

**CALGARY DROP-IN & REHAB CENTRE SOCIETY**

**Financial Statements**

**For the Year Ended March 31, 2020**

**Calgary Drop-In & Rehab Centre Society**  
**Index to the Financial Statements**  
**For the Year Ended March 31, 2020**

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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 financial statements of Calgary Drop-In & Rehab Centre Society (the "Society"), which comprise the statement of financial position, as at March 31, 2020, and the statements of operations, changes in fund balances 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 Society as at March 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 *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Society in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our ethical responsibilities in accordance with those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **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 Society'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 Society or cease operations, or has no realistic alternative but to do so.

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

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### **Auditor's Responsibilities for the Audit of 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 auditor's 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 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 judgment 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 Society'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 Society's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's report. However, future events or conditions may cause the Society 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.

*BDO Canada LLP*

Chartered Professional Accountants  
Calgary, Alberta  
June 18, 2020

**Calgary Drop-In & Rehab Centre Society**  
**Statement of Operations**  
**For the Year Ended March 31, 2020**

	Programs	Affordable Housing	COVID-19	General Fund	Capital Fund	2020 Total	2019 Total
<b>Revenue</b>							
<b>Grants</b>							
Alberta Human Services	\$ 12,752,853	\$ -	\$ -	\$ 550,000	\$ -	\$ 13,302,853	\$ 13,281,173
Calgary Homeless Foundation	42,717	-	-	-	-	42,717	600,493
United Way	500,217	-	-	-	-	500,217	549,689
City of Calgary	467,799	-	-	20,306	-	488,105	563,179
Alberta Employment, Immigration and Industry	549,612	-	-	-	-	549,612	538,470
Victims of Crime Fund	150,000	-	-	-	-	150,000	150,000
Other grants	21,891	-	-	9,963	-	31,854	81,843
Human Resources/Skills Development Canada	-	-	-	19,245	-	19,245	6,894
Business development	13,318	-	-	-	-	13,318	239,535
Donations	1,000	-	44,605	1,962,668	-	2,008,273	1,736,932
Rental revenue	277,634	1,795,207	-	77,187	-	2,150,028	1,909,376
Interest income	-	-	-	97,163	-	97,163	119,230
Other revenue	13,487	22,071	-	220,962	-	256,520	212,794
Gifts-in-kind (Note 12)	2,921,604	-	-	-	-	2,921,604	2,879,422
Amortization of deferred contributions (Note 7)	333,193	26,488	-	-	1,825,393	2,185,074	1,630,610
<b>Total Revenue</b>	<b>18,045,325</b>	<b>1,843,766</b>	<b>44,605</b>	<b>2,957,494</b>	<b>1,825,393</b>	<b>24,716,583</b>	<b>24,499,640</b>
<b>Expenses</b>							
<b>Direct client costs</b>							
Food (Note 12)	3,444,544	-	21,695	-	-	3,466,239	3,363,530
Materials	88,465	-	7,015	-	-	95,480	89,598
Personal incidentals	99,186	-	-	-	-	99,186	295,108
Recreation	1,000	1,608	-	-	-	2,608	7,346
Transportation	6,601	-	-	1,005	-	7,606	53,151
Medical supplies	24,843	-	3,845	-	-	28,688	15,223
Mats replacement	17,696	-	-	-	-	17,696	11,164
	<b>3,682,335</b>	<b>1,608</b>	<b>32,555</b>	<b>1,005</b>	<b>-</b>	<b>3,717,503</b>	<b>3,835,120</b>
<b>Facilities</b>							
Building/land maintenance	728,845	245,049	5,830	18,949	-	998,673	802,429
Furnishings and equipment	11,328	17,155	-	24,655	-	53,138	34,317
Equipment repair and maintenance	100,129	6,168	-	11,145	-	117,442	125,004
Rent	31,100	-	-	31,707	-	62,807	63,600
Utilities	618,286	365,493	-	34,807	-	1,018,586	998,943
Facility supplies	208,835	2,270	14,529	696	-	226,330	208,021
Facility insurance	43,717	23,703	-	4,332	-	71,752	95,613
Garbage removal	46,094	41,140	-	5,853	-	93,087	97,127
Inventory	12,704	-	-	-	-	12,704	64,044
Amortization	-	-	-	-	3,411,005	3,411,005	2,684,290
Property taxes	44,117	30,045	-	-	-	74,162	73,204
Subcontractor fees	396	-	-	-	-	396	18,333
	<b>1,845,551</b>	<b>731,023</b>	<b>20,359</b>	<b>132,144</b>	<b>3,411,005</b>	<b>6,140,082</b>	<b>5,264,925</b>

