

CALGARY DROP-IN & REHAB CENTRE SOCIETY

Financial Statements

For the Year Ended March 31, 2018

Calgary Drop-In & Rehab Centre Society
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For the Year Ended March 31, 2018

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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, 2018, and the statements of operations, changes in fund balances and cash flows for the year then ended, 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, 2018 and the results of its operations and its cash flows for the year then ended and in accordance with Canadian accounting standards for not-for-profit organizations.

Calvista LLP

Chartered Professional Accountants

Calgary, Alberta, Canada
June 21, 2018

Calgary Drop-In & Rehab Centre Society
Statement of Operations
For the Year Ended March 31, 2018

	Night Program	Day/Evening Program	ESS/ EST Program	Centre 4800	Bridgeland Manor Program	Woodwork Shop Program	Inglewood Program	Sundial Program	General Fund	Capital Fund	2018 Total	2017 Total
Revenue												
Grants												
Alberta Human Services	\$ 12,909,442	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 550,000	\$ -	\$ 13,459,442	\$ 13,088,174
Calgary Homeless Foundation	-	-	-	-	-	-	-	-	-	-	-	143,118
United Way	-	549,689	-	-	-	-	-	-	-	-	549,689	552,689
City of Calgary	-	635,099	-	-	-	-	-	-	-	-	635,099	624,357
Alberta Employment, Immigration and Industry	-	-	531,900	-	-	-	-	-	-	-	531,900	435,276
Victims of Crime Fund	-	-	-	-	-	-	-	-	150,000	-	150,000	150,000
Other grants	359,248	-	-	-	-	5,497	-	-	255,465	-	620,210	329,620
Human Resources/Skills Development Canada	9,838	-	-	-	-	-	-	-	-	-	9,838	-
Business development	-	-	-	-	-	548,677	-	-	-	-	548,677	700,078
Donations	55,470	-	20,000	-	-	10,050	-	-	1,536,506	-	1,622,026	1,748,384
Rental revenue	-	-	-	277,187	261,964	-	274,216	1,031,701	63,413	-	1,908,481	1,998,144
Interest income	-	-	-	-	-	-	-	-	67,331	-	67,331	88,030
Other revenue	-	-	-	-	14,009	15	-	24,659	204,036	-	242,719	228,934
Gifts-in-kind (note 13)	2,003,440	923,568	-	-	-	-	-	-	-	-	2,927,008	3,422,853
Amortization of deferred contributions (note 8)	-	-	-	-	-	-	-	-	-	1,612,570	1,612,570	1,624,731
Amortization of mortgage incentive	-	-	-	-	-	-	-	-	-	-	-	22,840
Total Revenue	15,337,438	2,108,356	551,900	277,187	275,973	564,239	274,216	1,056,360	2,826,751	1,612,570	24,884,990	25,157,228
Expenses												
Salaries and benefits	10,382,642	1,039,126	459,286	57,074	18,597	552,427	-	114,190	1,094,234	-	13,717,576	12,900,170
Direct client costs												
Food	2,499,439	923,568	-	-	1,199	-	-	675	-	-	3,424,881	4,016,834
Materials	67,061	1,250	13,500	-	11,511	-	-	5,034	-	-	98,356	77,069
Personal incidentals	36,531	851	2,500	-	-	-	-	17	-	-	39,899	37,898
Recreation	5,160	403	-	-	1,516	-	-	2,265	-	-	9,344	8,918
Transportation	527	97,180	-	-	33	-	-	-	-	-	97,740	41,432
Medical supplies	22,851	850	-	-	-	-	-	-	-	-	23,701	11,060
	2,631,569	1,024,102	16,000	-	14,259	-	-	7,991	-	-	3,693,921	4,193,211
Facilities												
Building/land maintenance	708,354	10,000	2,500	48,586	47,905	18,484	66,180	142,221	461	-	1,044,691	661,129
Furnishings and equipment	162,380	7,500	-	606	6,893	11,619	-	6,463	-	-	195,461	50,924
Equipment repair and maintenance	473,261	3,000	5,500	851	2,239	6,653	3,218	4,402	-	-	499,124	242,372
Rent	-	26,100	5,000	-	-	-	-	-	32,500	-	63,600	63,600
Utilities	536,943	2,804	3,400	108,376	66,963	18,434	39,167	170,855	-	-	946,942	899,918
Facility supplies	209,734	16,500	1,000	-	52	141,927	-	51	-	-	369,264	330,940
Facility insurance	20,889	3,000	500	34,551	14,908	2,568	4,450	11,067	-	-	91,933	98,638
Garbage removal	35,231	1,501	1,200	2,082	6,847	6,247	2,550	27,218	-	-	82,876	73,020
Amortization	-	-	-	-	-	-	-	-	-	2,478,425	2,478,425	2,384,338
Interest	-	-	-	-	-	-	-	-	-	-	-	89,985
Subcontractor fees	-	-	-	-	-	71,792	-	-	-	-	71,792	217,901
	2,146,792	70,405	19,100	195,052	145,807	277,724	115,565	362,277	32,961	2,478,425	5,844,108	5,112,765

