Financial Statements of

DISTRESS CENTRE CALGARY

And Independent Auditor’s Report thereon

Year ended December 31, 2022

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INDEPENDENT AUDITOR'S REPORT

To the Directors of Distress Centre Calgary

Opinion

We have audited the financial statements of Distress Centre Calgary (the Entity), which comprise:

- the statement of financial position as at December 31, 2022
- the statement of operations for the year then ended
- the statement of changes in net assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2022, 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 "***Auditor's Responsibilities for the Audit of the Financial Statements***" section of our auditor's report.

We are independent of the Entity 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.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor's 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 auditor's 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 the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment 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 Entity'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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's report. However, future events or conditions may cause the Entity 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.

- 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.

KPMG LLP

Chartered Professional Accountants

Calgary, Canada

March 2, 2023

DISTRESS CENTRE CALGARY

Statement of Financial Position

December 31, 2022, with comparative information for 2021

	Operating fund	Sustainability fund	Subtotal	Capital fund	2022 Total	2021 Total
Assets						
Current assets:						
Cash and cash equivalents	$ 1,396,892	$ 18,258	$ 1,415,150	$ 7,299	$ 1,422,449	$ 1,952,652
Short term investments (note 4)	–	1,682,341	1,682,341	–	1,682,341	1,353,247
Accounts receivable	371,243	7,857	379,100	–	379,100	224,078
Prepaid expenses	100,659	–	100,659	–	100,659	70,256
	1,868,794	1,708,456	3,577,250	7,299	3,584,549	3,600,233
Non-current assets:						
Capital assets (note 5)	–	–	–	133,507	133,507	187,222
Long term investments (note 4)	–	719,409	719,409	–	719,409	897,343
	$ 1,868,794	$ 2,427,865	$ 4,296,659	$ 140,806	$ 4,437,465	$ 4,684,798
Liabilities						
Current liabilities:						
Accounts payable	$ 249,559	$ –	$ 249,559	$ –	$ 249,559	$ 276,231
Deferred contributions (note 6)	900,233	–	900,233	–	900,233	1,503,715
	1,149,792		1,149,792	–	1,149,792	1,779,946
Non-current liabilities:						
Deferred lease liability	158,512	–	158,512	–	158,512	147,941
	1,308,304		1,308,304	–	1,308,304	1,927,887
Net assets:						
Invested in capital assets	–	–	–	133,507	133,507	187,222
Restricted	–	–	–	7,299	7,299	7,299
Unrestricted	560,490	2,427,865	2,988,355	–	2,988,355	2,562,390
	560,490	2,427,865	2,988,355	140,806	3,129,161	2,756,911
Contractual obligations (note 7)						
	$ 1,868,794	$ 2,427,865	$ 4,296,659	$ 140,806	4,437,465	$ 4,684,798

See accompanying notes to the financial statements.

Approved by the Board

Director

Director

DISTRESS CENTRE CALGARY
Statement of Operations

Year ended December 31, 2022, with comparative information for 2021

	Operating fund	Sustainability fund	Subtotal	Capital fund	2022 Total	2021 Total
Revenue:						
United Way Alberta Capital Region	$ 2,020,393	$ –	$ 2,020,393	$ –	$ 2,020,393	$ 1,944,933
Other donations and fundraising	1,236,166	200,000	1,436,166	–	1,436,166	1,595,524
City of Calgary, Family and Community Support Services (Note 10)	1,316,728	–	1,316,728	–	1,316,728	1,316,729
United Way of Calgary and Area	1,070,850	–	1,070,850	–	1,070,850	1,063,890
Calgary Homeless Foundation	961,221	–	961,221	–	961,221	1,153,624
City of Calgary – Community Safety Investment Fund	562,978	–	562,978	–	562,978	203,580
Alberta Health Services – addictions and mental health	433,013	–	433,013	–	433,013	433,013
Calgary Police Services	372,374	–	372,374	–	372,374	–
Canada Suicide Prevention Service	311,328	–	311,328	–	311,328	245,533
Red Deer – Senior 211	169,673	–	169,673	–	169,673	169,673
Calgary and Area Child and Family Services	119,461	–	119,461	–	119,461	84,130
Carya – Senior 211	80,300	–	80,300	–	80,300	80,300
Civil Society Fund	42,071	–	42,071	–	42,071	–
Interest income	973	37,610	38,583	–	38,583	13,747
Casino proceeds utilized	33,724	–	33,724	–	33,724	37,121
Gift in Kind	28,964	–	28,964	–	28,964	106,540
Calgary Communities Against Sexual Abuse	5,000	–	5,000	–	5,000	5,000
City of Calgary – ES online	–	–	–	–	–	121,000
Alberta Human Services	–	–	–	–	–	72,917
	8,765,217	237,610	9,002,827	–	9,002,827	8,647,254
Expenses:						
Personnel	6,811,858	–	6,811,858	–	6,811,858	6,209,468
Basic needs fund	372,417	–	372,417	–	372,417	338,914
Building	326,039	–	326,039	–	326,039	329,589
Program Costs	234,656	–	234,656	–	234,656	152,257
IT	183,562	–	183,562	–	183,562	205,901
Office administration	183,430	–	183,430	–	183,430	159,291
Marketing and fundraising	166,002	–	166,002	–	166,002	174,356
Communication	131,344	–	131,344	–	131,344	299,999
Finances	53,990	74,781	128,771	–	128,771	80,924
Amortization	–	–	–	53,715	53,715	75,878
Volunteer and training	38,783	–	38,783	–	38,783	40,464
	8,502,081	74,781	8,576,862	53,715	8,630,577	8,067,041
Excess (deficiency) of revenue over expenses	$ 263,136	$ 162,829	$ 425,965	$ (53,715)	$ 372,250	$ 580,213

