Financial Statements
December 31, 2017





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, 2017, 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, 2017, 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.

Kennylay Monch Shwarchurk Stewart up
Chartered Professional Accountants.

Chartered Accountants

February 28, 2018 Calgary, Alberta



Statement of Financial Position

As at December 31,						2017	2016
	Operating	Sus	stainability	Subtotal	Capital	Total	Total
	Fund		Fund		Fund		
Assets							
Current assets							
Cash and cash equivalents (note 4)	\$ 587,612	\$	927,487	\$ 1,515,099	\$ 80,513	\$ 1,595,612	\$ 1,357,668
Accounts receivable	38,469		-	38,469	1,785	40,254	42,876
Prepaid expenses	18,738		-	18,738	-	18,738	29,986
Investment (note 5)	-		-	-	-	-	327,005
Interfund balances	 -		-	-	26,829	26,829	321,000
	644,819		927,487	1,572,306	109,127	1,681,433	2,078,535
Non-current assets							
Capital assets (note 6)	 -		-	-	115,646	115,646	38,991
	\$ 644,819	\$	927,487	\$ 1,572,306	\$ 224,773	\$ 1,797,079	\$ 2,117,526
Liabilities							
Current liabilities							
Accounts payable (note 7)	\$ 125,573	\$	-	\$ 125,573	\$ 75,000	\$ 200,573	\$ 136,430
Deferred contributions (note 8)	513,314		-	513,314	-	513,314	694,373
Interfund balances	 5,932		20,897	26,829	-	26,829	321,000
	 644,819		20,897	665,716	75,000	740,716	1,151,803
Net assets							
Invested in capital assets	-		-	-	115,646	115,646	38,991
Externally restricted	-		-	-	34,127	34,127	4,850
Unrestricted	 -		906,590	906,590	-	906,590	921,882
	 -		906,590	906,590	149,773	1,056,363	965,723
	\$ 644,819	\$	927,487	\$ 1,572,306	\$ 224,773	\$ 1,797,079	\$ 2,117,526

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Approved by the Board

Statement of Operations

2017 2016 Year ended December 31, Operating Sustainability Subtotal Capital Total Total Fund Fund Fund Revenue United Way of Calgary and Area 1,121,185 \$ 1,121,185 \$ 1,121,185 1,115,171 City of Calgary, Family and Community Support Services 1,008,875 1,008,875 1,008,875 1,130,243 Other donations and fundraising 106,859 1,041,600 861,436 861,436 968,295 Calgary Homeless Foundation 475,959 475,959 475,959 534,500 Alberta Health Services - Addictions and Mental Health 422,748 450,223 422,748 422,748 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 Red Deer 211 55,190 55,190 55,190 56,764 Casino proceeds utilized 44,929 44,929 44,929 45,919 Carya - Senior 211 32,525 32,525 32,525 United Way Alberta - Capital Region 12,270 12,270 12,270 **CCASA** 12,000 12,000 12,000 12,000 Bow Valley 211 11,660 11,660 11,660 11,660 Interest Income 9,915 9,978 9,978 9,081 63 9,915 4,363,049 4,372,964 106,859 4,479,823 4,711,370 **Expenses** Personnel costs 3,531,679 3,531,679 3,531,679 3,580,075 Office and administration 697,265 697,265 32 697,297 710,557 Instrumental needs 134,133 134,133 134,133 89,108 Amortization 26,074 26,074 95,495 4,363,077 4,363,077 26,106 4,389,183 4,475,235 Excess (deficiency) of revenue over expenses \$ (28) \$ 9.915 \$ 9.887 80,753 \$ 90,640 236,135

Statement of Changes in Net Assets

As at December 31,						2017	2016
	Operating	Sus	stainability	Subtotal	Capital	Total	Total
	Fund		Fund		Fund		
Balance, beginning of year,	\$ 4,310	\$	917,572	\$ 921,882 \$	43,841	\$ 965,723	\$ 729,588
Excess (deficiency) of revenues over							
expenses	(28)		9,915	9,887	80,753	90,640	236,135
Interfund transfers	 (4,282)		(20,897)	(25,179)	25,179	-	-
Balance, end of year	\$ -	\$	906,590	\$ 906,590 \$	149,773	\$ 1,056,363	\$ 965,723

