

**CALGARY DROP-IN & REHAB CENTRE SOCIETY**

**Financial Statements**

**March 31, 2013**

**Calgary Drop-In & Rehab Centre Society**  
**Index to the Financial Statements**  
**For the Years Ended March 31, 2012 and 2013**

---

	Page
INDEPENDENT AUDITOR'S REPORT	1
FINANCIAL STATEMENTS	
Statements of Operations	2 - 3
Statements of Financial Position	4
Statements of Changes in Fund Balances	5
Statements of Cash Flows	6
Notes to the Financial Statements	7 - 13

---

## INDEPENDENT AUDITOR'S REPORT

---

### **To the Members of Calgary Drop-In & Rehab Centre Society:**

#### **Report on the financial statements**

We have audited the accompanying financial statements of Calgary Drop-In & Rehab Centre Society, which comprise the statements of financial position as at March 31, 2013, March 31, 2012 and April 1, 2011, and the statements of operations, changes in fund balances and cash flows for the years ended March 31, 2013 and March 31, 2012, and a summary of significant accounting policies and other explanatory information.

#### **Management's responsibility for 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.

#### **Auditor's responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audits 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 auditor's 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 auditor considers 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 control. 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 Calgary Drop-In & Rehab Centre Society as at March 31, 2013, March 31, 2012 and April 1, 2011 and the results of its operations and its cash flows for the years ended March 31, 2013 and March 31, 2012, in accordance with Canadian accounting standards for not-for-profit organizations.

June 20, 2013  
Calgary, Alberta, Canada

  
Certified General Accountants

Calgary Drop-In & Rehab Centre Society  
Statement of Operations  
For the Years Ended March 31, 2012 and 2013

REVENUE	2013	2012	Total
Albertain Human Services	\$ 10,961,509	\$ 725,340	\$ 11,686,849
Calgary Homeless Foundation	-	-	-
United Way	533,679	-	533,679
City of Calgary - FCSS	434,259	-	434,259
Alberta Employment, Immigration and Industry	-	-	-
Other grants	42,293	-	42,293
Human Resources/Skills Development Canada	11,006	47,612	58,618
Business development	-	-	-
Donations	-	-	-
Rental revenue	-	-	-
Interest income	-	-	-
Miscellaneous	342	-	342
Gifts-in-kind (note 14)	2,255,115	15,096	2,270,211
Amortization of deferred contributions (note 10)	-	-	-
Amortization of mortgage incentive	-	-	-
<b>TOTAL REVENUE</b>	<b>13,995,605</b>	<b>2,007,656</b>	<b>16,003,261</b>
<b>EXPENSES</b>	<b>9,207,046</b>	<b>1,027,471</b>	<b>10,234,517</b>
Salaries and benefits	360,448	31,619	392,067
Direct client costs	2,891,811	1,014,718	3,906,529
Food	31,188	249	31,437
Materials	36,210	6,267	42,477
Personal incidentals	5,003	453	5,456
Recreation	1,044	-	1,044
Transportation	21,333	-	21,333
Medical Supplies	2,986,589	1,015,171	3,999,760
Facilities	184,658	5,408	190,066
Furnishings and equipment	11,171	-	11,171
Equipment repair and maintenance	104,697	2,204	106,901
Rent	26,100	9,950	36,050
Utilities	709,261	2,558	711,819
Facility supplies	155,428	16,912	172,340
Facility insurance	32,089	1,412	33,501
Garbage removal	25,955	2,918	28,873
Amortization	-	-	-
Subcontractor fees	-	-	-
<b>EXPENSES</b>	<b>9,207,046</b>	<b>1,027,471</b>	<b>10,234,517</b>
<b>Net Revenue</b>	<b>\$ 4,788,559</b>	<b>\$ 980,185</b>	<b>\$ 5,768,744</b>
Capital Fund	513,177	-	513,177
General Fund	-	-	-
Sundial Program	-	-	-
Ingledwood Program	-	-	-
Woodwork Shop Program	-	-	-
BridgeLand Manor Project	-	-	-
Centre 4800	-	-	-
Medical	-	-	-
Intensive Support	-	-	-
Casual Labour Office	-	-	-
Day/Evening Program	-	-	-
Night Program	-	-	-
<b>Total</b>	<b>\$ 513,177</b>	<b>\$ -</b>	<b>\$ 513,177</b>

