

Financial statements of

**THE UNLOCKING POTENTIAL  
FOUNDATION OF  
CALGARY AND AREA**

Year ended December 31, 2018



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### ***Independent Auditor' Report***

To the Board of Directors of The Unlocking Potential Foundation of Calgary and Area

#### ***Opinion***

We have audited the accompanying financial statements of The Unlocking Potential Foundation of Calgary and Area (the Entity), which comprise:

- the statement of financial position as at December 31, 2018,
- the statement of operations for the year then ended
- the statement of changes in fund balances for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including significant accounting policies (Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements, present fairly, in all material respects, the financial position as at December 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.

#### ***Basis for Opinion***

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "**Auditors' Responsibilities for the Audit of the Financial Statements**" section of our auditors' report.



We are independent of the Entity 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 opinion.

***Other Matter - Comparative Information***

The financial statements of the Entity as at and for the year ended December 31, 2017 were audited by another auditor who expressed an unmodified opinion on those financial statements on February 26, 2018.

***Responsibilities of Management and Those Charged with Governance 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.

In preparing the financial statements, management is responsible for assessing the Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

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

***Auditors' 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 auditors' 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 the 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 Entity'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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Entity 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.
- 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.

KPMG LLP

Chartered Professional Accountants

Calgary, Canada  
March 19, 2019

## THE UNLOCKING POTENTIAL FOUNDATION OF CALGARY AND AREA

### Statement of Financial Position

December 31, 2018, with comparative information for 2017

	Externally Restricted Funds						Total 2018	Total 2017
	General Fund	DG Campbell Fund	Coyes Family Fund	Nora Kehoe Fund	Scholarship Fund	Pat Campbell Fund		
<b>Assets</b>								
<b>Current assets:</b>								
Cash and cash equivalents	\$ 214,006	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 214,006	\$ 175,486
Restricted cash	1,296	38,576	62,926	44,060	6,540	165,370	318,768	327,910
Marketable securities (note 3)	81,851	398,860	-	-	-	-	480,711	497,512
Short term investments (note 3)	363,377	60,323	-	-	-	-	423,700	390,695
Accounts receivable	19,753	-	-	-	-	-	19,753	17,497
Goods and services tax receivable	207	-	-	-	-	-	207	-
Prepaid expenses	20,210	-	-	-	-	-	20,210	18,193
	700,700	497,759	62,926	44,060	6,540	165,370	1,477,355	1,427,342
Long term investments (note 3)	371,923	157,221	-	-	-	-	529,144	520,057
	\$ 1,072,623	\$ 654,980	\$ 62,926	\$ 44,060	\$ 6,540	\$ 165,370	\$ 2,006,499	\$ 1,947,399
<b>Liabilities and Fund Balances</b>								
<b>Current liabilities:</b>								
Accounts payable and accrued liabilities	\$ 88,145	\$ -	\$ 11,516	\$ -	\$ -	\$ -	\$ 99,661	\$ 77,829
Deferred contributions: Related to operations (note 4)	13,020	-	-	-	-	-	13,020	27,500
	101,165	-	11,516	-	-	-	112,681	105,329
<b>Fund balances:</b>								
Endowment fund	-	654,980	-	-	-	-	654,980	619,886
Externally restricted funds	-	-	51,410	44,060	6,540	165,370	267,380	304,400
Unrestricted funds	971,458	-	-	-	-	-	971,458	917,784
	971,458	654,980	51,410	44,060	6,540	165,370	1,893,818	1,842,070
	\$ 1,072,623	\$ 654,980	\$ 62,926	\$ 44,060	\$ 6,540	\$ 165,370	\$ 2,006,499	\$ 1,947,399

See accompanying notes to financial statements.

