

CALGARY DROP-IN & REHAB CENTRE SOCIETY

Financial Statements

For the Year Ended March 31, 2017

Calgary Drop-In & Rehab Centre Society
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For the Year Ended March 31, 2017

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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, 2017, 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, 2017 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.

Chartered Professional Accountants

June 15, 2017
Calgary, Alberta, Canada

CALVISTA LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

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Calgary Drop-In & Rehab Centre Society
Statement of Operations
For the Year Ended March 31, 2017

	Night Program	Day/Evening Program	ESS/ EST Program	Centre 4800	Bridgeland Manor Project	Woodwork Shop Program	Ingleswood Program	Stundial Program	General Fund	Capital Fund	2017 Total	2016 Total
Revenue												
Alberta Human Services	\$ 12,538,174	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 550,000	\$ -	\$ 13,088,174	\$ 12,271,625
Calgary Homeless Foundation	143,118	-	-	-	-	-	-	-	-	-	143,118	1,322,904
United Way	-	549,689	-	-	-	-	-	-	3,000	-	552,689	549,689
City of Calgary	-	624,357	-	-	-	-	-	-	-	-	624,357	485,978
Alberta Employment, Immigration and Industry	-	-	435,276	-	-	-	-	-	-	-	435,276	369,996
Victims of Crime Fund	-	-	-	-	-	-	-	-	150,000	-	150,000	150,000
Other grants	34,984	-	2,500	-	-	700,078	-	-	292,136	-	1,748,384	1,871,700
Business development	-	-	15,000	-	-	9,946	278,435	1,124,756	60,863	-	1,996,144	2,251,718
Donations	-	-	-	306,829	227,461	-	-	-	88,030	-	88,030	184,106
Rental revenue	-	-	-	-	2,367	-	-	13,185	213,376	-	228,934	199,179
Interest income	-	-	-	-	-	6	-	-	-	-	6	199,179
Other revenue	2,332,571	1,086,379	-	-	-	3,903	-	-	-	-	3,422,853	3,309,944
Gifts-in-kind (note 13)	-	-	-	-	-	-	-	-	-	-	-	-
Amortization of deferred contributions (note 8)	-	-	-	-	-	-	-	-	-	1,624,731	1,624,731	1,393,627
Amortization of mortgage incentive	-	-	-	-	-	-	-	22,840	-	-	22,840	57,216
Total Revenue	15,048,847	2,260,425	452,276	306,829	229,828	713,933	278,435	1,160,781	3,080,643	1,624,731	25,157,228	25,111,748
Expenses												
Salaries and benefits												
Direct client costs	10,165,835	1,114,084	377,040	56,150	18,713	514,302	-	110,993	543,053	-	12,900,170	12,973,316
Food	2,928,414	1,086,379	-	-	1,452	-	-	589	-	-	4,016,834	4,401,110
Materials	74,158	1,251	1,500	-	38	-	-	122	-	-	77,069	104,103
Personal Incidentals	30,009	751	4,500	-	-	88	-	-	2,550	-	37,898	22,536
Recreation	4,929	404	-	-	1,042	-	-	2,543	-	-	8,918	8,728
Transportation	900	40,508	-	-	24	-	-	-	-	-	41,432	4,454
Medical supplies	10,209	851	-	-	-	-	-	-	-	-	11,060	16,399
Facilities	3,048,619	1,130,144	6,000	-	2,556	88	-	3,254	2,550	-	4,193,211	4,557,330
Building/land maintenance	263,889	10,000	5,000	74,223	51,347	9,920	62,349	184,401	-	-	661,129	764,360
Furnishings and equipment	24,533	7,500	-	-	3,719	5,715	-	9,457	-	-	50,924	41,667
Equipment repair and maintenance	158,399	3,000	5,500	816	1,432	6,369	-	9,989	56,867	-	242,372	217,625
Rent	-	26,100	5,000	-	-	-	-	-	32,500	-	63,600	97,497
Utilities	522,503	2,804	3,407	104,927	59,008	17,954	39,901	149,414	-	-	899,918	1,055,398
Facility supplies	156,164	16,500	1,000	-	-	157,276	-	-	-	-	330,940	324,811
Facility insurance	28,880	3,000	1,250	23,797	15,132	3,794	7,615	15,170	-	-	96,638	95,749
Garbage removal	31,246	1,501	1,200	2,384	4,141	6,295	2,428	23,825	-	-	73,020	64,531
Amortization	-	-	-	-	-	-	-	-	-	2,384,338	2,384,338	2,459,634
Interest	-	-	-	-	-	-	-	89,985	-	-	89,985	225,422
Subcontractor fees	-	-	-	-	-	217,901	-	-	-	-	217,901	60,355
Total Expenses	1,185,614	70,405	22,357	206,147	134,779	425,224	112,293	482,241	89,367	2,384,338	5,112,765	5,407,049

