

Financial Statements of

**CHRISTMAS BUREAU
OF EDMONTON**

Year ended February 29, 2016

CHRISTMAS BUREAU OF EDMONTON

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Year ended February 29, 2016

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INDEPENDENT AUDITORS' REPORT

To the Members of Christmas Bureau of Edmonton

We have audited the accompanying financial statements of Christmas Bureau of Edmonton, which comprise the statement of financial position as at February 29, 2016, 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 in our audit is sufficient and appropriate to provide a basis for our qualified audit opinion.



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Basis for Qualified Opinion

In common with many not-for-profit organizations, Christmas Bureau of Edmonton 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 Christmas Bureau of Edmonton. Therefore, we were not able to determine whether, as at or for the year ended February 29, 2016, any adjustments might be necessary to donations, and excess of revenue over expenditures reported in the statement of operations, excess of revenue over expenditures reported in the statement of cash flows and current assets and unrestricted net assets reported in the statement of financial position.

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 Christmas Bureau of Edmonton as at February 29, 2016, 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

April 28, 2016

Edmonton, Canada

CHRISTMAS BUREAU OF EDMONTON

Balance Sheet

February 29, 2016, with comparative information for 2015

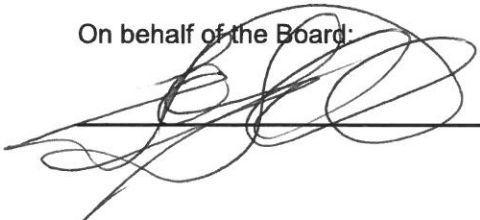
	2016	2015
Assets		
Current assets:		
Cash	\$ 891,082	\$ 659,241
Accounts receivable	1,896	208,272
Prepaid expenses and gift cards (note 2)	261,077	116,595
	<u>1,154,055</u>	<u>984,108</u>
Investments (note 3)	1,348,421	1,358,413
Advances for tenant improvements (note 4)	325,000	325,000
Capital assets (note 5)	61,914	76,065
	<u>\$ 2,889,390</u>	<u>\$ 2,743,586</u>

Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities	\$ 22,551	\$ 26,160
Deferred revenue (note 6)	855,903	638,972
Current portion of obligation under capital leases (note 7)	2,280	2,280
	<u>880,734</u>	<u>667,412</u>
Obligations under capital leases (note 7)	2,850	5,128
Unamortized deferred capital contributions (note 8)	51,000	59,500
Net assets:		
Invested in capital assets (note 9)	5,786	9,157
Unrestricted	1,949,020	2,002,389
	<u>1,954,806</u>	<u>2,011,546</u>
	<u>\$ 2,889,390</u>	<u>\$ 2,743,586</u>

See accompanying notes to financial statements.

On behalf of the Board:



Director



Director

CHRISTMAS BUREAU OF EDMONTON

Statement of Operations

Year ended February 29, 2016, with comparative information for 2015

	2016	2015
Revenue:		
Donations	\$ 1,560,396	\$ 1,517,736
Grant revenue	85,900	24,176
Investment income (note 10)	3,066	72,470
Amortization of deferred capital contributions (note 8)	8,500	8,500
	<u>1,657,862</u>	<u>1,622,882</u>
Expenditures:		
Food gift card program	1,020,693	1,021,445
Salaries and benefits	353,755	328,057
Hamper program	126,856	128,115
Advertising and promotion	65,393	61,298
Office supplies and printing	59,612	51,674
Miscellaneous	30,434	29,856
Amortization of capital assets	14,453	15,049
Professional fees	14,029	13,892
Computer maintenance	12,929	12,056
Investment management fees	11,853	11,474
Insurance	4,595	5,017
Contributions to Community Festive Dinners	-	59,612
	<u>1,714,602</u>	<u>1,737,545</u>
Deficiency of revenue over expenditures before the undernoted	(56,740)	(114,663)
Adopt-A-Teen (note 11)	-	-
Deficiency of revenue over expenditures	<u>\$ (56,740)</u>	<u>\$ (114,663)</u>

See accompanying notes to financial statements.

CHRISTMAS BUREAU OF EDMONTON

Statement of Changes in Net Assets

Year ended February 29, 2016, with comparative information for 2015

	Invested in capital assets	Unrestricted	Total 2016	Total 2015
Balance, beginning of year	\$ 9,157	\$ 2,002,389	\$ 2,011,546	\$ 2,126,209
Deficiency of revenue over expenditures	(5,951)	(50,789)	(56,740)	(114,663)
Net change in invested in capital assets (note 9)	2,580	(2,580)	-	-
Balance, end of year	\$ 5,786	\$ 1,949,020	\$ 1,954,806	\$ 2,011,546

See accompanying notes to financial statements.

