

The Unlocking Potential Foundation of Calgary and Area

Financial Statements

December 31, 2021



INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the financial statements of The Unlocking Potential Foundation of Calgary and Area (the "Foundation"), which comprise the statement of financial position as at December 31, 2021 and the statements of operations, changes in fund balances and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as at December 31, 2021, 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 *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Foundation 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

The financial statements of Foundation for the year ended December 31, 2020, were audited by another auditor who expressed an unmodified opinion on those statements on March 16, 2021.

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 Foundation'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 Foundation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Foundation'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.

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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 Foundation'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 Foundation'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 Foundation 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.

RSM Alberta LLP

Chartered Professional Accountants
May 31, 2022
Calgary, Alberta

The Unlocking Potential Foundation of Calgary and Area

(Incorporated under the laws of Alberta)

Statement of Financial Position

December 31, 2021

	Externally Restricted Funds					Total 2021	Total 2020
	General Fund	DG Campbell Fund	Nora Kahoe Fund	Scholarship Fund	Pat Campbell Fund		
Assets							
Current assets							
Cash and cash equivalents	\$ 848,390	\$ -	\$ -	\$ -	\$ -	\$ 848,390	\$ 580,065
Restricted cash	258,046	64,032	56,461	-	159,996	538,535	358,310
Marketable securities (note 3)	95,362	553,631	-	-	-	648,993	515,642
Short-term investments (note 3)	337,342	85,025	-	-	-	422,367	530,086
Accounts receivable	10,767	-	-	-	-	10,767	13,863
Goods and Services Tax receivable	13	-	-	-	-	13	318
Prepaid expenses	8,346	-	-	-	-	8,346	8,346
	1,558,266	702,668	56,461	-	159,996	2,477,411	2,006,630
Long-term investments (note 3)	212,337	123,170	-	-	-	335,507	249,881
	<u>\$ 1,770,603</u>	<u>\$ 825,838</u>	<u>\$ 56,461</u>	<u>\$ -</u>	<u>\$ 159,996</u>	<u>\$ 2,812,918</u>	<u>\$ 2,256,511</u>
Liabilities							
Current liabilities							
Accounts payable and accrued liabilities (note 6)	\$ 501,788	\$ -	\$ -	\$ -	\$ -	\$ 501,788	\$ 9,949
Deferred contributions related to operations (note 4)	5,000	-	-	-	-	5,000	7,000
	<u>506,788</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>506,788</u>	<u>16,949</u>
Fund Balances							
Endowment fund	-	825,858	-	-	-	825,858	753,400
Externally restricted funds	-	-	56,461	-	159,996	216,457	222,710
Unrestricted funds	1,263,815	-	-	-	-	1,263,815	1,263,452
	<u>1,263,815</u>	<u>825,858</u>	<u>56,461</u>	<u>-</u>	<u>159,996</u>	<u>2,306,130</u>	<u>2,239,562</u>
	<u>\$ 1,770,603</u>	<u>\$ 825,858</u>	<u>\$ 56,461</u>	<u>\$ -</u>	<u>\$ 159,996</u>	<u>\$ 2,812,918</u>	<u>\$ 2,256,511</u>

See accompanying notes to financial statements:

Approved by the Board,

 Director
 Director

The Unlocking Potential Foundation of Calgary and Area
Statement of Operations
Year Ended December 31, 2021