See accompanying notes to the financial statements.

DISTRESS CENTRE CALGARY

Statement of Changes in Net Assets

Year ended December 31, 2022, with comparative information for 2021

	Operating fund	Sustainability fund	Subtotal	Capital fund	2022 Total	2021 Total
Balance, beginning of year	$ 297,354	$ 2,265,036	$ 2,562,390	$ 194,521	$ 2,756,911	$ 2,176,698
Excess (deficiency) of revenues over expenses	263,136	162,829	425,965	(53,715)	372,250	580,213
Balance, end of year	$ 560,490	$ 2,427,865	$ 2,988,355	$ 140,806	$ 3,129,161	$ 2,756,911

See accompanying notes to the financial statements.

DISTRESS CENTRE CALGARY

Statement of Cash Flows

Year ended December 31, 2022, with comparative information for 2021

	2022	2021
Operations:		
Excess of revenue over expenses	$ 372,250	$ 580,213
Item not affecting cash:		
Amortization	53,715	75,878
Unrealized loss on investments	48,840	14,494
Deferred lease liability	10,571	30,339
	485,376	700,924
Changes in non-cash working capital item:		
Accounts receivable	(155,022)	(139,120)
Prepaid expenses	(30,403)	(9,705)
Accounts payable	(26,672)	74,616
Deferred contributions	(603,482)	166,362
	(330,203)	793,077
Investing:		
Purchase of capital assets	–	(53,897)
Proceeds from sale of investments	1,364,003	926,890
Purchase of investments	(1,564,003)	(2,265,084)
	(200,000)	(1,392,091)
Decrease in cash and cash equivalents	(530,203)	(599,014)
Cash and cash equivalents, beginning of year	1,952,652	2,551,666
Cash and cash equivalents, end of year	1,422,449	$ 1,952,652

See accompanying notes to the financial statements.

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, and professional counselling. The Centre also provides referral services through the 211 information and referral line. Calgarians experiencing homelessness are served out of the Safe Communities Opportunities and Resource Centre (SORCe). 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”), using the restricted fund method to report restricted contributions.

3. Significant accounting policies:

(a) Fund accounting:

The Centre uses the restricted fund method to report restricted contributions.

General funds

General Funds include the Operating Fund and Sustainability Fund.

The Operating Fund is used for program delivery and administrative activities. This fund is comprised of restricted grants, restricted donations, and unrestricted contributions.

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.

3. Significant accounting policies (continued):

(b) Cash and cash equivalents:

Cash and cash equivalents include cash on hand, balances with banks and Guaranteed Investment Certificates (“GICs”) with original maturities less than or equal to 90 days.

(c) Investments:

Investments are comprised of Guaranteed Investment Certificates (“GICs”) and fixed income instruments with original maturities greater than 90 days and related accrued interest. Investments maturing in one year or less from the date of the statement of financial position are classified as short-term investments; investments with longer original maturities are classified as long-term investments.

(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. Capital assets are amortized using the straight-line method at rates intended to amortize the cost of assets over their estimated useful lives. Building improvements are amortized using the straight-line method over the remaining term of the lease. Capital assets acquired during the year are amortized beginning when they are placed into use.

