

Distress Centre Calgary

Financial Statements

December 31, 2015



Independent Auditors' Report

To: The Members of **Distress Centre Calgary**

We have audited the accompanying financial statements of Distress Centre Calgary, which comprise the statement of financial position as at December 31, 2015, and the statements of operations, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors 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 controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Distress Centre Calgary as at December 31, 2015, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Kenway Mack Slusarchuk Stewart LLP

Chartered Professional Accountants,
Chartered Accountants

February 24, 2016
Calgary, Alberta

Distress Centre Calgary
Statements of Financial Position

As at December 31,

					2015	2014
	Operating Fund	Sustainability Fund	Subtotal	Capital Fund	Total	Total
(Restated, note 14)						
Assets						
Current assets						
Cash and cash equivalents (note 4)	\$ 677,115	\$ 384,374	\$ 1,061,489	\$ 4,850	\$ 1,066,339	\$ 1,207,529
Accounts receivable	30,807	-	30,807	-	30,807	20,878
Prepaid expenses	27,492	-	27,492	-	27,492	42,707
Investment (note 5)	-	320,650	320,650	-	320,650	-
Interfund balances	117,533	-	117,533	-	117,533	120,842
	852,947	705,024	1,557,971	4,850	1,562,821	1,391,956
Long term assets						
Investment (note 5)	-	-	-	-	-	313,595
Capital assets (note 6)	-	-	-	102,988	102,988	146,108
	\$ 852,947	\$ 705,024	\$ 1,557,971	\$ 107,838	\$ 1,665,809	\$ 1,851,659
Liabilities						
Current liabilities						
Accounts payable (note 7)	\$ 126,399	\$ -	\$ 126,399	\$ -	\$ 126,399	\$ 88,343
Deferred contributions (note 8)	692,289	-	692,289	-	692,289	841,456
Interfund balances	-	117,533	117,533	-	117,533	120,842
	818,688	117,533	936,221	-	936,221	1,050,641
Net assets						
Invested in capital assets	-	-	-	102,988	102,988	146,108
Externally restricted	-	-	-	4,850	4,850	4,867
Unrestricted	34,259	587,491	621,750	-	621,750	650,043
	34,259	587,491	621,750	107,838	729,588	801,018
	\$ 852,947	\$ 705,024	\$ 1,557,971	\$ 107,838	\$ 1,665,809	\$ 1,851,659

Approved by the Board

 Director

 Director

Distress Centre Calgary
Statements of Operations

Year ended December 31,

					2015	2014
	Operating Fund	Sustainability Fund	Subtotal	Capital Fund	Total	Total
						(Restated, note 14)
Revenue						
United Way of Calgary and Area	\$ 1,123,582	\$ -	\$ 1,123,582	\$ -	\$ 1,123,582	\$ 1,114,877
City of Calgary, Family and Community Support Services	905,096	-	905,096	-	905,096	905,097
Other donations and fundraising	852,173	-	852,173	19,340	871,513	748,571
Calgary Homeless Foundation	427,427	-	427,427	-	427,427	422,222
Alberta Health Services - Addictions and Mental Health	423,807	-	423,807	-	423,807	507,895
Alberta Human Services	250,065	-	250,065	-	250,065	215,930
Calgary and Area Child and Family Services Authority	130,641	-	130,641	-	130,641	130,438
Casino proceeds	68,201	-	68,201	-	68,201	66,910
Red Deer 211	41,667	-	41,667	-	41,667	-
CCASA	20,000	-	20,000	-	20,000	-
Interest Income	-	9,335	9,335	-	9,335	6,899
Bow Valley 211	3,887	-	3,887	-	3,887	-
	4,246,546	9,335	4,255,881	19,340	4,275,221	4,118,839
Expenses						
Personnel costs	3,431,298	-	3,431,298	-	3,431,298	3,260,205
Office and administration	713,589	-	713,589	-	713,589	717,002
Instrumental needs	139,287	-	139,287	-	139,287	88,090
Amortization	-	-	-	62,477	62,477	48,788
	4,284,174	-	4,284,174	62,477	4,346,651	4,114,085
Excess (deficiency) of revenue over expenses	\$ (37,628)	\$ 9,335	\$ (28,293)	\$ (43,137)	\$ (71,430)	\$ 4,754

See accompanying notes to the financial statements

Distress Centre Calgary
Statements of Changes in Net Assets

As at December 31,

						2015	2014
	Operating Fund	Sustainability Fund	Subtotal	Capital Fund	Casino Fund	Total	Total
							(Restated, note 14)
Balance, beginning of year, as previously stated	\$ 71,887	\$ 695,689	\$ 767,576	\$ 150,975	\$ 62,359	\$ 980,910	\$ 902,608
Change in accounting policy (note 14)	-	-	-	-	(62,359)	(62,359)	(62,998)
Prior period adjustment (note 14)	(117,533)	-	(117,533)	-	-	(117,533)	(43,345)
Balance, beginning of the year, as restated	(45,646)	695,689	650,043	150,975	-	801,018	796,265
Excess (deficiency) of revenues over expenses	(37,628)	9,335	(28,293)	(43,137)	-	(71,430)	4,754
Interfund transfers	117,533	(117,533)	-	-	-	-	-
Balance, end of year	\$ 34,259	\$ 587,491	\$ 621,750	\$ 107,838	\$ -	\$ 729,588	\$ 801,019

