

CALGARY DROP-IN & REHAB CENTRE SOCIETY

Financial Statements

March 31, 2015

Calgary Drop-In & Rehab Centre Society
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For the Year Ended March 31, 2015

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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 (the "Society"), which comprise the statement of financial position as at March 31, 2015, and the statements of operations, changes in fund balances and cash flows for the year then ended March 31, 2015, 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 the Society as at March 31, 2015 and the results of its operations and its cash flows for the year then ended March 31, 2015 and in accordance with Canadian accounting standards for not-for-profit organizations.

Calvista LLP
Professional Accountants

June 17, 2015
Calgary, Alberta, Canada

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Calgary Drop-in & Rehab Centre Society
Statement of Operations
For the Year Ended March 31, 2015

	Night Program	Day/Evening Program	Career Training/Casual Labour Office	Housing with Intensive Support	Centre 4800	Bridgeland Manor Project	Woodwork Shop Program	Ingleswood Program	Sundial Program	General Fund	Capital Fund	2015 Total	2014 Total
REVENUE													
Grants													
Alberta Human Services	\$ 11,869,370	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 289,328	\$ 12,158,698	\$ 11,956,259
Calgary Homeless Foundation	1,259,757	553,692	-	1,006,629	-	-	-	-	-	-	-	2,266,386	1,646,572
United Way	-	429,260	-	-	-	-	-	-	-	-	-	533,679	533,679
City of Calgary - FGSS	-	-	369,996	-	-	-	-	-	-	-	-	429,260	429,259
Alberta Employment, Immigration and Industry	-	-	-	-	-	-	-	-	-	150,000	-	369,996	457,418
Victims of Crime Fund	20,256	-	-	-	-	-	50,000	-	-	122,189	-	150,000	150,000
Human Resources/Skills Development Canada	7,174	-	-	-	-	-	-	-	-	-	-	192,445	191,108
Business development	-	-	-	-	-	-	582,249	-	-	-	-	7,174	7,174
Donations	8,534	-	15,000	-	-	-	46,418	-	-	1,622,771	-	582,249	511,812
Rental revenue	-	-	-	-	325,057	321,308	-	289,356	1,407,693	122,612	-	1,632,723	2,272,931
Interest income	-	-	-	-	-	4,852	-	472	-	105,762	-	2,466,026	2,218,972
Other revenue	2,253,268	1,132,650	-	-	-	-	1,009	-	14,013	188,495	-	3,389,332	3,399,471
Gifts-in-kind (note 14)	-	-	-	64,219	-	-	3,414	-	-	-	1,378,919	1,448,138	1,479,078
Amortization of deferred contributions (note 9)	-	-	-	-	-	-	5,000	-	60,881	-	-	60,881	64,351
Amortization of mortgage incentive	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL REVENUE	15,418,359	2,115,602	384,996	1,070,848	325,057	326,160	688,090	289,828	1,462,587	2,311,829	1,668,247	26,081,603	26,231,567
EXPENSES													
Salaries and benefits	10,043,691	1,001,373	327,976	620,516	25,000	18,423	438,251	-	83,933	395,542	-	12,954,705	12,448,118
Direct client costs													
Food	3,101,442	1,132,650	-	4,342	-	3,185	-	-	-	73	-	4,241,692	4,071,935
Materials	45,209	-	80	-	361	37	109,441	-	1,706	-	-	156,834	123,250
Personal Incidentals	20,965	-	-	322	-	29	-	-	-	-	-	21,316	24,373
Recreation	5,212	406	-	-	928	-	-	-	1,653	-	-	8,199	9,221
Transportation	1,226	-	-	125	-	-	-	-	-	-	-	1,351	511
Medical Supplies	21,449	-	-	-	-	41	-	-	-	-	-	21,490	21,936
	3,195,503	1,133,056	80	4,789	361	4,220	109,441	-	3,359	73	-	4,450,882	4,251,226
Facilities													
Building/land maintenance	357,742	6,332	-	69,450	60,233	53,019	21,861	63,868	214,926	8,626	-	856,057	847,385
Furnishings and equipment	27,430	-	-	-	1,272	4,264	4,843	-	11,942	-	-	49,751	82,523
Equipment repair and maintenance	159,808	-	-	-	896	1,129	7,770	174	102	317	-	170,196	230,393
Rent	-	26,100	5,000	170,205	-	-	-	-	32,302	-	-	233,607	171,957
Utilities	641,086	16,913	1,265	-	138,937	68,910	21,574	44,194	184,729	-	-	1,103,249	1,208,936
Facility supplies	153,948	8,278	-	46	21,416	15,195	3,170	7,662	15,245	-	-	170,907	151,517
Facility insurance	28,413	-	-	-	1,654	3,962	3,827	2,335	19,920	-	-	99,379	86,841
Garbage removal	29,237	-	-	-	-	-	-	-	-	-	-	60,935	68,196
Amortization	-	-	-	-	-	-	-	-	-	-	-	2,383,844	2,295,280
Subcontractor fees	-	-	-	-	-	-	64,419	-	-	-	-	64,419	35,190
	1,397,664	60,177	6,265	239,701	224,408	146,479	127,464	118,233	446,864	41,245	2,383,844	5,192,344	5,178,218

