

CALGARY DROP-IN & REHAB CENTRE SOCIETY

Financial Statements

March 31, 2014

Calgary Drop-In & Rehab Centre Society
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For the Year Ended March 31, 2014

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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 statement of financial position as at March 31, 2014, and the statements of operations, changes in fund balances and cash flows for the year then ended March 31, 2014, 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 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 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, 2014, and the results of its operations and its cash flows for the year then ended March 31, 2014 and in accordance with Canadian accounting standards for not-for-profit organizations.

June 19, 2014
Calgary, Alberta, Canada

Calvista LLP
Professional Accountants

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Calgary Drop-In & Rehab Centre Society
Statement of Operations
For the Year Ended March 31, 2014

	Night Program	Day/Evening Program	Career Training/ Office Labour	Housing with Intensive Support	Medical	Centre 4900	BridgeLand Manor Project	Woodwork Shop Program	Inglewood Program	Sundial Program	General Fund	Capital Fund	2014 Total	2013 Total
REVENUE														
Grants														
Alberta Human Services	\$ 11,428,472	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 527,787	\$ 11,956,259	\$ 11,474,686
Calgary Homeless Foundation	1,015,342	-	-	631,230	-	-	-	-	-	-	-	-	1,646,572	778,052
United Way	-	533,679	-	-	-	-	-	-	-	-	-	-	533,679	533,679
City of Calgary - FCSS	-	429,259	-	-	-	-	-	-	-	-	-	-	429,259	434,259
Alberta Employment, Immigration and Industry	453	-	435,276	-	-	-	-	-	-	-	-	-	457,418	416,556
Other grants	39	-	-	-	-	166,069	-	-	-	-	-	-	191,108	119,905
Human Resources/Skills Development Canada	11,195	25,000	-	-	-	-	-	-	-	-	-	-	11,195	11,006
Business development	-	-	-	-	-	-	-	-	-	-	-	-	511,812	383,813
Donations	-	-	-	-	101,687	-	-	511,812	-	25,976	2,024,973	-	2,272,931	1,661,264
Rental revenue	-	-	-	-	-	320,778	247,857	120,295	264,659	1,349,578	36,100	-	2,218,972	2,036,971
Interest income	-	-	-	-	-	-	2,987	-	-	16,087	238,746	-	238,746	96,706
Other revenue	-	-	-	-	-	-	-	798	-	8,325	800,844	-	820,716	235,867
Gifts-in-kind (note 14)	2,294,003	1,094,671	-	-	-	-	-	2,472	-	-	-	-	3,399,471	3,269,833
Amortization of deferred contributions (note 9)	-	-	-	62,833	-	-	-	25,000	-	-	-	1,391,245	1,479,078	1,371,025
Amortization of mortgage incentive	-	-	-	-	-	-	-	-	-	64,351	-	-	64,351	67,634
TOTAL REVENUE	14,749,504	2,082,609	435,276	694,063	101,687	486,847	250,844	660,377	264,659	1,464,317	3,122,352	1,919,032	26,231,567	22,891,256
EXPENSES														
Salaries and benefits	9,756,071	1,028,595	349,388	509,073	101,437	42,025	17,818	411,651	-	54,901	177,159	-	12,448,118	11,406,596
Direct client costs														
Food	2,969,926	1,094,671	779	3,178	-	-	3,231	-	-	27	123	-	4,071,935	3,909,318
Materials	38,494	-	275	-	-	36	99	84,236	-	110	181	-	123,250	83,511
Personal incidentals	17,327	-	6,188	293	-	-	384	-	-	-	-	-	24,373	42,477
Recreation	4,770	640	659	-	-	435	1,237	-	-	1,480	-	-	9,221	9,140
Transportation	437	-	-	44	-	-	-	-	-	-	30	-	511	1,085
Medical Supplies	20,882	-	-	527	-	527	-	-	-	-	-	-	21,936	21,333
	3,051,836	1,095,311	8,428	3,515	-	998	4,951	84,236	-	1,617	334	-	4,251,226	4,066,864
Facilities														
Building/land maintenance	326,795	5,926	-	13,865	-	140,774	46,154	15,219	55,983	73,345	169,324	-	847,385	383,899
Furnishings and equipment	41,222	-	125	4,000	-	8,151	7,875	2,922	-	9,399	8,829	-	82,523	24,367
Equipment repair and maintenance	177,336	-	2,492	11,989	-	17,034	1,599	12,057	-	49	7,837	-	230,393	124,896
Rent	-	26,100	10,000	97,822	-	5,535	-	-	-	-	32,500	-	171,957	73,431
Utilities	761,111	2,558	2,122	6,600	-	46,892	94,534	23,241	54,256	217,622	-	-	1,208,936	1,118,341
Facility supplies	124,188	16,500	1,479	1,800	-	-	188	-	-	-	7,362	-	151,517	177,245
Facility insurance	26,882	2,444	748	-	-	-	13,396	2,910	6,919	14,724	-	-	86,841	81,433
Garbage removal	27,107	-	390	1,107	-	6,823	3,773	3,645	2,102	18,793	4,456	-	68,196	54,014
Amortization	-	-	-	-	-	-	-	-	-	-	-	2,295,280	2,295,280	2,483,652
Subcontractor fees	-	-	-	-	-	-	-	35,190	-	-	-	-	35,190	40,467
	1,484,641	53,528	17,356	137,183	-	244,027	167,519	95,184	119,260	333,932	230,308	2,295,280	5,178,218	4,561,745

