

**CALGARY COUNSELLING CENTRE**

**Financial Statements**

**December 31, 2017**

**CALGARY COUNSELLING CENTRE**  
**Index to Financial Statements**  
**For the Year Ended December 31, 2017**

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	Page
INDEPENDENT AUDITOR'S REPORT	1
FINANCIAL STATEMENTS	
Statement of Financial Position	2
Statement of Operations	3
Statement of Changes in Net Assets	4
Statement of Cash Flows	5
Notes to Financial Statements	6 - 12
Family and Community Support Services (FCSS) Funding - Revenue and Expenses <i>(Schedule 1)</i>	13
Family and Community Support Services (FCSS) Funding - Emergency Resiliency Fund - Revenue and Expenses <i>(Schedule 2)</i>	14
Family and Community Support Services (FCSS) Funding - Honor Based Violence - Revenue and Expenses <i>(Schedule 3)</i>	15

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## INDEPENDENT AUDITOR'S REPORT

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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, 2017 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, 2017 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 19, 2018

  
Chartered Professional Accountants

**CALVISTA** LLP  
CHARTERED PROFESSIONAL ACCOUNTANTS

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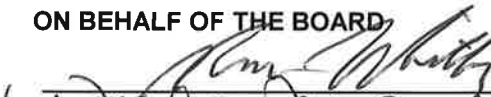



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**CALGARY COUNSELLING CENTRE**  
**Statement of Financial Position**  
**As at December 31, 2017**

	2017	2016
<b>Assets</b>		
Current		
Cash (Note 12)	\$ 897,536	\$ 1,113,014
Short term investments (Note 3)	72,808	72,808
Accounts receivable	122,220	876,192
Goods and services tax recoverable	5,000	73,927
Prepaid expenses	23,633	20,165
	<b>1,121,197</b>	<b>2,156,106</b>
Endowment Fund (Note 4)	34,366	34,366
Property and equipment (Note 5)	2,580,859	2,915,128
	<b>\$ 3,736,422</b>	<b>\$ 5,105,600</b>
<b>Liabilities and Net assets</b>		
Current		
Accounts payable and accrued liabilities	\$ 223,747	\$ 324,533
Bank operating line of credit (Note 6)	135,000	-
Payroll deductions	27,084	29,852
Unearned revenue	12,825	6,283
	<b>398,656</b>	<b>360,668</b>
Deferred contributions		
Related to operations (Note 7)	372,859	609,275
Related to property and equipment (Note 8)	401,672	499,372
Lease inducement (Note 11)	681,427	759,677
Long term debt (Note 9)	1,929,948	2,317,240
	<b>3,784,562</b>	<b>4,546,232</b>
Net Assets		
Invested in property and equipment	2,179,186	2,415,756
Endowment (note 4)	34,366	34,366
Unrestricted	(3,136,693)	(1,890,754)
Internally restricted (Note 12)	875,000	-
	<b>(48,141)</b>	<b>559,368</b>
	<b>\$ 3,736,421</b>	<b>\$ 5,105,600</b>

ON BEHALF OF THE BOARD

 Director  
 Director

See notes to financial statements

**CALGARY COUNSELLING CENTRE**  
**Statement of Operations**  
**For the Year Ended December 31, 2017**

	2017	2016
<b>Revenues</b>		
Grants		
Grants from funders (Note 14)	\$ 2,559,168	\$ 2,450,304
Fees for services		
Counselling	2,245,724	2,131,832
Fundraising revenue		
Donations	131,687	151,094
Special events	64,701	1,695
Annual campaign	59,303	52,157
United Way of Calgary and Area donor choice	45,795	51,196
Other		
Recognition of deferred contributions related to property and equipment	134,048	147,201
Bequest	33,854	1,350,000
Workshops and conferences	8,300	-
Other	53,858	44,252
Membership fees	420	350
	<b>5,336,858</b>	<b>6,380,081</b>
<b>Expenses</b>		
Salaries and benefits	3,171,090	3,177,155
Occupancy costs	950,506	669,312
Bursary and residency payments	612,011	592,658
Amortization	443,465	264,479
Consulting fees	269,439	259,160
Miscellaneous	184,327	227,306
Interest and bank charges	105,731	28,117
Accounting fees	36,504	37,511
Advertising and promotion	32,923	30,417
Printing	31,116	33,527
Workshops and conferences	25,565	611
Goods and services tax expenses	25,086	30,414
Bad debts	18,704	16,012
Repairs and maintenance	18,703	20,541
Fundraising	17,877	-
Legal fees	1,320	12,662
	<b>5,944,367</b>	<b>5,399,882</b>
<b>Excess (deficiency) of revenues over expenses</b>	<b>\$ (607,509)</b>	<b>\$ 980,199</b>