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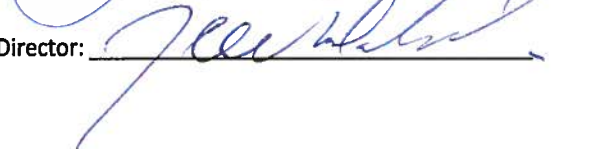
Calgary Drop-In & Rehab Centre Society
Statement of Operations
For the Year Ended March 31, 2018

	Night Program	Day/Evening Program	ESS/ EST Program	Centre 4800	Bridgeland Manor Program	Woodwork Shop Program	Inglewood Program	Sundial Program	General Fund	Capital Fund	2018 Total	2017 Total
Expenses (Continued)												
Administration												
Bank charges	\$ 22,678	\$ -	\$ 245	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,000	\$ -	\$ 23,923	\$ 24,098
Consultant and legal fees	23,238	6,406	-	-	-	-	-	6,062	241,159	-	276,865	187,320
Miscellaneous	1,299	-	9,000	-	-	-	-	5	63,381	-	73,685	67,222
Board travel	-	-	-	-	-	-	-	-	2,924	-	2,924	2,434
Equipment repair and maintenance	11,017	1,894	1,000	-	-	-	-	-	-	-	13,911	10,960
Office supplies	18,713	2,600	4,478	-	-	-	-	27	1,200	-	27,018	25,159
Postage	6,715	-	22	-	10	-	-	-	166	-	6,913	8,547
Telephone	55,337	3,246	2,400	997	1,281	1,986	395	1,479	2,200	-	69,321	69,727
Vehicle expenses	79,905	1,300	-	-	68	3,215	-	-	4,000	-	88,488	82,016
Vehicle insurance	14,341	550	-	-	-	1,200	-	-	-	-	16,091	15,299
Advertising	2,953	-	999	-	-	-	-	-	253,552	-	257,504	731,199
Staff training and travel	192,012	6,804	18,497	-	72	5,928	-	922	20,067	-	244,302	124,325
Fees	6,296	-	-	173	670	257	-	270	1,327	-	8,993	7,077
Audit	49,645	1,500	1,200	-	-	-	1,146	-	4,583	-	58,074	37,357
Liability insurance	23,890	-	1,575	-	-	-	-	-	1,500	-	26,965	36,825
	508,039	24,300	39,416	1,170	2,101	12,586	1,541	8,765	597,059	-	1,194,977	1,429,565
Total Expenses	15,669,042	2,157,933	533,802	253,296	180,764	842,737	117,106	493,223	1,724,254	2,478,425	24,450,582	23,635,711
Excess (deficiency) of revenue over expenses	\$ (331,604)	\$ (49,577)	\$ 18,098	\$ 23,891	\$ 95,209	\$ (278,498)	\$ 157,110	\$ 563,137	\$ 1,102,497	\$ (865,855)	\$ 434,408	\$ 1,521,517

