

Financial Statements of

**CALGARY WOMEN'S EMERGENCY
SHELTER ASSOCIATION**

And Independent Auditors' Report thereon

Year ended March 31, 2019



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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Calgary Women's Emergency Shelter Association

Opinion

We have audited the financial statements of Calgary Women's Emergency Shelter Association (the Entity), which comprise:

- the statement of financial position as at March 31, 2019
- the statement of operations for the year then ended
- the statement of changes in fund balances for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements, present fairly, in all material respects, the financial position of the Entity as at March 31, 2019, 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 "**Auditors' Responsibilities for the Audit of the Financial Statements**" section of our auditors' report.



We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these 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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the 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 auditors' 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 the 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 Entity'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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Entity 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.
- 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.

KPMG LLP

Chartered Professional Accountants

Calgary, Canada
May 27, 2019

CALGARY WOMEN'S EMERGENCY SHELTER ASSOCIATION

Statement of Financial Position

March 31, 2019, with comparative information for 2018

	Operating Fund	Capital Fund	2019	2018
Assets				
Current assets:				
Cash	\$ 332,038	\$ 34,592	\$ 366,630	\$ 1,063,528
Restricted cash	16,498	—	16,498	24,957
Accounts receivable (note 4)	34,054	115	34,169	181,404
Prepaid expenses	216,663	—	216,663	240,382
Short-term investments (note 5)	1,264,114	—	1,264,114	1,043,610
	1,863,367	34,707	1,898,074	2,553,881
Tangible capital assets (note 6)	—	3,033,870	3,033,870	3,136,468
	\$ 1,863,367	\$ 3,068,577	\$ 4,931,944	\$ 5,690,349
Liabilities and Fund Balances				
Current liabilities:				
Accounts payable and accruals (note 4)	\$ 461,160	\$ 2,187	\$ 463,347	\$ 535,234
Deferred revenue (note 7)	507,707	—	507,707	710,704
	968,867	2,187	971,054	1,245,938
Deferred rent	429,896	—	429,896	177,705
Deferred capital contributions (note 8)	—	1,976,467	1,976,467	2,089,007
	1,398,763	1,978,654	3,377,417	3,512,650
Fund balances				
Internally restricted (note 9)	1,264,114	1,089,923	2,354,037	2,128,385
Unrestricted	(799,510)	—	(799,510)	49,314
	464,604	1,089,923	1,554,527	2,177,699
Commitments (note 12)				
	\$ 1,863,367	\$ 3,068,577	\$ 4,931,944	\$ 5,690,349

See accompanying notes to the financial statements.

On behalf of the Board:


 _____ Director


 _____ Director

CALGARY WOMEN'S EMERGENCY SHELTER ASSOCIATION

Statement of Operations

Year ended March 31, 2019, with comparative information for 2018

	Operating Fund	Capital Fund	2019	2018
Revenues:				
Government grants:				
Province of Alberta	\$ 2,893,806	\$ —	\$ 2,893,806	\$ 2,860,059
City of Calgary (FCSS)	465,069	—	465,069	517,569
	3,358,875	—	3,358,875	3,377,628
Donations and grants (note 3)	2,713,137	—	2,713,137	3,014,627
Fundraising events (note 10)	1,506,032	—	1,506,032	1,320,544
United Way grant	630,000	—	630,000	610,000
Investment income	28,210	589	28,799	19,016
Amortization of deferred contributions (note 8)	—	146,897	146,897	122,008
Other	11,059	—	11,059	10,600
	8,247,313	147,486	8,394,799	8,474,423
Expenses:				
Salaries	5,494,669	—	5,494,669	5,093,914
Employee benefits	827,676	—	827,676	809,696
Client services	567,856	—	567,856	535,298
Fundraising	351,031	—	351,031	312,618
Amortization of tangible capital assets	—	360,818	360,818	358,424
Building occupancy	611,148	—	611,148	490,908
Office	268,789	—	268,789	266,649
Development and education	301,052	—	301,052	239,528
Professional services	119,979	—	119,979	183,783
Promotion	60,246	—	60,246	85,615
Other	54,687	20	54,707	58,920
	8,657,133	360,838	9,017,971	8,435,353
(Deficiency) excess of revenues over expenses	\$ (409,820)	\$ (213,352)	\$ (623,172)	\$ 39,070

See accompanying notes to the financial statements.

