

Distress Centre Calgary

Financial Statements

December 31, 2018

Independent Auditors' Report

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

Opinion

We have audited the financial statements of Distress Centre Calgary (the "Centre"), which comprise the statement of financial position as at December 31, 2018 and the statements of operations and changes in net assets 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 Centre 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 report. We are independent of the Centre 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.

Information Other than the Financial Statements and Auditors' Report Thereon

Management is responsible for the other information. The other information comprises the information, other than the financial statements and our auditors' report thereon, in the 2018 Annual Report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

The 2018 Annual Report is expected to be made available to us after the date of the auditors' report. If, based on the work we will perform on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact to those charged with governance.

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

Those charged with governance are responsible for overseeing the Centre'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 these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgement 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 Centre'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 Centre'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 Centre 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.

Kennedy Mack Susarchuk Stewart LLP

February 28, 2019
Calgary, Alberta

Chartered Professional Accountants,
Chartered Accountants

Distress Centre Calgary
Statement of Financial Position

As at December 31,

					2018	2017
	Operating Fund	Sustainability Fund	Subtotal	Capital Fund	Total	Total
Assets						
Current assets						
Cash and cash equivalents (note 4)	\$ 951,338	\$ 919,259	\$ 1,870,597	\$ 7,299	\$ 1,877,896	\$ 1,595,612
Accounts receivable	33,715	-	33,715	-	33,715	40,254
Prepaid expenses	42,287	-	42,287	-	42,287	18,738
Interfund balances	10,789	-	10,789	-	10,789	26,829
	1,038,129	919,259	1,957,388	7,299	1,964,687	1,681,433
Non-current assets						
Capital assets (note 5)	-	-	-	104,342	104,342	115,646
	\$ 1,038,129	\$ 919,259	\$ 1,957,388	\$ 111,641	\$ 2,069,029	\$ 1,797,079
Liabilities						
Current liabilities						
Accounts payable (note 6)	\$ 174,143	\$ -	\$ 174,143	\$ -	\$ 174,143	\$ 200,573
Deferred contributions (note 7)	863,986	-	863,986	-	863,986	513,314
Interfund balances	-	10,789	10,789	-	10,789	26,829
	1,038,129	10,789	1,048,918	-	1,048,918	740,716
Net assets						
Invested in capital assets	-	-	-	104,342	104,342	115,646
Externally restricted	-	-	-	7,299	7,299	34,127
Unrestricted	-	908,470	908,470	-	908,470	906,590
	-	908,470	908,470	111,641	1,020,111	1,056,363
	\$ 1,038,129	\$ 919,259	\$ 1,957,388	\$ 111,641	\$ 2,069,029	\$ 1,797,079

Approved by the Board

 Director

 Director

Distress Centre Calgary

Statement of Operations

Year ended December 31,

					2018	2017
	Operating Fund	Sustainability Fund	Subtotal	Capital Fund	Total	Total
Revenue						
United Way of Calgary and Area	\$ 1,197,374	\$ -	\$ 1,197,374	\$ -	\$ 1,197,374	\$ 1,121,185
City of Calgary, Family and Community Support Services	997,474	-	997,474	-	997,474	1,008,875
Other donations and fundraising	732,845	-	732,845	-	732,845	963,798
Calgary Homeless Foundation	513,710	-	513,710	-	513,710	475,959
Alberta Health Services - Addictions and Mental Health	430,891	-	430,891	-	430,891	422,748
Alberta Human Services	175,000	-	175,000	-	175,000	175,000
Calgary and Area Child and Family Services Authority	129,209	-	129,209	-	129,209	129,209
Canada Suicide Prevention Service	85,687	-	85,687	-	85,687	4,497
Carya - Senior 211	62,215	-	62,215	-	62,215	32,525
Casino proceeds utilized	57,472	-	57,472	-	57,472	44,929
United Way Alberta - Capital Region	53,861	-	53,861	-	53,861	12,270
Red Deer 211	50,000	-	50,000	-	50,000	55,190
Interest income	318	12,669	12,987	-	12,987	9,978
Bow Valley 211	11,660	-	11,660	-	11,660	11,660
CCASA	6,000	-	6,000	-	6,000	12,000
	<u>4,503,716</u>	<u>12,669</u>	<u>4,516,385</u>	<u>-</u>	<u>4,516,385</u>	<u>4,479,823</u>
Expenses						
Personnel costs	3,593,457	-	3,593,457	-	3,593,457	3,531,679
Office and administration	728,557	-	728,557	-	728,557	697,297
Instrumental needs	181,702	-	181,702	-	181,702	134,133
Amortization	-	-	-	48,921	48,921	26,074
	<u>4,503,716</u>	<u>-</u>	<u>4,503,716</u>	<u>48,921</u>	<u>4,552,637</u>	<u>4,389,183</u>
Excess (deficiency) of revenue over expenses	<u>\$ -</u>	<u>\$ 12,669</u>	<u>\$ 12,669</u>	<u>\$ (48,921)</u>	<u>\$ (36,252)</u>	<u>\$ 90,640</u>

