

**Distress Centre Calgary**

**Financial Statements**

**December 31, 2012 and 2011**



**Kenway Mack Slusarchuk Stewart LLP**  
CHARTERED ACCOUNTANTS

**Independent Auditor's Report**

To the Directors of Distress Centre Calgary

We have audited the accompanying financial statements of Distress Centre Calgary, which comprise the statements of financial position as at December 31, 2012, December 31, 2011, and January 1, 2011 and the statements of operations, statement of changes in net assets and statement of cash flows for the years ended December 31, 2012 and December 31, 2011, 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.

*Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audits 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 auditor's 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 auditor considers internal control relevant to the Centre'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 Centre'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 audits 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, 2012, December 31, 2011, and January 1, 2011, and the results of operations and cash flows for the years ended December 31, 2012 and December 31, 2011, in accordance with Canadian accounting standards for not-for-profit organizations.

*Kenway Mack Slusarchuk Stewart LLP*

February 27, 2013

Chartered Accountants

# Distress Centre Calgary

## Statement of Financial Position

As at	December 31, 2012					January 1, 2011	
	General Operating Fund	General Sustainability Fund	General Subtotal	Restricted Capital Fund	Restricted Casino Fund	Grand Total	Total

### Assets

<b>Current assets</b>							
Cash and cash equivalents (Note 4)	\$ 683,420	\$ 287,404	\$ 970,824	\$ 7,831	\$ 117,074	\$ 1,095,729	\$ 1,129,603
Accounts receivable	30,378	-	30,378	3,965	139	34,482	12,560
Prepaid expenses	22,267	-	22,267	-	-	22,267	27,755
Due from operating fund	-	21,592	21,592	5,175	-	26,767	57,019
	736,065	308,996	1,045,061	16,971	117,213	1,179,245	1,226,937
<b>Capital assets (Note 5)</b>							
	-	-	-	181,513	-	181,513	59,049
	\$ 736,065	\$ 308,996	\$ 1,045,061	\$ 198,484	\$ 117,213	\$ 1,360,758	\$ 1,285,986

### Liabilities and Net Assets

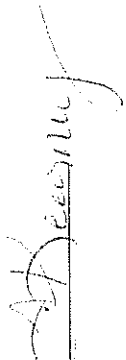
<b>Current liabilities</b>							
Accounts payable	\$ 135,385	\$ -	\$ 135,385	\$ 5,175	\$ -	\$ 140,560	\$ 77,802
Deferred contributions (Note 6)	503,573	-	503,573	-	-	503,573	729,996
Due to sustainability and capital fund	26,767	-	26,767	-	-	26,767	57,019
	665,725	-	665,725	5,175	-	670,900	864,817
<b>Net assets</b>							
Invested in capital assets	-	-	-	176,338	-	176,338	59,049
Externally restricted	-	-	-	16,971	117,213	134,184	62,858
Unrestricted	70,340	308,996	379,336	-	-	379,336	299,262
	70,340	308,996	379,336	193,309	117,213	689,858	421,169
	\$ 736,065	\$ 308,996	\$ 1,045,061	\$ 198,484	\$ 117,213	\$ 1,360,758	\$ 1,285,986

See accompanying notes to financial statements

Approved on behalf of the board

Director 

Director



**Distress Centre Calgary**  
**Statement of Operations**  
**General Operating Fund**

Years ended December 31	2012	2011
<b>Revenue</b>		
United Way of Calgary and Area	\$ 1,089,037	\$ 1,112,358
Other grants and fundraising	977,483	1,070,786
City of Calgary, Family and Community Support Services	915,096	852,096
Alberta Health Services - Addictions and Mental Health	410,626	395,291
Calgary and Area Child and Family Services Authority	119,023	116,426
	<u>3,511,265</u>	<u>3,546,957</u>
<b>Expenses</b>		
Personnel costs	2,812,027	2,680,333
Office and administration	624,800	687,728
Instrumental needs	72,644	39,406
Other	-	35,000
	<u>3,509,471</u>	<u>3,442,467</u>
Excess of revenue over expenses	<u>\$ 1,794</u>	<u>\$ 104,490</u>

See accompanying notes to financial statements

**Distress Centre Calgary**  
 Statement of Operations  
 General Sustainability Fund

Years ended December 31	2012	2011
<b>Revenue</b>		
Fundraising and other	\$ 83,949	\$ 82,120
Interest	2,484	344
	<u>86,433</u>	<u>82,464</u>
<b>Expenses</b>		
Fundraising	<u>8,153</u>	<u>7,024</u>
Excess of revenue over expenses	<u>\$ 78,280</u>	<u>\$ 75,440</u>

