

Distress Centre Calgary

Financial Statements

December 31, 2016



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, 2016, 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, 2016, 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 22, 2017
Calgary, Alberta

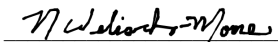
Distress Centre Calgary
Statements of Financial Position

As at December 31,

| | | | | | 2016 | 2015 |
|------------------------------------|---------------------|------------------------|---------------------|------------------|---------------------|---------------------|
| | Operating Fund | Sustainability Fund | Subtotal | Capital Fund | Total | Total |
| Assets | | | | | | |
| Current assets | | | | | | |
| Cash and cash equivalents (note 4) | \$ 1,083,251 | \$ 269,567 | \$ 1,352,818 | \$ 4,850 | \$ 1,357,668 | \$ 1,066,339 |
| Accounts receivable | 42,876 | - | 42,876 | - | 42,876 | 30,807 |
| Prepaid expenses | 29,986 | - | 29,986 | - | 29,986 | 27,492 |
| Investment (note 5) | - | 327,005 | 327,005 | - | 327,005 | 320,650 |
| Interfund balances | | 321,000 | 321,000 | - | 321,000 | 117,533 |
| | <u>1,156,113</u> | <u>917,572</u> | <u>2,073,685</u> | <u>4,850</u> | <u>2,078,535</u> | <u>1,562,821</u> |
| Long term assets | | | | | | |
| Capital assets (note 6) | - | - | - | 38,991 | 38,991 | 102,988 |
| | <u>\$ 1,156,113</u> | <u>\$ 917,572</u> | <u>\$ 2,073,685</u> | <u>\$ 43,841</u> | <u>\$ 2,117,526</u> | <u>\$ 1,665,809</u> |
| Liabilities | | | | | | |
| Current liabilities | | | | | | |
| Accounts payable (note 7) | \$ 136,430 | \$ - | \$ 136,430 | \$ - | \$ 136,430 | \$ 126,399 |
| Deferred contributions (note 8) | 694,373 | - | 694,373 | - | 694,373 | 692,289 |
| Interfund balances | 321,000 | | 321,000 | - | 321,000 | 117,533 |
| | <u>1,151,803</u> | <u>-</u> | <u>1,151,803</u> | <u>-</u> | <u>1,151,803</u> | <u>936,221</u> |
| Net assets | | | | | | |
| Invested in capital assets | - | - | - | 38,991 | 38,991 | 102,988 |
| Externally restricted | - | - | - | 4,850 | 4,850 | 4,850 |
| Unrestricted | 4,310 | 917,572 | 921,882 | - | 921,882 | 621,750 |
| | <u>4,310</u> | <u>917,572</u> | <u>921,882</u> | <u>43,841</u> | <u>965,723</u> | <u>729,588</u> |
| | <u>\$ 1,156,113</u> | <u>\$ 917,572</u> | <u>\$ 2,073,685</u> | <u>\$ 43,841</u> | <u>\$ 2,117,526</u> | <u>\$ 1,665,809</u> |

Approved by the Board

 _____ Director

 _____ Director

02/22/2017

02/23/2017

Distress Centre Calgary
Statements of Operations

Year ended December 31,

| | | | | | 2016 | 2015 |
|--|-------------------|------------------------|-------------------|--------------------|-------------------|--------------------|
| | Operating Fund | Sustainability Fund | Subtotal | Capital Fund | Total | Total |
| Revenue | | | | | | |
| City of Calgary, Family and Community Support Services | \$ 1,130,243 | \$ - | \$ 1,130,243 | \$ - | \$ 1,130,243 | \$ 905,096 |
| United Way of Calgary and Area | 1,115,171 | - | 1,115,171 | - | 1,115,171 | 1,123,582 |
| Other donations and fundraising | 720,601 | 321,000 | 1,041,601 | - | 1,041,601 | 871,513 |
| Calgary Homeless Foundation | 534,500 | - | 534,500 | - | 534,500 | 427,427 |
| Alberta Health Services - Addictions and Mental Health | 450,222 | - | 450,222 | - | 450,222 | 423,807 |
| Alberta Human Services | 175,000 | - | 175,000 | - | 175,000 | 250,065 |
| Calgary and Area Child and Family Services Authority | 129,209 | - | 129,209 | - | 129,209 | 130,641 |
| Red Deer 211 | 56,764 | - | 56,764 | - | 56,764 | 41,667 |
| Casino proceeds utilized | 45,919 | - | 45,919 | - | 45,919 | 68,201 |
| CCASA | 12,000 | - | 12,000 | - | 12,000 | 20,000 |
| Bow Valley 211 | 11,660 | - | 11,660 | - | 11,660 | 3,887 |
| Interest Income | - | 9,081 | 9,081 | - | 9,081 | 9,335 |
| | <u>4,381,289</u> | <u>330,081</u> | <u>4,711,370</u> | <u>-</u> | <u>4,711,370</u> | <u>4,275,221</u> |
| Expenses | | | | | | |
| Personnel costs | 3,580,075 | - | 3,580,075 | - | 3,580,075 | 3,431,298 |
| Office and administration | 710,557 | - | 710,557 | - | 710,557 | 713,589 |
| Amortization | - | - | - | 95,495 | 95,495 | 62,477 |
| Instrumental needs | 89,108 | - | 89,108 | - | 89,108 | 139,287 |
| | <u>4,379,740</u> | <u>-</u> | <u>4,379,740</u> | <u>95,495</u> | <u>4,475,235</u> | <u>4,346,651</u> |
| Excess (deficiency) of revenue over expenses | <u>\$ 1,549</u> | <u>\$ 330,081</u> | <u>\$ 331,630</u> | <u>\$ (95,495)</u> | <u>\$ 236,135</u> | <u>\$ (71,430)</u> |