Calgary Drop-In & Rehab Centre Society  
Statement of Operations  
For the Year Ended March 31, 2020

	Programs	Affordable Housing	COVID-19	General Fund	Capital Fund	2020 Total	2019 Total
<b>Expenses (Continued)</b>							
<b>Administration</b>							
Bank charges	\$ 35,551	\$ 4,512	\$ -	\$ -	\$ -	\$ 40,063	\$ 31,648
Consultant and legal fees	130,096	38,157	1,943	256,746	-	426,942	378,200
Miscellaneous	2,342	15,103	-	49,421	-	66,866	110,619
Board travel	-	-	-	14,108	-	14,108	17,197
Equipment repair and maintenance	9,362	-	-	-	-	9,362	13,494
Office supplies	31,393	782	-	39	-	32,214	30,530
Telephone	86,862	7,068	-	10,304	-	104,234	85,175
Vehicle expenses	45,714	-	-	22,793	-	68,507	73,912
Vehicle insurance	10,940	1,435	-	3,387	-	15,762	16,098
Advertising	145	1,483	-	185,386	-	187,014	179,742
Staff training and travel	103,431	-	-	27,993	-	131,424	169,325
Fees	21,892	1,469	-	2,370	-	25,731	92,134
Audit	53,755	1,000	-	350	-	55,105	53,319
Loan Interest	-	192,692	-	-	-	192,692	-
Liability insurance	30,494	3,500	-	-	-	33,994	39,195
	<b>561,977</b>	<b>267,201</b>	<b>1,943</b>	<b>572,897</b>	<b>-</b>	<b>1,404,018</b>	<b>1,290,588</b>
<b>Salaries and benefits</b>	<b>12,829,262</b>	<b>213,715</b>	<b>-</b>	<b>1,848,240</b>	<b>-</b>	<b>14,891,217</b>	<b>14,256,105</b>
<b>Total Expenses</b>	<b>18,919,125</b>	<b>1,213,547</b>	<b>54,857</b>	<b>2,554,286</b>	<b>3,411,005</b>	<b>26,152,820</b>	<b>24,646,738</b>
<b>Excess (deficiency) of revenue over expenses</b>	<b>\$ (873,800)</b>	<b>\$ 630,219</b>	<b>\$ (10,252)</b>	<b>\$ 403,208</b>	<b>\$ (1,585,612)</b>	<b>\$ (1,436,237)</b>	<b>\$ (147,098)</b>

# Calgary Drop-In & Rehab Centre Society

## Statement of Financial Position

As at March 31, 2020

	2020	2019
<b>Assets</b>		
<b>Current</b>		
Cash	\$ 2,661,475	\$ 6,023,212
Assets held for resale	16,500	16,500
Accounts receivable	154,387	163,346
Goods and services tax receivable	20,979	60,545
Inventory	28,336	45,810
Current portion of leasehold improvement receivable	565	2,264
Prepaid expenses	109,465	45,635
Assets held for sale (Note 4)	779,567	-
	<b>3,771,274</b>	<b>6,357,312</b>
Leasehold improvement receivable	-	565
Assets held by Calgary Foundation (Note 3)	1,030,568	1,076,288
Other deposit (Note 5)	-	59,300
Property and equipment (Note 4)	52,154,561	52,380,260
	<b>56,956,403</b>	<b>59,873,725</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	\$ 1,350,600	\$ 4,084,628
Demand Loan (Note 6)	3,050,000	3,050,000
Line of credit (Note 13)	12,480,656	9,709,545
Security deposits	125,046	71,932
Unearned rent	166,243	274,141
Deferred contributions related to operations (Note 7)	105,097	519,837
	<b>17,277,642</b>	<b>17,710,083</b>
Deferred contributions related to property and equipment (Note 7)	14,610,442	15,613,366
	<b>31,888,084</b>	<b>33,323,449</b>
<b>Fund balances</b>		
Invested in property and equipment	22,793,030	24,572,951
Investment fund (Note 3)	1,030,568	1,076,288
Externally restricted (Note 9)	(458,175)	(351,432)
Internally restricted (Note 10)	1,896,024	1,245,341
Unrestricted	(193,128)	7,128
	<b>25,068,319</b>	<b>26,550,276</b>
	<b>\$ 56,956,403</b>	<b>\$ 59,873,725</b>