CALGARY WOMEN'S EMERGENCY SHELTER ASSOCIATION

Statement of Changes in Fund Balances

Year ended March 31, 2019, with comparative information for 2018

	Operating Fund Unrestricted	Operating Fund Internally Restricted	Capital Fund Internally Restricted	2019	2018
Fund balance, beginning of year	\$ 49,314	\$ 1,043,610	\$ 1,084,775	\$ 2,177,699	\$ 2,138,629
(Deficiency) excess of revenue over expenses	(430,324)	20,504	(213,352)	(623,172)	39,070
Interfund transfer	(418,500)	200,000	218,500	—	—
Fund balance, end of year	\$ (799,510)	\$ 1,264,114	\$ 1,089,923	\$ 1,554,527	\$ 2,177,699

See accompanying notes to the financial statements.

CALGARY WOMEN'S EMERGENCY SHELTER ASSOCIATION

Statement of Cash Flows

Year ended March 31, 2019, with comparative information for 2018

	2019	2018
Cash provided by (used in):		
Operations:		
(Deficiency) excess of revenue over expenses	\$ (623,172)	\$ 39,070
Item not affecting cash:		
Deferred rent	252,191	107,551
Amortization of property and equipment	360,818	358,424
Amortization of deferred capital contributions (note 8)	(146,897)	(122,008)
	(157,060)	383,037
Change in non-cash working capital		
Accounts receivable	147,235	(153,907)
Prepaid expenses	23,719	(112,570)
Accounts payable and accruals	(71,886)	116,886
Deferred revenue	(202,997)	190,401
	(260,989)	423,847
Investing:		
Contribution received for purchase of property and equipment (note 8)	34,357	99,399
Purchase of tangible capital assets	(258,221)	(271,546)
Purchase of investments	(220,504)	(10,580)
	(444,368)	(182,727)
Change in cash	(705,357)	241,120
Cash, beginning of year	1,088,485	847,365
Cash, end of year	\$ 383,128	\$ 1,088,485
Cash consists of:		
Cash	366,630	1,063,528
Restricted cash	16,498	24,957
	\$ 383,128	\$ 1,088,485

See accompanying notes to financial statements.

CALGARY WOMEN'S EMERGENCY SHELTER ASSOCIATION

Notes to the Financial Statements

Year ended March 31, 2019, with comparative information for March 31, 2018

1. Nature of the organization:

The Calgary Woman's Emergency Shelter Association (the "Association") is a not-for-profit organization whose mission is to deliver comprehensive solutions to end family violence in our community. The Association is registered as a charitable organization under the Income Tax Act and as such is exempt from income taxes and is able to issue donation receipts for income tax purposes. In order to maintain its status as a registered NPO, the Association must meet certain requirements within the Income Tax Act. In the opinion of management, these requirements have been met.

2. Significant accounting policies:

(a) Basis of presentation:

The financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO").

(b) Measurement uncertainty:

The preparation of financial statements in conformity with ASNPO requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the year. Actual results could differ from these estimates.

Items subject to significant estimates include the useful life and potential impairment of tangible capital assets.

(c) Fund accounting:

Funds have been established within the accounting and reporting systems as follows:

(i) Operating Fund:

The Operating Fund reports the assets, liabilities, revenues and expenditures related to program delivery and administrative activities of the Association.

(ii) Capital Fund:

The Capital Fund reports the assets, liabilities, revenues and expenditures related to the Association tangible capital assets and capital campaign.