**CALGARY COUNSELLING CENTRE**  
**Statement of Changes in Net Assets**  
**For the Years Ended December 31, 2017**

	Invested in property and equipment	Endowment (Note 4)	Internally restricted (Note 12)	Unrestricted	2017	2016
Net assets - beginning of year	\$ 2,415,756	\$ 34,366	\$ -	\$ (1,890,754)	\$ 559,368	\$ (420,831)
Excess (deficiency) of revenue over expenses	(309,417)	-	-	(298,092)	(607,509)	980,199
Purchase of property and equipment	72,847	-	-	(72,847)	-	-
Interfund transfer	-	-	875,000	(875,000)	-	-
<b>Net assets - end of year</b>	<b>\$ 2,179,186</b>	<b>\$ 34,366</b>	<b>\$ 875,000</b>	<b>\$ (3,136,693)</b>	<b>\$ (48,141)</b>	<b>\$ 559,368</b>

**CALGARY COUNSELLING CENTRE**  
**Statement of Cash Flows**  
**For the Year Ended December 31, 2017**

	2017	2016
<b>Operating activities</b>		
Cash receipts from contributors and clients	\$ 5,096,856	\$ 6,236,200
Cash paid to suppliers and employees	<u>(5,620,605)</u>	<u>(5,092,333)</u>
Cash flows from operating activities	<u>(523,749)</u>	<u>1,143,867</u>
<b>Investing activity</b>		
Purchase of property and equipment	<u>(109,195)</u>	<u>(2,645,298)</u>
<b>Financing activities</b>		
Deferred contributions related to property and equipment	36,348	295,250
Lease inducement	698,988	83,512
Advance (payment) on long term debt	(452,870)	2,197,254
Line of credit	<u>135,000</u>	<u>-</u>
Cash flows from financing activities	<u>417,466</u>	<u>2,576,016</u>
<b>Increase (decrease) in cash flow</b>	<b>(215,478)</b>	<b>1,074,585</b>
Cash - beginning of year	<u>1,113,014</u>	<u>38,429</u>
<b>Cash - end of year</b>	<b>\$ 897,536</b>	<b>\$ 1,113,014</b>

**CALGARY COUNSELLING CENTRE**  
**Notes to Financial Statements**  
**For the Year Ended December 31, 2017**

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**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.

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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:

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.

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.

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

Volunteer services

Volunteers contributed approximately 22,919 hours this year (2016 - 18,312) 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.

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**CALGARY COUNSELLING CENTRE**  
**Notes to Financial Statements**  
**For the Year Ended December 31, 2017**

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**2. Summary of significant accounting policies (continued)**

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, endowment fund and accounts receivable. The financial liabilities measured at amortized cost include bank operating line of credit, 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. Application of the deferral method of accounting for restricted contributions requires management to make assumptions about the matching of expenses against specific revenue in order to determine the amount of such revenue recognized in each period. Actual results could differ from those estimates.

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**3. Short term investments**

	<u>2017</u>	<u>2016</u>
RBC RateRiser guaranteed investment certificates (GICs), bearing interest at 1.70% (2016 - 1.05%), maturing in October 2018	<u>\$ 72,808</u>	<u>\$ 72,808</u>

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**CALGARY COUNSELLING CENTRE**  
**Notes to Financial Statements**  
**For the Year Ended December 31, 2017**

**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 \$19,366 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 2018 and is bearing annual interest at 1.70% (2016 - 1.05%).

	<u>2017</u>	<u>2016</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>2017 Net book value</u>	<u>2016 Net book value</u>
Equipment	\$ 195,853	\$ 184,579	\$ 11,274	\$ 13,108
Computer equipment	375,343	299,528	75,815	73,859
Computer software	697,229	575,772	121,457	141,216
Furniture and fixtures	133,194	106,825	26,369	29,209
Leasehold improvements	2,693,250	347,306	2,345,944	2,657,736
	<u>\$ 4,094,869</u>	<u>\$ 1,514,010</u>	<u>\$ 2,580,859</u>	<u>\$ 2,915,128</u>

**6. Bank operating line of credit**

The Centre has an operating line of credit to a maximum of \$250,000 (2016 - \$250,000) with interest payable at bank prime plus 1.4% (2016 - 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 \$135,000 (2016 - \$Nil).

