

**WOMEN IN NEED SOCIETY OF CALGARY**

**Financial Statements**

**December 31, 2012**

**Women In Need Society of Calgary**  
**Index to the Financial Statements**  
**For the Year Ended December 31, 2012**

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## INDEPENDENT AUDITOR'S REPORT

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**To the Members of Women In Need Society Of Calgary:**

### **Report on the financial statements**

We have audited the accompanying financial statements of Women In Need Society Of Calgary, which comprise the statements of financial position as at December 31, 2012, December 31, 2011 and May 1, 2011, and the statements of operations, changes in net assets and cash flows for the year ended December 31, 2012 and the eight months ended December 31, 2011, and a summary of significant accounting policies and other explanatory information.

### **Management's responsibility for 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 audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audits 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.

### **Basis for qualified opinion**

In common with many charitable organizations, the Society derives revenue from products for resale and fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Society and we were not able to determine whether any adjustments might be necessary to contributions, deficiency of revenue over expenses, current assets and net assets.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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## INDEPENDENT AUDITOR'S REPORT (Continued)

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### Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for qualified opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Women In Need Society Of Calgary as at December 31, 2012, December 31, 2011 and May 1, 2011 and the results of its operations and its cash flows for the year ended December 31, 2012 and the eight months ended December 31, 2011, in accordance with Canadian accounting standards for not-for-profit organizations.

March 18, 2013  
Calgary, Alberta, Canada

*Thompson Penner & Lo LLP*  
Certified General Accountants

**Women In Need Society of Calgary**  
**Statements of Financial Position**  
**As at December 31, 2011 and 2012 and May 1, 2011**

|                                            | <b>December 31,<br/>2012</b> | December 31,<br>2011 | May 1,<br>2011<br>(Note 12) |
|--------------------------------------------|------------------------------|----------------------|-----------------------------|
| <b>ASSETS</b>                              |                              |                      |                             |
| <b>Current</b>                             |                              |                      |                             |
| Cash                                       | \$ 365,579                   | \$ 138,221           | \$ 277,800                  |
| Restricted cash                            | 38,400                       | 64,172               | 22,061                      |
| Short term investments (Note 4)            | 733,146                      | 827,328              | 750,000                     |
| Accounts receivable                        | 106,415                      | 52,941               | 51,934                      |
| Prepaid expenses and security deposits     | 34,123                       | 42,220               | 25,704                      |
|                                            | <b>1,277,663</b>             | 1,124,882            | 1,127,499                   |
| <b>Property and equipment (Note 5)</b>     | <b>188,770</b>               | 191,707              | 212,554                     |
|                                            | <b>\$ 1,466,433</b>          | \$ 1,316,589         | \$ 1,340,053                |
| <b>LIABILITIES AND NET ASSETS</b>          |                              |                      |                             |
| <b>Current liabilities</b>                 |                              |                      |                             |
| Accounts payable and accrued liabilities   | \$ 33,235                    | \$ 53,540            | \$ 76,179                   |
| Wages and benefits payable                 | 117,056                      | 97,555               | 86,986                      |
|                                            | <b>150,291</b>               | 151,095              | 163,165                     |
| <b>Deferred contributions</b>              |                              |                      |                             |
| Related to operations (Note 6)             | 65,883                       | 66,957               | 46,983                      |
| Related to property and equipment (Note 6) | 71,546                       | 94,393               | 93,100                      |
|                                            | <b>137,429</b>               | 161,350              | 140,083                     |
| <b>Net assets</b>                          |                              |                      |                             |
| Invested in property and equipment         | 117,224                      | 113,812              | 119,453                     |
| Internally restricted (Note 7)             | 400,000                      | 400,000              | 400,000                     |
| Unrestricted                               | 661,489                      | 490,332              | 517,352                     |
|                                            | <b>1,178,713</b>             | 1,004,144            | 1,036,805                   |
|                                            | <b>\$ 1,466,433</b>          | \$ 1,316,589         | \$ 1,340,053                |

Approved on behalf of the Board:

