

CALGARY COUNSELLING CENTRE

Financial Statements

December 31, 2015

CALGARY COUNSELLING CENTRE
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Year Ended December 31, 2015

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INDEPENDENT AUDITOR'S REPORT

To the Members of Calgary Counselling Centre:

We have audited the accompanying financial statements of Calgary Counselling Centre, which comprise the statement of financial position as at December 31, 2015 and the statements of operations, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility 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.

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.

(continues)

Independent Auditor's Report to the Members of Calgary Counselling Centre: *(continued)*

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Calgary Counselling Centre as at December 31, 2015 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Calgary, Alberta
March 22, 2016

Calvista LLP
Chartered Professional Accountants

CALGARY COUNSELLING CENTRE
Statement of Financial Position
As at December 31, 2015

	2015	2014
Assets		
Current		
Cash and cash equivalents	\$ 38,429	\$ 73,040
Short term investments (Note 4)	72,347	-
Accounts receivable	116,524	120,456
Goods and services tax recoverable	15,790	16,499
Prepaid expenses	22,151	15,694
	265,241	225,689
Long term investments (Note 5)	-	70,429
Endowment fund (Note 6)	34,366	34,366
Property and equipment (Note 7)	414,323	389,089
	\$ 713,930	\$ 719,573
Liabilities and Net Assets		
Current liabilities		
Bank indebtedness	\$ -	\$ 24,387
Accounts payable and accrued liabilities	262,404	197,258
Payroll deductions	27,612	26,798
Unearned revenue	10,242	10,618
	300,258	259,061
Deferred contributions		
Related to operations (Note 9)	510,395	465,010
Related to property and equipment (Note 10)	204,122	276,399
Lease inducement (Note 12)	119,986	-
	1,134,761	1,000,470
Net assets		
Invested in property and equipment	90,215	117,801
Endowment Fund (Note 6)	34,366	34,366
Unrestricted	(545,412)	(433,064)
	(420,831)	(280,897)
	\$ 713,930	\$ 719,573

On behalf of the board

 Director

 Director

CALGARY COUNSELLING CENTRE**Statement of Operations****Year Ended December 31, 2015**

	2015	2014
Revenue		
Grants		
Grants from funders (Note 14)	\$ 2,068,250	\$ 1,931,401
Fees for services		
Counselling	2,067,253	1,879,041
Workshops and conferences	650	33,350
Fundraising revenue		
Special events	143,399	7,586
Annual campaign	114,325	167,448
Donations	47,799	202,351
United Way of Calgary and Area donor choice	46,614	139,921
Other	32,091	45,704
Other		
Recognition of deferred contributions related to property and equipment	118,123	104,384
Membership fees	490	335
	<u>4,638,994</u>	<u>4,511,521</u>
Expenses		
Salaries and benefits	2,802,623	2,554,095
Bursary and residency payments	548,934	476,359
Occupancy costs	493,934	461,665
Consulting fees	269,291	346,573
Miscellaneous	230,627	268,513
Amortization	181,519	175,772
Advertising and promotion	72,232	88,482
Printing	36,544	28,378
Interest and bank charges	34,222	28,056
Accounting fees	28,969	33,750
Repairs and maintenance	27,128	30,406
GST expenses	23,146	30,917
Bad debts	19,698	13,618
Legal fees	4,705	2,054
Workshops and conferences	3,758	23,923
Contract employees	1,230	1,680
Fundraising	368	4,337
	<u>4,778,928</u>	<u>4,568,578</u>
Deficiency of revenue over expenses	<u>\$ (139,934)</u>	<u>\$ (57,057)</u>

The accompanying notes are an integral part of these financial statements.

CALGARY COUNSELLING CENTRE
Statement of Changes in Net Assets
Year Ended December 31, 2015

	Invested in property and equipment	Endowment	Unrestricted	2015	2014
Net assets - beginning of year	\$ 117,801	\$ 34,366	\$ (433,064)	\$ (280,897)	\$ (223,840)
Deficiency of revenue over expenses	(63,396)	-	(76,538)	(139,934)	(57,057)
Purchase of property and equipment	35,810	-	(35,810)	-	-
Net assets - end of year	\$ 90,215	\$ 34,366	\$ (545,412)	\$ (420,831)	\$ (280,897)

The accompanying notes are an integral part of these financial statements.