Approved on behalf of the Board:

 Director  
 Director

# THE UNLOCKING POTENTIAL FOUNDATION OF CALGARY AND AREA

## Statement of Operations

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

	General Fund			Externally Restricted Funds					Total 2018	Total 2017
	Fundraising Events	General Operations	Subtotal	DG Campbell Fund	Coyes Family Fund	Nora Kehoe Fund	Scholarship Fund	Pat Campbell Scholarship Fund		
<b>Revenue:</b>										
Donations (note 6)	\$ 131,319	\$344,174	\$ 475,493	\$ 1,200	\$ -	\$ 34,869	\$ 9,080	\$ -	\$ 520,642	\$ 545,394
Sponsorships	88,000	-	88,000	-	-	-	-	-	88,000	90,000
Ticket sales	100,400	80	100,480	-	-	-	-	-	100,480	59,500
Silent auction	35,628	-	35,628	-	-	-	-	-	35,628	38,381
Live auction	28,850	-	28,850	-	-	-	-	-	28,850	18,000
Balloon sales	8,420	-	8,420	-	-	-	-	-	8,420	8,380
Raffle sales	3,560	-	3,560	-	-	-	-	-	3,560	4,660
	396,177	344,254	740,431	1,200	-	34,869	9,080	-	785,580	764,315
<b>Expenses:</b>										
Funding to Catholic Family Services (note 7)	-	389,750	389,750	-	11,516	42,972	-	-	444,238	389,299
Functions – event contracts	91,791	-	91,791	-	-	-	-	-	91,791	84,156
Functions – event expenses	35,787	-	35,787	-	-	-	-	-	35,787	37,165
Donation expense	-	64,607	64,607	-	-	-	-	-	64,607	-
Scholarships	-	40,287	40,287	-	-	-	26,627	4,889	71,803	24,998
Professional fees	-	9,300	9,300	-	-	-	-	-	9,300	11,788
Office expenses	1,105	3,290	4,395	-	-	-	-	-	4,395	4,508
Contracted services	-	6,491	6,491	-	-	-	1,000	1,000	8,491	3,289
Payment method charges	3,758	2,568	6,326	-	-	-	17	-	6,343	3,848
Insurance	-	1,750	1,750	-	-	-	-	-	1,750	1,325
Advertising and promotion	1,845	-	1,845	-	-	-	-	-	1,845	2,084
	134,286	518,043	652,329	-	11,516	42,972	27,644	5,889	740,350	562,460
<b>Investment income</b>	-	16,749	16,749	7,608	-	-	-	-	24,357	20,785
Changes in fair value of investments	-	(13,028)	(13,028)	2,818	-	-	-	-	(10,210)	1,184
Gain on sale of shares	-	-	-	-	-	-	-	-	-	4,227
Commission and interest expenses	-	(1,683)	(1,683)	(5,946)	-	-	-	-	(7,629)	(7,644)
	-	2,038	2,038	4,480	-	-	-	-	6,518	18,522
<b>Excess (deficiency) of revenue over expenses</b>	\$ 261,891	\$(171,751)	\$ 90,140	\$ 5,680	\$ (11,516)	\$ (8,103)	\$ (18,564)	\$ (5,889)	\$ 51,748	\$ 220,407

See accompany notes to financial statements.

## THE UNLOCKING POTENTIAL FOUNDATION OF CALGARY AND AREA

### Statement of Changes in Fund Balances

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

	Externally Restricted Funds						Total 2018	Total 2017
	General Fund	DG Campbell Fund	Coyes Family Fund	Nora Kehoe Fund	Scholarship Fund	Pat Campbell Fund		
Balance, beginning of year	\$ 917,784	\$ 619,886	\$ 62,926	\$ 45,111	\$ 25,104	\$ 171,259	\$ 1,842,070	\$ 1,621,663
Excess (deficiency) of revenue over expense	90,140	5,680	(11,516)	(8,103)	(18,564)	(5,889)	51,748	220,407
Interfund transfer (note B)	(36,466)	29,414	-	7,052	-	-	-	-
<b>Balance, end of year</b>	<b>\$ 971,458</b>	<b>\$ 654,980</b>	<b>\$ 51,410</b>	<b>\$ 44,060</b>	<b>\$ 6,540</b>	<b>\$ 165,370</b>	<b>\$ 1,893,818</b>	<b>\$ 1,842,070</b>

See accompanying notes to financial statements.