Approved on behalf of the Board:

Director: 

Director: TC Whitehead

**Calgary Drop-In & Rehab Centre Society**  
**Statement of Changes in Fund Balances**  
**For the Year Ended March 31, 2020**

	Externally Restricted Funds (Note 9)	Internally Restricted Funds (Note 10)	Invested in Property and Equipment	Investment Fund	Unrestricted Funds	2020 Total	2019 Total
Fund balances, beginning of year	\$ (351,432)	\$ 1,245,341	\$ 24,572,951	\$ 1,076,288	\$ 7,128	\$ 26,550,276	\$ 26,638,923
Excess (deficiency) of revenue over expenses	(909,765)	-	(1,579,238)	-	1,052,766	(1,436,237)	(147,098)
Capital transactions (Note 11)	-	200,683	(200,683)	-	-	-	-
Increase (decrease) in Investment Fund	-	-	-	(45,720)	-	(45,720)	58,451
Interfund transfers (Note 8)	803,022	450,000	-	-	(1,253,022)	-	-
<b>Fund balances, end of year</b>	<b>\$ (458,175)</b>	<b>\$ 1,896,024</b>	<b>\$ 22,793,030</b>	<b>\$ 1,030,568</b>	<b>\$ (193,128)</b>	<b>\$ 25,068,319</b>	<b>\$ 26,550,276</b>

The accompanying notes form an integral part of the financial statements



# Calgary Drop-In & Rehab Centre Society

## Statement of Cash Flows

For the Year Ended March 31, 2020

	2020	2019
<b>Operating activities</b>		
Deficiency of revenue over expenses	\$ (1,436,237)	\$ (147,098)
Non-cash transactions		
Amortization of property and equipment	3,411,005	2,684,290
Amortization of deferred contributions related to property and equipment	(1,851,881)	(1,630,610)
Amortization of deferred contributions related to operations	(333,193)	(69,076)
Changes in non-cash working capital		
Accounts receivable	8,959	83,887
Goods and services tax receivable	39,566	16,798
Inventory	17,474	58,710
Prepaid expenses	(63,830)	(13,536)
Accounts payable and accrued liabilities	(2,734,028)	1,527,606
Tenant's leasehold improvement	2,264	2,266
Security deposits	53,114	2,710
Other deposits (Note 5)	59,300	-
Unearned rent	(107,898)	70,525
Deferred contributions related to operations (Note 7)	93,250	524,251
Cash flows from operating activities	(2,842,135)	3,110,723
<b>Financing activities</b>		
Additions to deferred contributions related to property and equipment (Note 7)	674,160	724,958
Disposal of property and equipment	20,115	-
Line of credit withdrawn (Note 13)	2,771,111	9,709,545
Loan received (Note 6)	-	50,000
Cash flows from financing activities	3,465,386	10,484,503
<b>Investing activities</b>		
Contribution to Calgary Foundation fund	-	(50,000)
Purchase of property and equipment (Note 11)	(3,984,988)	(14,616,446)
Cash flows from investing activities	(3,984,988)	(14,666,446)
<b>Decrease in cash</b>	<b>(3,361,737)</b>	<b>(1,071,220)</b>
Cash, beginning of year	6,023,212	7,094,432
<b>Cash, end of year</b>	<b>\$ 2,661,475</b>	<b>\$ 6,023,212</b>

**Calgary Drop-In & Rehab Centre Society**  
**Notes to the Financial Statements**  
**For the Year Ended March 31, 2020**

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**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.

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**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 grants and donations are recognized as revenue of the appropriate fund in the year in which the related expenses are incurred. Restricted grants and donations related to property and equipment are recognized in revenue using the same rates and methods to amortize the assets to which the contribution relates.

Unrestricted grants and donations 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.

Business development revenues from the Wood Workshop are recognized as services are performed. Revenues from the Wood Workshop that encompass two fiscal periods are recognized as work in progress revenue and expenses at year end.

Rental are recognized as revenue in the month the rent is due.

Interest is recognized as revenue on an accrual basis when it is earned.

Other revenue is recognized as revenue when received or receivable, if the amount to be received can be reasonably estimated and

**b) Programs**

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

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

Bridgeland Manor, Wood Workshop, Inglewood, Sundial are internal programs supported by rental and business development revenue.

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

The Centre 4800 and Capital program reports the revenue and expenses related to the Society's property and equipment and facility expansion campaigns.