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The accompanying notes form an integral part of the financial statements

Calgary Drop-in & Rehab Centre Society
Statement of Operations
For the Year Ended March 31, 2015

	Night Program	Day/Evening Program	Career Training/Casual Labour Office	Housing with Intensive Support	Centre 4800	Bridgeland Manor Project	Woodwork Shop Program	Ingleswood Program	Sundial Program	General Fund	Capital Fund	2015 Total	2014 Total
EXPENSES (Continued)													
Administration													
Interest	\$ 5,391	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 239,861	\$ -	\$ -	\$ 245,252	\$ 281,729
Bank charges	23,326	-	-	-	-	-	-	-	-	2,975	-	26,301	29,898
Consultant and legal fees	35,288	-	-	8,626	-	-	-	-	-	53,058	-	96,972	219,362
Miscellaneous	396	-	-	-	-	-	-	-	5	76,822	-	77,223	58,016
Board travel	2,590	-	-	-	-	-	-	-	-	1,054	-	3,644	1,517
Equipment repair and maintenance	5,548	1,866	-	-	-	-	-	-	-	-	-	7,414	15,567
Office supplies	18,003	978	3,362	251	110	9	44	-	96	413	-	23,266	20,745
Postage	10,055	923	787	-	125	-	17	-	-	9,815	-	21,597	22,460
Telephone	53,882	3,073	1,843	125	1,935	2,581	2,918	1,433	1,361	225	-	69,376	72,992
Vehicle expenses	73,052	-	-	95	-	-	2,978	-	-	150	-	76,275	74,643
Vehicle insurance	14,484	349	-	-	-	-	1,272	-	-	-	-	16,105	14,617
Advertising	1,840	-	350	-	-	-	16	-	90	284,665	-	286,976	309,478
Staff training and travel	81,498	-	15,547	3,470	-	125	1,464	-	300	10,800	-	113,204	104,022
Fees	4,944	-	15,750	16,895	155	452	164	-	227	2,400	-	40,987	77,949
Audit	53,642	2,606	2,084	-	-	-	-	1,736	-	8,459	-	68,527	66,530
Liability insurance	26,528	-	2,071	3,155	-	-	-	-	-	1,972	-	33,726	32,491
	410,467	9,795	41,794	32,632	2,200	3,167	8,873	3,169	241,940	452,808	-	1,206,845	1,402,016
TOTAL EXPENSES	15,047,325	2,204,401	376,115	897,638	251,969	172,289	684,029	121,402	776,096	889,668	2,383,844	23,804,776	23,279,578
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	\$ 371,034	\$ (88,799)	\$ 8,881	\$ 173,210	\$ 73,088	\$ 153,871	\$ 4,061	\$ 168,426	\$ 706,491	\$ 1,422,161	\$ (715,597)	\$ 2,276,827	\$ 2,951,989

The accompanying notes form an integral part of the financial statements

Calgary Drop-In & Rehab Centre Society
Statement of Financial Position
As at March 31, 2015