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Calgary Drop-In & Rehab Centre Society
Statement of Operations
For the Year Ended March 31, 2014

	Night Program	Day/Evening Program	Career Training/Labour Office	Housing with Intensive Support	Medical	Centre 4800	Bridgeland Manor Project	Woodwork Shop Program	Inglewood Program	Sundial Program	General Fund	Capital Fund	2014 Total	2013 Total
EXPENSES (Continued)														
Administration	\$ 21,009	\$ -	\$ -	\$ -	\$ -	\$ 7,192	\$ -	\$ -	\$ -	\$ 253,528	\$ -	\$ -	\$ 281,729	\$ 360,557
Interest	21,524	-	-	650	-	-	-	5	-	1,140	6,579	-	29,898	28,226
Bank charges	24,228	-	-	3,000	-	85,328	-	16,400	586	2,229	87,591	-	219,362	100,551
Consultant and legal fees	5,204	-	183	-	-	-	-	80	-	591	51,958	-	58,016	34,214
Miscellaneous	1,517	-	-	-	-	-	-	-	-	-	-	-	1,517	3,859
Board travel	4,463	3,006	1,098	7,000	-	-	-	-	-	-	2,461	-	15,567	11,236
Equipment repair and maintenance	11,697	490	1,929	3,004	-	348	180	636	-	-	7,678	-	20,745	25,975
Office supplies	10,151	1,636	2,995	-	-	-	-	-	1,600	-	1,995	-	22,460	42,319
Postage	53,903	3,071	2,354	-	250	2,780	2,561	2,968	1,600	1,510	5,500	-	72,992	68,176
Telephone	66,225	-	-	142	-	-	-	2,776	-	-	-	-	74,643	110,145
Vehicle expenses	13,091	329	-	-	-	-	-	1,197	-	-	-	-	14,617	16,198
Vehicle insurance	3,054	-	1,415	-	-	-	-	-	-	-	305,009	-	309,478	308,337
Advertising	60,977	-	18,885	1,753	-	-	360	935	-	-	21,112	-	104,022	68,390
Staff training and travel	27,006	-	15,750	25,766	-	311	1,194	155	-	4,548	3,219	-	77,949	79,368
Fees	53,924	4,356	1,867	-	-	-	-	-	1,557	-	4,826	-	66,530	68,031
Audit	25,961	-	1,931	2,977	-	-	-	-	-	-	1,622	-	32,491	30,856
Liability insurance	403,934	12,888	48,407	44,292	250	95,959	4,295	25,152	3,743	263,546	499,550	-	1,402,016	1,356,438
TOTAL EXPENSES	14,696,482	2,190,322	423,579	694,063	101,687	383,009	194,583	616,223	123,003	653,996	907,351	2,295,280	23,279,578	21,391,643
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	\$ 53,022	\$ (107,713)	\$ 11,697	\$ -	\$ -	\$ 103,838	\$ 56,261	\$ 44,154	\$ 141,656	\$ 810,321	\$ 2,215,001	\$ (376,248)	\$ 2,951,989	\$ 1,499,613

