

CALGARY COUNSELLING CENTRE

Financial Statements

December 31, 2016

CALGARY COUNSELLING CENTRE
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For the Year Ended December 31, 2016

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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, 2016 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.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Calgary Counselling Centre as at December 31, 2016 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 23, 2017

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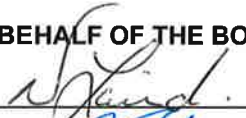



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CALGARY COUNSELLING CENTRE
Statement of Financial Position
As at December 31, 2016

	2016	2015
Assets		
Current		
Cash	\$ 1,113,014	\$ 38,429
Short term investments (Note 3)	72,808	72,347
Accounts receivable (Note 11)	876,192	116,524
Goods and services tax recoverable	73,927	15,790
Prepaid expenses	20,165	22,151
	<u>2,156,106</u>	265,241
Endowment Fund (Note 4)	34,366	34,366
Property and equipment (Note 5)	<u>2,915,128</u>	414,323
	<u>\$ 5,105,600</u>	<u>\$ 713,930</u>
Liabilities and Net assets		
Current		
Accounts payable and accrued liabilities	\$ 324,533	\$ 262,404
Payroll deductions	29,852	27,612
Unearned revenue	6,283	10,242
	<u>360,668</u>	300,258
Deferred contributions		
Related to operations (Note 7)	609,275	510,395
Related to property and equipment (Note 8)	499,372	204,122
Lease inducement (Note 11)	759,677	-
Long term debt (Note 9)	<u>2,317,240</u>	119,986
	<u>4,546,232</u>	1,134,761
Net Assets		
Invested in property and equipment	2,415,756	210,201
Endowment fund (Note 4)	34,366	34,366
Unrestricted	<u>(1,890,754)</u>	<u>(665,398)</u>
	<u>559,368</u>	(420,831)
	<u>\$ 5,105,600</u>	<u>\$ 713,930</u>

ON BEHALF OF THE BOARD


 _____ Director

 _____ Director

See notes to financial statements

CALGARY COUNSELLING CENTRE
Statement of Operations
For the Year Ended December 31, 2016

	2016	2015
Revenue		
Grants		
Grants from funders (Note 13)	\$ 2,450,304	\$ 2,068,250
Fees for services		
Counselling	2,131,832	2,067,253
Workshops and conferences	-	650
Fundraising revenue		
Donations	151,094	47,799
Annual campaign	52,157	114,325
United Way of Calgary and Area donor choice	51,196	46,614
Other	44,252	32,091
Special events	1,695	143,399
Other		
Bequest	1,350,000	-
Recognition of deferred contributions related to property and equipment	170,024	118,123
Membership fees	350	490
	<u>6,402,904</u>	<u>4,638,994</u>
Expenses		
Salaries and benefits	3,177,155	2,802,623
Occupancy costs	692,135	493,934
Bursary and residency payments	592,658	548,934
Amortization	264,479	181,519
Consulting fees	259,160	269,291
Miscellaneous	227,306	230,627
Accounting fees	37,511	28,969
Printing	33,527	36,544
Advertising and promotion	30,417	72,232
Goods and services tax expenses	30,414	23,146
Interest and bank charges	28,117	34,222
Repairs and maintenance	20,541	27,128
Bad debts	16,012	19,698
Legal fees	12,662	4,705
Workshops and conferences	611	3,758
Contract employees	-	1,230
Fundraising	-	368
	<u>5,422,705</u>	<u>4,778,928</u>
Excess (deficiency) of revenue over expenses	\$ 980,199	\$ (139,934)

CALGARY COUNSELLING CENTRE
Statement of Changes in Net Assets
For the Year Ended December 31, 2016

	Invested in property and equipment	Endowment (Note 4)	Unrestricted	2016	2015
Net assets - beginning of year	\$ 210,201	\$ 34,366	\$ (665,398)	\$ (420,831)	\$ (280,897)
Excess (deficiency) of revenue over expenses	(117,277)	-	1,097,476	980,199	(139,934)
Purchase of property and equipment	2,322,832	-	(2,322,832)	-	-
Net assets - end of year	\$ 2,415,756	\$ 34,366	\$ (1,890,754)	\$ 559,368	\$ (420,831)

CALGARY COUNSELLING CENTRE
Statement of Cash Flows
For the Year Ended December 31, 2016

	2016	2015
Operating activities		
Cash receipts from customers	\$ 6,236,200	\$ 4,689,834
Cash paid to suppliers and employees	<u>(5,092,333)</u>	<u>(4,541,014)</u>
Cash flow from operating activities	<u>1,143,867</u>	148,820
Investing activity		
Purchase of property and equipment	<u>(2,645,298)</u>	<u>(206,753)</u>
Financing activities		
Deferred contributions related to property and equipment	295,250	(72,277)
Advance from lease inducement	83,512	-
Advance from landlord	<u>2,197,254</u>	<u>119,986</u>
Cash flow from financing activities	<u>2,576,016</u>	47,709
Increase (decrease) in cash flow	1,074,585	(10,224)
Cash - beginning of year	<u>38,429</u>	<u>48,653</u>
Cash - end of year	\$ 1,113,014	\$ 38,429

CALGARY COUNSELLING CENTRE
Notes to Financial Statements
For the Year Ended December 31, 2016

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. 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.