Calgary Drop-In & Rehab Centre Society
Statement of Financial Position
As at March 31, 2018

	2018	2017
Assets		
Current		
Cash and cash equivalents	\$ 7,094,432	\$ 5,954,579
Short term investments (note 3)	-	1,015,090
Assets held for resale	16,500	16,500
Accounts receivable	247,233	65,118
Goods and services tax receivable	77,343	17,837
Inventory	104,520	92,912
Current portion of leasehold improvement receivable	2,264	2,264
Prepaid expenses	32,099	35,107
	<u>7,574,391</u>	<u>7,199,407</u>
Leasehold improvement receivable	2,830	5,094
Assets held by Calgary Foundation (note 4)	967,837	864,354
Other deposit (note 6)	59,300	-
Property and equipment (note 5)	40,448,103	37,651,747
	<u>\$ 49,052,461</u>	<u>\$ 45,720,602</u>
Liabilities and Fund Balances		
Current liabilities		
Accounts payable and accrued liabilities	\$ 2,557,020	\$ 1,071,809
Demand Loan (note 7)	3,000,000	-
Security deposits	69,222	72,800
Unearned rent	203,616	85,487
	<u>5,829,858</u>	<u>1,230,096</u>
Deferred contributions (note 8)	16,583,680	18,339,474
	<u>22,413,538</u>	<u>19,569,570</u>
Fund balances		
Invested in property and equipment	21,402,299	19,772,223
Endowment fund (note 4)	967,837	864,354
Externally restricted (note 10)	(174,832)	138,674
Internally restricted (note 11)	4,369,673	5,369,235
Unrestricted	73,946	6,546
	<u>26,638,923</u>	<u>26,151,032</u>
	<u>\$ 49,052,461</u>	<u>\$ 45,720,602</u>

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, 2018

	Externally Restricted Funds	Internally Restricted Funds	Invested in Property and Equipment	Endowment Fund	Unrestricted Funds	2018 Total	2017 Total
Fund balances, beginning of year	\$ 138,674	\$ 5,369,235	\$ 19,772,223	\$ 864,354	\$ 6,546	\$ 26,151,032	\$ 24,542,659
Excess (deficiency) of revenue over expenses	(363,083)	-	(569,486)	-	1,366,977	434,408	1,521,517
Capital transactions (note 12)	-	(2,199,562)	2,199,562	-	-	-	-
Increase (decrease) in Endowment Fund	-	-	-	53,483	-	53,483	86,856
Interfund transfers (note 9)	49,577	1,200,000	-	50,000	(1,299,577)	-	-
Fund balances, end of year	\$ (174,832)	\$ 4,369,673	\$ 21,402,299	\$ 967,837	\$ 73,946	\$ 26,638,923	\$ 26,151,032

Calgary Drop-In & Rehab Centre Society

Statement of Cash Flows

For the Year Ended March 31, 2018

	2018	2017
Operating activities		
Excess of revenue over expenses	\$ 434,408	\$ 1,521,517
Non-cash transactions		
Amortization of property and equipment	2,478,425	2,384,338
Amortization of deferred contributions related to property and equipment	(1,612,570)	(1,624,731)
Amortization of deferred contributions related to operations	(629,154)	(181,443)
Amortization of mortgage incentive	-	(22,840)
Changes in non-cash working capital		
Accounts receivable	(182,115)	(5,418)
Goods and services tax receivable	(59,506)	(1,938)
Inventory	(11,608)	7,555
Prepaid expenses	3,008	(1,230)
Accounts payable and accrued liabilities	1,485,211	8,640
Tenant's leasehold improvement	2,265	8,265
Security deposits	(3,578)	(5,342)
Other deposit (note 6)	(59,300)	-
Unearned rent	118,129	32,571
Deferred contributions related to operations (note 8)	69,076	441,433
Cash flows from operating activities	<u>2,032,691</u>	<u>2,561,377</u>
Financing activities		
Additions to deferred contributions related to property and equipment (note 8)	416,854	-
Contributions received for Sundial mortgage repayment (note 8)	-	43,874
Demand loan received	3,000,000	-
Repayment of long term debt	-	(3,944,831)
Cash flows from financing activities	<u>3,416,854</u>	<u>(3,900,957)</u>
Investing activities		
Contribution to Calgary Foundation fund	(50,000)	(50,000)
Net redemption of investments	1,015,090	3,025,079
Purchase of property and equipment	(5,274,782)	(1,081,816)
Cash flows from investing activities	<u>(4,309,692)</u>	<u>1,893,263</u>
Increase in cash and cash equivalents	1,139,853	553,683
Cash and cash equivalents, beginning of year	<u>5,954,579</u>	<u>5,400,896</u>
Cash and cash equivalents, end of year	\$ 7,094,432	\$ 5,954,579
Cash and cash equivalents consists of:		
Cash and banks	7,094,432	1,001,267
Liquid mutual funds/segregated funds	-	4,953,312
	<u>\$ 7,094,432</u>	<u>\$ 5,954,579</u>