Calgary Drop-In & Rehab Centre Society
Statement of Financial Position
As at March 31, 2014

	2014	2013
ASSETS		
Current		
Cash and cash equivalents	\$ 2,453,570	\$ 2,157,054
Short term investments (note 3)	4,063,402	2,147,537
Assets held for resale	16,500	16,500
Accounts receivable	159,254	180,705
Goods and services tax receivable	18,221	5,198
Inventory	87,528	67,400
Current portion of leasehold improvement receivable	22,000	-
Prepaid expenses	95,314	80,687
	6,915,789	4,655,081
Leasehold improvement receivable	18,000	-
Long term investment (note 3)	-	1,038,986
Assets held by Calgary Foundation (note 4)	569,608	445,315
Property and equipment (note 5)	41,295,209	42,521,838
	\$ 48,798,606	\$ 48,661,220
LIABILITIES AND FUND BALANCES		
Current liabilities		
Bank indebtedness (note 6)	\$ 255,281	\$ 2,736,473
Accounts payable and accrued liabilities	1,151,330	996,628
Payroll deductions payable	148,473	168,731
Current portion of deferred mortgage incentive (note 7)	60,881	64,351
Current portion of long term debt (note 8)	255,680	242,012
Security deposits	78,813	65,254
Unearned rent	86,622	51,002
	2,037,080	4,324,451
Deferred mortgage incentive (note 7)	80,056	140,938
Long term debt (note 8)	4,214,950	4,470,630
Deferred contributions (note 9)	21,009,648	21,294,611
	27,341,734	30,230,630
Fund balances		
Invested in property and equipment	19,129,203	18,581,736
Endowment fund (note 4)	569,608	445,315
Externally restricted (note 11)	(65,299)	(130,019)
Internally restricted (note 12)	1,798,466	(477,819)
Unrestricted	24,894	11,377
	21,456,872	18,430,590
	\$ 48,798,606	\$ 48,661,220

Approved on behalf of the Board:

Director: _____

Director: _____

Calgary Drop-In & Rehab Centre Society

Statement of Changes in Fund Balances

For the Year Ended March 31, 2014

	Externally Restricted Funds	Internally Restricted Funds	Invested in Property and Equipment	Endowment Fund	Unrestricted Funds	2014 Total	2013 Total
Fund balances, beginning of year	\$ (130,019)	\$ (477,819)	\$ 18,581,736	\$ 445,315	\$ 11,377	\$ 18,430,590	\$ 16,896,531
Excess (deficiency) of revenue over expenses	(42,994)	527,787	(904,035)	-	3,371,231	2,951,989	1,499,613
Capital transactions (note 13)	-	(1,451,502)	1,451,502	-	-	-	-
Increase in Endowment Fund	-	-	-	74,293	-	74,293	34,446
Interfund transfers (note 10)	107,714	3,200,000	-	50,000	(3,357,714)	-	-
Fund balances, end of year	\$ (65,299)	\$ 1,798,466	\$ 19,129,203	\$ 569,608	\$ 24,894	\$ 21,456,872	\$ 18,430,590

Calgary Drop-In & Rehab Centre Society
Statement of Cash Flows
For the Year Ended March 31, 2014