	2015	2014
ASSETS		
Current		
Cash and cash equivalents	\$ 4,893,876	\$ 2,453,570
Short term investments (note 3)	4,031,573	4,063,402
Assets held for resale	16,500	16,500
Accounts receivable	110,253	159,254
Goods and services tax receivable	20,560	18,221
Inventory	127,916	87,528
Current portion of leasehold improvement receivable	22,000	22,000
Prepaid expenses	89,620	95,314
	9,312,298	6,915,789
Leasehold improvement receivable	6,000	18,000
Assets held by Calgary Foundation (note 4)	683,434	569,608
Property and equipment (note 5)	40,290,863	41,295,209
	\$ 50,292,595	\$ 48,798,606
LIABILITIES AND FUND BALANCES		
Current liabilities		
Bank indebtedness (note 6)	\$ -	\$ 255,281
Accounts payable and accrued liabilities	1,316,384	1,151,330
Payroll deductions payable	-	148,473
Current portion of deferred mortgage incentive (note 7)	57,216	60,881
Current portion of long term debt (note 8)	270,119	255,680
Security deposits	85,646	78,813
Unearned rent	64,625	86,622
	1,793,990	2,037,080
Deferred mortgage incentive (note 7)	22,840	80,056
Long term debt (note 8)	3,944,831	4,214,950
Deferred contributions (note 9)	20,733,409	21,009,648
	26,495,070	27,341,734
Fund balances		
Invested in property and equipment	19,262,233	19,129,203
Endowment fund (note 4)	683,434	569,608
Externally restricted (note 11)	487,826	(65,299)
Internally restricted (note 12)	3,354,839	1,798,466
Unrestricted	9,193	24,894
	23,797,525	21,456,872
	\$ 50,292,595	\$ 48,798,606

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, 2015

	Externally Restricted Funds	Internally Restricted Funds	Invested in Property and Equipment	Endowment Fund	Unrestricted Funds	2015 Total	2014 Total
Fund balances, beginning of year	\$ (65,299)	\$ 1,798,466	\$ 19,129,203	\$ 569,608	\$ 24,894	\$ 21,456,872	\$ 18,430,590
Excess (deficiency) of revenue over expenses	464,326	289,328	(999,925)	-	2,523,098	2,276,827	2,951,989
Capital transactions (note 13)	-	(1,132,955)	1,132,955	-	-	-	-
Increase in Endowment Fund	-	-	-	63,826	-	63,826	74,293
Interfund transfers (note 10)	88,799	2,400,000	-	50,000	(2,538,799)	-	-
Fund balances, end of year	\$ 487,826	\$ 3,354,839	\$ 19,262,233	\$ 683,434	\$ 9,193	\$ 23,797,525	\$ 21,456,872

Calgary Drop-In & Rehab Centre Society
Statement of Cash Flows
For the Year Ended March 31, 2015

	2015	2014
OPERATING ACTIVITIES		
Excess of revenue over expenses	2,276,827	2,951,989
Non-cash transactions		
Amortization of property and equipment	2,383,844	2,295,280
Amortization of deferred contributions related to property and equipment	(1,383,919)	(1,391,245)
Amortization of deferred contributions related to operations	(302,049)	(87,834)
Amortization of mortgage incentive	(60,881)	(64,352)
Changes in non-cash working capital		
Accounts receivable	49,001	21,451
Goods and services tax receivable	(2,339)	(13,023)
Inventory	(40,388)	(20,128)
Prepaid expenses	5,694	(14,627)
Accounts payable and accrued liabilities	165,054	154,704
Payroll deductions payable	(148,473)	(20,258)
Tenant's leasehold improvement	12,000	(40,000)
Security deposits	6,833	13,559
Unearned rent	(21,997)	35,620
Deferred contributions related to operations (note 9)	356,534	237,829
	<u>3,295,741</u>	<u>4,058,965</u>
FINANCING ACTIVITIES		
Additions to deferred contributions related to property and equipment (note 9)	342,317	270,357
Contributions received for Sundial mortgage repayment (note 9)	710,878	685,929
Repayment of bank indebtedness	(255,281)	(2,000,000)
Repayment of long term debt	(255,680)	(723,206)
	<u>542,234</u>	<u>(1,766,920)</u>
INVESTING ACTIVITIES		
Contribution to Calgary Foundation fund	(50,000)	(50,000)
Net purchase of investments	31,829	(876,877)
Purchase of property and equipment	(1,379,498)	(1,068,652)
	<u>(1,397,669)</u>	<u>(1,995,529)</u>
Increase in cash	2,440,306	296,516
Cash and cash equivalents, beginning of year	<u>2,453,570</u>	<u>2,157,054</u>
Cash and cash equivalents, end of year	<u>4,893,876</u>	<u>2,453,570</u>
Cash and cash equivalents consists of:		
Cash on hand	896,641	1,269,516
Money market funds	3,997,235	1,184,054
	<u>4,893,876</u>	<u>2,453,570</u>

Calgary Drop-In & Rehab Centre Society
Notes to the Financial Statements
For the Year Ended March 31, 2015

1. PURPOSE OF THE ORGANIZATION

The Calgary Drop-In & Rehab Centre Society (the "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 Society

Notes to the Financial Statements

For the Year Ended March 31, 2015

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 investments, 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 contributed approximately 200,000 (2014 - 180,000) 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 Society
Notes to the Financial Statements
For the Year Ended March 31, 2015