The accompanying notes form an integral part of the financial statements

(.../Continues)

Calgary Drop-In & Rehab Centre Society  
Statement of Operations  
For the Years Ended March 31, 2012 and 2013


	EXPENSES (continued)				EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES BEFORE OTHER ITEMS				OTHER LOSS				EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES			
	Night Program	Day/Evening Program	Casual Labour Office	Intensive Support	Housing with Career Training/Office	Medical	Centre 4800	Manor Project	Bridgeland Manor Project	Shop Woodwork	Ingledand Program	Sundial Program	General Fund	Capital Fund	2013 Total	2012 Total
Interest	\$ 36,923	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 266,466	\$ 101	\$ -	\$ 360,557	\$ 338,152
Administration																
Bank charges	12,462	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Consultant and legal fees	20,577	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous	35	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Board travel	1,282	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Equipment repair and maintenance	7,863	3,087	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Office supplies	17,856	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Postage	14,881	615	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Telephone	50,288	3,072	2,432	844	25	1,768	2,843	1,736	2,438	26,362	-	-	-	-	-	-
Vehicle expenses	104,408	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vehicle insurance	14,301	342	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Advertising	1,907	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Staff training and travel	45,496	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fees	37,156	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Audit	56,580	2,770	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Liability insurance	28,344	-	2,512	-	-	-	-	-	-	-	-	-	-	-	-	-
450,359	9,886	33,524	8,160	5,222	113,073	3,725	13,858	3,582	275,803	434,246	-	-	-	1,351,438	1,202,624	
<b>TOTAL EXPENSES</b>	13,867,253	2,106,424	418,851	52,712	368,551	215,016	157,682	553,461	119,471	576,199	472,371	2,483,652	21,391,643	21,299,882		
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES BEFORE OTHER ITEMS</b>	128,352	(98,768)	(2,295)	-	(365)	(10,015)	59,134	(105,328)	136,317	834,047	1,157,984	(599,450)	1,499,613	1,079,675		
<b>OTHER LOSS</b>																
Loss on disposal of property	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(4,000)	
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES</b>	\$ 128,352	\$ (98,768)	\$ (2,295)	\$ -	\$ (365)	\$ (10,015)	\$ 59,134	\$ (105,328)	\$ 136,317	\$ 834,047	\$ 1,157,984	\$ (599,450)	\$ 1,499,613	\$ 1,075,675		

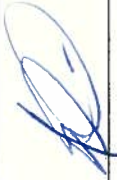
The accompanying notes form an integral part of the financial statements

**Calgary Drop-In & Rehab Centre Society**  
**Statements of Financial Position**  
**As at March 31, 2012 and 2013 and April 1, 2011**