Distress Centre Calgary
Statements of Cash Flows

Years ended December 31,	2015	2014
		(Restated, note 14)
Operating activities:		
Excess of revenue over expenses	\$ (71,430)	\$ 4,754
Items not affecting cash:		
Amortization	62,477	48,788
Interest income accrual	(7,055)	(6,901)
	(16,008)	46,641
Changes in non cash working capital items		
Accounts receivable	(9,929)	59,120
Prepaid expenses	15,215	(3,875)
Accounts payable	38,056	(147,798)
Deferred contributions	(149,167)	136,597
	(121,833)	90,685
Investing activities		
Capital expenditures	(19,357)	-
	(19,357)	-
Increase (decrease) in cash and cash equivalents	(141,190)	90,685
Cash and cash equivalents, beginning of year	1,207,529	1,116,844
Cash and cash equivalents, end of year	\$ 1,066,339	\$ 1,207,529
Cash and cash equivalents consists of:		
Cash	\$ 744,094	\$ 1,207,529
Redeemable GICs	322,245	-
	\$ 1,066,339	\$ 1,207,529

See accompanying notes to the financial statements

Distress Centre Calgary

Notes to the Financial Statements

December 31, 2015

1. Nature of operations

Distress Centre Calgary (the “Centre”) provides immediate crisis support to anyone in crisis through its 24 hour crisis line, online crisis services, professional counselling and also provides referrals through the 211 information and referral line. The Centre is a not-for-profit organization incorporated under the Societies Act (Alberta). The Centre is dependent on its contributors to continue as a going concern.

The Centre is a registered charity under the Income Tax Act and as such is exempt from income taxes.

2. Basis of presentation

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles, specifically Canadian accounting standards for not-for-profit organizations (“ASNFPO”).

3. Significant accounting policies

(a) Fund accounting

General funds

The Operating fund accounts for program delivery and administrative activities. This fund reports restricted grants, restricted donations and certain unrestricted contributions as designated by the Centre’s Board of Directors (the “Board”).

The Sustainability fund accounts for unrestricted resources. The fund was established to sustain the existence and ensure the continuing activities of the Centre. The funds will be utilized to fund operating deficits and future projects at the Board’s discretion.

Capital fund

This fund accounts for capital assets and any related capital funding.

(b) Measurement of financial instruments

Financial assets and financial liabilities are initially measured at fair value and subsequently at amortized cost.

Financial assets measured at amortized cost include cash and cash equivalents, accounts receivable and investment.

Financial liabilities measured at amortized cost include accounts payable.

Distress Centre Calgary

Notes to the Financial Statements

December 31, 2015

Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in the statement of operations for the applicable fund. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in the statement of operations for the applicable fund.

(c) Cash and cash equivalents

All investments that are readily convertible into cash are considered to be cash equivalents.

(d) Capital assets

Purchased capital assets are recorded in the Capital fund account at cost. Contributed capital assets are recorded in the Capital fund at fair value at the date of contribution. The Centre provides for amortization at rates designed to amortize the cost of capital assets over their estimated useful lives. One half of the normal amortization is recorded in the year of acquisition. Amortization expense is reported in the Capital fund and the annual amortization rates are as follows:

<u>Capital Asset</u>	<u>Method</u>	<u>Rate</u>
Phone system	Declining balance	20%
Furniture and fixtures	Declining balance	20%
Website	Straight-line	2 years
Computer equipment	Declining balance	30%
Leasehold improvements	Straight-line	Remaining term of the lease
Computer software	Declining balance	100%

The Centre records a write-down when equipment no longer has any long-term service potential to the Centre and its net carrying amount exceeds its residual value. The excess net carrying amount over residual value is recognized as an expense in the statement of operations for the applicable fund. Previous write-downs are not reversed.

(e) Revenue recognition

Restricted contributions related to the Operating and Sustainability funds are recognized as revenue using the deferred contribution method whereby revenue is recognized in the year in which related costs are incurred. Restricted contributions related to the Capital fund are recognized as revenue when received or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured.

Contributions are recorded in the year received, or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured.

Distress Centre Calgary

Notes to the Financial Statements

December 31, 2015

(f) Contributed materials and services

The value of contributed materials and services is recorded when the fair value can be reasonably estimated and when the material and services are used in the normal course of operations and would otherwise have been purchased.