CALGARY WOMEN'S EMERGENCY SHELTER ASSOCIATION

Notes to the Financial Statements, page 2

Year ended March 31, 2019, with comparative information for March 31, 2018

2. Significant accounting policies (continued):

(d) Revenue recognition:

The Association follows the deferral method of accounting for contributions which include donations and grants. Restricted contributions are recognized as revenue of the Operating Fund in the year in which the related expenses are incurred. Operating grants are recorded as revenue in the period to which they relate. Grants approved but not received at the end of the accounting period are accrued if collection is reasonably assured. Unrestricted contributions are recognized as revenue in the Operating Fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Contributions restricted to the acquisition of tangible capital assets are recorded as deferred contributions and amortized into revenue over the useful lives of the related assets in the Capital Fund.

Realized gains and losses and investment income is recognized as revenue when earned.

Revenue and qualifying related costs generated from specific events are accounted for in the period in which those events take place. Revenue from fundraising activities, including pledges and bequests, are recognized only when the contributions are received, due to the uncertainty surrounding the amounts and timing of receipts of these types of contributions.

(e) Tangible capital assets:

Purchased tangible capital assets are recorded in the Capital Fund at cost less accumulated depreciation. Contributed tangible capital assets are recorded in the Capital Fund at fair value at the date of contribution. Amortization is recorded once the assets have been placed in use in accordance with the straight-line method at the following annual rates:

Buildings	5%
Furnishings	30%
Equipment	20%
Computer equipment	20%
Leasehold Improvements	12.5%

(f) Impairment of long lived assets:

Long-lived assets, including property, plant and equipment and intangible assets subject to amortization, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability is measured by a comparison of the asset's carrying amount to the estimated undiscounted future cash flows expected to be generated by the asset.

CALGARY WOMEN'S EMERGENCY SHELTER ASSOCIATION

Notes to the Financial Statements, page 3

Year ended March 31, 2019, with comparative information for March 31, 2018

2. Significant accounting policies (continued):

(f) Impairment of long lived assets (continued):

If the carrying amount of the asset exceeds its estimated future cash flows, an impairment charge is recognized for the amount by which the carrying amount of the asset exceeds the fair value of the asset. When quoted market prices are not available, the Association uses the expected future cash flows discounted at a rate commensurate with the risks associated with the recovery of the asset as an estimate of fair value.

(g) Donated services and materials:

The Association records donations in kind with respect to material and services donated when the fair value can be reasonably determined and would otherwise be purchased by the Association. Services donated to the Association through volunteer work are not reflected in these financial statements as the fair value is not readily determinable.

(h) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Equity instruments that are quoted in an active market are subsequently recorded at fair value. All other financial instruments are recorded at cost or amortized cost, unless management has elected to record at fair value. Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs. These costs are amortized using the straight-line method.

Financial assets measured at amortized cost include cash, restricted cash and accounts receivables.

Financial assets measured at fair value include short term investments.

Financial liabilities measured at amortized cost include accounts payables and accruals.

Any premium or discount related to an instrument measured at amortized cost is amortized over the expected life of the item using the straight-line method and recognized in the excess of revenue over expenses as interest income or expense.

With respect to financial assets measured at cost or amortized cost, the Association recognizes in the statement of operations an impairment loss, if any, when it determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows. When the extent of impairment of a previously written down asset decreases and the decrease can be related to an event occurring after the impairment of a previously written down asset decreases and the decrease can be related to an event occurring after the impairment was recognized, the previous impairment loss is reversed in the excess of revenue over expenses in the period the reversal occurs.

CALGARY WOMEN'S EMERGENCY SHELTER ASSOCIATION

Notes to the Financial Statements, page 4

Year ended March 31, 2019, with comparative information for March 31, 2018

2. Significant accounting policies (continued):

(i) Cash:

Cash includes the amounts on deposit in current accounts at its banks, and petty cash on hand maintained by the Association.

(j) Presentation of significant economic interest entity:

The Association has a significant economic interest in the Calgary Women's Emergency Shelter Endowment Fund Trust (the "Trust") which operates under an independent Board of Trustees and which has been established to raise funds for the Association in order to provide for the future financial security and independence of the Association. The Trust's financial accounts have not been consolidated with those of the Association. The Association has elected to disclose pertinent financial information in the notes to the financial statements.

(k) Deferred Rent

The Association is committed to an office lease which includes increases in base rent. Base rent cost, including rent free periods and inducements, is amortized on a straight-line basis over the life of the lease. Deferred rent liability represents the difference between amount paid and amount expensed.