**THE UNLOCKING POTENTIAL FOUNDATION OF CALGARY AND AREA**  
Statement of Cash Flows

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

	2018	2017
Cash provided by (used in):		
Operations:		
Cash receipts from donors and sponsors	\$ 737,109	\$ 755,884
Cash paid to suppliers and related entity	(688,958)	(496,754)
Investment income	6,518	18,552
	<u>54,669</u>	<u>277,682</u>
Investing:		
Net purchases of marketable securities and investments	(25,291)	(264,608)
Increase in cash	<u>29,378</u>	<u>13,073</u>
Cash at the beginning of the year	503,396	490,317
Cash and cash equivalents, end of year	<u>\$ 532,774</u>	<u>\$ 503,390</u>
Cash and cash equivalents consists of:		
Cash and cash equivalents	\$ 214,006	\$ 175,486
Restricted cash	318,768	327,910
	<u>\$ 532,774</u>	<u>\$ 503,396</u>

See accompanying notes to financial statements.



# THE UNLOCKING POTENTIAL FOUNDATION OF CALGARY AND AREA

## Notes to Financial Statements

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

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### 1. Purpose of the organization:

The Unlocking Potential Foundation of Calgary and Area (the "Foundation") was created to ensure the long-term sustainability of quality programs that translate into better lives for vulnerable Calgarians.

The Unlocking Potential Foundation of Calgary is incorporated under the Societies Act of Alberta and is a registered charity under the Income Tax Act, and as such, is not subject to the payment of income tax under Section 149 (1) of the Income Tax Act of 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, and in management's opinion, have been properly prepared within reasonable limits of materiality and within the framework of the significant accounting policies summarized below:

#### (a) Revenue recognition:

The Foundation follows the restricted fund method of accounting for contributions. Restricted contributions are recognized as revenue of the appropriate fund in the year in which the funds are received or receivable if the amount to be received can be reasonably estimated and collection is reasonably certain.

Funds related to operations that are externally restricted are deferred and recognized as revenue in the year in which the related expenses are incurred.

Unrestricted contributions are recognized as revenue of the operating fund in the year received or receivable if the amount to be received can be reasonably estimated and collection reasonably assured. Contributions for general operations are deferred and recognized as the related expenses are incurred.

#### (b) Fund accounting:

The Foundation uses the following funds to report its operations and financial position.

##### (i) General Fund:

The General Fund accounts for current operations and programs and for the Foundation's general operations. Unrestricted contributions and contributions restricted for use in operations are reported in this fund.

# THE UNLOCKING POTENTIAL FOUNDATION OF CALGARY AND AREA

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

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## 2. Significant accounting policies (continued):

### (b) Fund accounting (continued):

#### (ii) D.G. (Greg) Campbell Humanitarian Endowment Fund:

D.G. (Greg) Campbell Humanitarian Endowment Fund shall be used only for charitable purposes, within the objects of the Foundation as set forth in the Application to Form a Society or as may be amended from time to time by a special resolution of the members of the Foundation. The Foundation will retain all capital contributions to the Fund for a period of not less than twenty (20) years from the establishment of the Fund (September 20, 2011). During this term, a percentage of the fair value of the Fund may be committed, granted or expended for the purposes of the Fund. The Foundation will invest, reinvest and administer the Fund in accordance with the Foundation's policies and procedures as established from time to time. The Foundation is entitled to commingle the Fund with other restricted funds under its administration.