CHRISTMAS BUREAU OF EDMONTON

Statement of Cash Flows

Year ended February 29, 2016, with comparative information for 2015

	2016	2015
Cash provided by (used in):		
Operations:		
Deficiency of revenue over expenditures	\$ (56,740)	\$ (114,663)
Items not involving cash:		
Amortization of capital assets	14,453	15,049
Amortization of deferred capital contributions	(8,500)	(8,500)
Unrealized (gains) losses on investments	10,576	(8,300)
Change in non-cash operating working capital:		
Decrease (increase) in accounts receivable	206,376	(183,756)
Increase in prepaid expenses and gift cards	(144,482)	(105,979)
Decrease in accounts payable and accrued liabilities	(3,609)	(4,284)
Increase in deferred revenue	216,931	210,236
	<u>235,005</u>	<u>(200,197)</u>
Financing:		
Repayment of obligations under capital leases	(2,278)	(2,280)
Investing:		
Purchase of investments	(851,822)	(715,406)
Sale of investments	851,238	665,446
Purchase of capital assets	(302)	-
	<u>(886)</u>	<u>(49,960)</u>
Increase (decrease) in cash	231,841	(252,437)
Cash, beginning of year	659,241	911,678
Cash, end of year	<u>\$ 891,082</u>	<u>\$ 659,241</u>

See accompanying notes to financial statements.

CHRISTMAS BUREAU OF EDMONTON

Notes to Financial Statements

Year ended February 29, 2016

Christmas Bureau of Edmonton (the "Bureau") is incorporated under the Societies Act of Alberta. Its purpose is to provide Christmas food hampers to needy individuals and families of Edmonton and area. The Bureau is a registered charity under the Income Tax Act and therefore is exempt from paying tax.

1. Significant accounting policies:

(a) Basis of presentation:

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

(b) Revenue recognition:

The Bureau follows the deferral method of accounting for contributions. Externally 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. Contributions of capital assets and contributions restricted for the purchase of capital assets are deferred and amortized into revenue at a rate corresponding with the amortization rate for the related capital assets.

Restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Unrestricted investment income is recognized as revenue when earned.

(c) 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 Bureau has elected to carry all its investments 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.

CHRISTMAS BUREAU OF EDMONTON

Notes to Financial Statements (continued)

Year ended February 29, 2016

1. Significant accounting policies (continued):

(c) 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 Bureau determines if there is 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 Bureau 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.

(d) Capital assets:

Capital assets are recorded at cost. Amortization is provided using the straight-line method over the assets' estimated useful lives or the term of the lease, whichever is greater.

(e) Volunteer services:

Volunteers contribute a significant amount of time each year to assist the Bureau in carrying out its programs and services. Contributed services of volunteers and donated materials are not recognized in these financial statements as their fair values cannot be reasonably determined.

(f) Use of estimates:

The preparation of financial statements 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 revenue and expenditures during the reporting period. Actual results could differ from those estimates.

CHRISTMAS BUREAU OF EDMONTON

Notes to Financial Statements (continued)

Year ended February 29, 2016

2. Prepaid expenses and gift cards:

	2016	2015
Sobeys gift cards	\$ 185,000	\$ 109,000
Walmart gift cards (Adopt-A-Teen)	64,500	-
Other prepaid expenses	11,577	7,595
	<u>\$ 261,077</u>	<u>\$ 116,595</u>

3. Investments:

	2016	2015
Money market fund	\$ 53,381	\$ 1,245
Fixed-term investments		
Government and government guaranteed bonds	525,992	679,852
Corporate bonds	744,560	653,757
Servus Credit Union Ltd., shares	16,011	15,434
Accrued investment income	8,477	8,125
	<u>\$ 1,348,421</u>	<u>\$ 1,358,413</u>

Fixed-term investments represent investments in government and government guaranteed, and corporate bonds. Government and government guaranteed bonds mature through 2020 (2015 - 2020) and bear interest rates from 1.70% to 3.35% (2015 - 1.90% to 4.70%). Corporate bonds mature through 2022 (2015 - 2022) and bear interest rates from 2.019% to 4.65% (2015 - 2.98% to 4.65%).

4. Advances for tenant improvements:

The Bureau advanced \$325,000 (2015 - \$325,000) to the Jerry Forbes Center (the "Center"), which is a proposed facility for not-for-profit organizations to operate from. The Center will provide the Bureau with a long term lease with completed leaseholds.