3. SHORT TERM INVESTMENTS

	2015	2014
Guaranteed investment certificates, maturing in May, July, September and December 2015 and January 2016 bearing interest rates ranging from 1.71% to 1.95% per annum, with costs approximating their carrying values.	\$ 4,031,573	\$ -
Guaranteed investment certificates, maturing in August, September and November 2014 and March 2015 bearing interest rates ranging from 1.60% to 2.35% per annum, with costs approximating their carrying values.	-	4,063,402
	\$ 4,031,573	\$ 4,063,402

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 \$395,537. The Board added \$50,000 to the Endowment Fund in respect of the current year (2014 - \$50,000).

5. PROPERTY AND EQUIPMENT

	Cost		Accumulated Amortization		Net Book Value	
	2015	2014	2015	2014	2015	2014
Land	\$ 9,884,835	\$ 9,884,835	\$ -	\$ -	\$ 9,884,835	\$ 9,884,835
Buildings	48,121,508	46,675,328	19,037,414	16,900,900	29,084,094	29,774,428
Computers	581,293	581,293	551,046	529,171	30,247	52,122
Automobiles	545,222	516,727	459,763	423,889	85,459	92,838
Equipment	3,235,973	3,081,198	2,686,227	2,496,646	549,746	584,552
Construction in progress	656,482	906,434	-	-	656,482	906,434
	\$ 63,025,313	\$ 61,645,815	\$ 22,734,450	\$ 20,350,606	\$ 40,290,863	\$ 41,295,209

6. BANK INDEBTEDNESS

	2015	2014
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

Calgary Drop-In & Rehab Centre Society
Notes to the Financial Statements
For the Year Ended March 31, 2015

7. DEFERRED MORTGAGE INCENTIVE

	<u>2015</u>	<u>2014</u>
Related to Sundial Property		
Deferred mortgage	\$ 80,056	\$ 140,937
Less: current portion	<u>(57,216)</u>	<u>(60,881)</u>
	<u>\$ 22,840</u>	<u>\$ 80,056</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>2015</u>	<u>2014</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.	\$ 4,214,950	\$ 4,470,630
Less: current portion	<u>(270,119)</u>	<u>(255,680)</u>
	<u>\$ 3,944,831</u>	<u>\$ 4,214,950</u>

Approximate principal repayments on the mortgage are as follows:

	<u>Total</u>
2016	\$ 270,119
2017 and thereafter	<u>3,944,831</u>
	<u>\$ 4,214,950</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>2015</u>	<u>Additions</u>	<u>Inter-</u>	<u>Amortization</u>	<u>2014</u>
	<u>Total</u>	<u>to Deferred</u>	<u>Account</u>	<u>of Deferred</u>	<u>Total</u>
		<u>Contributions</u>	<u>Transfers</u>	<u>Contributions</u>	
Deferred contributions related to property and equipment					
Riverfront Avenue building:					
Anonymous Foundation Grant	1,206,500	\$ -	\$ -	\$ (190,000)	\$ 1,396,500
Alberta Employment, Immigration and Industry	846,668	-	-	(133,333)	980,001
Donations	615,814	-	-	(97,594)	713,408
Alberta Lottery Funds	388,880	-	-	(61,088)	449,968
Calgary Foundation	15,875	-	-	(2,500)	18,375
Alberta Human Services	560,190	74,789	-	(88,384)	573,785
Calgary Homeless Foundation	121,875	-	-	(18,750)	140,625
CFEP Flood Grant	150,000	150,000	-	-	-
					.../Continues

Calgary Drop-In & Rehab Centre Society
Notes to the Financial Statements
For the Year Ended March 31, 2015

