions of materials and services are recognized both as contributions and expenses in the statement of operations when a fair value can be reasonably estimated and when the materials and services are used in the normal course of the Association's operations and would otherwise have been purchased.

Volunteers contribute a significant amount of time each year to assist the Association in carrying out its programs and services. However, contributed services are not reflected in these financial statements because their fair value cannot be reasonably determined.

Deferred contributions related to capital assets

Deferred contributions related to capital assets represent the unamortized portion of contributed capital assets and restricted contributions that were used to purchase some of the Association's equipment. Recognition of these amounts as revenue is deferred to periods when the related capital assets are amortized.

Cash

Cash and cash equivalents include balances with banks and short-term investments with maturities of three months or less. Cash subject to restrictions that prevent its use for current purposes is included in restricted cash.

2. **Significant accounting policies** *(Continued from previous page)*

Capital assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution plus all costs directly attributable to the acquisition.

Capital assets are amortized over its estimated useful life at the following rates and methods:

	Method	Rate
Computer equipment	declining balance	30 %
Office equipment	declining balance	20 %

Long-lived assets

Long-lived assets consist of capital assets. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies.

The Association writes down long-lived assets held for use when conditions indicate that the asset no longer contributes to the Association's ability to provide goods and services. An asset is also written-down when the value of future economic benefits or service potential associated with the asset is less than its net carrying amount. When the Association determines that a long-lived asset is impaired, its carrying amount is written down to the asset's fair value.

Income taxes

The Association is registered as a charitable organization under the Income Tax Act (the "Act") and as such is exempt from income taxes and is able to issue donation receipts for income tax purposes. In order to maintain its status as a registered charity under the Act, the Association must meet certain requirements within the Act. In the opinion of management, these requirements have been met.

Financial instruments

All financial instruments are initially recorded at their fair value, including financial assets and liabilities originated and issued in a related party transaction with management. Financial assets and liabilities originated and issued in all other related party transactions are initially measured at their carrying or exchange amount in accordance with Section 3840 *Related Party Transactions*.

At initial recognition, the Association may irrevocably elect to subsequently measure any financial instrument at fair value. The Association has not made such an election during the year.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in the excess (deficiency) of revenues over expenses for the current period. Transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

The Association assesses impairment of all of its financial assets measured at cost or amortized cost when there is an indication of impairment. Any impairment, which is not considered temporary, is included in current year excess (deficiency) of revenues over expenses.

Measurement uncertainty (use of estimates)

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of capital assets.

By their nature, these judgments are subject to measurement uncertainty, and the effect on the financial statements of changes in such estimates and assumptions in future years could be significant. These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in excess (deficiency) of revenues over expenses in the year in which they become known.

Volunteer Alberta
Notes to the Financial Statements
For the year ended December 31, 2020

3. Cash

	2020	2019 <i>(Unaudited)</i>
Cash	457,155	214,057
Guaranteed investment certificates	65,776	366,641
	522,931	580,698

Due to their cashable nature, the certificates have been classified as short-term investments that are equivalent to cash. One (2019 - five) cashable one year guaranteed investment certificate(s) bears interest at a rate of 1.25% (2019 - 1.25%) with a maturity date within the next fiscal year. Restricted cash is comprised of \$52,860 (2019 - \$52,860) of short-term investments that have been internally restricted by the Board of Directors.

4. Capital assets

	2020	2019 <i>(Unaudited)</i>
	<i>Cost</i>	<i>Accumulated amortization</i>
	<i>Net book value</i>	<i>Net book value</i>
Computer equipment	41,618	32,664
Office equipment	22,078	20,109
	63,696	52,773
	10,923	7,293

5. Deferred contributions

Deferred contributions consist of membership fees and unspent contributions externally restricted by donors and sponsors. Recognition of these amounts as revenue is deferred to periods when the specified expenditures are made or services are rendered. Changes in the deferred contribution balance are as follows:

	2020	2019 <i>(Unaudited)</i>
Balance, beginning of year	498,834	562,907
Amount received during the year	1,065,033	1,685,372
Less: Amount recognized as revenue during the year	(1,129,201)	(1,749,445)
	434,666	498,834

6. Deferred contributions related to capital assets

In 2009, the Association received a donation of equipment valued at \$10,000. Deferred capital contributions are amortized into revenue to match the amortization of the related equipment.

	2020	2019 <i>(Unaudited)</i>
ICCAN gift	10,000	10,000
Less: amortization of deferred capital contributions	(9,382)	(9,227)
	618	773

7. Internally restricted net assets

The Board of Directors for the Association has internally restricted \$50,000 (2019 - \$50,000) of its net assets in the event strategic funding is required.

8. Contractual obligations

The Association's lease for its office premises, with an initial term expiring in January, 2025, was renegotiated subsequent to year-end for a term of five years expiring March 2026 with annual base rent obligations of:

2021	19,136
2022	19,136
2023	19,136
2024	19,136
2025	19,136
2026	4,784
	100,464

9. Financial instruments

The Association, as part of its operations, carries a number of financial instruments. It is management's opinion that the Association is not exposed to significant interest, currency, credit, liquidity or other price risks arising from these financial instruments except as otherwise disclosed.

Credit risk

Financial instruments that potentially subject the Association to concentrations of credit risk consist primarily of accounts receivable. As at December 31, 2020, one contributor accounted for 85% of the accounts receivable (2019 - one contributors accounted for 78%). The Association believes that there is no unusual exposure associated with the collection of these receivables. The Association performs regular credit assessments of its contributors and provides allowances for potentially uncollectible accounts receivable.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk. In seeking to minimize the risks from interest rate fluctuations, the Association manages exposure through maintaining interest based investments until maturity.

10. Significant event

During the year, there was a global outbreak of COVID-19 (coronavirus), which has had a significant impact on businesses through the restrictions put in place by Canadian federal, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders.

At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Association as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus.

The Association adapted existing programming to stay relevant during COVID-19. The Association continued to meet all contractual obligations while operations shifted completely online. Staff worked remotely and connected virtually while remaining safe at home. Volunteer Alberta successfully hosted online board meetings and its first virtual AGM in June of 2020.

During the year, the Association applied for the Canada Emergency Wage Subsidy ("CEWS"). Under CEWS programs, organizations experiencing significant revenue reductions during the COVID-19 pandemic are eligible to receive a subsidy or a portion of employee wages paid during those periods.

For the year ended December 31, 2020, the Association claimed subsidies under the CEWS program of \$215,970 of which \$nil remained in accounts receivable at year-end.

11. Comparative figures

Certain comparative figures have been reclassified to conform with current year presentation.