	2013	2012	April 1, 2011
<b>ASSETS</b>			
<b>Current</b>			
Cash and cash equivalents	\$ 2,157,054	\$ 3,297,446	\$ 1,335,323
Short term investment (note 4)	<u>2,147,537</u>	-	<u>1,000,006</u>
Assets held for resale	16,500	16,500	30,500
Accounts receivable	180,705	89,874	89,879
Goods and services tax receivable	5,198	17,867	11,579
Inventory	67,400	47,289	86,314
Prepaid expenses	<u>80,687</u>	<u>66,937</u>	<u>20,566</u>
	<b>4,655,081</b>	<b>3,535,913</b>	<b>2,574,167</b>
<b>Leasehold improvement receivable</b>	-	1,005	22,555
<b>Long term investment (note 4)</b>	<b>1,038,986</b>	<b>1,015,130</b>	-
<b>Assets held by Calgary Foundation (note 5)</b>	<b>445,315</b>	<b>360,869</b>	<b>309,689</b>
<b>Property and equipment (note 6)</b>	<b>42,521,838</b>	<b>35,899,669</b>	<b>37,970,608</b>
	<b><u>\$ 48,661,220</u></b>	<b><u>\$ 40,812,586</u></b>	<b><u>\$ 40,877,019</u></b>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Current liabilities</b>			
Bank indebtedness (note 7)	\$ 2,736,473	\$ 1,237,665	\$ 1,723,857
Accounts payable and accrued liabilities	996,628	911,585	938,807
Payroll deductions payable	168,731	214,415	129,124
Current portion of deferred mortgage incentive (note 8)	64,351	67,634	70,742
Current portion of long term debt (note 9)	<b>242,012</b>	<b>229,075</b>	<b>216,829</b>
Security deposits	65,254	81,458	89,626
Unearned rent	<u>51,002</u>	-	<u>12,840</u>
	<b>4,324,451</b>	<b>2,741,832</b>	<b>3,181,825</b>
<b>Deferred mortgage incentive (note 8)</b>	<b>140,938</b>	<b>205,288</b>	<b>272,922</b>
<b>Long term debt (note 9)</b>	<b>4,470,630</b>	<b>4,712,642</b>	<b>4,941,717</b>
<b>Deferred contributions (note 10)</b>	<b>21,294,611</b>	<b>16,256,293</b>	<b>16,660,879</b>
	<b><u>30,230,630</u></b>	<b><u>23,916,055</u></b>	<b><u>25,057,343</u></b>
<b>Fund balances</b>			
Invested in property and equipment	18,581,736	14,782,988	14,980,752
Endowment fund (notes 3 and 5)	445,315	360,869	309,689
Externally restricted (note 12)	<b>(130,019)</b>	<b>(255,711)</b>	<b>(99,580)</b>
Internally restricted (note 13)	<b>(477,819)</b>	<b>1,920,379</b>	<b>589,850</b>
Unrestricted	11,377	88,006	38,965
	<b>18,430,590</b>	<b>16,896,531</b>	<b>15,819,676</b>
	<b><u>\$ 48,661,220</u></b>	<b><u>\$ 40,812,586</u></b>	<b><u>\$ 40,877,019</u></b>

Approved on behalf of the Board:

Director: 

Director: 

**Calgary Drop-In & Rehab Centre Society**  
**Statements of Changes in Fund Balances**  
**For the Years Ended March 31, 2012 and 2013**

	Externally Restricted Funds	Internally Restricted Funds	Invested in Property and Equipment	Endowment Fund	Unrestricted Funds	2013 Total	2012 Total
Fund balances, beginning of year	\$ (255,711)	\$ 1,920,379	\$ 14,782,988	\$ 360,869	\$ 88,006	\$ 16,896,531	\$ 15,819,676
Excess (deficiency) of revenue over expenses	26,924	513,177	(1,112,627)	-	2,072,139	1,499,613	1,075,675
Capital transactions (note 15)	-	(4,911,375)	4,911,375	-	-	-	-
Increase in Endowment Fund	-	-	-	34,446	-	34,446	1,180
Interfund transfers (note 11)	98,768	2,000,000	-	50,000	(2,148,768)	-	-
Fund balances, end of year	\$ (130,019)	\$ (477,819)	\$ 18,581,736	\$ 445,315	\$ 11,377	\$ 18,430,590	\$ 16,896,531

The accompanying notes form an integral part of the financial statements

**Calgary Drop-In & Rehab Centre Society**  
**Statements of Cash Flows**  
**For the Years Ended March 31, 2012 and 2013**