See accompanying notes to financial statements

Distress Centre Calgary  
Statement of Operations  
Restricted Capital Fund

Years ended December 31	2012	2011
<b>Revenue</b>		
Donations and other	\$ 171,648	\$ 3
<b>Expenses</b>		
Amortization	45,281	40,968
Other	28	3
	<u>45,309</u>	<u>40,971</u>
Excess (deficiency) of revenue over expenses	<u>\$ 126,339</u>	<u>\$ (40,968)</u>

See accompanying notes to financial statements

**Distress Centre Calgary**  
Statement of Operations  
Restricted Casino Fund

<u>Years ended December 31</u>	<u>2012</u>	<u>2011</u>
<b>Revenue</b>		
Casino proceeds	<u>\$ 68,021</u>	<u>\$ 66,104</u>
<b>Expenses</b>		
Bank charges	49	180
Office and administration	<u>5,696</u>	<u>70,724</u>
	<u>5,745</u>	<u>70,904</u>
 Excess (deficiency) of revenue over expenses	 <u>\$ 62,276</u>	 <u>\$ (4,800)</u>

See accompanying notes to financial statements

# Distress Centre Calgary

## Statement of Changes in Net Assets

Years ended	General Operating Fund	General Sustainability Fund	General Subtotal	Restricted Capital Fund	Restricted Casino Fund	Grand Total	Total	Total
						December 31, 2012	December 31, 2011	January 1, 2011
Balance, beginning of year	\$ 68,546	\$ 230,716	\$ 299,262	\$ 66,970	\$ 54,937	\$ 421,169	\$ 287,007	\$ 284,362
Excess of revenue over expenses	1,794	78,280	80,074	126,339	62,276	268,689	134,162	2,645
Balance, ending of year	\$ 70,340	\$ 308,996	\$ 379,336	\$ 193,309	\$ 117,213	\$ 689,858	\$ 421,169	\$ 287,007

See accompanying notes to financial statements



# Distress Centre Calgary

## Statement of Cash Flows

Years ended December 31	2012	2011
<b>Operating activities</b>		
Excess of revenues over expenses	\$ 268,689	\$ 134,162
Items not affecting cash		
Amortization	45,281	40,968
	<u>313,970</u>	<u>175,130</u>
Change in non-cash working capital items		
Accounts receivable	(21,922)	15,320
Prepaid expenses	5,488	(2,619)
Accounts payable	62,758	(42,112)
Deferred contributions	(226,423)	210,678
	<u>133,871</u>	<u>356,397</u>
<b>Investing activities</b>		
Capital expenditures	(167,745)	-
<b>Increase (decrease) in cash and cash equivalents</b>	<u>(33,874)</u>	<u>356,397</u>
<b>Cash and cash equivalents, beginning of year</b>	<u>1,129,603</u>	<u>773,206</u>
<b>Cash and cash equivalents, end of year</b>	<u>\$ 1,095,729</u>	<u>\$ 1,129,603</u>

See accompanying notes to financial statements

# Distress Centre Calgary

## Notes to the Financial Statements

December 31, 2012

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### 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 the 211 information and referral line. The Centre is incorporated as a society under the Societies Act (Alberta). The Centre is a registered charity and is exempt from corporate income tax. The Centre is dependent on its contributors to continue as a going concern.

### 2. Impact of the change in the basis of accounting

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

These are the Centre's first financial statements prepared in accordance with ASNFPPO. The date of transition to ASNFPPO is January 1, 2011. The Centre's ASNFPPO accounting policies presented below have been applied retrospectively.

There was no impact to the Society's financial statements arising from the initial adoption of ASNFPPO.

### 3. Significant accounting policies

#### (a) Fund accounting

The Centre accounts for its activities using the following funds:

##### (i) General Fund

General funds are comprised of the Operating fund and the Sustainability fund.

The Operating fund accounts for the Centre's program delivery and administrative activities. This fund reports restricted operating 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 current and accumulated operating deficits and future projects at the Board's discretion.

##### (ii) Capital Fund

This fund reports the assets, liabilities, revenues and expenses related to the Centre's capital assets.

##### (iii) Casino Fund

This fund reports proceeds received and interest earned from Casinos held under the approval of the Alberta Gaming and Liquor Commission. Funds for expenditures that are approved by the Alberta Gaming and Liquor Commission are transferred to the Operating or Capital fund when incurred, at the Board's discretion.

#### (b) Measurement of financial instruments

The Centre initially measures its financial assets and liabilities at fair value.

The Centre subsequently measures all its financial assets and financial liabilities at amortized cost.

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

Financial liabilities measured at amortized cost include accounts payable.

#### 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.

# Distress Centre Calgary

## Notes to the Financial Statements

December 31, 2012

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### 3. Significant accounting policies, continued

#### (c) Cash and cash equivalents

The Centre considers all investments that are redeemable within three months or less to be cash equivalents.