See accompanying notes to the financial statements

Distress Centre Calgary
 Statements of Changes in Net Assets

As at December 31,

| | | | | | 2016 | 2015 |
|---|-----------------|---------------------|-------------------|------------------|-------------------|-------------------|
| | Operating Fund | Sustainability Fund | Subtotal | Capital Fund | Total | Total |
| Balance, beginning of year, | \$ 34,259 | \$ 587,491 | \$ 621,750 | \$ 107,838 | \$ 729,588 | \$ 801,018 |
| Excess (deficiency) of revenues over expenses | 1,549 | 330,081 | 331,630 | (95,495) | 236,135 | (71,430) |
| Interfund transfers | (31,498) | 0 | (31,498) | 31,498 | - | - |
| Balance, end of year | \$ 4,310 | \$ 917,572 | \$ 921,882 | \$ 43,841 | \$ 965,723 | \$ 729,588 |

See accompanying notes to the financial statements

Distress Centre Calgary
Statements of Cash Flows

| Years ended December 31, | 2016 | 2015 |
|---|---------------------|---------------------|
| Operating activities: | | |
| Excess of revenue over expenses | \$ 236,135 | \$ (71,430) |
| Items not affecting cash: | | |
| Amortization | 95,495 | 62,477 |
| Interest income accrual | (6,355) | (7,055) |
| | <u>325,275</u> | <u>(16,008)</u> |
| Changes in non cash working capital items | | |
| Accounts receivable | (12,069) | (9,929) |
| Prepaid expenses | (2,494) | 15,215 |
| Accounts payable | 10,031 | 38,056 |
| Deferred contributions | 2,084 | (149,167) |
| | <u>322,827</u> | <u>(121,833)</u> |
| Investing activities | | |
| Capital expenditures | <u>(31,498)</u> | <u>(19,357)</u> |
| Increase (decrease) in cash and cash equivalents | 291,329 | (141,190) |
| Cash and cash equivalents, beginning of year | 1,066,339 | 1,207,529 |
| Cash and cash equivalents, end of year | <u>\$ 1,357,668</u> | <u>\$ 1,066,339</u> |
| Cash and cash equivalents consists of: | | |
| Cash | \$ 1,095,047 | \$ 744,094 |
| Redeemable GICs | 262,621 | 322,245 |
| | <u>\$ 1,357,668</u> | <u>\$ 1,066,339</u> |

See accompanying notes to the financial statements

Distress Centre Calgary

Notes to the Financial Statements

December 31, 2016

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, 2016

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, 2016

(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 (2015 - two) guaranteed investment certificates which bear interest 0.90% and 1.05% (2015 - 0.90% and 1.00%) and have maturities of January and October 2017. These investments are redeemable on demand.

5. Investment

Investment consists of a guaranteed investment certificate which bears interest at a rate of 1.35% (2015 - 2.25%) and matures in May 2017. This investment is not redeemable on demand.

6. Capital assets

| | | | 2016 | | 2015 | |
|------------------------|---------------------|---------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | Cost | Accumulated Amortization | Net Book Value | Net Book Value | Net Book Value | Net Book Value |
| Phone system | \$ 175,327 | \$ 170,664 | \$ 4,663 | \$ 78,638 | | |
| Furniture & fixtures | 136,558 | 126,757 | 9,801 | 12,252 | | |
| Website | 19,357 | 16,937 | 2,420 | 12,098 | | |
| Computer equipment | 172,573 | 150,466 | 22,107 | - | | |
| Leasehold improvements | 579,561 | 579,561 | - | - | | |
| Computer software | 401,970 | 401,970 | - | - | | |
| | \$ 1,485,346 | \$ 1,446,355 | \$ 38,991 | \$ 102,988 | | |

7. Accounts payable

Included in accounts payable are \$3,504 (2015 - \$3,203) of government remittances payable.

Distress Centre Calgary
Notes to the Financial Statements

December 31, 2016

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>2016</u> | <u>2015</u> |
|---------------------------------------|--------------------|--------------------|
| Balance, beginning of year | \$ 692,289 | \$ 841,456 |
| Contributions received in the year | 4,701,385 | 4,092,931 |
| Amounts recognized as revenue in year | <u>(4,699,301)</u> | <u>(4,242,098)</u> |
| Balance, end of year | <u>\$ 694,373</u> | <u>692,289</u> |

Deferred contributions relate to:

| | <u>2016</u> | <u>2015</u> |
|--|-------------------|-------------------|
| City of Calgary, Family and Community Support Services | \$ 261,657 | \$ 226,274 |
| Other donations and fundraising | 231,959 | 119,511 |
| Casino proceeds | 91,853 | 68,983 |
| United Way of Calgary and Area | 90,388 | 102,031 |
| Calgary Homeless Foundation | 10,183 | 167,157 |
| Red Deer 211 | <u>8,333</u> | <u>8,333</u> |
| Total | <u>\$ 694,373</u> | <u>\$ 692,289</u> |

9. Contractual obligations

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

| | |
|-------|-------------------|
| 2017 | 150,897 |
| 2018 | 153,425 |
| 2019 | 153,060 |
| 2020 | <u>25,288</u> |
| Total | <u>\$ 482,670</u> |

Distress Centre Calgary

Notes to the Financial Statements

December 31, 2016

10. Volunteer hours

Volunteers contributed approximately 48,652 (2015 - 46,578) 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 members of the Board of Directors contributed \$22,425 (2015 - \$26,831) to the Centre.

12. Expenses incurred for fundraising

Expenses incurred for soliciting contributions were \$227,968 (2015 - \$237,382) including \$155,054 (2015 - \$149,416) 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.