	2013	2012
<b>OPERATING ACTIVITIES</b>		
Excess of revenue over expenses	\$ 1,499,613	\$ 1,075,675
Non-cash transactions		
Amortization of property and equipment	2,483,652	2,315,372
Amortization of deferred contributions related to property and equipment	(1,371,025)	(1,357,575)
Amortization of deferred contributions related to operations	(57,712)	(190,600)
Additions to deferred contributions related to operations (note 10)	278,729	66,557
Amortization of mortgage incentive	(67,633)	(70,742)
Loss/write down on disposal of property	-	4,000
Changes in non-cash working capital		
Accounts receivable	(90,831)	5
Goods and services tax receivable	12,669	(6,288)
Inventory	(20,111)	39,025
Prepaid expenses	(13,750)	(46,371)
Accounts payable and accrued liabilities	85,043	(27,221)
Payroll deductions payable	(45,684)	85,292
Tenant's leasehold improvement	1,005	21,550
Security deposits	(16,204)	(8,168)
Unearned rent	51,002	(12,840)
	<b>2,728,763</b>	<b>1,887,671</b>
<b>FINANCING ACTIVITY</b>		
Additions to deferred contributions related to property and equipment (note 10)	5,044,715	187,423
Contributions received for Sundial mortgage repayment (note 10)	1,143,611	889,609
Net proceeds, net of repayment of bank indebtedness	1,498,808	(486,192)
Repayment of long term debt	(229,077)	(216,829)
	<b>7,458,057</b>	<b>374,011</b>
<b>INVESTING ACTIVITY</b>		
Contribution to Calgary Foundation fund	(50,000)	(50,000)
Net proceeds from sale of artworks	-	10,000
Net purchase of investments	(2,171,392)	(15,124)
Purchase of property and equipment	(9,105,820)	(244,435)
	<b>(11,327,212)</b>	<b>(299,559)</b>
<b>Increase (decrease) in cash</b>	<b>(1,140,392)</b>	<b>1,962,123</b>
Cash and cash equivalents, beginning of year	<b>3,297,446</b>	<b>1,335,323</b>
<b>Cash and equivalents, end of year</b>	<b>\$ 2,157,054</b>	<b>\$ 3,297,446</b>
<b>Cash and cash equivalents consists of:</b>		
Cash on hand	\$ 2,157,054	\$ 1,182,394
Money market funds	-	2,115,052
	<b>\$ 2,157,054</b>	<b>\$ 3,297,446</b>



**Calgary Drop-In & Rehab Centre**  
**Notes to the Financial Statements**  
**For the Years Ended March 31, 2012 and 2013**

---

**1. PURPOSE OF THE ORGANIZATION**

The Calgary Drop-In & Rehab Centre Society ("Society") is dedicated to provide non-political and non-sectarian services to needy people by way of night and day shelters, relaxation, food, recreation, diversion and lay counseling and referrals on the various services and entitlements available to the client. The Society is incorporated under the Societies Act of Alberta and is a registered charity under the Income Tax Act and therefore, is not subject to income tax.

---

**2. IMPACT OF THE CHANGES IN THE BASIS OF ACCOUNTING**

Effective April 1, 2012, the Society adopted the requirements of the Canadian Institute of Chartered Accountants (CICA) Handbook – Accounting, electing to adopt the new accounting framework: Canadian accounting standards for not-for-profit organizations. These are the Society's first financial statements prepared in accordance with these accounting standards, which have been applied retrospectively. The accounting policies set out in the following significant accounting policy note have been applied in preparing the financial statements for the year ended March 31, 2013, the comparative information presented in these financial statements for the year ended March 31, 2012 and in the preparation of an opening statement of financial position as at April 1, 2011 (the Society's date of transition).

The Society issued financial statements for the year ended March 31, 2012 using generally accepted accounting principles prescribed by the CICA Handbook – Accounting (Part V). The adoption of Canadian accounting standards for not-for-profit organizations had no impact on the Society's excess of revenues over expenses for the year ended March 31, 2012 or on the net assets as at April 1, 2011, the date of transition. Certain of the Society's disclosures included in these financial statements reflect the new disclosure requirements of Canadian accounting standards for not-for-profit organizations.