**c) Cash**

Cash consists of cash on hand and balances with banks.

**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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## **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. Property and equipment are amortized over their estimated useful lives at the following rates and methods:

Building	Remaining useful life years with original useful life of 20 years	Straight-line
Computers	5 years	Straight-line
Automobiles	5 years	Straight-line
Equipment	6.67 years	Straight-line

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) 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 invested with the Calgary Foundation, which are measured at fair value.

### **g) Contributed materials and services**

Volunteers contributed approximately 138,907 (2019 - 138,000) 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.

Donated food and materials are recorded as expenses at their fair market value at the date of contribution when fair values can be reasonably determined and would otherwise be purchased with a corresponding amount recorded as donation revenue (*Note 12*).

### **h) 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, expenses allocations among programs, and estimation of value for the gifts in kind. Actual results could differ from those estimates.

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## **3. Assets held by Calgary Foundation**

The balance of the Investment Fund includes additions by the Board of Directors in previous years in the amount of \$866,817 (2019- \$866,817). The Board added \$Nil to the Investment Fund in respect of the current year (2019 - \$88,713) which includes \$Nil (2019 - \$50,000) in new contributions and \$Nil (2019- \$38,713) in reinvestment of funds generated by the investment Fund.

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**Calgary Drop-In & Rehab Centre Society**  
**Notes to the Financial Statements**  
**For the Year Ended March 31, 2020**

**4. Property and equipment**

	Cost		Accumulated Amortization		Net Book Value	
	2020	2019	2020	2019	2020	2019
Land	\$ 9,884,835	\$ 9,884,835	\$ -	\$ -	\$ 9,884,835	\$ 9,884,835
Buildings	71,695,789	49,401,535	30,989,996	28,094,115	40,705,793	21,307,420
Computers	3,303,941	2,206,263	1,333,985	899,223	1,969,956	1,307,040
Automobiles	545,222	545,222	545,222	542,373	-	2,849
Equipment	3,373,728	3,428,772	3,248,010	3,205,425	125,718	223,347
Construction in progress	247,826	19,654,769	-	-	247,826	19,654,769
	<b>\$ 89,051,341</b>	<b>\$ 85,121,396</b>	<b>\$ 36,117,213</b>	<b>\$ 32,741,136</b>	<b>\$ 52,934,128</b>	<b>\$ 52,380,260</b>

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 on the building was completed and the building was put in use during the year.

The Inglewood Plaza property is available for sale and is actively listed by management. It is included in Buildings with a net value of \$779,567.

**5. Other deposit**

In 2018 a refundable, non-interest bearing, security deposit of \$59,300 was paid to The City of Calgary (the "City"). The purpose of the deposit was to ensure the performance of the maintenance and the surface improvements within the City right-of-way adjacent to the site of Centre 4800. This security deposit was refunded in the year as the work related to this site has been completed.

**6. Demand Loan**

	2020	2019
The Calgary Foundation (a)	\$ 3,000,000	\$ 3,000,000
Canada Mortgage and Housing Corporation (b)	50,000	50,000
	<b>\$ 3,050,000</b>	<b>\$ 3,050,000</b>

(a) 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 February 28, 2021. The loan is secured by land with carrying value of \$3,200,000 and carries a fixed interest rate at 3% per annum. The interest is payable at the last day of February each year until it is repaid in full. The interest of \$90,000 for period March 1, 2019 to February 29, 2020 was paid on February 26, 2020 of which \$60,000 was capitalized and \$30,000 was expensed.

(b) The Society entered into an agreement with Canada Mortgage and Housing Corporation (the "CMHC") to borrow the Seed Loan of \$50,000 to finance the professional cost of the construction of Centre 4800 (the "project"). This is non-interest bearing. The amount shall be repayable on the maturity date, which date shall be the earlier of: (i) the date on which the Society receives mortgage financing to repay the project financing or (ii) the fifth year anniversary of the Effective Date or (iii) the date on which the Society notifies, in writing to CMHC that the Project has been discontinued or otherwise abandons the Project or (iv) the date of a notice of termination or (v) the date on which CMHC notifies the Society, in writing, of its determination that the Society has failed to meet its project objectives.

Above loan agreements include a number of non-financial covenants to be met by the Society. As at March 31, 2020, all of the covenant requirements have been met.

**Calgary Drop-In & Rehab Centre Society**  
**Notes to the Financial Statements**  
**For the Year Ended March 31, 2020**

**7. 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. Unused cash for capital contributions are transferred to deferred contributions for future capital expenditure.