	General Fund			Externally Restricted Funds				Total 2021	Total 2020
	Fundraising Events	General Operations	Subtotal	DG Campbell Fund	Nora Kehoe Fund	Scholarship Fund	Pat Campbell Fund		
Revenue									
Donations (note 5)	\$ 115	\$ 600,467	\$ 600,582	\$ -	\$ 6,549	\$ -	\$ -	\$ 607,131	\$ 570,255
Raffle sales	-	7,395	7,395	-	-	-	-	7,395	-
Silent auction	-	-	-	-	-	-	-	-	17,755
	<u>115</u>	<u>607,862</u>	<u>607,977</u>	<u>-</u>	<u>6,549</u>	<u>-</u>	<u>-</u>	<u>614,526</u>	<u>588,010</u>
Expenses									
Donations to Catholic Family Services (note 6)	-	584,286	584,286	-	9,000	3,802	-	597,088	222,019
Scholarships	-	25,473	25,473	-	-	-	-	25,473	27,721
Professional fees	-	16,145	16,145	-	-	-	-	16,145	9,822
Functions - event contracts	-	4,025	4,025	-	-	-	-	4,025	17,834
Payment method charges	-	3,543	3,543	-	-	-	-	3,543	931
Insurance	-	1,850	1,850	-	-	-	-	1,850	1,850
Contracted services	-	1,153	1,153	-	-	-	-	1,153	132
Donations	-	282	282	-	-	-	-	282	2,324
Functions - event expenses (note 5)	115	-	115	-	-	-	-	115	23,659
Office (note 5)	-	55	55	-	-	-	-	55	297
	<u>115</u>	<u>636,812</u>	<u>636,927</u>	<u>-</u>	<u>9,000</u>	<u>3,802</u>	<u>-</u>	<u>649,729</u>	<u>306,589</u>
Excess (deficiency) of revenue over expenses before other income (losses)	<u>-</u>	<u>(28,950)</u>	<u>(28,950)</u>	<u>-</u>	<u>(2,451)</u>	<u>(3,802)</u>	<u>-</u>	<u>(35,203)</u>	<u>281,421</u>
Other income (losses)									
Changes in fair value of marketable securities	-	16,791	16,791	39,606	-	-	-	56,397	(17,993)
Investment income	-	13,950	13,950	40,253	-	-	-	54,203	25,536
Commission and interest expenses	-	-	-	(7,401)	-	-	-	(7,401)	(10,819)
Loss on sale of investments	-	(1,428)	(1,428)	-	-	-	-	(1,428)	-
	<u>-</u>	<u>29,313</u>	<u>29,313</u>	<u>72,458</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>101,771</u>	<u>(3,276)</u>
Excess (deficiency) of revenue over expenses	<u>\$ -</u>	<u>\$ 363</u>	<u>\$ 363</u>	<u>\$ 72,458</u>	<u>\$ (2,451)</u>	<u>\$ (3,802)</u>	<u>\$ -</u>	<u>\$ 66,568</u>	<u>\$ 278,145</u>

See accompanying notes to financial statements.

The Unlocking Potential Foundation of Calgary and Area
Statement of Changes in Fund Balances
Year Ended December 31, 2021

		Externally Restricted Funds					
	General Fund	DG Campbell Fund	Nora Kehoe Fund	Scholarship Fund	Pat Campbell Fund	Total 2021	Total 2020
Balance, beginning of year	1,263,452	753,400	58,912	3,802	159,996	2,239,562	1,961,417
Excess (deficiency) of revenue over expenses	<u>363</u>	<u>72,458</u>	<u>(2,451)</u>	<u>(3,802)</u>	<u>-</u>	<u>66,568</u>	<u>278,145</u>
Balance, end of year	<u>\$ 1,263,815</u>	<u>\$ 825,858</u>	<u>\$ 56,461</u>	<u>\$ -</u>	<u>\$ 159,996</u>	<u>\$ 2,306,130</u>	<u>\$ 2,239,562</u>

See accompanying notes to financial statements.

The Unlocking Potential Foundation of Calgary and Area
Statement of Cash Flows
Year Ended December 31, 2021

	2021	2020
Cash provided by (used in):		
Operating activities		
Cash receipts from donors and sponsors	\$ 547,164	\$ 545,300
Cash paid for operating expenses	(47,170)	(218,576)
Donations paid to related entity	(110,300)	(222,019)
Investment income receipts	21,694	25,536
Commission and interest expenses paid	<u>(7,401)</u>	<u>(10,819)</u>
	<u>403,987</u>	<u>119,422</u>
Investing activities		
Purchases of marketable securities and investments	(531,416)	(197,047)
Proceeds from sales of marketable securities and investments	<u>575,979</u>	<u>336,848</u>
	<u>44,563</u>	<u>139,801</u>
Cash inflow	448,550	259,223
Cash and cash equivalents, beginning of year	<u>938,375</u>	<u>679,152</u>
Cash and cash equivalents, end of year	<u>\$ 1,386,925</u>	<u>\$ 938,375</u>
Cash and cash equivalents is comprised of:		
Cash	\$ 790,109	\$ 508,441
Money market fund	58,281	71,624
Restricted cash	<u>538,535</u>	<u>358,310</u>
	<u>\$ 1,386,925</u>	<u>\$ 938,375</u>