Capital asset	Rate
Telephone system	5 years
Furniture and fixtures	5 years
Website	2 years
Computer equipment	3 years
Leasehold improvements	remaining term of the lease
Computer software	2 years

The Centre regularly reviews its capital assets for obsolescence, and assets determined to be obsolete are derecognized. When a capital asset no longer contributes to the Centre’s ability to provide goods and services, or when the value of future economic benefits or service potential associated with it is less than its net carrying amount, its carrying amount is written down to its fair value.

(e) Deferred lease liability:

Lease expenses for the premises are recognized on a straight-line basis over the term of the lease with the calculated lease expense in excess of payments under the terms of the lease accounted for as a deferred lease liability.

3. Significant accounting policies (continued):

(f) 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 Operating Fund in the year received, or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured.

(g) 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.

Volunteers have contributed a variety of services to assist the Centre in carrying out its objectives. The fair value of such services is not recognized in these financial statements.

(h) Government assistance:

Government grants are recorded as revenue when eligibility criteria are met and receipt is reasonably assured.

(i) Measurement uncertainty:

The preparation of financial statements in conformity with ASNFPO requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. The most significant of these estimates are related to the collectability of accounts receivable and the amortization period for and potential impairment of capital assets. Actual results could differ significantly from the estimates. Management reviews these estimates on a periodic basis and, if required, makes adjustments prospectively.

3. Significant accounting policies (continued):

(j) Financial instruments:

The Centre recognizes its financial instruments when the Centre becomes a party to the contractual provisions of the financial instrument. Financial instruments are recorded at fair value on initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship and equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently measured at cost or amortized cost unless management has elected to carry the instruments at fair value. The Centre has not elected to carry any such financial instruments at fair value.

Transaction costs incurred through the acquisition of financial instruments that are subsequently measured at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred upon acquisition and by financing costs. These costs are amortized using the straight-line method.

Financial assets measured at cost or amortized cost are tested for impairment on an annual basis at the end of the fiscal year if there are indicators that the asset may be impaired. If there is an indicator of impairment, the Centre determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset, or the amount the Centre expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial impairment charge.

4. Investments:

		2022		2021
Short term investments:				
Guaranteed investment certificate – maturity date August 11, 2023 with an annual interest rate of 2.25%	$	255,964	$	–
Guaranteed investment certificate – maturity date August 11, 2023 with an annual interest rate of 4.10%	$	1,015,838	$	–
Guaranteed investment certificate – maturity date December 20, 2023 with an annual interest rate of 5.00%		200,274		–
Guaranteed investment certificate – maturity date June 10, 2023 with an annual interest rate of 0.65%		100,000		–
Guaranteed investment certificate – maturity date August 8, 2023 with an annual interest rate of 3.83%		110,265		–
Guaranteed investment certificate – maturity date May 11, 2022 with an annual interest rate of 0.25%		–		1,001,241
Guaranteed investment certificate – maturity date June 20, 2022 with an annual interest rate of 0.25%		–		250,013
Guaranteed investment certificate – maturity date June 10, 2022 with an annual interest rate of 0.50%		–		101,993
Balance, end of year	$	1,682,341	$	1,353,247

4. Investments (continued):

		2022		2021
Long term investments:				
Guaranteed investment certificate – maturity date June 10, 2023 with an annual interest rate of 0.65%		–		100,363
Guaranteed investment certificate – maturity date June 10, 2024 with an annual interest rate of 0.70%		100,000		100,397
Fixed income – maturity date June 2, 2025 with an annual interest rate of 2.45%		91,446		98,276
Fixed income – maturity date August 14, 2026 with an annual interest rate of 2.60%		85,975		94,892
Fixed income – maturity date June 1, 2027 with an annual interest rate of 2.55%		90,109		99,384
Fixed income – maturity date December 1, 2028 with an annual interest rate of 2.90%		90,090		101,656
Fixed income – maturity date June 2, 2029 with an annual interest rate of 2.70%		88,503		100,745
Fixed income – maturity date September 1, 2030 with an annual interest rate of 1.90%		86,570		100,470
Fixed income – maturity date June 18, 2031 with an annual interest rate of 1.55%		86,716		101,160
Balance, end of year	$	719,409	$	897,343

5. Capital assets:

	Cost	Accumulated amortization	2022 Net book value	2021 Net book value
Telephone system	$ 175,328	$ 175,328	$ –	$ 56
Furniture and fixtures	289,272	225,829	63,443	93,986
Website	30,083	30,083	–	–
Computer equipment	343,405	337,383	6,022	20,553
Leasehold improvements	665,414	601,372	64,042	72,627
Computer software	427,898	427,898	–	–
	$ 1,931,400	$ 1,797,893	$ 133,507	$ 187,222

6. Deferred contributions:

The Centre's funders restrict certain contributions for specific purposes. Recognition of unused restricted amounts is deferred to future years in which the specified expenses are incurred. When the contributions are made for the acquisition of capital assets, revenue is recognized when the contributions are received or receivable.