CALGARY COUNSELLING CENTRE**Statement of Cash Flows****Year Ended December 31, 2015**

	2015	2014
Operating activities		
Cash receipts from grants and customers	\$ 4,571,712	\$ 4,827,126
Cash paid to suppliers and employees	(4,539,096)	(4,451,742)
	32,616	375,384
Investing activity		
Purchase of property and equipment	(88,860)	(149,265)
Cash flow used by investing activity	(88,860)	(149,265)
Financing activities		
Deferred contributions related to property and equipment	45,845	-
Lease inducement received	119,986	-
Cash flow from financing activities	165,831	-
Increase in cash	109,587	226,119
Cash and cash equivalents - beginning of year	48,653	(177,466)
Cash and cash equivalents - end of year	\$ 158,240	\$ 48,653
Cash and cash equivalents consist of:		
Cash	\$ 38,429	\$ 73,040
Bank indebtedness	-	(24,387)
	\$ 38,429	\$ 48,653

The accompanying notes are an integral part of these financial statements.

CALGARY COUNSELLING CENTRE

Notes to Financial Statements

Year Ended December 31, 2015

1. Purpose of the organization

Calgary Counselling Centre (the "Centre") provides compassionate, professional and affordable counselling services to Calgarians. It helps individuals, families, couples and children resolve emotional and social problems. It also strives to meet the changing needs of the community through ongoing research and education programs.

The Centre is a not-for-profit organization and a registered charity. As such, it is not subject to the payment of income tax under section 149(1) of the Income Tax Act of Canada.

2. Going concern

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO) as described in Note 3 on the basis that the Centre will continue as a going concern.

The Centre had been notified that they would be receiving a bequest from an estate. In February 2016, the Centre received the bequest of one million dollars to be used for the Centre's charitable purposes.

3. 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:

Cash and cash equivalents

Cash includes cash on hand and in 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.

Revenue recognition

The Centre follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Endowment contributions were recognized as direct increases in the fund. Restricted contributions for the purchase of property and equipment are deferred and recognized as income on the same basis that the related assets are amortized.

Contributions in kind are recognized at their fair market value on the date received by the Centre.

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CALGARY COUNSELLING CENTRE

Notes to Financial Statements

Year Ended December 31, 2015

3. Summary of significant accounting policies (continued)

Property and equipment

Property and equipment are stated at cost less accumulated amortization. Amortization is provided at the following rates and methods designed to amortize the assets over their estimated useful lives. Amortization is provided at one half the rate in the year of acquisition.

Computer equipment	30%	declining balance
Computer software	50%	declining balance
Furniture and fixtures	20%	declining balance
Leasehold improvements	term of lease	straight-line
Equipment	30%	declining balance

Volunteer services

Volunteers contributed approximately 20,778 hours this year (2014: 31,386) to assist the Centre in carrying out its service delivery activities. Because of the difficulty in determining their fair value, contributed services are not recognized in the financial statements.

Financial instruments

The Centre 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, except for investments in equity instruments and mutual funds that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized as unrealized gains or losses in the statement of operations.

The financial assets measured at amortized cost include cash and cash equivalents, short term investments, accounts receivable. The financial liabilities measured at amortized cost include accounts payable and accrued liabilities. The financial assets measured at fair value include marketable securities that hold investments in equity instruments.

Measurement uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

4. Short term investments

	<u>2015</u>	<u>2014</u>
RBC RateRiser guaranteed investment certificates (GICs), bearing interest at 0.65%, maturing in July 2016	<u>\$ 72,347</u>	<u>\$ 70,429</u>

CALGARY COUNSELLING CENTRE

Notes to Financial Statements

Year Ended December 31, 2015

5. Long term investments

	2015	2014
RBC RateRiser guaranteed investment certificates (GICs), bearing interest at 1.25%, maturing in January 2016	\$ -	\$ 70,429

6. Endowment fund

An endowment fund was established by the Nickle Family Foundation in 1990 to provide one bursary for clergy who wish to acquire training in Pastoral Counselling at the Calgary Counselling Centre. The \$15,000 contribution must remain permanently invested, with the investment income earned on the endowment used to fund the bursary.