Calgary Drop-In & Rehab Centre Society

Notes to the Financial Statements

For the Year Ended March 31, 2018

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 of Canada and therefore is not subject to income tax.

2. Summary of 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 Canada 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

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

The Night Program, Day/Evening Program, and Employment Services Staffing ("ESS")/ Employment Services Training ("EST") Funds are externally restricted and report the revenue and expenses related to the delivery of those programs.

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

The Capital Fund reports the revenue 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, 2018

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 other than the assets held by Calgary Foundation, which are measured at fair value.

The financial assets measured at amortized cost include cash and cash equivalents, short term investments, assets held for resale and accounts receivable. The financial liabilities measured at amortized cost include accounts payable and accrued liabilities, demand loan and security deposits.

h) Contributed Materials and Services

Volunteers contributed approximately 178,000 (2017 - 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.

During the year, the Society received donations of various used IT equipment and hardware to assist the Society to carry out its programs. Because of the difficulty in determining their fair value, contributed materials 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. The financial statement areas that contain management estimates are the useful lives of property and equipment, amortization of deferred contributions and estimation of value for the gifts in kind. Actual results could differ from those estimates.

Calgary Drop-In & Rehab Centre Society

Notes to the Financial Statements

For the Year Ended March 31, 2018

3. Short term investments

	<u>2018</u>	<u>2017</u>
Guaranteed investment certificate, bearing an interest rate of 1.80% per annum, with fair value approximated its carrying value was redeemed in May 2017.	\$ -	\$ 1,015,090

4. Assets held by Calgary Foundation

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 \$778,104 (2017 - \$693,530). The Board added \$84,574 to the Endowment Fund in respect of the current year (2017 - \$79,100) which includes \$50,000 (2017 - \$50,000) in new contributions and \$34,574 (2017 - \$29,100) in reinvestment of funds granted to the Society from the Endowment Fund.

5. Property and equipment

	Cost		Accumulated Amortization		Net Book Value	
	2018	2017	2018	2017	2018	2017
Land	\$ 9,884,835	\$ 9,884,835	\$ -	\$ -	\$ 9,884,835	\$ 9,884,835
Buildings	49,373,034	48,154,327	25,760,666	23,484,213	23,612,368	24,670,114
Computers	1,358,457	581,293	659,010	577,509	699,447	3,784
Automobiles	545,222	545,222	535,201	520,518	10,021	24,704
Equipment	3,384,354	3,323,159	3,101,970	2,996,181	282,384	326,978
Construction in progress	5,959,048	2,741,332	-	-	5,959,048	2,741,332
	<u>\$ 70,504,950</u>	<u>\$ 65,230,168</u>	<u>\$ 30,056,847</u>	<u>\$ 27,578,421</u>	<u>\$ 40,448,103</u>	<u>\$ 37,651,747</u>

The Subdivision Development Appeal Board of the City of Calgary approved the Society's application for the development of Centre 4800 in 2016. The construction costs incurred during the year related to Centre 4800 have been disclosed as Construction in progress.