During the year, the Foundation received reinvested investment income of \$32,509 (2020 - \$NIL) and donated investments of \$68,343 (2020 - \$NIL) that are excluded from this cash flow statement.

During the year, the Foundation received contributions in kind (note 5) of \$115 (2020 - \$23,776) that are excluded from this cash flow statement.

See accompanying notes to financial statements.

The Unlocking Potential Foundation of Calgary and Area
Notes to Financial Statements
December 31, 2021

1. Nature of operations

The 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 The Unlocking Potential Foundation of Calgary and Area 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)(f) of the *Income Tax Act* of Canada.

2. Significant accounting policies

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

(a) Revenue recognition

The Foundation follows the restricted fund method of accounting for contributions. Restricted contributions for which there is a corresponding restricted fund 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 assured.

Restricted contributions for which there is no corresponding restricted fund but that are for operations and that are externally restricted are deferred and recognized as revenue of the general fund in the year in which the related expenses are incurred.

Unrestricted contributions are recognized as revenue of the general fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Restricted investment income, consisting of interest and dividends, is recognized as income in the corresponding restricted fund under the effective interest method and when dividends are declared and payable to the holder. Investment income not subject to restrictions, consisting of interest and dividends, is recognized as income of the general fund under the effective interest method and when dividends are declared and payable to the holder.

(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
Notes to Financial Statements
December 31, 2021

(ii) D.G. (Greg) Campbell Humanitarian Endowment Fund ("DG Campbell Fund")

D.G. (Greg) Campbell Humanitarian Endowment Fund shall be used only for charitable purposes, within the objects of the Foundation as set forth when the fund was created 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 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 Kehoe 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) 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.

(v) Pat Campbell Scholarship Fund ("Pat Campbell Fund")

The Pat Campbell Scholarship Fund supports the success of graduates of the 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.

(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.

The Unlocking Potential Foundation of Calgary and Area
Notes to Financial Statements
December 31, 2021

(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. The contributed materials and supplies related to the silent and live auction are recorded to the statement of operations when received and sold as they are not considered to have met the definition of an asset upon receipt.

(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

The Foundation initially measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions that are measured at the exchange amount. The Foundation subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in excess (deficiency) of revenue over expenses.

Financial assets measured at amortized cost include cash and cash equivalents, restricted cash, short-term investments, accounts receivable and long-term investments. The Foundation's financial assets measured at fair value include marketable securities.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

Financial assets measured at cost or amortized cost are tested for impairment at the end of each year to determine whether there are indicators that the asset may be impaired. 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. The amount of the write-down, if any, is recognized in excess (deficiency) of revenue over expenses.

The Unlocking Potential Foundation of Calgary and Area
Notes to Financial Statements
December 31, 2021

The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account. The reversal may be recorded provided it is no greater than the amount that had been previously reported as a reduction in the asset and it does not exceed original cost. The amount of the reversal is recognized in excess (deficiency) of revenue over expenses.

(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.

The impact that the ongoing COVID-19 pandemic may have on the Foundation's operations is based on management's best assessment of the existing potential economic conditions due to COVID-19 and their impact on the Foundation's operations. Due to the ongoing changes and development with COVID-19, it is not possible to reliably estimate the length and severity of these developments and the impact of the financial results and conditions of the Foundation in future periods.

There have been no impacts to contract agreements, the assessment of provisions and contingent liabilities, or the timing of revenue recognition. The Foundation continues to manage liquidity risk by forecasting and assessing cash flow requirements on an ongoing basis. As at December 31, 2021, the Foundation continues to meet its contractual obligations within normal payment terms and the Foundation's exposure to credit risk remains unchanged as no outstanding debt exists other than accounts payable and accrued liabilities.