In 2008 the Calgary Breakfast Club contributed to the Calgary Counselling General Endowment Fund to provide one bursary for post-graduate counsellor training that will translate into leadership in the mental health field. The \$18,546 must remain permanently invested, with the investment income earned on the endowment used to fund the bursary.

The total of these funds is currently invested in a guaranteed investment certificate for three years and is bearing interest at 1.25% annum.

	2015	2014
Nickle Family Foundation endowment	\$ 15,000	\$ 15,000
Calgary Breakfast Club endowment	19,366	19,366
	<u>\$ 34,366</u>	<u>\$ 34,366</u>

7. Property and equipment

	Cost	Accumulated amortization	2015 Net book value	2014 Net book value
Equipment	\$ 189,745	\$ 175,439	\$ 14,306	\$ 18,448
Computer equipment	292,566	253,120	39,446	39,175
Computer software	510,381	406,523	103,858	149,099
Furniture and fixtures	107,712	96,115	11,597	14,496
Leasehold improvements	904,074	658,958	245,116	167,871
	<u>\$ 2,004,478</u>	<u>\$ 1,590,155</u>	<u>\$ 414,323</u>	<u>\$ 389,089</u>

8. Bank operating line of credit

The Centre has an operating line of credit to a maximum of \$450,000 (2014 - \$250,000) with interest payable at bank prime plus 1.4% (2014 - 0.75%) per annum. This line is secured by a general security agreement. At the date of the statement of financial position the amount outstanding was \$Nil (2014: \$Nil). Subsequent to year end, the approved line of credit was reduced to \$250,000.

CALGARY COUNSELLING CENTRE

Notes to Financial Statements

Year Ended December 31, 2015

9. Deferred contributions related to operations

	Beginning Balance	Additions	Utilizations	Ending balance
<u>Alberta Health Services</u>				
High River Flood	\$ -	\$ 96,510	\$ 96,510	\$ -
Alberta Human Services - Family and Community Safety Program	-	166,667	11,500	155,167
Calgary Chinese Association	1,697	-	1,697	-
<u>Calgary Foundation</u>				
Flood Relief	-	189,962	142,381	47,581
Depression Screening	-	40,000	40,000	-
Bitter Medicine	-	5,000	2,625	2,375
Casino	70,383	73,164	143,447	100
Catholic Family Services (BIC) Family and Community Support Services (FCSS)	66,564	133,533	169,944	30,153
Family Violence Program	84,622	338,488	338,488	84,622
<u>Government of Alberta</u>				
Children Services	29,779	123,835	122,655	30,959
Technology Fund Project	24,223	-	24,223	-
Hearts & Minds (Flood)	17,910	-	17,910	-
Innoweave	-	8,000	-	8,000
Hunter Family Foundation	-	50,000	-	50,000
University of Calgary	13,240	-	10,117	3,123
Anonymous	156,592	134,914	193,191	98,315
	\$ 465,010	\$ 1,360,073	\$ 1,314,688	\$ 510,395

10. Deferred contributions related to property and equipment

	Beginning Balance	Additions	Utilizations	Ending balance
Capital Expansion Project	\$ 173,897	\$ -	\$ 59,992	\$ 113,905
Anonymous	25,503	45,846	24,214	47,135
Calgary Foundation Technology	30,000	-	15,000	15,000
Alberta Lotteries - Technology	11,923	-	3,578	8,345
Community Initiatives Program	14,540	-	6,876	7,664
Alberta Gaming and Liquor Commission - Casino Funds	13,840	-	6,455	7,385
United Way	6,696	-	2,008	4,688
	\$ 276,399	\$ 45,846	\$ 118,123	\$ 204,122