	2014	2013
OPERATING ACTIVITIES		
Excess of revenue over expenses	\$ 2,951,989	\$ 1,499,613
Non-cash transactions		
Amortization of property and equipment	2,295,280	2,483,652
Amortization of deferred contributions related to property and equipment	(1,391,245)	(1,371,025)
Amortization of deferred contributions related to operations	(87,834)	(57,712)
Amortization of mortgage incentive	(64,352)	(67,633)
Changes in non-cash working capital		
Accounts receivable	21,451	(90,831)
Goods and services tax receivable	(13,023)	12,669
Inventory	(20,128)	(20,111)
Prepaid expenses	(14,627)	(13,750)
Accounts payable and accrued liabilities	154,704	85,043
Payroll deductions payable	(20,258)	(45,684)
Tenant's leasehold improvement	(40,000)	1,005
Security deposits	13,559	(16,204)
Unearned rent	35,620	51,002
Deferred contributions related to operations (note 9)	237,829	278,729
	<u>4,058,965</u>	<u>2,728,763</u>
FINANCING ACTIVITIES		
Additions to deferred contributions related to property and equipment (note 9)	270,357	5,044,715
Contributions received for Sundial mortgage repayment (note 9)	685,929	1,143,611
Net proceeds, net of repayment of bank indebtedness	(2,000,000)	1,498,808
Repayment of long term debt	(723,206)	(229,077)
	<u>(1,766,920)</u>	<u>7,458,057</u>
INVESTING ACTIVITIES		
Contribution to Calgary Foundation fund	(50,000)	(50,000)
Net purchase of investments	(876,877)	(2,171,392)
Purchase of property and equipment	(1,068,652)	(9,105,820)
	<u>(1,995,529)</u>	<u>(11,327,212)</u>
Increase (decrease) in cash	296,516	(1,140,392)
Cash and cash equivalents, beginning of year	<u>2,157,054</u>	<u>3,297,446</u>
Cash and equivalents, end of year	\$ 2,453,570	\$ 2,157,054
Cash and cash equivalents consists of:		
Cash on hand	\$ 1,269,516	\$ 2,157,054
Money market funds	1,184,054	-
	<u>\$ 2,453,570</u>	<u>\$ 2,157,054</u>

Calgary Drop-In & Rehab Centre
Notes to the Financial Statements
For the Year Ended March 31, 2014

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. 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 *CPA 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.

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) Cash and cash equivalents

Cash consists of cash on hand and balances with banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash, with original maturities of three months or less and that are subject to an insignificant risk of change in value.

d) 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.

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Calgary Drop-In & Rehab Centre
Notes to the Financial Statements
For the Year Ended March 31, 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

e) 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.

f) 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.

g) 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 and cash equivalents, 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.

h) Contributed Services

Volunteers contribute approximately 180,000 (2013 - 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.

i) 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 Year Ended March 31, 2014

3. INVESTMENTS

	2014	2013
Guaranteed investment certificates, mature in August, September and November 2014 and March 2015 bearing interest rates ranging from 1.60% to 2.35% per annum, with costs approximate their carrying values.	\$ 5,247,456	\$ -
Guaranteed investment certificate, matures on August 8, 2014 bearing interest rate 2.35% per annum, with cost approximates its carrying value, had been reclassified as short-term investment in current year.	-	1,038,986
Guaranteed investment certificate, matured in March 2014 bearing interest rate 1.70% per annum, with cost approximated its carrying value.		2,147,537
	\$ 5,247,456	\$ 3,186,523

4. 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 \$322,653. The Board added \$50,000 to the Endowment Fund in respect of the current year (2013 - \$50,000).