The Unlocking Potential Foundation of Calgary and Area
Notes to Financial Statements
December 31, 2021

3. Investments

	2021	2020
Marketable securities		
Investment in mutual funds at fair value	\$ 399,844	\$ 322,434
Investment in common shares at fair value	167,345	154,092
Investment in preferred shares at fair value	<u>81,804</u>	<u>39,116</u>
	<u>648,993</u>	<u>515,642</u>
Short-term investments		
Guaranteed investment certificates	356,719	484,811
Corporate bonds	45,516	45,275
Government bonds	<u>20,132</u>	<u>-</u>
	<u>422,367</u>	<u>530,086</u>
Long-term investments	<u>335,507</u>	<u>249,881</u>
Total investments	<u>\$ 1,406,867</u>	<u>\$ 1,295,609</u>

Guaranteed investment certificates, bearing interest rates ranging from 0.40% to 0.95% per annum (2020 - 0.45% to 3.20%) with a maturity date of less than one year, are at amortized cost.

Corporate and government bonds, bearing interest rates ranging from 1.73% to 2.11% per annum (2020 - 1.61% to 2.22%), with a maturity date of less than one year, are at amortized cost.

Long-term investments consist of guaranteed investment certificates, corporate bonds and government bonds with maturity dates greater than one year from the date of acquisition, bearing interest at rates ranging from 0.50% to 7.25% per annum (2020 - 0.65% to 3.01%) and maturing between February 2023 to December 2026.

4. Deferred contributions related to operations

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

	2020	Addition	Utilization	2021
Sponsorships	<u>\$ 7,000</u>	<u>\$ -</u>	<u>\$ 2,000</u>	<u>\$ 5,000</u>
	2019	Addition	Utilization	2020
Sponsorships	<u>\$ 22,195</u>	<u>\$ 7,000</u>	<u>\$ 22,195</u>	<u>\$ 7,000</u>

The Unlocking Potential Foundation of Calgary and Area
Notes to Financial Statements
December 31, 2021

5. Contributions in kind

Included in donations and function - event expenses (2020 - donations, office supplies and function - event expenses) are donations received in kind for the silent and live auction. Total contributions in kind for 2021 are \$115 (2020 - \$23,776). The majority of these items are donated to the silent and live auction which are then sold for proceeds and recognized as revenue in the silent and live auction revenue line items.

6. Related party transactions

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; however, neither controls the other. During the year, the Foundation entered into the following transactions with CFS:

- (a) During 2021, the Foundation donated \$597,088 (2020 - \$222,019) to CFS of which \$486,788 (2020 - \$NIL) is included in accounts payable and accrued liabilities at year-end.
- (b) The Foundation uses CFS facilities free of charge, and CFS employees provide management, support and fundraising services to the Foundation free of charge. CFS has 1.6 (2020 - 2) fulltime equivalent staff positions whose roles are allocated to fundraising. These staff members raise funds via the Foundation and CFS for all CFS and UP programs.

7. Interfund transfer

During the year, \$NIL (2020 - \$12,774) was transferred from operating funds to the D.G (Greg) Campbell Endowment Fund in accordance with board policy.

8. 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 (2020 - \$NIL) were incurred in the year for the purposes of soliciting donations.

The Unlocking Potential Foundation of Calgary and Area
Notes to Financial Statements
December 31, 2021

9. Financial instruments

The Foundation is exposed to the following significant financial risks:

(a) 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. 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 encounter difficulty in meeting obligations associated with financial liabilities. The Foundation manages its liquidity risk by monitoring its operating requirements.

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. 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.

(d) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Foundation is exposed to credit risk on its accounts receivable 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 also exposed to credit risk on its cash and cash equivalents. This risk is mitigated as cash and cash equivalent are held with chartered financial institutions.

10. Comparative figures

Certain comparative figures in the statement of cash flows have been reclassified based on the nature of the amounts and to conform to the current year's presentation.