Statement of Cash Flows

Year ended December 31,	2017	2016
Operating activities:		
Excess of revenue over expenses	\$ 90,640	\$ 236,135
Items not affecting cash:		
Amortization	26,074	95,495
Interest income accrual		(6,355)
	116,714	325,275
Changes in non cash working capital items	,	,
Accounts receivable	2,622	(12,069)
Prepaid expenses	11,249	(2,494)
Accounts payable	64,144	10,031
Deferred contributions	(181,061)	2,084
	13,668	322,827
Financing activities		322,027
Proceeds on maturity of investment	327,005	-
Investing activities		
Capital expenditures	(102,729)	(31,498)
Increase in cash and cash equivalents	237,944	291,329
Cash and cash equivalents, beginning of year	1,357,668	1,066,339
Cash and cash equivalents, end of year	\$ 1,595,612	\$ 1,357,668
Cash and cash equivalents consists of:		
Cash	\$ 668,125	\$ 1,095,047
Guaranteed investment certificates	927,487	262,621
	\$ 1,595,612	\$ 1,357,668

December 31, 2017

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 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.

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:

Capital Asset	<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.

(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 seven (2016 - two) redeemable guaranteed investment certificates and one (2016 – none) non-redeemable guaranteed investment certificate that matures January 2018. These investments bear interest from 1.10% to 1.33% (2016 - 0.90% to 1.05%) and have maturities of January, May, and October 2018. Included in cash and cash equivalents are restricted amounts equal to the amount of restricted contributions deferred as described in note 8 of \$513,314 (2016 - \$694,373) and externally restricted net assets held for capital asset purchases of \$34,127 (2016 - \$4,850).

5. Investment

In the prior year, investment consisted of a non-redeemable guaranteed investment certificate which bore interest at a rate of 1.35% that matured in May 2017.

6. Capital assets

			2017	2016
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Phone system	\$ 175,328	\$ 171,597	\$ 3,731	\$ 4,663
Furniture & fixtures	136,558	136,558	-	9,801
Website	30,082	19,804	10,278	2,420
Computer equipment	264,576	162,939	101,637	22,107
Leasehold improvements	579,561	579,561	-	-
Computer software	 401,970	401,970	-	
	\$ 1,588,075	\$ 1,472,429	\$ 115,646	\$ 38,991

7. Accounts payable

Included in accounts payable are \$2,402 (2016 - \$3,504) of government remittances payable.

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:

	 2017	2016
Balance, beginning of year Contributions received in the year Amounts recognized as revenue in year	\$ 694,373 4,288,756 (4,469,815)	\$ 692,289 4,701,385 (4,699,301)
Balance, end of year	\$ 513,314	\$ 694,373
Deferred contributions relate to:		
	 2017	2016
City of Calgary, Family and Community Support Services United Way of Calgary and Area Other donations and fundraising Casino proceeds Calgary Homeless Foundation United Way Alberta – Capital Region Red Deer 211	\$ 249,146 93,308 63,297 46,924 38,506 13,800 8,333	\$ 261,657 90,388 231,959 91,853 10,183
Total	\$ 513,314	\$ 694,373

9. Contractual obligations

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

2018	153,425
2019	153,060
2020	25,288
Total	\$ 331,773

Notes to the Financial Statements

December 31, 2017

10. Volunteer hours

Volunteers contributed approximately 54,813 (2016 - 48,652) 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 \$22,084 (2016 - \$22,425) to the Centre.

12. Expenses incurred for fundraising

Expenses incurred for soliciting contributions were \$241,160 (2016 - \$227,968) including \$176,561 (2016 - \$155,054) paid to employees involved in securing contributions including fundraising. These expenses are reflected in office and administrative expenses and personnel costs.

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.