6. Other deposit

A refundable, non-interest bearing, security deposit of \$59,300 was paid to The City of Calgary (the "City") to ensure the performance of the surface improvements within the City right-of-way adjacent to the site of Centre 4800. All of this security deposit will be refunded once the work related to this site has been completed to the satisfaction of the City inspector.

Calgary Drop-In & Rehab Centre Society

Notes to the Financial Statements

For the Year Ended March 31, 2018

7. Demand Loan

2018	2017
\$ 3,000,000	-

The loan has been provided by The Calgary Foundation for the construction of Centre 4800 and is repayable on demand. However, if demand is not made, the loan will be repaid in full on March 1, 2021.

The loan is secured by land and carries a fixed interest rate at 3% per annum. The interest is payable on the fifteenth day of November each year until it is repaid in full. The interest payable for the upcoming three years is as following:

2019	\$ 90,000
2020	90,000
2021	90,000

8. 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.

	2018 Total	Additions to Deferred Contributions	Inter- Account Transfers	Amortization of Deferred Contributions	2017 Total
Deferred contributions related to property and equipment					
Riverfront Avenue building:					
Anonymous Foundation Grant	\$ 636,500	\$ -	\$ -	\$ (190,000)	\$ 826,500
Alberta Employment, Immigration and Industry	446,669	-	-	(133,333)	580,002
Alberta Human Services	332,108	48,964	-	(98,949)	382,093
Donations	323,032	-	-	(97,594)	420,626
Alberta Lottery/Casino Funds	193,375	-	-	(73,329)	266,704
Calgary Homeless Foundation	65,625	-	-	(18,750)	84,375
Calgary Foundation	8,375	-	-	(2,500)	10,875
Lilydale building:					
Donations	187,500	-	-	(15,000)	202,500
Centre 4800 building:					
Province of Alberta	4,583,070	-	-	(12,060)	4,595,130
Workshop building:					
Anonymous Foundation Grant	82,943	-	-	(22,117)	105,060
Donations	68,610	-	-	(10,556)	79,166
Human Resources Development Canada	65,625	-	-	(17,500)	83,125
Calgary Foundation	32,500	-	-	(5,000)	37,500
Alberta Lottery Funds	3,616	-	-	(1,316)	4,932

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Calgary Drop-In & Rehab Centre Society

Notes to the Financial Statements

For the Year Ended March 31, 2018

8. Deferred contributions (Continued)

	2018 Total	Additions to Deferred Contributions	Inter- Account Transfers	Amortization of Deferred Contributions	2017 Total
Deferred contributions related to property and equipment (Continued)					
Bridgeland Manor building:					
Donations	\$ 395,470	\$ -	\$ -	\$ (59,881)	\$ 455,351
Canada Mortgage and Housing Corporation	339,901	-	-	(75,533)	415,434
Alberta Lottery Funds - CFEP	117,439	-	-	(18,067)	135,506
Sundial building:					
Province of Alberta	4,027,025	-	-	(350,176)	4,377,201
Donations used for Sundial mortgage	3,297,847	2,500	14,626	(274,166)	3,554,887
Canada Mortgage and Housing Corporation	330,473	-	-	(28,737)	359,210
Casino funds used for Sundial Renovations	153,476	-	-	(13,346)	166,822
Donations used for Sundial Renovations	126,500	-	-	(11,000)	137,500
Community Facility Enhancement Program	115,000	-	-	(10,000)	125,000
Others:					
Equipment	104,577	9,127	-	(59,392)	154,842
Vehicles	8,548	-	-	(11,738)	20,286
Computers	-	-	-	(2,530)	2,530
	16,045,804	60,591	14,626	(1,612,570)	17,583,157
Deferred contributions for future capital expenditure:					
Community Facility Enhancement Program	-	-	(150,000)	-	150,000
Alberta Lottery/Casino Funds	50,163	50,163	(146,470)	-	146,470
Calgary Foundation	250,000	250,000	-	-	-
Other donations	56,100	56,100	-	-	-
	356,263	356,263	(296,470)	-	296,470
Deferred contributions related to:					
Operations	181,613	69,076	281,844	(629,154)	459,847
	\$ 16,583,680	\$ 485,930	\$ -	\$ (2,241,724)	\$ 18,339,474

9. Interfund transfers

The Board of Directors approved transfers as follows:

- \$49,577 (2017 - \$92,150) from unrestricted funds to eliminate the current year deficit in the Day/Evening Program;
- \$100,000 (2017 - \$Nil) from unrestricted funds to the operating reserve;
- \$1,100,000 (2017 - \$2,000,000) from unrestricted funds to capital reserve; and
- \$50,000 (2017 - \$50,000) from unrestricted funds to the endowment fund.

