

Distress Centre Calgary

Financial Statements

December 31, 2020

Independent Auditors' Report

To: The Directors of **Distress Centre Calgary**

Opinion

We have audited the financial statements of Distress Centre Calgary (the "Centre"), which comprise the statement of financial position as at December 31, 2020, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Centre as at December 31, 2020, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Centre in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information Other than the Financial Statements and Auditors' Report Thereon

Management is responsible for the other information. The other information comprises the information included in the Message from the Executive Director.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

The Message from the Executive Director is expected to be made available to us after the date of the auditors' report. If, based on the work we will perform on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact to those charged with governance.

Responsibilities of Management and Those Charged With Governance for the 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.

In preparing the financial statements, management is responsible for assessing the Centre's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Centre or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they

Independent Auditors' Report (continued)

could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Centre's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Centre's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Centre to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Chartered Professional Accountants

February 25, 2021
Calgary, Alberta

Distress Centre Calgary

Statement of Financial Position

As at December 31,

				2020		2019
	Operating Fund	Sustainability Fund	Subtotal	Capital Fund	Total	Total
Assets						
Current assets						
Cash and cash equivalents (note 4)	\$ 2,544,365	\$ 926,892	\$ 3,471,257	\$ 7,299	\$ 3,478,556	\$ 1,803,942
Accounts receivable	76,363	8,595	84,958	-	84,958	54,066
Prepaid expenses	60,551	-	60,551	-	60,551	234,925
Interfund balances	-	1,077,397	1,077,397	-	1,077,397	-
	<u>2,681,279</u>	<u>2,012,884</u>	<u>4,694,163</u>	<u>7,299</u>	<u>4,701,462</u>	<u>2,092,933</u>
Non-current assets						
Capital assets (note 5)	-	-	-	209,203	209,203	99,133
	<u>\$ 2,681,279</u>	<u>\$ 2,012,884</u>	<u>\$ 4,694,163</u>	<u>\$ 216,502</u>	<u>\$ 4,910,665</u>	<u>\$ 2,192,066</u>
Liabilities						
Current liabilities						
Accounts payable	\$ 201,615	\$ -	\$ 201,615	\$ -	\$ 201,615	\$ 189,505
Deferred contributions (note 6)	1,337,353	-	1,337,353	-	1,337,353	972,955
Interfund balances	1,077,397	-	1,077,397	-	1,077,397	-
	<u>2,616,365</u>	<u>-</u>	<u>2,616,365</u>	<u>-</u>	<u>2,616,365</u>	<u>1,162,460</u>
Non-current liabilities						
Deferred lease liability	117,602	-	117,602	-	117,602	-
	<u>2,733,967</u>	<u>-</u>	<u>2,733,967</u>	<u>-</u>	<u>2,733,967</u>	<u>1,162,460</u>
Net assets						
Invested in capital assets	-	-	-	209,203	209,203	99,133
Externally restricted	-	-	-	7,299	7,299	7,299
Unrestricted	(52,688)	2,012,884	1,960,196	-	1,960,196	923,174
	<u>(52,688)</u>	<u>2,012,884</u>	<u>1,960,196</u>	<u>216,502</u>	<u>2,176,698</u>	<u>1,029,606</u>
	<u>\$ 2,681,279</u>	<u>\$ 2,012,884</u>	<u>\$ 4,694,163</u>	<u>\$ 216,502</u>	<u>\$ 4,910,665</u>	<u>\$ 2,192,066</u>

Approved by the Board

 Director

 Director

Distress Centre Calgary

Statement of Operations

Year ended December 31,

					2020	2019
	Operating Fund	Sustainability Fund	Subtotal	Capital Fund	Total	Total
Revenue						
Other donations and fundraising	\$ 781,231	\$ 648,552	\$ 1,429,783	\$ 154,050	\$ 1,583,833	\$ 811,755
United Way Alberta - Capital Region	1,512,302	-	1,512,302	-	1,512,302	369,286
City of Calgary, Family and Community Support Services	1,410,309	-	1,410,309	-	1,410,309	1,285,902
United Way of Calgary and Area	1,292,635	-	1,292,635	-	1,292,635	1,219,798
Calgary Homeless Foundation	659,386	-	659,386	-	659,386	538,658
Alberta Health Services - Addictions and Mental Health	433,013	-	433,013	-	433,013	433,013
Government wage subsidies	-	428,845	428,845	-	428,845	-
Alberta Human Services	175,000	-	175,000	-	175,000	175,000
Canada Suicide Prevention Service	146,684	-	146,684	-	146,684	40,491
Calgary and Area Child and Family Services Authority	131,660	-	131,660	-	131,660	134,167
City of Calgary - ES Online	120,615	-	120,615	-	120,615	120,615
Red Deer 211	59,065	-	59,065	-	59,065	54,534
Carya - Senior 211	50,000	-	50,000	-	50,000	50,000
Casino proceeds utilized	38,301	-	38,301	-	38,301	53,522
Bow Valley 211	13,776	-	13,776	-	13,776	12,718
Interest income	-	12,313	12,313	-	12,313	15,216
CCASA	5,000	-	5,000	-	5,000	5,000
	6,828,977	1,089,710	7,918,687	154,050	8,072,737	5,319,675
Expenses						
Personnel	5,207,712	-	5,207,712	-	5,207,712	4,108,235
Building	514,333	-	514,333	-	514,333	319,324
Office administration	236,513	-	236,513	-	236,513	167,758
Basic Needs Fund	368,772	-	368,772	-	368,772	213,278
IT	195,026	-	195,026	-	195,026	126,367
Communication	181,009	-	181,009	-	181,009	191,866
Amortization	-	-	-	96,668	96,668	50,281
Marketing and fundraising	55,349	-	55,349	-	55,349	42,571
Finance	37,129	-	37,129	-	37,129	28,371
Volunteer and training	33,134	-	33,134	-	33,134	62,130
	6,828,977	-	6,828,977	96,668	6,925,645	5,310,181
Excess of revenue over expenses	\$ -	\$ 1,089,710	\$ 1,089,710	\$ 57,382	\$ 1,147,092	\$ 9,494