The accompanying notes form an integral part of the financial statements

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Calgary Drop-In & Rehab Centre Society
Statement of Operations
For the Year Ended March 31, 2017

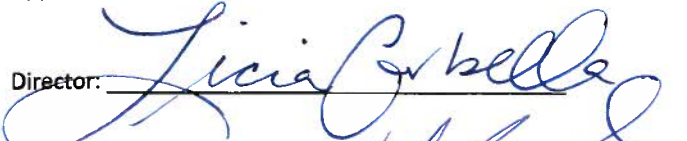

	Night Program	Day/Evening Program	ESS/ EST Program	Centre 4800	Bridgeland Manor Project	Woodwork Shop Program	Inglewood Program	Sundial Program	General Fund	Capital Fund	2017 Total	2016 Total
Expenses (Continued)												
Administration												
Bank charges	\$ 22,848	\$ -	\$ 245	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,000	\$ -	\$ 24,098	\$ 16,377
Consultant and legal fees	69,144	18,450	-	-	769	-	-	2,194	96,763	-	187,320	161,270
Miscellaneous	1,655	-	15,750	-	2	-	-	5	49,810	-	67,222	70,740
Board travel	1,959	-	-	-	-	-	-	-	475	-	2,434	4,668
Equipment repair and maintenance	8,210	1,750	1,000	-	-	-	-	-	-	-	10,960	8,247
Office supplies	17,190	2,600	4,259	-	-	-	-	-	1,110	-	25,159	20,197
Postage	6,012	-	241	-	-	-	-	-	2,294	-	8,547	6,193
Telephone	50,726	3,248	2,400	1,617	2,597	3,249	1,343	1,572	2,975	-	69,727	76,278
Vehicle expenses	72,150	1,300	-	-	-	3,566	-	-	5,000	-	82,016	64,172
Vehicle insurance	13,549	550	-	-	-	1,200	-	-	-	-	15,299	14,819
Advertising	3,703	3,822	275	-	-	-	-	30	723,369	-	731,199	600,942
Staff training and travel	91,294	4,722	11,062	-	-	3,762	-	579	12,906	-	124,325	105,084
Fees	5,923	-	-	173	239	178	-	564	-	-	7,077	4,148
Audit	28,407	1,500	1,200	-	-	-	1,250	-	5,000	-	37,357	60,888
Liability insurance	33,745	-	1,580	-	-	-	-	-	1,500	-	36,825	35,750
	426,515	37,942	38,012	1,790	3,607	11,960	2,593	4,944	902,202	-	1,429,565	1,249,773
Total Expenses	14,826,583	2,352,575	443,409	264,087	159,655	951,574	114,886	601,432	1,537,172	2,384,338	23,635,711	24,187,468
Excess (deficiency) of revenue over expenses	\$ 222,264	\$ (92,150)	\$ 9,367	\$ 42,742	\$ 70,173	\$ (237,641)	\$ 163,549	\$ 559,349	\$ 1,543,471	\$ (759,607)	\$ 1,521,517	\$ 924,280

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, 2017

	2017	2016
Assets		
Current		
Cash and cash equivalents	\$ 5,954,579	\$ 5,400,896
Short term investments (note 3)	1,015,090	4,040,169
Assets held for resale	16,500	16,500
Accounts receivable	65,118	59,700
Goods and services tax receivable	17,837	15,899
Inventory	92,912	100,467
Current portion of leasehold improvement receivable	2,264	8,265
Prepaid expenses	35,107	33,877
	<u>7,199,407</u>	<u>9,675,773</u>
Leasehold improvement receivable	5,094	7,358
Assets held by Calgary Foundation (note 4)	864,354	727,498
Property and equipment (note 5)	37,651,747	38,954,268
	<u>\$ 45,720,602</u>	<u>\$ 49,364,897</u>
Liabilities and Fund Balances		
Current liabilities		
Accounts payable and accrued liabilities	\$ 1,071,809	\$ 1,063,167
Current portion of deferred mortgage incentive (note 6)	-	22,840
Current portion of long term debt (note 7)	-	3,944,831
Security deposits	72,800	78,142
Unearned rent	85,487	52,916
	<u>1,230,096</u>	<u>5,161,896</u>
Deferred contributions (note 8)	18,339,474	19,660,342
	<u>19,569,570</u>	<u>24,822,238</u>
Fund balances		
Invested in property and equipment	19,772,223	19,333,523
Endowment fund (note 4)	864,354	727,498
Externally restricted (note 10)	138,674	(92,957)
Internally restricted (note 11)	5,369,235	4,567,542
Unrestricted	6,546	7,053
	<u>26,151,032</u>	<u>24,542,659</u>
	<u>\$ 45,720,602</u>	<u>\$ 49,364,897</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, 2017