Changes for the year in the balance are as follows:

	2022	2021
Balance, beginning of year	$ 1,503,715	$ 1,337,353
Contributions received in the year	8,331,798	8,681,104
Amounts recognized as revenue in year	(8,935,280)	(8,514,742)
Balance, end of year	$ 900,233	$ 1,503,715

6. Deferred contributions (continued):

The balance is comprised as follows:

	2022	2021
Other donations and fundraising	$ 249,444	$ 324,155
United Way of Calgary and area	188,204	166,731
Civil Society Fund	164,179	–
City of Calgary, Community Safety Investment Framework Fund	95,857	202,720
City of Calgary, Family and Community Support Services	94,881	–
Casino proceeds	79,101	119
Calgary Homeless Foundation	28,567	222,320
Unities Way Alberta Capital Region	–	465,011
Alberta Human Services	–	96,250
Crisis Services Canada	–	26,409
	$ 900,233	$ 1,503,715

7. Contractual obligations:

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

2023	$ 139,701
2024	139,701
2025	139,701
2026	168,026
2027	177,468
Thereafter	424,481
	$ 1,189,078

8. Expenses incurred for fundraising:

Expenses incurred for soliciting contributions were $379,216 (2021 – $399,806) including $198,124 (2021 – $210,686) paid to employees involved in securing contributions including fundraising. These expenses are included in office administration, finance, marketing and fundraising, building, and personnel.

9. 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. The Centre is exposed to the following significant financial risks:

(a) Liquidity risk

Liquidity risk is the risk that the Centre will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Centre manages liquidity risk by monitoring its operating requirements and maintaining adequate cash and cash equivalents.

The Centre continues to manage liquidity risk by forecasting and assessing cash flow requirements on an ongoing basis. As of December 31, 2022, the Centre continues to meet its contractual obligations within normal payment terms and the Centre's exposure to credit risk remains largely unchanged.

(b) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in interest rates. In seeking to minimize the risks from interest rate fluctuations, the Centre manages exposure through its normal operating and financing activities. The Centre is exposed to interest rate risk primarily through its guaranteed investment certificates.

(c) Credit risk

Credit risk is the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Centre is exposed to credit risk with respect to its cash and investments, which are deposited with Canadian commercial banks and investment managers. The Centre is exposed to credit risk relating to accounts receivable, which is influenced by the individual characteristics of each debtor. The Centre has no significant concentration of credit risk with any one party and limits exposure to credit risks by dealing with only creditworthy organizations. Management does not expect any debtor to fail in meeting their obligation.

10. Schedule of Programs Revenue and Expenses – Crisis Services, 211 and Counseling Programs:

	Crisis	211	Counseling	Total 2022	Total 2021
Revenue:					
Family and Community Support Services	$ 627,514	$ 625,713	$ 63,501	$ 1,316,728	$ 1,316,729
Donations/Fundraising	–	–	–	–	20,000
	627,513	625,713	63,501	1,316,728	1,336,729
Expenses:					
HR:					
Benefits	–	–	–	–	9,593
Wages	479,972	519,015	62,544	1,061,531	1,073,236
	479,972	519,015	62,544	1,061,531	1,082,829
Other:					
Administration	15,800	15,755	–	31,555	31,574
Advertising	2,225	337	–	2,562	5,820
Consulting	3,220	–	–	3,220	20,000
Building	62,000	47,000	–	109,000	92,934
Staff/volunteer related expenses	14,000	8,000	–	22,000	29,131
Computer equipment	16,000	16,000	–	32,000	56,414
Legal fees	2,043	2,930		4,973	–
	115,288	90,022	–	205,310	235,873
Supplies:					
Program supplies	27,000	10,000	–	37,000	14,682
Program services	5,241	6,000	957	12,198	3,337
	32,241	16,000	957	49,198	18,019
Travel:					
Travel	13	676	–	689	8
Total expenses	627,514	625,713	63,501	1,316,728	1,336,729
Excess of revenue over expenses	$ –	$ –	$ –	$ –	$ –

11. Comparative information:

Certain comparative information has been reclassified to be consistent with the financial statement presentation adopted in the current year. There was no impact on total revenue, total expenses, excess (deficiency) of revenue over expenses, or net assets.