**CALGARY COUNSELLING CENTRE**  
**Notes to Financial Statements**  
**For the Year Ended December 31, 2017**

**7. Deferred contributions related to operations**

Deferred contributions consist of unspent externally restricted contributions that are received in the current year, but are related to subsequent operations. Changes in deferred contribution balances are as follows:

	Beginning Balance	Additions	Utilizations	Ending balance
Anonymous - capital campaign	\$ 120,969	\$ -	\$ 6,348	\$ 114,621
Family Violence Program	92,220	368,880	368,880	92,220
Catholic Family Services (BIC)	44,257	233,970	225,484	52,743
Mental Health Resiliency Fund	-	177,000	132,750	44,250
Alberta Human Services - Family and Community Safety Program	197,167	-	159,187	37,980
Casino	64	64,721	64,699	86
Government of Alberta Children Services	30,959	123,835	123,835	30,959
Emergency Resiliency Fund	92,100	-	92,100	-
Honor Based Violence	-	90,110	90,110	-
Clearwater Charitable Foundation	30,000	-	30,000	-
Burns Memorial Fund	1,539	-	1,539	-
	<b>\$ 609,275</b>	<b>\$ 1,058,516</b>	<b>\$ 1,294,932</b>	<b>\$ 372,859</b>

**8. Deferred contributions related to property and equipment**

Deferred contributions related to property and equipment consist of externally restricted capital contributions with which the Centre has purchased property and equipment. These are recognized as revenue on the same basis as the amortization of the underlying equipment purchased. Changes in the deferred contributions related to property and equipment balance are as follows:

	Beginning Balance	Additions	Utilizations	Ending balance
Anonymous - Capital Campaign	\$ 223,434	\$ -	\$ 22,343	\$ 201,091
Community Facilities Enhancement Program	119,624	6,348	16,036	109,936
Anonymous	87,745	-	43,873	43,872
Clearwater Charitable Foundation	-	30,000	4,500	25,500
Capital Expansion Project	42,347	-	36,725	5,622
Alberta Lotteries - Technology	5,841	-	1,753	4,088
Calgary Foundation Technology	7,500	-	3,750	3,750
Community Initiatives Program	5,581	-	2,303	3,278
United Way	3,282	-	984	2,298
Alberta Gaming and Liquor Commission - Casino Funds	4,018	-	1,781	2,237
	<b>\$ 499,372</b>	<b>\$ 36,348</b>	<b>\$ 134,048</b>	<b>\$ 401,672</b>

**CALGARY COUNSELLING CENTRE**  
**Notes to Financial Statements**  
**For the Year Ended December 31, 2017**

**9. Long term debt**

	<u>2017</u>	<u>2016</u>
Loan from current landlord with interest at a fixed rate of 2.83% per annum. The loan matures on December 31, 2026. Interest only payments are currently being made.	<b>\$ 1,929,948</b>	\$ 2,317,240
Current portion	<u>-</u>	<u>-</u>
	<b>\$ 1,929,948</b>	<b>\$ 2,317,240</b>

Principal payments on this will be made as funds are raised by the Centre, to be based on a repayment schedule yet to be determined. At December 31, 2017, the Centre and Kahanoff Centre had not yet reviewed the loan to determine when principal amortization will commence. To amortize the loan by its maturity date, the following approximate principal payments would be required, assuming that blended principal and interest payments begin in 2019.

Principal repayment terms are approximately:

2019	\$ 218,083
2020	224,335
2021	230,767
2022	237,383
Thereafter	<u>1,019,380</u>
	<b>\$ 1,929,948</b>

**10. Commitments**

i) The Centre had a lease agreement for its previous office premises. This lease expired in August 2017. The Centre had increased its office space in the same building which expired in October 2017.

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:

2018	\$ 395,289
2019	394,776
2020	394,776
2021	390,000
2022	390,000
Thereafter	<u>1,560,000</u>
Total minimum lease payments	<b>\$ 3,524,841</b>

**CALGARY COUNSELLING CENTRE**  
**Notes to Financial Statements**  
**For the Year Ended December 31, 2017**

**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, 2017, \$782,500 (2016 - \$83,512) has been received. In 2017, the Centre received 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 \$681,427 (2016 - \$759,677) as of December 31, 2017.