3. The CWES Endowment Fund Trust:

The Trust's financial accounts have not been consolidated in the Association's financial statements in accordance with the Association's accounting policies.

The Trust was formed on December 15, 1993, and includes amendments to the Trust Deed in September 1996, December 1998, June 2005, March 2015 and March 2017, in order to provide for the future financial security and independence of the Association. Income from the Trust is made available to the Association to support its operations and such capital disbursements as may from time to time be deemed appropriate in accordance with the terms of the Trust instrument dated March 17, 2017.

The Trust is a registered charity exempt from income tax under the provisions or paragraph 149(1)(f) to the Income Tax Act (Canada). The Trust is also registered under the Charitable Fundraising Act of Alberta.

The Trust uses the deferral method of accounting for contributions. Endowment contributions which are received from individual estates and are set aside in perpetuity are recognized as direct increase to net assets. Income on endowment contributions is unrestricted and recorded as revenue when earned.

Realized and unrealized gains and losses and other investment income is recognized as revenue when earned.

CALGARY WOMEN'S EMERGENCY SHELTER ASSOCIATION

Notes to the Financial Statements, page 5

Year ended March 31, 2019, with comparative information for March 31, 2018

3. The CWES Endowment Fund Trust (continued):

Financial summaries of the Trust as at March 31, 2019 and March 31, 2018 are as follows:

Financial Position

	2019	2018
Total assets	\$ 5,755,393	\$ 5,514,604
Total liabilities	11,822	20,989
Total net assets	5,743,571	5,493,615
	\$ 5,755,393	\$ 5,514,604

Total Net Assets

	2019	2018
Internally restricted	\$ 5,167,749	\$ 4,917,793
Endowments	575,822	575,822
	\$ 5,743,571	\$ 5,493,615

Results of Operations

	2019	2018
Total revenue	\$ 485,293	\$ 164,097
Total expenses	(235,337)	(235,429)
Excess (deficiency) of revenue over expenses	\$ 249,956	\$ (71,332)

Statement of Cash Flow

	2019	2018
Cash flow (used in) provided by operations	\$ (40,744)	\$ 77,783
Cash flow provided by investments	55,547	74,334

The Association recorded revenue of \$194,052 (2018 - \$191,830) reported as donations and grants related to the amounts received from the Trust.

CALGARY WOMEN'S EMERGENCY SHELTER ASSOCIATION

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Year ended March 31, 2019, with comparative information for March 31, 2018

4. Accounts receivable and accounts payable:

Included in accounts receivable are government remittances receivable of \$22,515 (2018 - \$68,913), which includes receivables for goods and services related taxes.

Accounts payable includes \$14,088 (2018 - \$nil) due to government for payroll remittances.

The Association has a limit of the corporate credit card from a Canadian bank for \$25,000 (2018 - \$25,000). At March 31, 2019, \$12,952 (2018 - \$6,451) was outstanding on the credit card and is included in accounts payable and accruals.

5. Short-term investments:

	2019	2018
Cash	\$ 4,527	\$ 5,004
Money market fund	1,259,587	1,038,606
	<u>\$ 1,264,114</u>	<u>\$ 1,043,610</u>

Short-term investments recorded at fair value are held in a managed fund with a Canadian chartered bank and have a cost base of \$1,264,114 (2018 - \$1,043,610). The short-term investments have been internally restricted by the Board of Directors for future operations and requires a resolution by the Board of Directors to access the funds.