\_\_\_\_\_ Treasurer

\_\_\_\_\_ Director

**Women In Need Society of Calgary**  
**Statement of Operations**  
**For the Periods Ended December 31, 2011 and 2012**

|                                                                         | <b>Twelve months<br/>ended<br/>December 31,<br/>2012</b> | Eight months<br>ended<br>December 31,<br>2011 |
|-------------------------------------------------------------------------|----------------------------------------------------------|-----------------------------------------------|
| <b>Revenue</b>                                                          |                                                          |                                               |
| Thrift stores                                                           | \$ 2,545,136                                             | \$ 1,486,700                                  |
| Donations                                                               | 459,567                                                  | 132,042                                       |
| United Way                                                              | 105,521                                                  | 22,138                                        |
| Grants                                                                  | 16,871                                                   | 61,185                                        |
| Casino                                                                  | 48,915                                                   | 20,968                                        |
| Recognition of deferred contributions related to property and equipment | 28,102                                                   | 17,566                                        |
| Interest income                                                         | 11,831                                                   | 9,938                                         |
|                                                                         | <b>3,215,943</b>                                         | <b>1,750,537</b>                              |
| <b>Expenses</b>                                                         |                                                          |                                               |
| Wages and subcontractors                                                | 2,011,168                                                | 1,167,188                                     |
| Rent and utilities                                                      | 560,153                                                  | 295,746                                       |
| Thrift store                                                            | 164,046                                                  | 113,895                                       |
| Professional fees                                                       | 31,705                                                   | 47,375                                        |
| Office                                                                  | 93,892                                                   | 43,389                                        |
| Amortization                                                            | 66,186                                                   | 37,686                                        |
| Staff and volunteer recognition and development                         | 21,942                                                   | 26,445                                        |
| Repair and maintenance                                                  | 23,569                                                   | 22,381                                        |
| Advertising and promotion                                               | 44,545                                                   | 15,024                                        |
| Goods and services tax                                                  | 22,878                                                   | 14,069                                        |
| Donations                                                               | 1,290                                                    | -                                             |
|                                                                         | <b>3,041,374</b>                                         | <b>1,783,198</b>                              |
| <b>Excess (deficiency) of revenue over expenses</b>                     | <b>\$ 174,569</b>                                        | <b>\$ (32,661)</b>                            |

**Women In Need Society of Calgary**  
**Statements of Changes in Net Assets**  
**For the Periods Ended December 31, 2011 and 2012**

|                                                               | Invested in<br>property and<br>equipment | Internally<br>restricted | Unrestricted      | Twelve<br>months ended<br>December 31,<br>2012 | Eight months<br>ended<br>December 31,<br>2011 |
|---------------------------------------------------------------|------------------------------------------|--------------------------|-------------------|------------------------------------------------|-----------------------------------------------|
| Net assets, beginning of the year                             | \$ 113,812                               | \$ 400,000               | \$ 490,332        | \$ 1,004,144                                   | \$ 1,036,805                                  |
| Excess (deficiency) of revenue over expenses                  | (38,084)                                 | -                        | 212,653           | 174,569                                        | (32,661)                                      |
| Interfund transfer                                            | (36)                                     | -                        | 36                | -                                              | -                                             |
| Purchase of property and equipment with<br>unrestricted funds | 41,532                                   | -                        | (41,532)          | -                                              | -                                             |
| <b>Net assets, end of the year</b>                            | <b>\$ 117,224</b>                        | <b>\$ 400,000</b>        | <b>\$ 661,489</b> | <b>\$ 1,178,713</b>                            | <b>\$ 1,004,144</b>                           |

**Women In Need Society of Calgary**  
**Statements of Cash Flows**  
**For the Periods Ended December 31, 2011 and 2012**