	2020	Additions to Deferred Contributions	Inter- Account Transfers	Amortization of Deferred Contributions	2019
<b>Deferred contributions related to property and equipment</b>					
Riverfront Avenue building:					
Anonymous Foundation Grant	\$ 256,500	\$ -	\$ -	\$ (190,000)	\$ 446,500
Alberta Employment, Immigration and Industry	180,003	-	-	(133,333)	313,336
Alberta Human Services	93,948	-	-	(124,511)	218,459
Donations	127,843	-	-	(97,595)	225,438
Alberta Lottery/Casino Funds	83,440	-	-	(61,087)	144,527
Calgary Homeless Foundation	28,125	-	-	(18,750)	46,875
Calgary Foundation	3,375	-	-	(2,500)	5,875
Lilydale building:					
Donations	157,500	-	-	(15,000)	172,500
Centre 4800 building:					
Province of Alberta	4,952,433	516,600	-	(135,177)	4,571,010
City of Calgary	182,505	34,431	-	(3,797)	151,871
Donation	554,383	73,129	306,100	(14,215)	189,369
Canada Mortgage and Housing Corporation	48,750	-	-	(1,250)	50,000
Workshop building:					
Anonymous Foundation Grant	38,709	-	-	(22,117)	60,826
Donations	47,498	-	-	(10,556)	58,054
Human Resources Development Canada	30,625	-	-	(17,500)	48,125
Calgary Foundation	22,500	-	-	(5,000)	27,500
Alberta Lottery Funds	984	-	-	(1,316)	2,300
Bridgeland Manor building:					
Donations	\$ 249,220	\$ -	\$ 30,000	\$ (86,369)	\$ 305,589
Canada Mortgage and Housing Corporation	188,835	-	-	(75,533)	264,368
Alberta Lottery Funds - CFEP	81,305	-	-	(18,067)	99,372
Sundial building:					
Province of Alberta	3,326,673	-	-	(350,176)	3,676,849
Donations used for Sundial mortgage	2,748,087	-	-	(274,880)	3,022,967
Canada Mortgage and Housing Corporation	272,999	-	-	(28,737)	301,736
Casino funds used for Sundial Renovations	126,784	-	-	(13,346)	140,130
Donations used for Sundial Renovations	104,500	-	-	(11,000)	115,500
Community Facility Enhancement Program	95,000	-	-	(10,000)	105,000
Others:					
Equipment	45,294	-	-	(37,860)	83,154
Vehicles	-	-	-	(2,849)	2,849
Computers	562,624	50,000	404,300	(89,360)	197,684
	<b>14,610,442</b>	<b>674,160</b>	<b>740,400</b>	<b>(1,851,881)</b>	<b>15,047,763</b>

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**Calgary Drop-In & Rehab Centre Society**  
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**For the Year Ended March 31, 2020**

**7. Deferred contributions (Continued)**

	2020	Additions to Deferred Contributions	Inter- Account Transfers	Amortization of Deferred Contributions	2019
<b>Deferred contributions for future capital expenditure:</b>					
Alberta Lottery/Casino Funds	-	-	(131,953)	-	131,953
Calgary Foundation	-	-	(250,000)	-	250,000
Other donations	-	-	(183,650)	-	183,650
	-	-	(565,603)	-	565,603
<b>Total related to property and equipment</b>	<b>14,610,442</b>	<b>674,160</b>	<b>174,797</b>	<b>(1,851,881)</b>	<b>15,613,366</b>
<b>Deferred contributions related to operations</b>	<b>105,097</b>	<b>93,250</b>	<b>(174,797)</b>	<b>(333,193)</b>	<b>519,837</b>
	<b>\$ 14,715,539</b>	<b>\$ 767,410</b>	<b>\$ -</b>	<b>\$ (2,185,074)</b>	<b>\$ 16,133,203</b>

**8. Interfund transfers**

The Board of Directors approved transfers as follows:

- a) \$451,590 (2019 - \$131,803) from unrestricted funds to eliminate the current year deficit in the Day/Evening Program;
- b) \$351,432 (2019 - \$Nil) from unrestricted funds to partially eliminate the current year deficit in the Night Program;
- c) \$Nil (2019 - \$Nil) from unrestricted funds to the operating reserve;
- d) \$450,000 (2019 - \$1,100,000) from unrestricted funds to capital reserve;
- e) \$Nil (2019 - \$50,000) from unrestricted funds to the investment fund; and
- f) \$200,683 (2019 - \$Nil) from funds invested in property and equipment to internally restricted fund.