#### (d) Capital assets

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

Computer software	Declining balance	100%
Furniture & fixtures	Declining balance	20%

Computer equipment is amortized using the declining balance method at a rate of 30% for the first two years with the remainder amortized in year three. The phone system is amortized using the declining balance method at a rate of 20% for the first four years with the remainder amortized in year five. Leasehold improvements are amortized on a straight line basis over the term of the lease.

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

The Centre follows the restricted fund method of accounting for contributions.

Restricted contributions related to general operations or for which no restricted fund exists are recognized as revenue of the Operating Fund in the year in which the related costs are incurred. All other restricted contributions are recognized as revenue of the appropriate restricted fund when received or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured.

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

#### (f) Contributed materials and services

The Centre records the value of contributed materials and services when a fair value can be reasonably estimated and when the materials and services are used in the normal course of the Centre's operations and would otherwise have been purchased.

### 4. Cash and cash equivalents

Included in cash and cash equivalents are guaranteed investment certificates totaling \$164,731 (December 31, 2011 - \$162,269, January 1, 2011 - \$62,000) which bear interest between 1.2% and 1.5% (December 31, 2011 - 1.2% to 1.95%, January 1, 2010 - 0.95%), and mature between June 30 and November 19, 2013. These investments are redeemable on demand.

# Distress Centre Calgary

## Notes to the Financial Statements

December 31, 2012

### 5. Capital assets

	December 31, 2012		
	Cost	Accumulated Amortization	Net
Furniture & fixtures	\$ 136,558	\$ 112,629	\$ 23,929
Leasehold improvements	579,561	572,948	6,613
Computer equipment	93,145	87,969	5,176
Computer software	401,970	401,970	-
Phone system	162,570	16,774	145,796
	<u>\$ 1,373,804</u>	<u>\$ 1,192,290</u>	<u>\$ 181,514</u>

	December 31, 2011		
	Cost	Accumulated Amortization	Net
Furniture & fixtures	\$ 136,558	\$ 106,647	\$ 29,911
Leasehold improvements	579,561	569,896	9,665
Computer equipment	387,692	368,219	19,473
Computer software	401,970	401,970	-
	<u>\$ 1,505,781</u>	<u>\$ 1,446,732</u>	<u>\$ 59,049</u>

	January 1, 2011		
	Cost	Accumulated Amortization	Net
Furniture & fixtures	\$ 136,558	\$ 99,168	\$ 37,390
Leasehold improvements	579,561	566,844	12,717
Computer equipment	403,157	353,247	49,910
Computer software	401,970	401,970	-
	<u>\$ 1,521,246</u>	<u>\$ 1,421,229</u>	<u>\$ 100,017</u>

### 6. Deferred contributions

Deferred contributions reported in the General funds 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 in the deferred contributions reported in General funds are as follows:

	December 31, 2012	December 31, 2011	January 1, 2011
Balance, beginning of year	\$ 729,996	\$ 519,318	\$ 482,643
Add amounts received in the year	3,536,365	3,840,359	3,663,914
Less amounts recognized as revenue in the year	(3,762,788)	(3,629,681)	(3,627,239)
Balance, end of year	<u>\$ 503,573</u>	<u>\$ 729,996</u>	<u>\$ 519,318</u>

Ending deferred contributions consist of:

	December 31, 2012	December 31, 2011	January 1, 2011
Fundraising, special events, donations and other	\$ 197,793	\$ 460,608	253,812
City of Calgary	226,274	209,274	209,274
Calgary and Area Child and Family Services Authority	29,506	28,206	28,206
United Way	50,000	31,908	28,026
Total	<u>\$ 503,573</u>	<u>\$ 729,996</u>	<u>\$ 519,318</u>

# Distress Centre Calgary

## Notes to the Financial Statements

December 31, 2012

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**7. Contractual obligations**

The Centre's total obligations under real property lease agreements, exclusive of operating costs, are as follows:

2012	\$	96,936
2013		98,621
2014		107,050
2015		18,123
Total	\$	<u>320,730</u>

**8. Volunteer hours**

Volunteers contributed approximately 36,791 (2011 - 33,243) hours in the year to assist the Centre in facilitating its delivery of services. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements. The number of volunteer hours has not been audited.

**9. Related party transactions**

During the year the Centre paid \$2,830 in legal fees to a law firm at which one of the directors is a partner. The transaction was in the normal course of operations and has been measured at the exchanged amount.

**10. Expenses incurred for fundraising**

Expenses incurred for soliciting contributions were \$132,206 (2011 - \$126,730) including \$102,725 (2011 - \$98,747) paid to employees involved in fundraising.