	Externally Restricted Funds	Internally Restricted Funds	Invested in Property and Equipment	Endowment Fund	Unrestricted Funds	2017 Total	2016 Total
Fund balances, beginning of year	\$ (92,957)	\$ 4,567,542	\$ 19,333,523	\$ 727,498	\$ 7,053	\$ 24,542,659	\$ 23,797,525
Excess (deficiency) of revenue over expenses	139,481	-	(759,607)	-	2,141,643	1,521,517	924,280
Capital transactions (note 12)	-	(1,198,307)	1,198,307	-	-	-	-
Repayment of program surplus	-	-	-	-	-	-	(173,210)
Increase (decrease) in Endowment Fund	-	-	-	86,856	-	86,856	(5,936)
Interfund transfers (note 9)	92,150	2,000,000	-	50,000	(2,142,150)	-	-
Fund balances, end of year	\$ 138,674	\$ 5,369,235	\$ 19,772,223	\$ 864,354	\$ 6,546	\$ 26,151,032	\$ 24,542,659

Calgary Drop-In & Rehab Centre Society
Statement of Cash Flows
For the Year Ended March 31, 2017

	2017	2016
Operating activities		
Excess of revenue over expenses	\$ 1,521,517	\$ 924,280
Non-cash transactions		
Amortization of property and equipment	2,384,338	2,459,634
Amortization of deferred contributions related to property and equipment	(1,624,731)	(1,393,627)
Amortization of deferred contributions related to operations	(181,443)	(282,344)
Amortization of mortgage incentive	(22,840)	(57,216)
Changes in non-cash working capital		
Accounts receivable	(5,418)	50,553
Goods and services tax receivable	(1,938)	4,661
Inventory	7,555	27,449
Prepaid expenses	(1,230)	55,743
Accounts payable and accrued liabilities	8,640	(253,217)
Payroll deductions payable	-	-
Tenant's leasehold improvement	8,265	12,377
Security deposits	(5,342)	(7,504)
Unearned rent	32,571	(11,709)
Deferred contributions related to operations (note 8)	441,433	181,443
	<u>2,561,377</u>	<u>1,710,523</u>
Repayment of prior year program surplus	-	(173,210)
	<u>2,561,377</u>	<u>1,537,313</u>
Financing activities		
Additions to deferred contributions related to property and equipment (note 8)	-	181,671
Contributions received for Sundial mortgage repayment (note 8)	43,874	239,790
Repayment of long term debt	(3,944,831)	(270,119)
	<u>(3,900,957)</u>	<u>151,342</u>
Investing activities		
Contribution to Calgary Foundation fund	(50,000)	(50,000)
Net redemption (purchase) of investments	3,025,079	(8,596)
Purchase of property and equipment	(1,081,816)	(1,123,039)
	<u>1,893,263</u>	<u>(1,181,635)</u>
Increase in cash	553,683	507,020
Cash and cash equivalents, beginning of year	<u>5,400,896</u>	<u>4,893,876</u>
Cash and cash equivalents, end of year	\$ 5,954,579	\$ 5,400,896
Cash and cash equivalents consists of:		
Cash on hand	1,001,267	479,422
Liquid mutual funds/segregated funds	4,953,312	4,921,474
	<u>\$ 5,954,579</u>	<u>\$ 5,400,896</u>

Calgary Drop-In & Rehab Centre Society
Notes to the Financial Statements
For the Year Ended March 31, 2017

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.

(Continues...)

Calgary Drop-In & Rehab Centre Society
Notes to the Financial Statements
For the Year Ended March 31, 2017

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 and payroll deductions payable.

h) Contributed Materials and Services

Volunteers contributed approximately 180,000 (2016 - 206,000) 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. Actual results could differ from those estimates.