|                                                                          | <b>Twelve months<br/>ended<br/>December 31,<br/>2012</b> | Eight months<br>ended<br>December 31,<br>2011 |
|--------------------------------------------------------------------------|----------------------------------------------------------|-----------------------------------------------|
| <b>OPERATING ACTIVITIES</b>                                              |                                                          |                                               |
| Excess (deficiency) of revenue over expenses                             | \$ 174,569                                               | \$ (32,661)                                   |
| Non-cash transactions                                                    |                                                          |                                               |
| Amortization expense                                                     | 66,186                                                   | 37,686                                        |
| Amortization of deferred contributions related to property and equipment | (28,102)                                                 | (17,566)                                      |
| Unrealized loss on retirement of asset                                   | -                                                        | 36                                            |
| Changes in non-cash working capital                                      | (47,255)                                                 | (9,619)                                       |
|                                                                          | <u>165,398</u>                                           | <u>(22,124)</u>                               |
| <b>INVESTING ACTIVITIES</b>                                              |                                                          |                                               |
| Purchase of property and equipment                                       | (63,249)                                                 | (16,875)                                      |
| Decrease (increase) in investments                                       | 94,182                                                   | (77,328)                                      |
|                                                                          | <u>30,933</u>                                            | <u>(94,203)</u>                               |
| <b>FINANCING ACTIVITIES</b>                                              |                                                          |                                               |
| Deferred contributions related to property and equipment                 | 5,255                                                    | 18,859                                        |
| <b>Increase (decrease) in cash and cash equivalents</b>                  | <b>201,586</b>                                           | <b>(97,468)</b>                               |
| Cash and cash equivalents, beginning of year                             | 202,393                                                  | 299,861                                       |
| <b>Cash and cash equivalents, end of year</b>                            | <b>\$ 403,979</b>                                        | <b>\$ 202,393</b>                             |
| <b>Cash and cash equivalents consists of:</b>                            |                                                          |                                               |
| Cash                                                                     | \$ 365,579                                               | \$ 138,221                                    |
| Restricted cash                                                          | 38,400                                                   | 64,172                                        |
|                                                                          | <u>\$ 403,979</u>                                        | <u>\$ 202,393</u>                             |



**Women In Need Society of Calgary**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2012**

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**1. PURPOSE OF THE ORGANIZATION**

Women In Need Society of Calgary (the "Society") was incorporated under the Societies Act of Alberta on May 19, 1992 and is a registered charitable society under Section 149(1)(l) of the Income Tax Act, and as such is exempt from income taxes. The Society was established to help women help themselves through innovative and effective programs and services.

The Society supports women by helping them build new lives for themselves and their families. The primary contribution is through the operation of four community based thrift stores that, in addition to selling goods to the public, offer limited free goods to clients who are referred by many community agencies. The stores also provide entry level employment opportunities which include access to resources, training and support. Funds from the stores and fundraising activities are used to operate five Family Resource Centres, which provide women and their families help to connect with resources, services and support in their local community.

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**2. IMPACT OF THE CHANGES IN THE BASIS OF ACCOUNTING**

Effective January 1, 2012, the Society adopted the requirements of the Canadian Institute of Chartered Accountants (CICA) Handbook – Accounting, electing to adopt the new accounting framework: Canadian accounting standards for not-for-profit organizations. These are the Society's first financial statements prepared in accordance with these accounting standards, which has been applied retrospectively. The accounting policies set out in the following significant accounting policy note have been applied in preparing the financial statements for the twelve month period ended December 31, 2012, the comparative information presented in these financial statements for the eight month period ended December 31, 2011 and in the preparation of an opening statement of financial position as at May 1, 2011 (the Society's date of transition).

The Society issued financial statements for the eight month period ended December 31, 2011 using generally accepted accounting principles prescribed by the CICA Handbook – Accounting XFI. The adoption of Canadian accounting standards for not-for-profit organizations had no impact on the Society's excess of revenues over expenses for the eight month period ended December 31, 2011 or on the net assets as at May 1, 2011, the date of transition. Certain of the Society's disclosures included in these financial statements reflect the new disclosure requirements of Canadian accounting standards for not-for-profit organizations.

Note that the Society's 2012 statement of financial position is three columns: December 31, 2012, December 31, 2011 and May 1, 2011. The balances for the May 1, 2011 statement of financial position are the same as those shown for April 30, 2011 because there were no transitional adjustments to these numbers.

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**Women In Need Society of Calgary**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2012**

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**3. 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 *CICA Handbook*, and in management's opinion, have been properly prepared within reasonable limits of materiality and within the framework of the significant accounting policies summarized below:

**a) Revenue recognition**

The Society follows the deferral method of accounting for contributions. Restricted contributions are deferred and 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 there is an assurance of collection. Investment income is recognized as revenue when earned.