6. Tangible capital assets:

			2019	2018
	Cost	Accumulated depreciation	Net book value	Net book value
Land	\$ 125,000	\$ -	\$ 125,000	\$ 125,000
Buildings	6,485,306	3,969,016	2,516,290	2,705,824
Computer equipment	504,098	389,881	114,217	85,790
Furnishings	153,206	149,841	3,365	9,798
Equipment	366,376	191,215	175,161	210,056
Leasehold Improvements	114,100	14,263	99,837	-
	<u>\$ 7,748,086</u>	<u>\$ 4,714,216</u>	<u>\$ 3,033,870</u>	<u>\$ 3,136,468</u>

CALGARY WOMEN'S EMERGENCY SHELTER ASSOCIATION

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Year ended March 31, 2019, with comparative information for March 31, 2018

7. Deferred revenue:

The deferred revenue reported in the Operating Fund relates to restricted operating funds received in the current and prior periods that are related to subsequent periods as follows:

	2019	2018
Donations	\$ 146,098	\$ 140,000
Grants from government agencies	136,892	315,059
Fundraising activities	224,717	255,645
	<u>\$ 507,707</u>	<u>\$ 710,704</u>

8. Deferred capital contributions:

Deferred contributions reported in the Capital Fund include the unamortized portion of contributed tangible capital assets, restricted contributions which have been or will be utilized to acquire tangible capital assets and unspent restricted funds related to the capital campaign.

The changes for the year in the deferred contributions balance reported in the Capital Fund are as follows:

	2019	2018
Balance, beginning of year	\$ 2,089,007	\$ 2,111,616
Capital contribution recognized during the year	(146,897)	(122,008)
Contributions received during the year	34,357	99,399
Total deferred contributions	<u>\$ 1,976,467</u>	<u>\$ 2,089,007</u>

9. Internally restricted fund balances:

Internally restricted fund balances in the Capital Fund are amounts that are restricted and available for use only by resolution of the Board of Directors.

Internally restricted fund balances in the Operating Fund are amounts that are restricted by the Board of Directors for future operations. It is reserved to ensure that programs are able to continue should unforeseen and adverse funding circumstances arise. In 2018, the Board of Directors formalized a policy that includes a target internally restricted fund balance of up to six months of typical operating costs. The policy will be reviewed on an annual basis by the Board to ensure it remains relevant to the scale of operations and risks associated with revenue streams.

CALGARY WOMEN'S EMERGENCY SHELTER ASSOCIATION

Notes to the Financial Statements, page 8

Year ended March 31, 2019, with comparative information for March 31, 2018

10. Fundraising events:

Fundraising events revenue consists of the following items:

	2019	2018
Mail campaign	\$ 520,746	\$ 498,022
Turning Points dinner	639,820	594,110
Third Party Events	295,997	228,412
Casino	49,469	—
	<u>\$ 1,506,032</u>	<u>\$ 1,320,544</u>

11. Fundraising expenses:

As required under Section 7(2) of the Charitable Fundraising Regulation in Alberta, the following amounts are disclosed:

	2019	2018
Amounts paid as remuneration to employees whose principal duties involve fundraising	\$ 175,069	\$ 177,734
Amounts paid as remuneration to a fundraising business	30,014	31,464
Direct expenses incurred for the purposes of soliciting contributions	322,548	289,717
	<u>\$ 527,631</u>	<u>\$ 498,915</u>

All contributions received through fundraising activities were used to fund the Association's programs.

12. Commitments:

The Association is committed to an office lease. The Association entered into the lease commencing on September 1, 2016 to August 31, 2027.

Future minimum payments for the Association's fiscal years are noted below:

2020	99,128
2021	134,428
2022	134,428
2023	227,673
2024 and thereafter	1,132,510

CALGARY WOMEN'S EMERGENCY SHELTER ASSOCIATION

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Year ended March 31, 2019, with comparative information for March 31, 2018

13. Financial instruments:

Discussion of risks associated with financial assets and liabilities are presented as follows:

(a) Liquidity risk:

Liquidity risk is the risk Association will encounter difficulties in meeting its financial liability obligations. The Association manages its liquidity risk through cash and debt management. The Association works on investing its excess cash into low risk investments, until it is needed for future use.

(b) Credit risk:

Credit risk arises from cash and short term investments held with financial institutions, as well as credit exposure from receivables. The Association has a concentration of credit risk with respect to its cash and short term investments. The Association's receivables are primarily due from governments and are subject to normal credit risks. The Association mitigates its exposure to credit loss by placing its cash and short term investments with reputable financial institutions.

There is no significant change in the risk profile compared to prior year.