Calgary Drop-In & Rehab Centre Society
Notes to the Financial Statements
For the Year Ended March 31, 2017

3. Short term investments

	2017	2016
Guaranteed investment certificate maturing May 2017 bearing an interest rate of 1.80% per annum, with fair value approximating its carrying value.	\$ 1,015,090	\$ -
Guaranteed investment certificates, maturing in May, July, September and December 2016 bearing interest rates ranging from 1.55% to 1.80% per annum, with fair values approximating their carrying values.	-	4,031,573
	\$ 1,015,090	\$ 4,031,573

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 \$693,530 (2016 - \$614,430). The Board added \$79,100 to the Endowment Fund in respect of the current year (2016 - \$77,337) which includes \$50,000 (2016 - \$50,000) in new contributions and \$29,100 (2016 - \$27,337) in reinvestment of funds granted to the Society from the Endowment Fund.

5. Property and equipment

	Cost		Accumulated Amortization		Net Book Value	
	2017	2016	2017	2016	2017	2016
Land	\$ 9,884,835	\$ 9,884,835	\$ -	\$ -	\$ 9,884,835	\$ 9,884,835
Buildings	48,154,327	48,154,327	23,484,213	21,259,681	24,670,114	26,894,646
Computers	581,293	581,293	577,509	567,005	3,784	14,288
Automobiles	545,222	545,222	520,518	494,157	24,704	51,065
Equipment	3,323,159	3,297,490	2,996,181	2,873,241	326,978	424,249
Construction in progress	2,741,332	1,685,185	-	-	2,741,332	1,685,185
	\$ 65,230,168	\$ 64,148,352	\$ 27,578,421	\$ 25,194,084	\$ 37,651,747	\$ 38,954,268

During 2016, the Subdivision Development Appeal Board approved the Society's application for the development of Centre 4800. Additional development of the building is planned over the next few years.

Calgary Drop-In & Rehab Centre Society
Notes to the Financial Statements
For the Year Ended March 31, 2017

6. Deferred mortgage incentive

	<u>2017</u>	<u>2016</u>
Related to Sundial Property		
Deferred mortgage	\$ -	\$ 22,840
Less: current portion	-	(22,840)
	<u>\$ -</u>	<u>\$ -</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. During the current year, the full remaining amount of the deferred mortgage incentive has been amortized into revenue.

7. Long term debt

	<u>2017</u>	<u>2016</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.	\$ -	\$ 3,944,831
Less: current portion	-	(3,944,831)
	<u>\$ -</u>	<u>\$ -</u>

The entire remaining amount on the Sundial mortgage was repaid on August 2, 2016, by way of contributions deferred for this mortgage repayment (see note 8).

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.

	<u>2017</u>	<u>Additions</u>	<u>Inter-</u>	<u>Amortization</u>	<u>2016</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	\$ 826,500	\$ -	\$ -	\$ (190,000)	\$ 1,016,500
Alberta Employment, Immigration and Industry	580,002	-	-	(133,333)	713,335
Donations	420,626	-	-	(97,594)	518,220
Alberta Lottery/Casino Funds	413,174	-	-	(61,088)	474,262
Calgary Foundation	10,875	-	-	(2,500)	13,375
Alberta Human Services	382,093	-	-	(98,949)	481,042
Calgary Homeless Foundation	84,375	-	-	(18,750)	103,125
CFEP Flood Grant	150,000	-	-	-	150,000
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Calgary Drop-In & Rehab Centre Society
Notes to the Financial Statements
For the Year Ended March 31, 2017