9. DEFERRED CONTRIBUTIONS (Continued)

	2015 Total	Additions to Deferred Contributions	Inter- Account Transfers	Amortization of Deferred Contributions	2014 Total
Deferred contributions related to property and equipment (Continued)					
Workshop building:					
Anonymous Foundation Grant	149,294	-	-	\$ (22,117)	\$ 171,411
Human Resources Development Canada	118,125	-	-	(17,500)	135,625
Alberta Lottery Funds	7,564	-	-	(1,316)	8,880
Donations	47,500	50,000	-	(2,500)	-
Calgary Foundation	47,500	-	50,000	(2,500)	-
Bridgeland Manor building:					
Donations	545,113	-	-	(59,881)	604,994
Canada Mortgage and Housing Corporation	566,500	-	-	(75,533)	642,033
Alberta Lottery Funds - CFEP	171,640	-	-	(18,067)	189,707
Lilydale building:					
Donations	232,500	-	-	(15,000)	247,500
Sundial building:					
Province of Alberta	5,077,553	-	-	(350,176)	5,427,729
Canada Mortgage and Housing Corporation	416,684	-	-	(28,737)	445,421
Community Facility Enhancement Program	145,000	-	-	(5,000)	150,000
Donations used for Sundial Renovations	159,500	-	165,000	(5,500)	-
Casino funds used for Sundial Renovations	193,514	-	200,187	(6,673)	-
Centre 4800 building:					
Province of Alberta	4,619,250	-	-	(12,060)	4,631,310
Others:					
Equipment	311,619	39,033	-	(117,631)	390,217
Computers	23,977	-	-	(19,367)	43,344
Vehicles	75,150	28,495	-	(32,713)	79,368
	16,813,785	342,317	415,187	(1,383,920)	17,440,201
Deferred contributions related to:					
Sundial mortgage repayment	3,544,676	710,878	(165,000)	-	2,998,798
Future capital expenditures	-	-	(50,000)	-	50,000
Operations	374,948	356,534	(200,187)	(302,048)	520,649
	\$ 20,733,409	\$ 1,409,729	\$ -	\$ (1,685,968)	\$ 21,009,648

10. INTERFUND TRANSFERS

The Board of Directors approved transfers as follows:

- a) \$88,799 (2014 - \$107,713) from unrestricted funds to eliminate the current year deficit in the Day/Evening Program;
- b) \$300,000 (2014 - \$630,000) from unrestricted funds to the operating reserve;
- c) \$2,100,000 (2014 - \$2,570,000) from unrestricted funds to capital reserve; and
- d) \$50,000 (2014 - \$50,000) from unrestricted funds to the endowment fund.

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11. EXTERNALLY RESTRICTED FUNDS

	2015	2014
Night program	\$ 283,818	(87,216)
Day program	-	-
Career Training/Casual Labour Office	30,798	21,917
Housing with Intensive Support	173,210	-
	<u>\$ 487,826</u>	<u>\$ (65,299)</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	2015 Total	2014 Total
Reserve balance, beginning	\$ 5,000,000	\$ (3,201,534)	\$ 1,798,466	\$ (477,819)
Excess of revenue over expenses	-	289,328	289,328	527,787
Capital transactions (note 13)	-	(1,132,955)	(1,132,955)	(1,451,502)
Interfund transfers (note 10)	300,000	2,100,000	2,400,000	3,200,000
Reserve balance, ending	<u>\$ 5,300,000</u>	<u>\$ (1,945,161)</u>	<u>3,354,839</u>	<u>\$ 1,798,466</u>

Capital reserve stands in a deficit position, despite the transfer of \$2,100,000 from unrestricted funds in 2015, as a result of the significant capital outlays in 2015 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.

	2015 Capital Reserve	2015 Invested in Property and Equipment	2014 Capital Reserve	2014 Invested in Property and Equipment
Additions to property and equipment	\$ (1,379,498)	\$ 1,379,498	\$ (1,068,652)	\$ 1,068,652
Repayment of debt principal	(510,961)	510,961	(723,207)	723,207
Additions to deferred contributions	757,504	(757,504)	340,357	(340,357)
	<u>\$ (1,132,955)</u>	<u>\$ 1,132,955</u>	<u>\$ (1,451,502)</u>	<u>\$ 1,451,502</u>

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14. GIFTS-IN-KIND

The Society received gifts in kind during the year with a fair market value of \$3,389,332 (2014 - \$3,399,471). 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 \$4,000 (2014 - \$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 \$2,596,046 (2014 - \$2,932,884) and were allocated as follows:

	<u>2015</u>	<u>2014</u>
General fund	\$ 1,622,771	\$ 2,024,973
Sundial capital campaign	710,878	685,929
Medical	-	101,687
Workshop	96,418	120,295
Other funds	165,979	-
	<u>\$ 2,596,046</u>	<u>\$ 2,932,884</u>

All expenses incurred for the purposes of soliciting contributions were \$234,566 (2014 - \$201,863).

No fees (2014 - \$Nil) were paid as remuneration to fundraising businesses, or as reimbursements for expenses to fundraising businesses. \$88,507 was paid as remuneration to employees for fund-raising activities in 2015 (2014 - \$95,507).

17. FINANCIAL INSTRUMENTS

The Society's financial instruments consist of cash, short term investments, 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.