Distress Centre Calgary

Statement of Changes in Net Assets

As at December 31,

					2018		2017	
	Operating	Sustainability	Subtotal	Capital	Total	Total	Total	
	Fund	Fund		Fund				
Balance, beginning of year,	\$ -	\$ 906,590	\$ 906,590	\$ 149,773	\$ 1,056,363	\$ 965,723		
Excess (deficiency) of revenues over expenses	-	12,669	12,669	(48,921)	(36,252)	90,640		
Interfund transfers	-	(10,789)	(10,789)	10,789	-	-		
Balance, end of year	\$ -	\$ 908,470	\$ 908,470	\$ 111,641	\$ 1,020,111	\$ 1,056,363		

See accompanying notes to the financial statements

Distress Centre Calgary
Statement of Cash Flows

Year ended December 31,	2018	2017
Operating activities:		
Excess of revenue over expenses	\$ (36,252)	\$ 90,640
Item not affecting cash:		
Amortization	48,921	26,074
	<u>12,669</u>	<u>116,714</u>
Changes in non cash working capital items		
Accounts receivable	6,539	2,622
Prepaid expenses	(23,550)	11,249
Accounts payable	(26,430)	64,144
Deferred contributions	350,672	(181,061)
	<u>319,900</u>	<u>13,668</u>
Financing activities		
Proceeds on maturity of investment	-	327,005
Investing activities		
Capital expenditures	(37,616)	(102,729)
Increase in cash and cash equivalents	282,284	237,944
Cash and cash equivalents, beginning of year	<u>1,595,612</u>	<u>1,357,668</u>
Cash and cash equivalents, end of year	<u>\$ 1,877,896</u>	<u>\$ 1,595,612</u>
Cash and cash equivalents consists of:		
Cash	\$ 958,637	\$ 668,125
Guaranteed investment certificates	919,259	927,487
	<u>\$ 1,877,896</u>	<u>\$ 1,595,612</u>

See accompanying notes to the financial statements

Distress Centre Calgary

Notes to the Financial Statements

December 31, 2018

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. This 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 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, 2018

(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.

Unrestricted contributions are recorded 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 value of contributed materials and services is recorded when the fair value can be reasonably estimated, 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 eight (2017 - seven) redeemable guaranteed investment certificates and no (2017 - one) non-redeemable guaranteed investment certificates. These investments bear interest from 1.30% to 1.65% (2017 - 1.10% to 1.33%) and have maturities of January, February, May, and October 2019. Included in cash and cash equivalents are restricted amounts equal to the amount of restricted contributions deferred described in note 7 of \$863,986 (2017 - \$513,314) and externally restricted net assets held for capital asset purchases of \$7,299 (2017 - \$34,127)

Distress Centre Calgary

Notes to the Financial Statements

December 31, 2018

5. Capital assets

			2018	2017
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Phone system	\$ 175,328	\$ 172,343	\$ 2,985	\$ 3,731
Furniture & fixtures	136,558	136,558	-	-
Website	30,082	25,167	4,915	10,278
Computer equipment	282,199	195,754	86,445	101,637
Leasehold improvements	579,561	579,561	-	-
Computer software	421,964	411,967	9,997	-
	\$ 1,625,692	\$ 1,521,350	\$ 104,342	\$ 115,646

6. Accounts payable

Included in accounts payable are \$2,316 (2017 - \$2,402) of government remittances payable.

7. 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:

	2018	2017
Balance, beginning of year	\$ 513,314	\$ 694,373
Contributions received in the year	4,852,338	4,288,756
Amounts recognized as revenue in year	(4,501,666)	(4,469,815)
Balance, end of year	\$ 863,986	\$ 513,314

Deferred contributions consist of:

	2018	2017
Other donations and fundraising	\$ 280,919	\$ 63,297
United Way of Calgary and Area	187,815	93,308
Alberta Health Services - Addictions and Mental Health	108,253	-
United Way Alberta - Capital Region	96,444	13,800
Casino proceeds	61,903	46,924
City of Calgary, Family and Community Support Services	52,300	249,146
Calgary Homeless Foundation	52,134	38,506
Canada Suicide Prevention Service	15,885	-
Red Deer 211	8,333	8,333
Total	\$ 863,986	\$ 513,314

Distress Centre Calgary

Notes to the Financial Statements

December 31, 2018

8. Contractual obligations

Total obligations under the existing lease for premises (exclusive of operating costs) are as follows:

2019	\$	151,725
2020		<u>25,288</u>
Total	\$	<u>177,013</u>

Subsequent to year end, the Centre signed a letter of intent for a new lease agreement that will commence April 2020, at the end of the existing lease term. As a result, a deposit of \$74,490 was paid subsequent to year end which included the first four months of base rent. The total obligations under the new lease for premises (exclusive of operating costs) are as follows:

2019	\$	-
2020		45,718
2021		109,723
2022		128,606
2023 and after		<u>1,154,278</u>
Total	\$	<u>1,438,325</u>

9. Volunteer hours

Volunteers contributed approximately 50,968 (2017 - 54,813) 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.

10. Related party transactions

During the year, the members of the Board of Directors contributed \$17,556 (2017 - \$22,084) to the Centre.

11. Expenses incurred for fundraising

Expenses incurred for soliciting contributions were \$235,290 (2017 - \$241,160) including \$180,088 (2017 - \$176,561) paid to employees involved in securing contributions including fundraising. These expenses are included in office and administrative expenses and personnel costs.

12. 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, market, or liquidity risks.

13. Comparative figures

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. These changes do not affect prior year earnings.