**b) Cash and cash equivalents**

Cash and cash equivalents include fixed income investments with a maturity date of three months or less. These investments are carried at their fair value in accordance with the Society's accounting policy for financial instruments.

**c) Inventory**

The thrift stores sell donated clothing, household goods, furniture and similar items. No value has been assigned to the inventory on hand; see note 3(f).

**d) Property and equipment**

Purchased property and equipment are recorded at cost. Property and equipment are amortized over the assets' estimated useful lives using the following rates and methods:

|                                   |         |                   |
|-----------------------------------|---------|-------------------|
| Furniture, fixtures and equipment | 25%     | declining balance |
| Automobiles                       | 30%     | declining balance |
| Computer equipment                | 30%     | declining balance |
| Computer software                 | 100%    | declining balance |
| Leasehold improvements            | 5 years | straight-line     |

Donated property and equipment are recorded at fair market value at the date of contribution if it can be reasonably determined.

**e) Goods and services tax**

Goods and services tax is recoverable at 50% as a rebate. The unrecoverable portion is recorded as an expenditure with the rebate treated as accounts receivable.

**f) Donated services and materials**

The operations of the Society depend on and require the voluntary services of its members. The value of donated services cannot be reasonably determined and therefore have not been reflected in these financial statements. Donated materials during the year were composed of clothing and materials to be used in thrift store operations as saleable inventory as well as contributed maintenance and repair supplies and services. Donated materials are recognized only when the fair value is reasonably determined. During the year, the Society received numerous donated materials. Of these, tax receipts were issued in the amount of \$130,499 (2011: \$16,925), which is the fair market value at the date of donations; see note 3(c).

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**Women In Need Society of Calgary**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2012**

**3. SIGNIFICANT ACCOUNTING POLICIES** (*/...Continued*)

**g) Financial instruments**

The Society classifies all financial instruments as held for trading and they are therefore carried at their fair value. Unrealized gains and losses on trading assets are recognized as part of the deficiency of revenue over expenses. The fair value of these instruments is based on current interest rates, market values, and pricing of financial instruments with comparative terms.

**4. SHORT TERM INVESTMENTS**

|                                                                                                               | <b>Twelve<br/>months ended<br/>December 31,<br/>2012</b> | Eight months<br>ended<br>December 31,<br>2011 |
|---------------------------------------------------------------------------------------------------------------|----------------------------------------------------------|-----------------------------------------------|
| Guaranteed investment certificates<br>(Maturity date February 27, 2013<br>Interest rates range 1.35% - 1.60%) | \$ 550,000                                               | \$ 700,000                                    |
| Guaranteed investment certificate<br>(Maturity date May 26, 2013,<br>Interest rate range 0.65% - 1.55%)       | 180,000                                                  | 125,716                                       |
| Short-term investment                                                                                         | 3,146                                                    | 1,612                                         |
|                                                                                                               | <b>\$ 733,146</b>                                        | <b>\$ 827,328</b>                             |

**5. PROPERTY AND EQUIPMENT**

|                                   | <b>Twelve months ended December 31, 2012</b> |                                     |                           |
|-----------------------------------|----------------------------------------------|-------------------------------------|---------------------------|
|                                   | <b>Cost</b>                                  | <b>Accumulated<br/>Amortization</b> | <b>Net Book<br/>Value</b> |
| Furniture, fixtures and equipment | \$ 276,623                                   | \$ 186,288                          | \$ 90,335                 |
| Automobiles                       | 130,311                                      | 100,592                             | 29,719                    |
| Computer software                 | 24,921                                       | 24,921                              | -                         |
| Computer equipment                | 162,054                                      | 133,647                             | 28,407                    |
| Leasehold improvements            | 221,456                                      | 181,147                             | 40,309                    |
|                                   | <b>\$ 815,365</b>                            | <b>\$ 626,595</b>                   | <b>\$ 188,770</b>         |
|                                   | <b>Eight months ended December 31, 2011</b>  |                                     |                           |
|                                   | Cost                                         | Accumulated<br>Amortization         | Net Book<br>Value         |
| Furniture, fixtures and equipment | \$ 247,030                                   | \$ 156,176                          | \$ 90,854                 |
| Automobiles                       | 130,311                                      | 87,855                              | 42,456                    |
| Computer software                 | 24,921                                       | 23,836                              | 1,085                     |
| Computer equipment                | 157,885                                      | 121,473                             | 36,412                    |
| Leasehold improvements            | 191,970                                      | 171,070                             | 20,900                    |
|                                   | <b>\$ 752,117</b>                            | <b>\$ 560,410</b>                   | <b>\$ 191,707</b>         |