5. PROPERTY AND EQUIPMENT

	Cost		Accumulated Amortization		Net Book Value	
	2014	2013	2014	2013	2014	2013
Land	\$ 9,884,835	\$ 9,884,835	\$ -	\$ -	\$ 9,884,835	\$ 9,884,835
Buildings	46,675,328	46,585,404	16,900,900	14,867,722	29,774,428	31,717,682
Computer	581,293	581,293	529,171	490,784	52,122	90,509
Automobiles	516,727	502,002	423,889	387,613	92,838	114,389
Equipment	3,081,198	2,911,133	2,496,646	2,309,206	584,552	601,927
Construction in progress	906,434	112,496	-	-	906,434	112,496
	\$ 61,645,815	\$ 60,577,163	\$ 20,350,606	\$ 18,055,325	\$ 41,295,209	\$ 42,521,838

6. BANK INDEBTEDNESS

	2014	2013
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.	\$ 255,281	\$ 736,473
The Society arranged a term line of credit in the amount of \$2,500,000 with Toronto Dominion Bank, the outstanding balance of \$2,000,000 had been fully paid in April 2013 (2013 - \$2,000,000).	\$ -	\$ 2,000,000

Calgary Drop-In & Rehab Centre
Notes to the Financial Statements
For the Year Ended March 31, 2014

7. DEFERRED MORTGAGE INCENTIVE

	<u>2014</u>	<u>2013</u>
Related to Sundial Property		
Deferred mortgage	\$ 140,937	\$ 205,289
Less: current portion	(60,881)	(64,351)
	<u>\$ 80,056</u>	<u>\$ 140,938</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.

8. LONG TERM DEBT

	<u>2014</u>	<u>2013</u>
Related to Sundial Property		
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.	\$ 4,470,630	\$ 4,712,642
Less: current portion	(255,680)	(242,012)
	<u>\$ 4,214,950</u>	<u>\$ 4,470,630</u>

Approximate principal repayments on mortgage for the next 2 years are as follows:

	<u>Total</u>
2015	\$ 255,680
2016	270,119
2017 and thereafter	3,944,831
	<u>\$ 4,470,630</u>

9. 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.

	<u>2014</u>	<u>Additions</u>	<u>Amortization</u>	<u>2013</u>
	<u>Total</u>	<u>to Deferred</u>	<u>of Deferred</u>	<u>Total</u>
		<u>Contributions</u>	<u>Contributions</u>	
Deferred contributions related to property and equipment				
Riverfront Avenue building:				
Anonymous Foundation Grant	\$ 1,396,500	\$ -	\$ (190,000)	\$ 1,586,500
Alberta Employment, Immigration and Industry	980,001	-	(133,333)	1,113,334
Donations	713,408	-	(97,594)	811,002
Alberta Lottery Funds	449,968	-	(61,088)	511,056
Calgary Foundation	18,375	-	(2,500)	20,875
Alberta Human Services	573,785	54,779	(78,971)	597,977
Calgary Homeless Foundation	140,625	-	(18,750)	159,375

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Calgary Drop-In & Rehab Centre
Notes to the Financial Statements
For the Year Ended March 31, 2014

9. DEFERRED CONTRIBUTIONS (Continued)

	2014 Total	Additions to Deferred Contributions	Amortization of Deferred Contributions	2013 Total
Deferred contributions related to property and equipment (Continued)				
Workshop building:				
Anonymous Foundation Grant	\$ 171,411	\$ -	\$ (22,117)	\$ 193,528
Human Resources Development Canada	135,625	-	(17,500)	153,125
Alberta Lottery Funds	8,880	-	(1,316)	10,196
Bridgeland Manor building:				
Donations	604,994	-	(59,881)	664,875
Calgary Homeless Foundation	-	-	(7,059)	7,059
Canada Mortgage and Housing Corporation - RRAP	642,033	-	(75,533)	717,566
Alberta Lottery Funds - CFEP	189,707	-	(18,067)	207,774
Lilydale building				
Donations	247,500	-	(15,000)	262,500
Sundial building:				
Province of Alberta	5,427,729	-	(350,176)	5,777,905
Canada Mortgage and Housing Corporation - RRAP	445,421	-	(28,737)	474,158
Community Facility Enhancement Program	150,000	150,000	-	-
Centre 4800 building				
Province of Alberta	4,631,310	-	(18,090)	4,649,400
Others:				
Equipment	390,117	135,578	(125,227)	379,766
Computers	43,344	-	(35,447)	78,791
Vehicles	79,368	-	(34,858)	114,226
	17,440,101	340,357	(1,391,244)	18,490,988
Deferred contributions related to:				
Sundial mortgage repayment	2,998,798	685,929	-	2,312,869
Future capital expenditures	50,000	50,000	(120,000)	120,000
Operations	520,749	237,829	(87,834)	370,754
	\$ 21,009,648	\$ 1,314,115	\$ (1,599,078)	\$ 21,294,611