Note that the Society's 2013 statement of financial position is three columns: March 31, 2013, March 31, 2012, and April 1, 2011. The balances for the April 1, 2011 statement of financial position are the same as those shown for March 31, 2011 because there were no transitional adjustments to these balances.

---

**3. SIGNIFICANT ACCOUNTING POLICIES**

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the *CICA Handbook*, and in management's opinion, have been properly prepared within reasonable limits of materiality and within the framework of the significant accounting policies summarized below:

**a) Revenue Recognition**

The Society follows the deferral method of accounting for contributions.

Restricted contributions are recognized as revenue of the appropriate fund in the year in which the related expenses are incurred.

Unrestricted contributions are recognized as revenue of the general fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Endowment contributions are recognized as direct increases in the Endowment Fund balance. Investment income is added to the fund as earned.

Revenues from the Woodwork Shop are recognized as services are performed. Revenues from the Woodwork Shop that encompass two fiscal periods are recognized as work in progress revenue and expenses at year end.

---

.../Continues

**3. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**b) Fund Accounting**

Revenues and expenses related to the delivery of programs are reported in the individual program funds.

The General Fund records revenue and expenses related to general operations and small programs not separately disclosed.

The Capital Fund reports the revenues and expenses related to the Society's property and equipment and facility expansion campaigns.

The Endowment Fund reports the additions and withdrawals from the endowment fund held by The Calgary Foundation.

**c) Inventory**

Inventory consists of raw materials used to produce finished wood products. The inventory is recorded at the lower of cost and net realizable value with the cost being determined on a first-in, first-out basis.

**d) Property and Equipment**

Purchased property and equipment are recorded at cost. Contributed property and equipment are recorded at fair value at the date of contribution. Contributions received are deferred and amortized over the useful life of the asset. Assets under \$2,500 are expensed to the appropriate program fund. Amortization is provided on a straight line basis over the assets' estimated useful lives, which for buildings is 20 years, equipment 6.67 years and computer and vehicles 5 years. Amortization expense is recorded in the Capital Fund.

The City of Calgary has granted a 25 year Ground Lease for the land located under the main Riverfront building at \$10.00 per year commencing February 1, 2000 and ending January 31, 2025 with an option for the Society to renew for a further period of 25 years.

**e) Goods and Services Tax**

Goods and services tax is recoverable at 50% as a rebate. The unrecoverable 50% is recorded as part of the expenditure with the rebate treated as a receivable. The Society is registered to collect GST on taxable supplies related to the Woodwork Shop Program.

**f) Financial Instruments**

The Society initially measures its financial assets and financial liabilities at fair value. It subsequently measures all of its financial assets and financial liabilities at amortized cost.

The financial assets measured at amortized cost include cash, short term investment, assets held for resale, accounts receivable, and goods and services tax receivable. The financial liabilities measured at amortized cost include the bank indebtedness, accounts payable and accrued liabilities, payroll deductions payable and security deposits.

**g) Contributed Services**

Volunteers contribute approximately 180,582 (2012 - 173,000) hours during the year to assist the Society to carry out its programs. Because of the difficulty in determining their fair value, contributed services are not recognized in the financial statements.

**h) Management Estimates**

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingencies at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Calgary Drop-In & Rehab Centre**  
**Notes to the Financial Statements**  
**For the Years Ended March 31, 2012 and 2013**

**4. INVESTMENTS**

	2013	2012
Guaranteed investment certificate, matures on March 19, 2014 bearing interest rate 1.70% per annum, with cost approximates its carrying value.	\$ 2,147,537	\$ -
Guaranteed investment certificate, matures on August 8, 2014 bearing interest rate 2.35% per annum, with cost approximates its carrying value.	1,038,986	1,015,130

**5. ENDOWMENT FUND**

The investment income of the Endowment Fund held by the Calgary Foundation is available for the use of the Society as earned.

