

# **Distress Centre Calgary**

**Financial Statements**

**December 31, 2013**



**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, 2013, 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 in our audit 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, 2013, 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 26, 2014  
Calgary, Alberta

*Kenway Mack Slusarchuk Stewart LLP*  
Chartered Accountants

**Distress Centre Calgary**

## Statements of Financial Position

As at December 31,

						<b>2013</b>	<b>2012</b>
	General Operating Fund	General Sustainability Fund	General Subtotal	Restricted Capital Fund	Restricted Casino Fund	Grand Total	Total
<b>Assets</b>							
<b>Current assets</b>							
Cash and cash equivalents (note 4)	\$ 1,043,053	\$ 311,022	\$ 1,354,075	\$ 7,832	\$ 61,632	\$ 1,423,539	\$ 1,095,729
Accounts receivable	75,177	-	75,177	3,456	1,366	79,999	34,482
Prepaid expenses	38,832	-	38,832	-	-	38,832	22,267
Due from general operating	-	256,946	256,946	-	-	256,946	26,767
	<u>1,157,062</u>	<u>567,968</u>	<u>1,725,030</u>	<u>11,288</u>	<u>62,998</u>	<u>1,799,316</u>	<u>1,179,245</u>
<b>Capital assets (note 5)</b>	-	-	-	194,895	-	194,895	181,513
	<u>1,157,062</u>	<u>567,968</u>	<u>1,725,030</u>	<u>206,183</u>	<u>62,998</u>	<u>1,994,211</u>	<u>1,360,758</u>
<b>Liabilities</b>							
<b>Current liabilities</b>							
Accounts payable (note 6)	236,141	-	236,141	-	-	236,141	140,560
Deferred contributions (note 7)	598,516	-	598,516	-	-	598,516	503,573
Due to general operating and sustainability	250,526	-	250,526	6,420	-	256,946	26,767
	<u>1,085,183</u>	<u>-</u>	<u>1,085,183</u>	<u>6,420</u>	<u>-</u>	<u>1,091,603</u>	<u>670,900</u>
<b>Net assets</b>							
Invested in capital assets	-	-	-	-	-	-	176,338
Externally restricted	-	-	-	199,763	62,998	262,761	134,184
Unrestricted	71,879	567,968	639,847	-	-	639,847	379,336
	<u>71,879</u>	<u>567,968</u>	<u>639,847</u>	<u>199,763</u>	<u>62,998</u>	<u>902,608</u>	<u>689,858</u>
	<u>\$ 1,157,062</u>	<u>\$ 567,968</u>	<u>\$ 1,725,030</u>	<u>\$ 206,183</u>	<u>\$ 62,998</u>	<u>\$ 1,994,211</u>	<u>\$ 1,360,758</u>

Approved by the Board

\_\_\_\_\_ Director

\_\_\_\_\_ Director

*See accompanying notes to the financial statements*

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

Years ended December 31,	<b>2013</b>	<b>2012</b>
<b>Revenue</b>		
United Way of Calgary and Area	\$ 1,067,832	\$ 1,089,037
City of Calgary, Family and Community Support Services	905,096	915,096
Other grants and fundraising	875,004	977,483
Alberta Health Services - Addictions and Mental Health	422,925	410,626
Calgary Homeless Foundation	236,530	-
Calgary and Area Child and Family Services Authority	147,527	119,023
	<u>3,654,914</u>	<u>3,511,265</u>
<b>Expenses</b>		
Personnel costs	2,939,241	2,812,027
Office and administration	636,278	624,800
Instrumental needs	77,856	72,644
	<u>3,653,375</u>	<u>3,509,471</u>
<b>Excess of revenue over expenses</b>	<u>\$ 1,539</u>	<u>\$ 1,794</u>

*See accompanying notes to the financial statements*

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

Years ended December 31,	2013	2012
<b>Revenue</b>		
Other grants and fundraising	\$ 268,996	\$ 83,949
Interest income	1,994	2,484
	<u>270,990</u>	<u>86,433</u>
<b>Expenses</b>		
Fundraising	<u>12,018</u>	<u>8,153</u>
<b>Excess of revenue over expenses</b>	<u>\$ 258,972</u>	<u>\$ 78,280</u>

*See accompanying notes to the financial statements*

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

Years ended December 31,	2013	2012
<b>Revenue</b>		
Donations and other	\$ -	\$ 171,648
<b>Expenses</b>		
Amortization	47,305	45,281
Other	-	28
	<u>47,305</u>	<u>45,309</u>
<b>Excess (deficiency) of revenue over expenses</b>	<u>\$ (47,305)</u>	<u>\$ 126,339</u>

*See accompanying notes to the financial statements*

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

Years ended December 31,	<b>2013</b>	<b>2012</b>
<b>Revenue</b>		
Interest income	\$ 1,794	\$ -
Casino proceeds	-	68,021
	<u>1,794</u>	<u>68,021</u>
<b>Expenses</b>		
Office and administration	2,175	5,696
Bank charges	75	49
	<u>2,250</u>	<u>5,745</u>
<b>Excess (deficiency) of revenue over expenses</b>	<u>\$ (456)</u>	<u>\$ 62,276</u>