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
Equipment	30%	declining balance
Leasehold improvements	term of lease	straight-line

(continues)

CALGARY COUNSELLING CENTRE
Notes to Financial Statements
For the Year Ended December 31, 2016

2. Summary of significant accounting policies (continued)

Volunteer services

Volunteers contributed approximately 18,312 hours this year (2015 - 20,778) 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, short term investments and accounts receivable. The financial liabilities measured at amortized cost include accounts payable and accrued liabilities and long term debt. 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.

3. Short term investments

	<u>2016</u>	<u>2015</u>
RBC RateRiser guaranteed investment certificates (GICs), bearing interest at 1.05% (2015 - 0.65%), maturing in October 2017	<u>\$ 72,808</u>	<u>\$ 72,347</u>

CALGARY COUNSELLING CENTRE
Notes to Financial Statements
For the Year Ended December 31, 2016

4. 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 maturing October 2017 and is bearing annual interest at 1.05% (2015 - 1.25%).

	<u>2016</u>	<u>2015</u>
Nickle Family Foundation endowment	\$ 15,000	\$ 15,000
Calgary Breakfast Club endowment	19,366	19,366
	<u>\$ 34,366</u>	<u>\$ 34,366</u>

5. Property and equipment

	<u>Cost</u>	<u>Accumulated amortization</u>	<u>2016 Net book value</u>	<u>2015 Net book value</u>
Equipment	\$ 193,385	\$ 180,277	\$ 13,108	\$ 14,306
Computer equipment	346,974	273,115	73,859	39,446
Computer software	629,430	488,214	141,216	103,858
Furniture and fixtures	129,858	100,649	29,209	11,597
Leasehold improvements	3,470,115	812,379	2,657,736	245,116
	<u>\$ 4,769,762</u>	<u>\$ 1,854,634</u>	<u>\$ 2,915,128</u>	<u>\$ 414,323</u>

6. Bank operating line of credit

The Centre has an operating line of credit to a maximum of \$250,000 (2015 - \$450,000) with interest payable at bank prime plus 1.4% (2015 - 1.4%) 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 (2015-\$Nil).

CALGARY COUNSELLING CENTRE
Notes to Financial Statements
For the Year Ended December 31, 2016

7. Deferred contributions related to operations

	Beginning Balance	Additions	Utilizations	Ending balance
Alberta Human Services - Family and Community Safety Program	\$ 155,167	\$ 166,667	\$ 124,667	\$ 197,167
<u>Calgary Foundation</u>				
Flood Relief	47,581	-	47,581	-
Bitter Medicine	2,375	-	2,375	-
Casino	100	4	40	64
Catholic Family Services (BIC)	30,153	173,494	159,390	44,257
Family Violence Program	84,622	376,478	368,880	92,220
Emergency Resiliency Fund	-	307,000	214,900	92,100
Government of Alberta Children Services	30,959	123,835	123,835	30,959
Innoweave	8,000	-	8,000	-
Hunter Family Foundation	50,000	-	50,000	-
University of Calgary	3,123	-	3,123	-
Anonymous	98,315	-	98,315	-
Clearwater Charity	-	30,000	-	30,000
Burns Memorial Fund	-	2,000	461	1,539
Anonymous - capital campaign	-	350,000	229,031	120,969
	\$ 510,395	\$ 1,529,478	\$ 1,430,598	\$ 609,275

8. Deferred contributions related to property and equipment

	Beginning Balance	Additions	Utilizations	Ending balance
Capital Expansion Project	\$ 113,905	\$ -	\$ 71,558	\$ 42,347
Anonymous	47,135	85,571	44,961	87,745
Calgary Foundation Technology	15,000	-	7,500	7,500
Alberta Lotteries - Technology	8,345	-	2,504	5,841
Community Initiatives Program	7,664	1,733	3,816	5,581
Alberta Gaming and Liquor Commission - Casino Funds	7,385	-	3,367	4,018
United Way	4,688	-	1,406	3,282
Community Facilities Enhancement Program	-	125,000	5,376	119,624
Anonymous - Capital Campaign	-	230,146	6,712	223,434
	\$ 204,122	\$ 442,450	\$ 147,200	\$ 499,372

CALGARY COUNSELLING CENTRE
Notes to Financial Statements
For the Year Ended December 31, 2016

9. Long term debt

Loan from current landlord with interest at a fixed rate of 2.83% per annum. The loan matures on December 31, 2026 with a 10 year term. Interest only period from January 1, 2017 to December 31, 2017. Principal payments will be made as funds are raised by the Centre. At December 31, 2017, the Centre and the landlord will review the loan and determine whether principal payments will commence on January 1, 2018.