See accompanying notes to the financial statements

Distress Centre Calgary
Statement of Changes in Net Assets

As at December 31,

					2020	2019
	Operating Fund	Sustainability Fund	Subtotal	Capital Fund	Total	Total
Balance, beginning of year,	\$ -	\$ 923,174	\$ 923,174	\$ 106,432	\$ 1,029,606	\$ 1,020,112
Excess of revenues over expenses	-	1,089,710	1,089,710	57,382	1,147,092	9,494
Interfund transfers	(52,688)	-	(52,688)	52,688	-	-
Balance, end of year	\$ (52,688)	\$ 2,012,884	\$ 1,960,196	\$ 216,502	\$ 2,176,698	\$ 1,029,606

Distress Centre Calgary
Statement of Cash Flows

Year ended December 31,	2020	2019
Operating activities:		
Excess of revenue over expenses	\$ 1,147,092	\$ 9,494
Item not affecting cash:		
Amortization	96,668	50,281
Deferred lease liability	117,602	-
	<u>1,361,362</u>	<u>59,775</u>
Changes in non cash working capital items		
Accounts receivable	(30,892)	(20,351)
Prepaid expenses	174,374	(192,638)
Accounts payable	12,110	15,362
Deferred contributions	364,398	108,969
	<u>1,881,352</u>	<u>(28,883)</u>
Investing activities		
Capital expenditures	<u>(206,738)</u>	<u>(45,071)</u>
Increase (decrease) in cash and cash equivalents	1,674,614	(73,954)
Cash and cash equivalents, beginning of year	<u>1,803,942</u>	<u>1,877,896</u>
Cash and cash equivalents, end of year	<u>\$ 3,478,556</u>	<u>\$ 1,803,942</u>
 Cash and cash equivalents consists of:		
Cash	\$ 2,551,664	\$ 880,768
Guaranteed investment certificates	926,892	923,174
	<u>\$ 3,478,556</u>	<u>\$ 1,803,942</u>

See accompanying notes to the financial statements

Distress Centre Calgary

Notes to the Financial Statements

December 31, 2020

1. Nature of operations

Distress Centre Calgary (the “Centre”) provides immediate crisis support to anyone in crisis through its 24-hour crisis line, online crisis services, professional counselling and also provides referrals through the 211 information and referral line. Calgarians experiencing homelessness are served out of the Safe Communities Opportunities and Resource Centre (SORCe). The Centre is a not-for-profit organization incorporated under the Societies Act (Alberta). The Centre is dependent on its contributors to continue as a going concern.

The Centre is a registered charity under the Income Tax Act and as such is exempt from income taxes.

2. Basis of presentation

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles, specifically Canadian accounting standards for not-for-profit organizations (“ASNFPO”), using the restricted fund method to report restricted contributions.

3. Significant accounting policies

(a) Fund accounting

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

General funds

General Funds include the Operating Fund and Sustainability Fund.

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

The Sustainability fund accounts for unrestricted resources. This fund was established to sustain the existence and ensure the continuing activities of the Centre. The funds will be utilized to fund operating deficits and future projects at the Board’s discretion.

Capital fund

This fund accounts for capital assets and any related capital funding.

(b) Measurement of financial instruments

Financial assets and financial liabilities are initially measured at fair value and subsequently at amortized cost.

Financial assets measured at amortized cost include cash and cash equivalents and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable.

Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in the statement of operations for the applicable fund. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in the statement of operations for the applicable fund.

Distress Centre Calgary

Notes to the Financial Statements

December 31, 2020

(c) Cash and cash equivalents

All investments that are readily convertible into cash are cash equivalents.

(d) Capital assets

Purchased capital assets are recorded in the Capital Fund account at cost. Contributed capital assets are recorded in the Capital fund at fair value at the date of contribution. Capital assets are amortized using the straight-line method at rates intended to amortize the cost of assets over their estimated useful lives. Building improvements are amortized using the straight-line method over the remaining term of the lease. Capital assets acquired during the year are amortized beginning when they are placed into use.