*See accompanying notes to the financial statements*

**Distress Centre Calgary**

## Statements of Changes in Net Assets

As at December 31,

						<b>2013</b>	<b>2012</b>
	General Operating Fund	General Sustainability Fund	General Subtotal	Restricted Capital Fund	Restricted Casino Fund	Grand Total	Total
<b>Balance, beginning of year</b>	\$ 70,340	\$ 308,996	\$ 379,336	\$ 193,309	\$ 117,213	\$ 689,858	\$ 421,169
Excess (deficiency) of revenues over expenses	1,539	258,972	260,511	(47,305)	(456)	212,750	268,689
Interfund transfers	-	-	-	53,759	(53,759)	-	-
<b>Balance, end of year</b>	<b>\$ 71,879</b>	<b>\$ 567,968</b>	<b>\$ 639,847</b>	<b>\$ 199,763</b>	<b>\$ 62,998</b>	<b>\$ 902,608</b>	<b>\$ 689,858</b>

*See accompanying notes to the financial statements*



**Distress Centre Calgary**  
Statements of Cash Flows

Years ended December 31,	<b>2013</b>	<b>2012</b>
<b>Operating activities:</b>		
Excess (deficiency) of revenue over expenses	\$ 212,750	\$ 268,689
Items not affecting cash:		
Amortization	47,305	45,281
	<u>260,055</u>	<u>313,970</u>
Changes in non cash working capital items		
Accounts receivable	(45,517)	(21,922)
Prepaid expenses	(16,565)	5,488
Accounts payable	95,581	62,758
Deferred contributions	94,943	(226,423)
	<u>388,497</u>	<u>133,871</u>
<b>Investing activities</b>		
Capital expenditures	<u>(60,687)</u>	<u>(167,745)</u>
<b>Increase (decrease) in cash</b>	327,810	(33,874)
<b>Cash, beginning of year</b>	<u>1,095,729</u>	<u>1,129,603</u>
<b>Cash, end of year</b>	<u>\$ 1,423,539</u>	<u>\$ 1,095,729</u>
<b>Cash consists of:</b>		
Cash and cash equivalents	\$ 1,116,844	\$ 930,998
GIC	306,695	164,731
	<u>\$ 1,423,539</u>	<u>\$ 1,095,729</u>

*See accompanying notes to the financial statements*

# Distress Centre Calgary

Notes to the Financial Statements

December 31, 2013

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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 (“ASNFPO”).

## 3. Significant accounting policies

### (a) Fund accounting

The Centre accounts for its activities using 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 Casino’s 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.

December 31, 2013

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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, 2013

**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. Cash and cash equivalents**

Included in cash and cash equivalents are guaranteed investment certificates totaling \$306,695 (2012 - \$164,731) which bear interest at 2.25% (2012 - between 1.2% and 1.5%) and mature May 16, 2016. This investment is redeemable on demand.

**5. Capital Assets**

			<b>2013</b>			<b>2012</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>
Furniture & fixtures	\$ 136,559	\$ 117,415	\$ 19,144	\$ 23,928	\$ 23,928	\$ 23,928
Leasehold improvements	579,561	576,000	3,561	6,613	6,613	6,613
Computer equipment	146,904	97,586	49,318	5,176	5,176	5,176
Computer software	401,970	401,970	-	-	-	-
Phone system	169,498	46,626	122,872	145,796	145,796	145,796
	<b>\$ 1,434,492</b>	<b>\$ 1,239,597</b>	<b>\$ 194,895</b>	<b>\$ 181,513</b>	<b>\$ 181,513</b>	<b>\$ 181,513</b>

**6. Accounts payable**

Included in accounts payable are \$27,496 (2012 - \$nil) of government remittances payable.

# Distress Centre Calgary

Notes to the Financial Statements

December 31, 2013

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## 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>2013</b>	<b>2012</b>
Balance, beginning of year	\$ 503,573	\$ 729,996
Contributions received in the year	3,949,541	3,536,365
Amounts recognized as revenue in year	(3,854,598)	(3,762,788)
	<hr/>	<hr/>
Balance, end of year	\$ 598,516	503,573

Ending deferred contributions consists of:

	<b>2013</b>	<b>2012</b>
Fundraising, special events, donations and other	\$ 254,871	\$ 195,293
City of Calgary	226,274	226,274
United Way	84,250	50,000
Alberta Human Services	30,392	2,500
Calgary and Area Child and Family Services Authority	2,729	29,506
	<hr/>	<hr/>
Total	\$ 598,516	\$ 503,573

## 8. Contractual obligations

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

2014	\$ 107,050
2015	18,123
	<hr/>
Total	\$ 125,173

## 9. Volunteer hours

Volunteers contributed approximately 36,878 (2012 - 36,791) 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, 2013

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**10. Related party transactions**

During the year the Centre paid \$380 (2012 - \$2,830) in legal fees to a law firm at which one of the directors is a partner. The Centre received \$1,000 (2012 - \$nil) for a computer from the former Executive Director. These transactions are in the normal course of business and have been measured at the exchange amount.

**11. Expenses incurred for fundraising**

Expenses incurred for soliciting contributions were \$213,231 (2012 - \$132,206) including \$159,569 (2012 - \$102,725) 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.