

# **Distress Centre Calgary**

**Financial Statements**

**December 31, 2014**



**Kenway Mack Slusarchuk Stewart** LLP  
CHARTERED ACCOUNTANTS

**Independent Auditors' Report**

To: The Members 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, 2014, 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, 2014, 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.

February 25, 2015  
Calgary, Alberta

*Kenway Mack Slusarchuk Stewart*  
Chartered Accountants

**Distress Centre Calgary**  
**Statements of Financial Position**

As at December 31,

	2013		2014		2013	2014
	General Operating Fund	General Sustainability Fund	General Subtotal	Restricted Capital Fund	Restricted Casino Fund	Grand Total
<b>Assets</b>						
<b>Current assets</b>						
Cash	\$ 879,051	\$ 261,252	\$ 1,140,303	\$ 4,867	\$ 62,359	\$ 1,207,529
Accounts receivable	20,878	-	20,878	-	-	20,878
Prepaid expenses	42,707	-	42,707	-	-	42,707
Due from operating fund	-	120,842	120,842	-	-	120,842
	942,636	382,094	1,324,730	4,867	62,359	1,391,956
<b>Long term assets</b>						
Investment (note 4)	-	313,595	313,595	-	-	313,595
Capital assets (note 5)	-	-	-	146,108	-	146,108
	\$ 942,636	\$ 695,689	\$ 1,638,325	\$ 150,975	\$ 62,359	\$ 1,851,659
						\$ 1,994,211
<b>Liabilities</b>						
<b>Current liabilities</b>						
Accounts payable (note 6)	\$ 88,343	\$ -	\$ 88,343	\$ -	\$ -	\$ 88,343
Deferred contributions (note 7)	661,564	-	661,564	-	-	661,564
Due to sustainability fund	120,842	-	120,842	-	-	120,842
	870,749	-	870,749	-	-	870,749
						1,091,603
<b>Net assets</b>						
Invested in capital assets	-	-	-	146,108	-	146,108
Externally restricted	-	-	-	4,867	62,359	67,226
Unrestricted	71,887	695,689	767,576	-	-	767,576
	71,887	695,689	767,576	150,975	62,359	980,910
	\$ 942,636	\$ 695,689	\$ 1,638,325	\$ 150,975	\$ 62,359	\$ 1,851,659
						\$ 1,994,211

Approved by the Board



Director

Director



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

Years ended December 31,	<b>2014</b>	<b>2013</b>
<b>Revenue</b>		
United Way of Calgary and Area	\$ 1,114,877	\$ 1,067,832
Other grants and fundraising	627,749	698,729
City of Calgary, Family and Community Support Services	905,097	905,096
Calgary Homeless Foundation	496,410	236,530
Alberta Health Services - Addictions and Mental Health	507,895	422,925
Alberta Human Services	215,930	176,275
Calgary and Area Child and Family Services Authority	130,438	147,527
	<u>3,998,396</u>	<u>3,654,914</u>
<b>Expenses</b>		
Personnel costs	3,260,205	2,939,241
Office and administration	650,093	636,278
Instrumental needs	88,090	77,856
	<u>3,998,388</u>	<u>3,653,375</u>
<b>Excess of revenue over expenses</b>	<u>\$ 8</u>	<u>\$ 1,539</u>

*See accompanying notes to the financial statements*

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

Years ended December 31,	2014	2013
<b>Revenue</b>		
Other grants and fundraising	\$ 120,822	\$ 268,996
Interest income	6,899	1,994
	<u>127,721</u>	<u>270,990</u>
<b>Expenses</b>		
Fundraising	-	12,018
	<u>-</u>	<u>12,018</u>
<b>Excess of revenue over expenses</b>	<b>\$ 127,721</b>	<b>\$ 258,972</b>

*See accompanying notes to the financial statements*

**Distress Centre Calgary**  
**Restricted Capital Fund**  
Statements of Operations

Years ended December 31,	2014	2013
<b>Expenses</b>		
Amortization	\$ 48,788	47,305
<b>Deficiency of revenue over expenses</b>	<b>\$ (48,788)</b>	<b>\$ (47,305)</b>

*See accompanying notes to the financial statements*

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

<b>Years ended December 31,</b>	<b>2014</b>	<b>2013</b>
<b>Revenue</b>		
Casino proceeds	66,270	\$ -
Interest income	-	1,794
	<u>66,270</u>	<u>1,794</u>
<b>Expenses</b>		
Office and administration	66,834	2,175
Bank charges	75	75
	<u>66,909</u>	<u>2,250</u>
<b>Deficiency of revenue over expenses</b>	<u>\$ (639)</u>	<u>\$ (456)</u>

*See accompanying notes to the financial statements*

**Distress Centre Calgary**  
**Statements of Changes in Net Assets**

As at December 31,

	2014		2013			
	General Operating Fund	General Sustainability Fund	General Subtotal	Restricted Capital Fund	Restricted Casino Fund	Grand Total
<b>Balance, beginning of year</b>	\$ 71,879	\$ 567,968	\$ 639,847	\$ 199,763	\$ 62,998	\$ 902,608
Excess (deficiency) of revenues over expenses	8	127,721	127,729	(48,788)	(639)	78,302
<b>Balance, end of year</b>	\$ 71,887	\$ 695,689	\$ 767,576	\$ 150,975	\$ 62,359	\$ 980,910
						\$ 902,608
						\$ 212,750
						\$ 902,608