#### (iii) Nora Valentine-Kehoe Family Fund:

Nora Valentine-Kehoe Family Fund provides direct support to programs offered by Catholic Family Service, with the exclusion of the Louise Dean Centre, that promote healthy families and positive outcomes for children of all faiths and cultures. The Fund will be invested, managed and controlled in accordance with the financial policies of the Foundation.

#### (iv) Coyes Family Fund:

Coyes Family Fund provides direct support to programs offered by Catholic Family Service, that promote healthy families and positive outcomes for children of all faiths and cultures. The Fund will be invested, managed and controlled in accordance with the financial policies of the Foundation.

#### (v) Scholarship Fund:

The Scholarship Fund offers two scholarships to support young parents from Louise Dean Centre to attend post-secondary education over two years. Each scholarship is comprised of twelve groups of twelve people who contribute financially each year. The bursary recognizes education as a route out of poverty, and provides for tuition, books, and basic needs while the young parent attends post-secondary.

#### (vi) Pat Campbell Scholarship Fund:

The Pat Campbell Scholarship Fund supports the success of graduates of Louise Dean Centre in their transition to post-secondary education (including college, university, certifications, and trades studies). The Fund will be invested, managed and controlled in accordance with the financial policies of the Foundation.

## THE UNLOCKING POTENTIAL FOUNDATION OF CALGARY AND AREA

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

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### 2. Significant accounting policies (continued):

(c) Cash and cash equivalents:

Cash includes cash on hand and in banks. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash, with original maturities of three months or less and that are subject to an insignificant risk of change in value.

(d) Contributed materials and services:

The Foundation, in common with many non-profit organizations, makes extensive use of donated materials in conducting its activities. Donated materials are recorded at their fair market value with a corresponding amount recorded for donation revenue when fair market value can be determined and the Foundation would otherwise have purchased those items. Fair market value of donated items is generally based on values provided by the donor and in some cases is estimated by the Foundation based on values from external sources.

(e) Volunteer services:

Volunteers contribute many hours per year to assist the Foundation in carrying out its service delivery activities. Because of the difficulty in determining their fair value, contributed services are not recognized in the financial statements.

(f) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the 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.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year. If there is an indicator of impairment, the Foundation 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 Foundation expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, and impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

# THE UNLOCKING POTENTIAL FOUNDATION OF CALGARY AND AREA

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

## 2. Significant accounting policies (continued):

### (g) Measurement uncertainty:

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 the reported amounts of revenue and expenses during the reporting period. Significant estimates include valuation of accounts receivable and determined fair value of contributed goods and services. Actual results could differ from those estimates.

## 3. Investments:

	2018	2017
Marketable securities:		
Investment in mutual funds, at fair value	\$ 307,595	\$ 281,532
Investment in common shares at fair value	135,008	146,696
Investment in preferred shares at fair value	38,108	69,284
	<u>\$ 480,711</u>	<u>\$ 497,512</u>
Short term investments:		
GIC	\$ 363,377	\$ 360,578
Corporate bonds	15,070	30,117
Government bonds	45,253	—
	<u>\$ 423,700</u>	<u>\$ 390,695</u>
Long term investments:		
Long term investments	\$ 529,144	\$ 520,057
<b>Total investments</b>	<u>\$ 1,433,555</u>	<u>\$ 1,408,264</u>

## THE UNLOCKING POTENTIAL FOUNDATION OF CALGARY AND AREA

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

### 3. Investments (continued):

Guaranteed investment certificates (GICs), bearing interest rates ranging from 1.05% to 2.21% (2017 – 1.02% to 1.96%) with a maturity date of less than one year, at amortized cost.

Corporate bonds and government bonds, bearing interest rates ranging from 1.75% to 2.40% (2017 - 1.70% to 2.078%), with a maturity date of less than one year, at amortized cost.

Long term investments, including GICs, corporate bonds and government bonds with maturity dates greater than one year from the date of acquisition, bearing interest rates ranging from 1.61% to 3.20% (2017 – 1.05% to 2.40%), maturing between January 2020 to August 2026.