CALGARY COUNSELLING CENTRE

Notes to Financial Statements

Year Ended December 31, 2015

11. Commitments

i) The Centre has a lease agreements for its current office premises, this lease will expire on August 31, 2017. The Centre had increased its office space in the same building that will expire in October 2017. Annual rent expenses for these two leases are \$313,212.

ii) In the current year, the Centre has signed a new lease agreement for future office premises that will start from September 1, 2016 to August 31, 2026, with annual rental payment of 390,000.

iii) The Centre has lease agreements for a photocopier, and a mailing machine. The photocopier is leased at a cost of \$298 per month to December 2020. Minimum annual payments for these leases in each of the next five years are as follows:

2016	\$ 450,041
2017	614,947
2018	395,289
2019	390,000
2020	390,000
Total minimum lease payments	<u>\$ 2,240,277</u>

12. Lease inducement

The Centre has signed a ten-year lease agreement for new office premises. The landlord offered a lease inducement in the amount of \$750,000. The lease inducement will be used to toward the leasehold improvements in the new office prior to the Centre move in. Current year leasehold improvements have been incurred in the amount of \$119,985.

13. Financial instruments

The Centre's financial instruments consist of cash, accounts receivable, short term investments, long term investments, accounts payable and accrued liabilities, and unearned revenue. All of these are reported at amortized cost.

Management has determined that the Centre is not exposed to significant credit or interest rate risk, but does have some market risk due to the nature of investments held. To mitigate the market risk, the Board of Directors has implemented an investment policy that limits the nature of investments held.

CALGARY COUNSELLING CENTRE

Notes to Financial Statements

Year Ended December 31, 2015

14. Grants from funders

	<u>2015</u>	<u>2014</u>
United Way of Calgary and Area	\$ 675,224	\$ 676,224
City of Calgary - Family and Community Support Services	377,361	360,387
Anonymous	193,191	75,000
Catholic Family Service	181,757	69,436
Other Foundations	180,694	135,900
Calgary Foundation	135,442	75,000
Alberta Children and Youth Services	122,655	116,146
Other	111,779	48,547
Alberta Health Services	60,737	294,166
Alberta Provincial Government	29,410	80,595
	<u>\$ 2,068,250</u>	<u>\$ 1,931,401</u>

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

Gross contributions received of \$884,452 (2014: \$1,193,865) were used for program activities throughout the year.

Expenses incurred for the purposes of soliciting contributions were \$124,996 (2014: \$118,796).

A total amount of \$Nil (2014: \$Nil) was paid as remuneration to fund-raising businesses, including any expenses or fees paid by the Centre to fund-raising businesses or as reimbursements to fund-raising businesses \$124,996 (2014: \$118,796) was paid as remuneration to employees whose principal duties involved fund-raising during 2015.

16. Comparative figures

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

Calgary Counselling Centre
Family and Community Support Services (FCSS) Funding
Schedule 1 - Revenue and expenses
Year Ended December 31, 2015

	2015	2014
Revenue		
FCSS		
Family Violence, RCC	\$ 338,487	\$ 338,487
Strategy	2,500	-
Calgary Counselling Services	208,595	250,000
Fees for services	110,784	27,898
United Way of Calgary and Area - Programs	106,961	106,958
Homefront program	88,745	78,155
Fundraising	706	30,325
	856,778	831,823
Expenses		
Salaries and benefits	657,479	638,329
Rent and parking	83,533	81,100
Contractors and consultants	62,195	60,383
Bad debts	9,735	9,451
Audit and bank charges	6,257	6,075
GST expenses	5,732	5,565
Computer supplies	5,637	5,473
Staff development	5,324	5,169
Advertising and promotion	4,996	4,850
Office supplies and equipment rental	4,336	4,211
Insurance	4,007	3,890
Telephone	3,212	3,118
Postage and courier	1,757	1,706
Group facilitators	1,545	1,500
Subscriptions and dues	590	573
Library acquisitions	443	430
	856,778	831,823
Excess of revenue over expenses	\$ -	\$ -