CHRISTMAS BUREAU OF EDMONTON

Notes to Financial Statements (continued)

Year ended February 29, 2016

5. Capital assets:

			2016	2015
	Cost	Accumulated amortization	Net book value	Net book value
Furniture and fixtures	\$ 29,727	\$ 29,727	\$ -	\$ -
Computers	53,597	50,242	3,355	6,226
Computer software	14,211	14,211	-	-
Assets under capital lease	28,342	23,783	4,559	6,839
Client program system	90,000	36,000	54,000	63,000
	\$ 215,877	\$ 153,963	\$ 61,914	\$ 76,065

6. Deferred revenue:

	Adopt-A-Teen	Gift cards	Total 2016	Total 2015
Balance, beginning of year	\$ 536,972	\$ 102,000	\$ 638,972	\$ 428,736
Contributions received	480,926	185,000	665,926	593,336
Investment income	1,329	-	1,329	1,838
Revenue recognized for qualifying expenditures	(348,324)	(102,000)	(450,324)	(384,938)
Deferred revenue, end of year	\$ 670,903	\$ 185,000	\$ 855,903	\$ 638,972

CHRISTMAS BUREAU OF EDMONTON

Notes to Financial Statements (continued)

Year ended February 29, 2016

7. Obligations under capital lease:

	2016	2015
2016	\$ -	\$ 2,280
2017	2,280	2,280
2018	2,280	2,280
2019	570	568
Total minimum lease payments	5,130	7,408
Current portion of obligations under capital lease	2,280	2,280
	\$ 2,850	\$ 5,128

These leases bear interest at fixed rates such that cash flows are not affected by changes in interest rates.

8. Unamortized deferred capital contributions:

Changes in unamortized deferred capital contributions are as follows:

	2016	2015
Balance, beginning of year	\$ 59,500	\$ 68,000
Less amounts recognized as revenue in the year	8,500	8,500
Balance, end of year	\$ 51,000	\$ 59,500

Unamortized deferred capital contributions represent amounts received by the Bureau for development of the client program system in fiscal 2013. This balance is amortized in accordance with the estimated useful life of the client program system.

CHRISTMAS BUREAU OF EDMONTON

Notes to Financial Statements (continued)

Year ended February 29, 2016

9. Invested in capital assets:

(a) Invested in capital assets is calculated as follows:

	2016	2015
Capital assets	\$ 61,914	\$ 76,065
Amounts financed by:		
Unamortized deferred capital contributions	(51,000)	(59,500)
Capital leases	(5,128)	(7,408)
	\$ 5,786	\$ 9,157

(b) Net investment in capital assets is calculated as follows:

	2016	2015
Deficiency of revenue over expenditures:		
Amortization of deferred capital contributions	\$ 8,500	\$ 8,500
Amortization of capital assets	(14,453)	(15,049)
	\$ (5,953)	\$ (6,549)
Net investment in capital assets:		
Purchase of capital assets	\$ 302	\$ -
Repayment of obligations under capital leases	2,278	2,280
	\$ 2,580	\$ 2,280

CHRISTMAS BUREAU OF EDMONTON

Notes to Financial Statements (continued)

Year ended February 29, 2016

10. Investment income:

	2016	2015
Interest	\$ 42,830	\$ 49,308
Realized gains (losses) on sale of investments	(29,188)	14,862
Unrealized gains (losses) on investments	(10,576)	8,300
	\$ 3,066	\$ 72,470

11. Adopt-A-Teen:

	2016	2015
Revenue recognized for qualifying expenditures	\$ 348,323	\$ 377,761
Qualifying expenditures:		
Gift cards	306,750	350,000
Miscellaneous	41,573	27,761
	348,323	377,761
	\$ -	\$ -

12. Risk management:

The Bureau has a risk management framework to monitor, evaluate and manage the principal risks assumed with financial instruments, including a formal investment policy. The risks that arise from transacting financial instruments include credit risk, liquidity risk and price risk.

(a) Liquidity risk:

Liquidity risk is the risk that the Bureau will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Bureau manages its liquidity risk by monitoring its operating requirements. The Bureau prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations. There has been no change to the risk exposures from 2015.

CHRISTMAS BUREAU OF EDMONTON

Notes to Financial Statements (continued)

Year ended February 29, 2016

12. Risk management (continued):

(b) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Bureau is exposed to credit risk with respect to the accounts receivable. The Bureau assesses, on a continuous basis, accounts receivable and provides for any amounts that are not collectible in the allowance for doubtful accounts.

(c) Interest rate risk:

The Bureau is exposed to interest rate risk on its fixed interest rate financial instruments. Further details about the fixed rate investments are included in note 2.

13. Comparative information:

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year earnings.