**9. Externally restricted funds**

	2020	2019
Night program	\$ (878,263)	(424,689)
Employment Services Staffing/ Employment Services Training	68,656	73,257
Night program deficit eliminated ( <i>Note 8</i> )	351,432	-
	<b>\$ (458,175)</b>	<b>\$ (351,432)</b>

**10. 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	2020 Total	2019 Total
Reserve balance, beginning	\$ 5,500,000	\$ (4,254,659)	\$ 1,245,341	\$ 4,369,673
Capital transactions ( <i>Note 11</i> )	-	200,683	200,683	(4,224,332)
Interfund transfers ( <i>Note 8</i> )	-	450,000	450,000	1,100,000
Reserve balance, ending	<b>\$ 5,500,000</b>	<b>\$ (3,603,976)</b>	<b>1,896,024</b>	<b>\$ 1,245,341</b>

**Calgary Drop-In & Rehab Centre Society**  
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**11. Capital transactions**

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

	2020	2020	2019	2019
	Capital Reserve	Invested in Property and Equipment	Capital Reserve	Invested in Property and Equipment
Additions to property and equipment	\$ (3,984,988)	\$ 3,984,988	\$ (14,616,446)	\$ 14,616,446
Change in balance of TD Construction loan	2,771,111	(2,771,111)	9,759,545	(9,759,545)
Additions to deferred contributions related to property and equipment	1,414,560	(1,414,560)	632,569	(632,569)
	<u>\$ 200,683</u>	<u>\$ (200,683)</u>	<u>\$ (4,224,332)</u>	<u>\$ 4,224,332</u>

**12. Gifts-in-kind**

The Society received gifts in kind during the year with a fair market value of \$2,921,604 (2019 - \$2,879,422). These gifts are reported in the statement of operations and consist of food, personal incidentals and small furnishings.

**13. Line of credit**

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

1. To assist with working capital for a maximum amount of \$500,000;
2. To assist with capital expenditures and acquisitions of property up to a maximum amount of \$3,000,000;
3. To provide interim financing for the construction of Centre 4800 Building up to 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.
5. To fulfill the requirements of the City in relation to Centre C4800 construction, a letter of credit amounting to \$300,000 was issued by TD.

The loan bears interest at prime rate. During the year the Society withdrew \$2,771,111 from facility #3. The total interest paid was \$451,060 of which \$288,367 was capitalized and \$162,693 was expensed during the year.

The Society is subject to a financial covenant under this loan agreement. As at March 31, 2020 the Society did not meet the requirement of this financial covenant.

**14. Additional information to comply with the disclosure requirement of the Charitable Fundraising Act of Alberta and regulations**

Gross contributions received were \$2,036,797 (2019 - \$2,023,851) and were allocated as follows:

	2020	2019
General fund	\$ 1,962,668	\$ 1,728,062
Wood Workshop	1,000	8,870
Centre 4800	73,129	189,369
Other funds	-	97,550
	<u>\$ 2,036,797</u>	<u>\$ 2,023,851</u>

The Society incurred a total cost of \$250,386 (2019 - \$237,906) for soliciting these contributions. Included in these total costs are \$65,000 (2019 - \$43,509) remuneration paid to employees engaged in these fundraising activities.

\$Nil (2019 - \$Nil) were paid as remuneration to fundraising businesses, or as reimbursements for expenses to fundraising businesses.

## **Calgary Drop-In & Rehab Centre Society**

### **Notes to the Financial Statements**

**For the Year Ended March 31, 2020**

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#### **15. Financial instruments**

The Society's financial instruments consist of cash, short term investments, assets held by Calgary Foundation, accounts receivable, accounts payable and accrued liabilities, loan and security deposits, with all financial assets and liabilities reported at their amortized cost except assets held by Calgary Foundation which is reported at fair market value. 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. There has been no change in exposure to risk from that reported in the prior year.

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#### **16. Comparative figures**

Some of the comparative figures have been reclassified to conform to the current year's presentation. This reclassification has no effect on prior year excess (deficiency) of revenues over expenses.

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#### **17. Subsequent event**

The global pandemic has disrupted economic activities. Although the disruption from the virus is expected to be temporary, given the dynamic nature of these circumstances, the duration of the disruption and the related financial impact cannot be reasonably estimated at this time. Management is currently assessing the impact this may have on the Society's 2020 operations.

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