Calgary Drop-In & Rehab Centre Society

Notes to the Financial Statements

For the Year Ended March 31, 2018

10. Externally restricted funds

	2018	2017
Night program	\$ (229,464)	102,140
Employment Services Staffing/ Employment Services Training	54,632	36,534
	\$ (174,832)	\$ 138,674

11. 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	2018 Total	2017 Total
Reserve balance, beginning	\$ 5,400,000	\$ (30,765)	\$ 5,369,235	\$ 4,567,542
Capital transactions (note 12)	-	(2,199,562)	(2,199,562)	(1,198,307)
Interfund transfers (note 9)	100,000	1,100,000	1,200,000	2,000,000
Reserve balance, ending	\$ 5,500,000	\$ (1,130,327)	4,369,673	\$ 5,369,235

Despite the transfer of \$1,100,000 from unrestricted funds, the capital reserve is accumulating a deficit due to start of construction of C4800.

12. Capital transactions

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

	2018 Capital Reserve	2018 Invested in Property and Equipment	2017 Capital Reserve	2017 Invested in Property and Equipment
Additions to property and equipment	\$ (5,274,782)	\$ 5,274,782	\$ (1,081,816)	\$ 1,081,816
Receipt of demand loan for construction	3,000,000	(3,000,000)	-	-
Repayment of debt principal	-	-	(3,944,831)	3,944,831
Additions to deferred contributions related to property and equipment	75,220	(75,220)	3,531,870	(3,531,870)
	\$ (2,199,562)	\$ 2,199,562	\$ (1,494,777)	\$ 1,494,777

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Notes to the Financial Statements

For the Year Ended March 31, 2018

13. Gifts-in-kind

The Society received gifts in kind during the year with a fair market value of \$2,927,008 (2017 - \$3,422,853). These gifts are reported in the statement of operations and consist of food, personal incidentals and small furnishings.

14. Line of credit

On March 13, 2018, the Society entered a revolving loan agreement with Toronto-Dominion Bank for the following purposes:

1. To assist with working capital management for a maximum amount of \$500,000;
2. To assist with capital expenditures and acquisitions of property upto a maximum amount of \$3,000,000;
3. To provide interim financing for the construction of Centre 4800 Building upto a maximum amount of \$13,000,000; and
4. Upon completion of Centre 4800 building, to replace facility #3 above with a long-term financing for that property.

The loan bears interest at prime rate. No funds have been withdrawn as at March 31, 2018.

15. Additional information to comply with the disclosure requirement of the Charitable Fund-raising Act of Alberta and regulations

Gross contributions received were \$1,572,053 (2017 - \$1,792,258) and were allocated as follows:

	2018	2017
General fund	\$ 1,536,506	\$ 1,723,438
Sundial capital campaign	-	43,874
Woodwork Shop	15,547	9,946
Other funds	20,000	15,000
	<u>\$ 1,572,053</u>	<u>\$ 1,792,258</u>

All expenses incurred for the purposes of soliciting contributions were \$206,787 (2017 - \$534,235).

No fees (2017 - \$Nil) were paid as remuneration to fundraising businesses, or as reimbursements for expenses to fundraising businesses. \$54,624 was paid as remuneration to employees for fund-raising activities in 2018 (2017 - \$51,073).

16. Financial instruments

The Society's financial instruments consist of cash and cash equivalents, short term investments, accounts receivable and accounts payable and accrued liabilities, demand loan 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.

17. Comparative figures

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