The balance of the endowment fund includes additions by the Board of Directors in previous years in the amount of \$272,653. The Board added \$50,000 to the Endowment Fund in respect of the current year (2012 - \$50,000).

**6. PROPERTY AND EQUIPMENT**

	Cost		Accumulated Amortization		Net Book Value	
	2013	2012	2013	2012	2013	2012
Land	\$ 9,884,835	\$ 6,684,835	\$ -	\$ -	\$ 9,884,835	\$ 6,684,835
Buildings	46,585,404	41,073,670	14,867,722	12,639,996	31,717,682	28,433,674
Computer	581,293	543,453	490,784	437,714	90,509	105,739
Automobiles	502,002	441,610	387,613	356,061	114,389	85,549
Equipment	2,911,133	2,727,775	2,309,206	2,137,903	601,927	589,872
Construction in progress	112,496	-	-	-	112,496	-
	<u>\$ 60,577,163</u>	<u>\$ 51,471,343</u>	<u>\$ 18,055,325</u>	<u>\$ 15,571,674</u>	<u>\$ 42,521,838</u>	<u>\$ 35,899,669</u>

**7. BANK INDEBTEDNESS**

**Related to Riverfront Property**

Demand loan, variable interest rate at bank prime plus 0.75%, repayable by minimum monthly payments of \$29,266, secured by land and building, Province of Alberta guarantee, and a General Security Agreement.

\$ 736,473	\$ 1,237,665
------------	--------------

During 2013, the Society made a lump sum payment of \$150,000 (2012 - \$135,000) to pay down the demand loan.

The Society arranged a term line of credit in the amount of \$2,500,000 with Toronto Dominion Bank which had an outstanding balance of \$2,000,000 as at March 31, 2013 (2012 - \$Nil) and was fully paid in April 2013.

\$ 2,000,000	\$ -
--------------	------

**8. DEFERRED MORTGAGE INCENTIVE**

**Related to Sundial Property**

Deferred mortgage  
Less: current portion

	2013	2012
\$ 205,289	\$ 272,922	
(64,351)	(67,634)	
<u>\$ 140,938</u>	<u>\$ 205,288</u>	

In 2009, the Society acquired an apartment building ("the Sundial property"). The prior mortgagor provided an incentive to the Society upon acquisition of the Sundial property for the Society's assumption of the previously existing mortgage. This incentive is being amortized over the remaining term of the mortgage using the effective interest method.

**Calgary Drop-In & Rehab Centre**  
**Notes to the Financial Statements**  
**For the Years Ended March 31, 2012 and 2013**

**9. LONG TERM DEBT**

	2013	2012
<b>Related to Sundial Property</b>		
Mortgage, interest fixed at 5.57%, due August 1, 2016, repayable by monthly blended payments of \$41,295, secured by land and building, and a General Security Agreement.	\$ 4,712,642	\$ 4,941,717
Less: current portion	<u>(242,012)</u>	<u>(229,075)</u>
	<u>\$ 4,470,630</u>	<u>\$ 4,712,642</u>

Approximate principal repayments on mortgage for the next 4 years are as follows:

	Total
2014	\$ 242,012
2015	255,679
2016	270,119
2017 and thereafter	3,944,832
	<u>\$ 4,712,642</u>

**10. DEFERRED CONTRIBUTIONS**

The deferred contributions relate to funds received in the current and previous periods to be matched with expenses of subsequent periods. Contributions received for property and equipment are deferred and amortized over the useful life of the asset.