<u>2016</u>	<u>2015</u>
<u>\$ 2,317,240</u>	<u>\$ 119,986</u>

Current portion

-	-
<u>\$ 2,317,240</u>	<u>\$ 119,986</u>

Principal repayment terms are approximately:

2018	\$ 229,342
2019	235,917
2020	242,681
2021	249,638
Thereafter	<u>1,359,662</u>
	<u>\$ 2,317,240</u>

10. Commitments

i) The Centre has a lease agreement for its previous office premises. This lease will expire in August 2017. The Centre had increased its office space in the same building that will expire in October 2017. The remaining rent expenses for these two leases is \$322,581.

ii) The Centre has a lease agreement for its current office premises. This lease will expire in August 2026. Annual rent expense is \$390,000.

iii) The Centre has lease agreements for a photocopier and a mailing machine. The photocopier is leased at a cost of \$398 per month to December 2020.

Minimum annual payments for these leases in each of the next five years are as follows:

2017	\$ 719,411
2018	395,289
2019	394,776
2020	394,776
2021	390,000
Thereafter	<u>1,950,000</u>
Total minimum lease payments	<u>\$ 4,244,252</u>

CALGARY COUNSELLING CENTRE
Notes to Financial Statements
For the Year Ended December 31, 2016

11. Lease inducement

The Centre had signed a ten-year lease agreement for its current office premises (Note 10 ii). The landlord offered a lease inducement in the amount of \$782,500. As of December 31, 2016, \$83,512 was received, with the amount remaining of \$698,988 being recorded as accounts receivable. In 2017, the Centre will receive cash of \$698,988 to offset the rent and operating costs of \$432,565 on the previous office premises (Note 10 i) through October 2017, with the balance available to meet the Centre's other needs.

The lease inducement is recognized in revenue at \$78,250 per year over the term of lease for the remaining 9 year and 8 month period. The net book value of the lease inducement was \$759,677 as of December 31, 2016.

12. Financial instruments

The Centre's financial instruments consist of cash, accounts receivable, short term investments, accounts payable and accrued liabilities, and long term debt. 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.

13. Grants from funders

	<u>2016</u>	<u>2015</u>
United Way of Calgary and Area	\$ 675,224	\$ 675,224
City of Calgary - Family and Community Support Services	644,824	377,361
Other	492,667	111,779
Other Foundations	230,919	180,694
Catholic Family Service	158,720	181,757
Alberta Children and Youth Services	123,835	122,655
Alberta Provincial Government	122,167	29,410
Calgary Foundation	1,948	135,442
Anonymous	-	193,191
Alberta Health Services	-	60,737
	<u>\$ 2,450,304</u>	<u>\$ 2,068,250</u>

CALGARY COUNSELLING CENTRE
Notes to Financial Statements
For the Year Ended December 31, 2016

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

Gross contributions received of \$930,021 (2015 - \$884,452) were used for program activities throughout the year.

Expenses incurred for the purposes of soliciting contributions were \$131,881 (2015 - \$124,996).

A total amount of \$Nil (2015 - \$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. \$131,881 (2015 - \$124,996) was paid as remuneration to employees whose principal duties involved fund-raising during 2016.

15. 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
For the Years Ended December 31, 2016**

	2016	2015
Revenue		
FCSS		
Family Violence, RCC	\$ 368,880	\$ 338,487
One time funding	30,393	-
Strategy	-	2,500
Calgary Counselling Services	151,883	208,595
Fees for services	121,862	110,784
United Way of Calgary and Area - Programs	106,959	106,961
Homefront program	79,905	88,745
Fundraising	-	706
	859,882	856,778
Expenses		
Salaries and benefits	681,213	657,479
Rent and parking	86,874	83,533
Contractors and consultants	50,817	62,195
Bad debts	9,832	9,735
Audit and bank charges	4,977	6,257
Office supplies and equipment rental	4,423	4,336
GST expense	4,290	5,732
Computer supplies	4,087	5,637
Insurance	4,037	4,007
Advertising and promotion	3,296	4,996
Telephone	2,042	3,212
Staff development	1,809	5,324
Postage and courier	1,250	1,757
Subscriptions and dues	752	590
Library acquisitions	183	443
Group facilitators	-	1,545
	859,882	856,778
Excess of revenue over expenses	\$ -	\$ -

Calgary Counselling Centre
Family and Community Support Services (FCSS) Funding - Emergency Resiliency Fund
Schedule 2 - Revenue and expenses
For the Years Ended December 31, 2016

	2016	2015
Revenue		
FCSS		
Emergency Resiliency Fund	\$ 214,900	\$ -
Fees for services	76,667	-
	<u>291,567</u>	<u>-</u>
Expenses		
Salaries and benefits	207,900	-
Rent and parking	38,167	-
Advertising and promotion	21,000	-
Office supplies	14,000	-
General & Administrative	7,000	-
Telephones & technology	3,500	-
	<u>291,567</u>	<u>-</u>
Excess of revenue over expenses	<u>\$ -</u>	<u>\$ -</u>