**12. Internally restricted**

In late 2016 the Centre received a significant bequest. In 2017 the board of directors created an operating reserve of \$875,000 and this amount was transferred to a separate internally restricted bank account. The funds in this account are to be used to cover operating expenses from time to time when cash from operating revenue is less than expenses of a particular period. The funds may only be used with board approval and must be restored in future months when the cash flow from operations is positive, with a goal of maintaining the internally restricted cash balance at \$875,000.

**13. Financial instruments**

The Centre's financial instruments consist of cash, accounts receivable, short term investments, endowment fund, accounts payable and accrued liabilities, bank operating line of credit 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.

**14. Grants from funders**

	<b>2017</b>	<b>2016</b>
United Way of Calgary and Area	\$ 798,050	\$ 675,224
City of Calgary - Family and Community Support Services	713,840	644,824
Other Foundations	249,433	230,919
Other	239,339	492,667
Catholic Family Service	225,484	158,720
Alberta Provincial Government	159,187	122,167
Alberta Children and Youth Services	123,835	123,835
Anonymous	50,000	-
Calgary Foundation	-	1,948
	<b>\$ 2,559,168</b>	<b>\$ 2,450,304</b>

**CALGARY COUNSELLING CENTRE**  
**Notes to Financial Statements**  
**For the Year Ended December 31, 2017**

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

Gross contributions received of \$1,099,955 (2016 - \$930,021) were used for program activities throughout the year.

Expenses incurred for the purposes of soliciting contributions were \$155,248 (2016 - \$131,881).

A total amount of \$Nil (2016 - \$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. \$155,248 (2016 - \$131,881) was paid as remuneration to employees whose principal duties involved fund-raising during 2017.

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**16. Comparative figures**

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

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**CALGARY COUNSELLING CENTRE**  
**Family and Community Support Services (FCSS) Funding**  
**Schedule 1 - Revenue and expenses**  
**For the Year Ended December 31, 2017**

	2017	2016
<b>Revenue</b>		
FCSS		
Family Violence, RCC	\$ 368,880	\$ 368,880
One time funding	30,000	30,393
United Way of Calgary and Area - Programs	190,550	106,959
Calgary Counselling Services	184,056	151,883
Fees for services	131,850	121,862
Homefront program	64,641	79,905
	<b>969,977</b>	<b>859,882</b>
<b>Expenses</b>		
Salaries and benefits	755,274	681,213
Rent and parking	95,561	86,874
Contractors and consultants	72,575	50,817
Office supplies and equipment rental	12,500	4,423
Materials and supplies	12,500	-
Information technology	4,100	-
Printing and copying	3,925	-
Food and snacks	2,423	-
Telephone	2,246	2,042
Computer supplies	1,475	4,087
Staff development	1,475	1,809
Travel	1,379	-
Office equipment and maintenance	1,335	-
Legal and professional fees	1,056	-
Audit and bank charges	1,050	4,977
Subscriptions and dues	828	752
Postage and courier	275	1,250
Bad debts	-	9,832
GST expense	-	4,290
Insurance	-	4,037
Advertising and promotion	-	3,296
Library acquisitions	-	183
Group facilitators	-	-
	<b>969,977</b>	<b>859,882</b>
<b>Excess of revenue over expenses</b>	<b>\$ -</b>	<b>\$ -</b>

**CALGARY COUNSELLING CENTRE**  
**Family and Community Support Services (FCSS) Funding - Emergency Resiliency Fund**  
**Schedule 2 - Revenue and expenses**  
**For the Year Ended December 31, 2017**

	2017	2016
<b>Revenue</b>		
FCSS		
Emergency Resiliency Fund	\$ 92,100	\$ 214,900
Fees for services	-	76,667
	<u>92,100</u>	<u>291,567</u>
<b>Expenses</b>		
Salaries and benefits	92,100	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>92,100</u>	<u>291,567</u>
<b>Excess of revenue over expenses</b>	<u>\$ -</u>	<u>\$ -</u>



**CALGARY COUNSELLING CENTRE**  
**Family and Community Support Services (FCSS) Funding - Honor Based Violence**  
**Schedule 3 - Revenue and expenses**  
**For the Year Ended December 31, 2017**

	2017	2016
<b>Revenue</b>		
FCSS		
Honor Based Violence	\$ 90,110	\$ -
Fees for services	-	-
	<u>90,110</u>	<u>-</u>
<b>Expenses</b>		
Salaries and benefits	86,110	-
Office supplies	2,500	-
Travel and parking	1,500	-
	<u>90,110</u>	<u>-</u>
<b>Excess of revenue over expenses</b>	<u>\$ -</u>	<u>\$ -</u>