**Deferred contributions related to property and equipment**

	2013	Additions to Deferred Contributions	Amortization of Deferred Contributions	2012
	Total	Total	Total	Total
Riverfront Avenue building:				
Anonymous Foundation Grant	\$ 1,586,500	\$ -	\$ (190,000)	\$ 1,776,500
Alberta Employment, Immigration and Industry Donations	1,113,334	-	(133,333)	1,246,667
Alberta Lottery Funds	811,002	-	(97,594)	908,596
Calgary Foundation	511,056	-	(61,088)	572,144
Alberta Human Services	20,875	-	(2,500)	23,375
Calgary Homeless Foundation	597,977	47,258	(71,514)	622,233
Workshop building:	159,375	-	(18,750)	178,125
Anonymous Foundation Grant	193,528	-	(22,117)	215,645
Human Resources Development Canada	153,125	-	(17,500)	170,625
Alberta Lottery Funds	10,196	-	(1,316)	11,512
Bridgeland Manor building:				
Donations	664,875	-	(59,880)	724,755
Calgary Homeless Foundation	7,059	-	(10,000)	17,059
Canada Mortgage and Housing Corporation - RRAP	717,566	-	(75,533)	793,099
Alberta Lottery Funds - CFEP	207,774	-	(18,067)	225,841
Lilydale building	262,500	-	(15,000)	277,500
Sundial building:				
Province of Alberta	5,777,905	-	(350,176)	6,128,081
Canada Mortgage and Housing Corporation - RRAP	474,158	-	(28,738)	502,896

.../Continues

**Calgary Drop-In & Rehab Centre**  
**Notes to the Financial Statements**  
**For the Years Ended March 31, 2012 and 2013**

**10. DEFERRED CONTRIBUTIONS (Continued)**

	2013 Total	Additions to Deferred Contributions	Amortization of Deferred Contributions	2012 Total
<b>Deferred contributions related to property and equipment (Continued)</b>				
Centre 4800 building	\$ 4,649,400	\$ 4,649,400	-	\$ -
Province of Alberta				
Others:				
Equipment	379,766	142,368	(113,868)	351,266
Computers	78,791	25,298	(52,444)	105,937
Vehicles	114,226	60,391	(31,607)	85,442
	<b>18,490,988</b>	<b>4,924,715</b>	<b>(1,371,025)</b>	<b>14,937,298</b>
<b>Deferred contributions related to:</b>				
Sundial mortgage repayment	2,312,869	1,143,611	-	1,169,258
Future capital expenditures	120,000	120,000	-	-
Operations	370,754	278,729	(57,712)	149,737
	<b>\$ 21,294,611</b>	<b>\$ 6,467,055</b>	<b>\$ (1,428,737)</b>	<b>\$ 16,256,293</b>

**11. INTERFUND TRANSFERS**

The Board of Directors approved transfers as follows:

- a) \$98,768 (2012 - \$177,510) from unrestricted funds to eliminate the current year deficit in the Day/Evening Program;
- b) \$2,000,000 (2012 - \$1,600,000) from unrestricted funds to capital reserve; and
- c) \$50,000 (2012 - \$50,000) from unrestricted funds to the endowment fund.

**12. EXTERNALLY RESTRICTED FUNDS**

	2013	2012
Night Program	\$ (140,238)	(268,590)
Day program	367	367
Career Training/Casual Labour Office	10,217	12,512
Medical	(365)	-
	<b>\$ (130,019)</b>	<b>\$ (255,711)</b>

**Calgary Drop-In & Rehab Centre**  
**Notes to the Financial Statements**  
**For the Years Ended March 31, 2012 and 2013**

**13. INTERNALLY RESTRICTED FUNDS**

The Board of Directors has established an operating reserve. The reserve will be accumulated as funds are available to a maximum equal to three months of operating expenses. The funds shall be held available for and restricted in use to meet the regular operating expenses of the Society in the event revenues available to meet such expenses are otherwise insufficient, and for no other purpose. This reserve cannot be accessed without prior approval of the board of directors.

The capital reserves represent funds held for future additions to property and equipment or repayment of debt used to finance past additions to property and equipment.