### 4. Deferred contributions related to operations:

Deferred contributions relate to funds received in the current year that relate to future year operational expenses.

	2017	Addition	Utilization	2018
Sponsorships	\$ 27,500	\$13,020	\$ 27,500	\$ 13,020

### 5. Financial instruments:

The Foundation's financial instruments consist of cash and cash equivalents, marketable securities, short term investments, accounts receivable, long term investments, and accounts payable and accrued liabilities.

All financial instruments are initially recognized at fair market value on the statement of financial position. Subsequent measurement of financial instruments is based on their classification. Investment financial instruments are measured at fair market value with changes in fair market value recognized in the statement of operations and net assets.

#### (a) Market risk:

The investments of the Foundation are subject to market risk as changing interest rates impact the fair market value of the fixed rate investments, and the general economic conditions affect the market value of equity investments. The Board of Directors has implemented an investment policy that limits the nature of investments held.

#### (b) Liquidity risk:

Liquidity risk is the risk that the Foundation will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Foundation manages its liquidity risk by monitoring its operating requirements. The risk exposure on this risk is unchanged from the prior year.

# THE UNLOCKING POTENTIAL FOUNDATION OF CALGARY AND AREA

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

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## 5. Financial instruments (continued):

### (c) Interest risk:

The Foundation is exposed to interest rate risk on its investments. The Board of Directors has implemented an investment policy that limits the nature of investments held. The risk exposure on this risk is unchanged from the prior year.

### (d) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Foundation is exposed to credit risk to the extent that its contributors will be unable to meet their obligations. The Foundation has a large number of contributors, which minimizes the concentration of credit risk. The Foundation is exposed to credit risk on its cash and cash equivalent and accounts receivable. This risk is mitigated as cash and cash equivalent are held with chartered financial institutions.

## 6. Contributions in kind:

Included in donations, office program and function event expenses are amounts received for the silent auction related to the following contributions in kind: artwork, wine, jewelry, merchandise, gift cards and passes. Total contributions in kind for 2018 are \$31,577 (2017 - \$30,036).

## 7. Related party transaction:

The Catholic Family Service of Calgary ("CFS") is considered a related entity to the Foundation. The two organizations have a number of board members in common, and their operations are closely linked. During the year, the Foundation entered into the following transactions with CFS:

- (a) The Board authorized the transfer of funds of \$444,238 (2017 - \$389,299) to CFS in accordance with the Foundation by-laws.
- (b) In the current year, CFS received a donation to the Pat Campbell Scholarship Fund of \$Nil (2017 - \$15,528). A total amount of \$nil (2017 - \$15,528) was transferred to the Foundation in the current year.
- (c) The Foundation is provided rent free use of facilities by CFS, and CFS employees provide management, support and fundraising services on behalf of the Foundation. CFS has two fulltime staff positions whose roles are allocated to fundraising. These staff members raise funds via the Foundation and CFS for all CFS programs. A portion of their salary is covered by each program offered by CFS (and therefore are not included in the Foundation's audited financial statements).

## **THE UNLOCKING POTENTIAL FOUNDATION OF CALGARY AND AREA**

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

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### **8. Interfund transfer:**

In the year, in accordance with board policy, \$29,414 (2017 - \$150,930) was transferred from operating funds to the D.G (Greg) Campbell Endowment Fund. In the year, \$7,052 (2017 - \$nil) was transferred from operating funds to the Nora Kehoe Fund.

### **9. Additional Information to comply with the disclosure requirement of the Charitable Fund-Raising Act of Alberta and regulations:**

As required under Section 7(2) of the Regulations of the Charitable Fund-raising Act of Alberta, staff expenses in the amount of \$nil (2017- \$nil) were incurred in the year for the purposes of soliciting donations. Gross charitable contributions received were \$499,891 (2017- \$504,289).