<u>Capital Asset</u>	<u>Rates</u>
Telephone system	5 years
Furniture and fixtures	5 years
Website	2 years
Computer equipment	3 years
Leasehold improvements	Remaining term of the lease
Computer software	2 years

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

(e) Deferred lease liability

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

(f) Revenue recognition

Restricted contributions related to the Operating and Sustainability Funds are recognized as revenue using the deferred contribution method whereby revenue is recognized in the year in which related costs are incurred. Restricted contributions related to the Capital Fund are recognized as revenue when received or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured.

Unrestricted contributions are recorded in the year received, or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured.

(f) Contributed materials and services

The value of contributed materials and services is recorded when the fair value can be reasonably estimated, when the material and services are used in the normal course of operations and would otherwise have been purchased.

(g) Government assistance

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

Distress Centre Calgary

Notes to the Financial Statements

December 31, 2020

4. Cash and cash equivalents

Cash and cash equivalents include nine (2019 - eight) redeemable guaranteed investment certificates. These investments bear interest from 0.45% to 1.55% (2019 - 1.30% to 2.05%) and have maturities of January, February, and May 2021. Included in cash and cash equivalents are restricted amounts equal to the amount of restricted contributions deferred described in note 6 of \$1,337,353 (2019 - \$972,955) and externally restricted net assets held for capital asset purchases of \$7,299 (2019 - \$7,299).

5. Capital assets

			2020		2019	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value		
Telephone system	\$ 175,328	\$ 174,106	\$ 1,222	\$ 2,388		
Furniture & fixtures	289,272	164,743	124,529	-		
Website	30,082	30,082	-	-		
Computer equipment	328,954	287,267	41,684	93,777		
Leasehold improvements	625,970	584,202	41,768	-		
Computer software	427,898	427,898	-	2,968		
	\$ 1,877,501	\$ 1,668,298	\$ 209,203	\$ 99,133		

Effective January 1, 2020, the Centre changed the method of estimating amortization from using a declining balance method to a straight-line method during the year to better align with how value is derived from those assets. This change in amortization method resulted in a \$46,356 increase of amortization expense for the year.

6. Deferred contributions

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

Changes for the year in the balance are as follows:

	2020		2019	
Balance, beginning of year	\$ 972,955	\$ 863,986		
Contributions received in the year	8,284,497	5,399,469		
Amounts recognized as revenue in year	(7,920,099)	(5,290,500)		
Balance, end of year	\$ 1,337,353	\$ 972,955		

The balance is comprised as follows:

	2020		2019	
United Way Alberta - Capital Region	\$ 863,280	\$ 210,594		
Other donations and fundraising	220,497	310,519		
Calgary Homeless Foundation	95,729	28,475		
United Way of Calgary and Area	86,569	327,795		
Casino proceeds	37,236	11,650		
City of Calgary, Family and Community Support Services	34,042	83,922		
Total	\$ 1,337,353	\$ 972,955		

Distress Centre Calgary

Notes to the Financial Statements

December 31, 2020

7. Contractual obligations

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

2021	\$	109,723
2022		128,607
2023		134,901
2024		134,901
2025		134,901
Thereafter		<u>749,575</u>
Total	\$	<u>1,392,608</u>

8. Volunteer hours

Volunteers contributed approximately 25,425 (2019 - 44,763) hours in the year to assist the Centre in facilitating its delivery of services. Due to the difficulty in determining their fair values, these services are not recognized in these financial statements. The volunteer hours have not been audited.

9. Expenses incurred for fundraising

Expenses incurred for soliciting contributions were \$241,175 (2019 - \$246,339) including \$193,190 (2019 - \$185,239) paid to employees involved in securing contributions including fundraising. These expenses are included in office administrative, finance, marketing and fundraising, building and personnel.

10. Financial instruments

The Centre's use of financial instruments and its exposure to risks associated with such instruments arises out of its normal course of operations and investing activities. Operations are in Calgary. The Centre is not exposed to significant credit, market, or liquidity risks.

11. Novel coronavirus ("COVID-19")

The outbreak of the novel strain of coronavirus, specifically identified as "COVID-19" was declared a global pandemic by the World Health Organization on March 11, 2020. Governments worldwide enacted emergency measures to combat the spread of the virus. These measures, which include public health measures requiring periodic closures of non-essential businesses, requesting the public to stay home as much as possible, the implementation of travel bans, self-imposed quarantine periods and physical distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions.

As a result of the pandemic and government measures, the Centre cancelled in person fundraising events, resulting in a decrease in revenues and related costs specific to those events. The Centre continues to operate and has adopted health, safety, and physical distancing protocols. The Centre has received funds from government support initiatives.

The duration and impact of the COVID-19 outbreak is unknown currently, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments or their ongoing impact on the Centre.

12. Comparative figures

The financial statements for the prior year have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year earnings.