	Operating Reserve	Capital Reserve	2013 Total	2012 Total
Reserve balance, beginning	\$ 4,370,000	\$ (2,449,621)	\$ 1,920,379	\$ 589,850
Excess of revenue over expenses	-	513,177	513,177	490,562
Capital transactions (note 15)	-	(4,911,375)	(4,911,375)	(760,033)
Interfund transfers (note 11)	-	2,000,000	2,000,000	1,600,000
Reserve balance, ending	<u>\$ 4,370,000</u>	<u>\$ (4,847,819)</u>	<u>(477,819)</u>	<u>\$ 1,920,379</u>

Capital reserve stands in a deficit position, despite the transfer of \$2,000,000 from unrestricted funds in 2013, as a result of the significant capital outlays in 2013 and prior years which have not yet been funded through capital fundraising.

**14. GIFTS-IN-KIND**

The Society received gifts in kind during the year with a fair market value of \$3,269,833 (2012 - \$3,069,487). These gifts are reported in the statement of operations and consist of food, personal incidentals and small furnishings.

**15. CAPITAL TRANSACTIONS**

The following capital transactions result in changes to the fund balances in the Capital Reserve and Invested in Property and Equipment.

	2013 Capital Reserve	2013 Invested in Property and Equipment	2012 Capital Reserve	2012 Invested in Property and Equipment
Additions to property and equipment	\$ (9,105,820)	\$ 9,105,820	\$ (244,435)	\$ 244,435
Repayment of debt principal	(730,270)	730,270	(703,021)	703,021
Additions to deferred contributions	4,924,715	(4,924,715)	187,423	(187,423)
	<u>\$ (4,911,375)</u>	<u>\$ 4,911,375</u>	<u>\$ (760,033)</u>	<u>\$ 760,033</u>

**Calgary Drop-In & Rehab Centre**  
Notes to the Financial Statements  
For the Years Ended March 31, 2012 and 2013

---

**16. RELATED PARTY TRANSACTIONS**

During 2013, the Society paid recruiting services fees of \$10,000, to a staffing company to hire temporary employees. This company is partially owned by a senior executive of the Society. This transaction was in the normal course of operations and has been measured at the agreed upon exchange amount. The amount of consideration established and agreed upon by the related party is similar to those negotiated with third parties.

---

**17. ADDITIONAL INFORMATION TO COMPLY WITH THE DISCLOSURE REQUIREMENT OF THE CHARITABLE FUND-RAISING ACT OF ALBERTA AND REGULATIONS**

Gross contributions received were \$2,852,487 (2012 - \$2,168,350) and disposed of as follows.

	2013	2012
General fund	\$ 1,236,771	\$ 1,190,084
Sundial capital campaign	1,143,611	889,609
Medical	368,173	-
Workshop	56,320	10,000
Other funds	47,612	12,100
Casino funding deferred	-	66,557
	<u>\$ 2,852,487</u>	<u>\$ 2,168,350</u>

All expenses incurred for the purposes of soliciting contributions were \$215,440 (2012 - \$173,904).

No fees were paid as remuneration to fundraising businesses, including any expenses or fees paid by the Society to fundraising businesses or as reimbursements to fundraising businesses. \$84,954 was paid as remuneration to employees for fund-raising activities in 2013 (2012 - \$44,993).

---

**18. FINANCIAL INSTRUMENTS**

The Society's financial instruments consist of cash, short term investment, accounts receivable, goods and services tax receivable, long term investment, bank indebtedness, accounts payable and accrued liabilities, payroll deductions payable and security deposits, with all financial assets and liabilities reported at their amortized cost. Unless otherwise noted, it is management's opinion that the Society is not exposed to significant market, interest rate, currency or credit risks arising from these financial instruments. The fair value approximates their carrying value.

---

**19. SUBSEQUENT EVENTS**

On June 21, 2013 the properties at Dermot Baldwin Way SE and 417 - 4 Avenue SE were impacted by the flooding of the Bow River in the City of Calgary. The extent of insurance coverage has not been determined.

---

**20. COMPARATIVE FIGURES**

Some of the comparative figures have been reclassified to conform to the current year's presentation.

---