10. INTERFUND TRANSFERS

The Board of Directors approved transfers as follows:

- a) \$107,713 (2013 - \$98,768) from unrestricted funds to eliminate the current year deficit in the Day/Evening Program;
- b) \$630,000 (2013 - \$Nil) from unrestricted funds to the operating reserve;
- b) \$2,570,000 (2013 - \$2,000,000) from unrestricted funds to capital reserve; and
- c) \$50,000 (2013 - \$50,000) from unrestricted funds to the endowment fund.

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11. EXTERNALLY RESTRICTED FUNDS

	2014	2013
Night Program	\$ (87,216)	(140,238)
Day program	-	367
Career Training/Casual Labour Office	21,915	10,217
Medical	-	(365)
	<u>\$ (65,301)</u>	<u>\$ (130,019)</u>

12. 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	2014 Total	2013 Total
Reserve balance, beginning	\$ 4,370,000	\$ (4,847,819)	\$ (477,819)	\$ 1,920,379
Excess of revenue over expenses	-	527,787	527,787	513,177
Capital transactions (note 13)	-	(1,451,502)	(1,451,502)	(4,911,375)
Interfund transfers (note 10)	630,000	2,570,000	3,200,000	2,000,000
Reserve balance, ending	<u>\$ 5,000,000</u>	<u>\$ (3,201,534)</u>	<u>1,798,466</u>	<u>\$ (477,819)</u>

Capital reserve stands in a deficit position, despite the transfer of \$2,570,000 from unrestricted funds in 2014, as a result of the significant capital outlays in 2014 and prior years which have not yet been funded through capital fundraising.

13. CAPITAL TRANSACTIONS

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

	2014 Capital Reserve	2014 Invested in Property and Equipment	2013 Capital Reserve	2013 Invested in Property and Equipment
Additions to property and equipment	\$ (1,068,652)	\$ 1,068,652	\$ (9,105,820)	\$ 9,105,820
Repayment of debt principal	(723,207)	723,207	(730,270)	730,270
Additions to deferred contributions	340,357	(340,357)	4,924,715	(4,924,715)
	<u>\$ (1,451,502)</u>	<u>\$ 1,451,502</u>	<u>\$ (4,911,375)</u>	<u>\$ 4,911,375</u>

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14. GIFTS-IN-KIND

The Society received gifts in kind during the year with a fair market value of \$3,399,471 (2013 - \$3,269,833). These gifts are reported in the statement of operations and consist of food, personal incidentals and small furnishings.

15. RELATED PARTY TRANSACTIONS

The Society paid recruiting services fees of \$10,000 (2013 - \$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.

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

Gross contributions received were \$2,932,884 (2013 - \$2,852,487) and were allocated as follows:

	2014	2013
General fund	\$ 2,024,973	\$ 1,236,771
Sundial capital campaign	685,929	1,143,611
Medical	101,687	368,173
Workshop	120,295	56,320
Other funds	-	47,612
	\$ 2,932,884	\$ 2,852,487

All expenses incurred for the purposes of soliciting contributions were \$201,863 (2013 - \$215,440).

No fees (2013 - \$Nil) were paid as remuneration to fundraising businesses, or as reimbursements for expenses to fundraising businesses. \$95,507 was paid as remuneration to employees for fund-raising activities in 2014 (2013 - \$84,954).

17. 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.

18. COMPARATIVE FIGURES

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