8. Deferred contributions (Continued)

	2017 Total	Additions to Deferred Contributions	Inter- Account Transfers	Amortization of Deferred Contributions	2016 Total
Deferred contributions related to property and equipment (Continued)					
Workshop building:					
Anonymous Foundation Grant	\$ 105,060	\$ -	\$ -	\$ (22,117)	\$ 127,177
Human Resources Development Canada	83,125	-	-	(17,500)	100,625
Alberta Lottery Funds	4,932	-	-	(1,316)	6,248
Donations	79,166	-	-	(10,556)	89,722
Calgary Foundation	37,500	-	-	(5,000)	42,500
Bridgeland Manor building:					
Donations	455,351	-	-	(59,881)	515,232
Canada Mortgage and Housing Corporation	415,434	-	-	(75,533)	490,967
Alberta Lottery Funds - CFEP	135,506	-	-	(18,067)	153,573
Lilydale building:					
Donations	202,500	-	-	(15,000)	217,500
Sundial building:					
Province of Alberta	4,377,201	-	-	(350,176)	4,727,377
Canada Mortgage and Housing Corporation	359,210	-	-	(28,737)	387,947
Community Facility Enhancement Program	125,000	-	-	(10,000)	135,000
Donations used for Sundial Renovations	137,500	-	-	(11,000)	148,500
Donations used for Sundial mortgage	3,554,887	-	3,828,340	(273,453)	-
Casino funds used for Sundial Renovations	166,822	-	-	(13,346)	180,168
Centre 4800 building:					
Province of Alberta	4,595,130	-	-	(12,060)	4,607,190
Others:					
Equipment	154,842	-	-	(67,364)	222,206
Computers	2,530	-	-	(7,996)	10,526
Vehicles	20,286	-	-	(23,416)	43,702
	17,879,627	-	3,828,340	(1,624,732)	15,676,019
Deferred contributions related to:					
Sundial mortgage repayment	-	43,874	(3,828,340)	-	3,784,466
Operations	459,847	441,433	-	(181,443)	199,857
	\$ 18,339,474	\$ 485,307	\$ -	\$ (1,806,175)	\$ 19,660,342

9. Interfund transfers

The Board of Directors approved transfers as follows:

- a) \$92,150 (2016 - \$90,274) from unrestricted funds to eliminate the current year deficit in the Day/Evening Program;
- b) \$Nil (2016 - \$100,000) from unrestricted funds to the operating reserve;
- c) \$2,000,000 (2016 - \$2,250,000) from unrestricted funds to capital reserve; and
- d) \$50,000 (2016 - \$50,000) from unrestricted funds to the endowment fund.

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10. Externally restricted funds

	2017	2016
Night program	\$ 102,140	(120,124)
Day program	-	-
Employment Services Staffing/ Employment Services Training	36,534	27,167
	<u>\$ 138,674</u>	<u>\$ (92,957)</u>

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	2017 Total	2016 Total
Reserve balance, beginning	\$ 5,400,000	\$ (832,458)	\$ 4,567,542	\$ 3,354,839
Excess of revenue over expenses	-	-	-	-
Capital transactions (note 12)	-	(1,198,307)	(1,198,307)	(1,137,297)
Interfund transfers (note 9)	-	2,000,000	2,000,000	2,350,000
Reserve balance, ending	<u>\$ 5,400,000</u>	<u>\$ (30,765)</u>	<u>5,369,235</u>	<u>\$ 4,567,542</u>

The capital reserve stands in a small deficit position, despite the transfer of \$2,000,000 from unrestricted funds in 2017.

12. Capital transactions

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

	2017 Capital Reserve	2017 Invested in Property and Equipment	2016 Capital Reserve	2016 Invested in Property and Equipment
Additions to property and equipment	\$ (1,081,816)	\$ 1,081,816	\$ (1,123,039)	\$ 1,123,039
Repayment of debt principal	(3,944,831)	3,944,831	(270,119)	270,119
Additions to deferred contributions related to property and equipment	3,828,340	(3,828,340)	255,861	(255,861)
	<u>\$ (1,198,307)</u>	<u>\$ 1,198,307</u>	<u>\$ (1,137,297)</u>	<u>\$ 1,137,297</u>

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13. Gifts-in-kind

The Society received gifts in kind during the year with a fair market value of \$3,422,853 (2016 - \$3,309,944). These gifts are reported in the statement of operations and consist of food, personal incidentals and small furnishings.

14. Related party transactions

During the year, the Society paid \$29,925 (2016 - \$52,500), for business consulting services to a consulting company of which a director of the Society is a principal. The transactions were in the normal course of operations and have 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.

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

Gross contributions received were \$1,792,258 (2016 - \$2,191,490) and were allocated as follows:

	2017	2016
General fund	\$ 1,723,438	\$ 1,784,350
Sundial capital campaign	43,874	239,790
Woodwork Shop	9,946	122,350
Other funds	15,000	15,000
Bridgeland capital campaign	-	30,000
	\$ 1,792,258	\$ 2,191,490

All expenses incurred for the purposes of soliciting contributions were \$534,235 (2016 - \$344,259).

No fees (2016 - \$Nil) were paid as remuneration to fundraising businesses, or as reimbursements for expenses to fundraising businesses. \$51,073 was paid as remuneration to employees for fund-raising activities in 2017 (2016 - \$62,168).

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, 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.