*See accompanying notes to the financial statements*



**Distress Centre Calgary**  
**Statements of Cash Flows**

Years ended December 31,	2014	2013
<b>Operating activities:</b>		
Excess of revenue over expenses	\$ 78,302	\$ 212,750
Items not affecting cash:		
Amortization	48,788	47,305
Interest income accrual	(6,901)	-
	120,189	260,055
Changes in non cash working capital items		
Accounts receivable	59,121	(45,517)
Prepaid expenses	(3,875)	(16,565)
Accounts payable	(147,798)	95,581
Deferred contributions	63,048	94,943
	90,685	388,497
<b>Investing activities</b>		
Purchase of investment	-	(306,695)
Capital expenditures	-	(60,687)
	-	(367,382)
<b>Increase in cash</b>	90,685	21,115
<b>Cash, beginning of year</b>	1,116,844	1,095,729
<b>Cash, end of year</b>	\$ 1,207,529	\$ 1,116,844

*See accompanying notes to the financial statements*

# Distress Centre Calgary

## Notes to the Financial Statements

December 31, 2014

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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 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 (“ASNFP”).

### 3. Significant accounting policies

#### (a) Fund accounting

The Centre accounts for its activities using the following separate funds:

##### *General fund*

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

##### *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.

**Distress Centre Calgary**  
Notes to the Financial Statements

December 31, 2014

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**3. Significant accounting policies (continued)**

**(b) Measurement of financial instruments**

The Centre initially measures its financial assets and financial 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, accounts receivable and investment.

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.

**(c) Cash and cash equivalents**

The Centre considers all investments that are readily convertible into cash 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 using the declining balance method designed to amortize the cost of the capital assets over their estimated useful life. Amortization expense is reported in the Capital fund and the annual amortization rates are as follows:

Computer software and furniture and fixtures are amortized using the declining balance method at a rate of 100% and 20% respectively.

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 3. 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.

**Distress Centre Calgary**  
Notes to the Financial Statements

December 31, 2014

**3. Significant accounting policies (continued)**

**(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 in the Operating fund in the year in which 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 fund 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 the fair value can be reasonably estimated and when the material and services are used in the normal course of the Centre's operations and would otherwise have been purchased.

**4. Investment**

Included in investment is a guaranteed investment certificate of \$313,595 (2013 - \$306,695) which bears interest at 2.25% (2013 - 2.25%) and matures May 16, 2016. This investment is not redeemable on demand.

**5. Capital assets**

			<b>2014</b>		<b>2013</b>	
	<b>Cost</b>	<b>Accumulated Amortization</b>	<b>Net Book Value</b>	<b>Net Book Value</b>	<b>Net Book Value</b>	<b>Net Book Value</b>
Phone system	\$ 169,498	\$ 71,201	\$ 98,297	\$ 122,872	\$ 122,872	\$ 122,872
Computer equipment	146,904	114,917	31,987	49,318	49,318	49,318
Furniture & fixtures	136,559	121,244	15,315	19,144	19,144	19,144
Leasehold improvements	579,561	579,052	509	3,561	3,561	3,561
Computer software	401,970	401,970	-	-	-	-
	<b>\$ 1,434,492</b>	<b>\$ 1,288,384</b>	<b>\$ 146,108</b>	<b>\$ 194,895</b>	<b>\$ 194,895</b>	<b>\$ 194,895</b>

**6. Accounts payable**

Included in accounts payable are \$2,067 (2013 - \$27,496) of government remittances payable.

**Distress Centre Calgary**  
Notes to the Financial Statements

December 31, 2014

**7. 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 for the year in the deferred contributions balance are as follows:

	<b>2014</b>	<b>2013</b>
Balance, beginning of year	\$ 598,516	\$ 503,573
Contributions received in the year	4,176,344	3,949,541
Amounts recognized as revenue in year	(4,113,296)	(3,854,598)
Balance, end of year	<u>\$ 661,564</u>	<u>598,516</u>

Ending deferred contributions consists of:

	<b>2014</b>	<b>2013</b>
Fundraising, special events, donations and other	\$ 244,038	\$ 254,871
City of Calgary	226,274	226,274
Alberta Human Services	104,167	30,392
United Way	87,085	84,250
Calgary and Area Child and Family Services Authority	-	2,729
Total	<u>\$ 661,564</u>	<u>\$ 598,516</u>

**8. Contractual obligations**

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

2015	\$ 133,617
2016	138,253
2017	150,897
2018	153,425
2019	153,060
Subsequent	<u>25,288</u>
Total	<u>\$ 754,540</u>

**9. Volunteer hours**

Volunteers contributed approximately 43,660 (2013 – 36,878) 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.

## **Distress Centre Calgary**

### Notes to the Financial Statements

December 31, 2014

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#### **10. Related party transactions**

During the year the Centre paid \$15,750 (2013 - \$nil) in recruitment fees to an executive search firm at which one of the directors is a partner. The Centre paid \$nil (2013 - \$380) in legal fees to a law firm at which one of the directors is a partner. The Centre received \$1,000 for a computer from the former Executive Director in 2013. These transactions are in the normal course of business and have been measured at the exchange amount.

During the year, the members of the Board of Directors contributed \$14,400 (2013 - \$nil) to the Centre.

#### **11. Expenses incurred for fundraising**

Expenses incurred for soliciting contributions were \$188,416 (2013 - \$213,231) including \$129,349 (2013 - \$159,569) paid to employees involved in fundraising.

#### **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 or market risk.

##### **Financial assets**

All of the Centre's financial assets are measured at amortized cost.

#### **13. Comparative figures**

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