4. Cash and cash equivalents

Cash and cash equivalents consists of two (2014 - none) guaranteed investment certificates which bear interest 0.90% to 1.00% (2014 – nil) and have maturities of January and October 2016. These investments are redeemable on demand.

5. Investment

Investment consist of a guaranteed investment certificate which bears interest at a rate of 2.25% (2014 - 2.25%) and matures in May 2016. This investment is not redeemable on demand.

6. Capital assets

			2015	2014
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Phone system	\$ 169,498	\$ 90,860	\$ 78,638	\$ 98,297
Furniture & fixtures	136,559	124,307	12,252	15,315
Website	19,357	7,259	12,098	-
Computer equipment	146,904	146,904	-	31,987
Leasehold improvements	579,561	579,561	-	509
Computer software	401,970	401,970	-	-
	\$ 1,453,848	\$ 1,350,861	\$ 102,988	\$ 146,108

7. Accounts payable

Included in accounts payable are \$3,203 (2014 - \$2,067) of government remittances payable.

Distress Centre Calgary
Notes to the Financial Statements

December 31, 2015

8. Deferred contributions

Deferred contributions reported in the operating fund relate to contributions received from funding agencies that are related to the activities of a subsequent period or are externally restricted amounts received for which no restricted fund exists and expenses have not yet been incurred. Changes for the year in the deferred contributions balance are as follows:

	<u>2015</u>	<u>2014</u>
		(Restated, note 14)
Adjusted balance, beginning of year	\$ 841,456	\$ 704,859
Contributions received in the year	4,092,931	4,242,614
Amounts recognized as revenue in year	(4,242,098)	(4,106,017)
	<u>\$ 692,289</u>	<u>841,456</u>

Deferred contributions relate to:

	<u>2015</u>	<u>2014</u>
		(Restated, note 14)
City of Calgary, Family and Community Support Services	\$ 226,274	\$ 226,274
Calgary Homeless Foundation	167,157	119,133
Other donations and fundraising	119,511	242,438
United Way of Calgary and Area	102,031	87,085
Casino proceeds	68,983	62,359
Red Deer 211	8,333	-
Alberta Human Services	-	104,167
	<u>\$ 692,289</u>	<u>\$ 841,456</u>

9. Contractual obligations

Total obligations under a lease for premises (exclusive of operating costs) and leases for equipment are as follows:

2016	\$ 138,253
2017	150,897
2018	153,425
2019	153,060
2020	<u>25,288</u>
Total	<u>\$ 620,923</u>

Distress Centre Calgary

Notes to the Financial Statements

December 31, 2015

10. Volunteer hours

Volunteers contributed approximately 46,578 (2014 – 43,660) hours in the year to assist the Centre in facilitating its delivery of services. Because of the difficulty of determining the fair values, these services are not recognized in these financial statements. The volunteer hours have not been audited.

11. Related party transactions

During the year the Centre paid \$nil (2014 - \$15,750) in recruitment fees to an executive search firm at which one of the directors is a partner. This transaction was in the normal course of business and was measured at the exchange amount.

During the year, the members of the Board of Directors contributed \$26,831 (2014 - \$14,400) to the Centre.

12. Expenses incurred for fundraising

Expenses incurred for soliciting contributions were \$237,382 (2014 - \$188,416) including \$149,416 (2014 - \$129,349) paid to employees involved in fundraising.

13. Financial instruments

The Centre's use of financial instruments and its exposure to risks associated with such instruments arises out of its normal course of operations and investing activities. Operations are located in Calgary. The Centre is not exposed to significant credit or market risk.

14. Accounting changes

Change in accounting policy

The Centre changed its method of accounting for Casino contributions from the restricted fund method to the deferred contribution method to provide more relevant information as it leads to a more transparent treatment of casino proceeds and provides a picture of the full cost of operations to the users of the financial statements. These contributions are now accounted for in the operating fund rather than a separate Casino fund. The change has been made retrospectively and the 2014 comparative year's financial information has been restated as follows in the table below.

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December 31, 2015

Prior period adjustment

The prior year's financial information has been restated to reflect a correction in the timing of the revenue recognition for funding provided by the Calgary Homeless Foundation. The 2014 comparative year's financial information has been restated as follows:

	Previous	Change in accounting policy	Prior period adjustment	Restated
Operating Fund				
<u>Statement of financial position</u>				
Cash and cash equivalents	\$ 879,051	\$ 62,359	\$ -	\$ 941,410
Deferred contributions	661,564	62,359	117,533	841,456
Opening net assets	71,879	-	(43,345)	28,534
<u>Statement of operations</u>				
Calgary Homeless Foundation	496,410	-	(74,188)	422,222
Other donations and fundraising	627,749	639		628,388
Casino Fund				
<u>Statement of financial position</u>				
Cash and cash equivalents	62,359	(62,359)	-	-
Opening net assets	62,998	(62,998)	-	-