**Women In Need Society of Calgary**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2012**

**6. DEFERRED CONTRIBUTIONS**

|                                                                    | <b>Twelve<br/>months ended<br/>December 31,<br/>2012</b> | <b>Eight months<br/>ended<br/>December 31,<br/>2011</b> |
|--------------------------------------------------------------------|----------------------------------------------------------|---------------------------------------------------------|
| <b>Related to operations</b>                                       |                                                          |                                                         |
| Balance, beginning of the period                                   | \$ 66,957                                                | \$ 46,983                                               |
| Contribution received for future years                             | 42,183                                                   | 84,149                                                  |
| Contribution recognized as revenue during the period               | (38,002)                                                 | (45,316)                                                |
| Reclassification of contribution related to property and equipment | (5,255)                                                  | (18,859)                                                |
| <b>Balance, end of the period</b>                                  | <b>\$ 65,883</b>                                         | <b>\$ 66,957</b>                                        |
| <b>Related to property and equipment</b>                           |                                                          |                                                         |
| Balance, beginning of the period                                   | \$ 94,393                                                | \$ 93,100                                               |
| Contribution received for future years                             | 5,255                                                    | 18,859                                                  |
| Contribution recognized as revenue during the period               | (28,102)                                                 | (17,566)                                                |
| <b>Balance, end of the period</b>                                  | <b>\$ 71,546</b>                                         | <b>\$ 94,393</b>                                        |

It was noted that certain contributions received in the prior year had been classified as deferred related to operating. These have been reclassified as deferred related to property and equipment.

**7. INTERNALLY RESTRICTED NET ASSETS**

In April 2004, the Board of Directors appropriated certain funds for working capital purposes. Interest earned on the internally restricted net assets has been approved for use in general operations by the Directors. There were no transactions related to internally restricted net assets for the current period, therefore the balance at December 31, 2012 is \$400,000 (December 31, 2011: \$400,000).

**8. COMMITMENTS**

The Society has entered into leases for rental of premises which expire on varying dates to 2016. Minimum lease payments including operating costs for the next four years are as follows:

|      |            |
|------|------------|
| 2013 | \$ 376,281 |
| 2014 | 311,602    |
| 2015 | 248,146    |
| 2016 | 290,015    |

**Women In Need Society of Calgary**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2012**

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**9. FUNDRAISING EXPENSES**

As required disclosure under Section 7(2) of the Regulations of the Charitable Fund-raising Act of Alberta, expenses in the amount of \$8,500 were incurred in the period ended December 31, 2012 (December 31, 2011: \$10,681) for the purposes of soliciting contributions. The total amount paid for the period ended December 31, 2012 as remuneration to employees of the Society whose principal duties involve fundraising was \$34,000 (December 31, 2011: \$11,225).

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**10. THE WOMEN IN NEED SOCIETY FUND**

In 1995 the Society entered into an agreement with The Calgary Foundation (TCF) whereby the Women In Need Society Fund was established. Within the agreement TCF receives capital contributions which it invests in accordance with its investment policy. TCF distributes the income from the Fund to the Society to be used as its Board deems necessary or desirable to further its objectives and purposes. In the current period \$2,029 (December 31, 2011: \$3,147) in revenue was received from The Calgary Foundation in relation to the Women In Need Society Fund.

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**11. FINANCIAL INSTRUMENTS**

The Society's financial instruments consist of cash and cash equivalents, short term investments, accounts receivable, accounts payable and accrued liabilities and wages and benefits payable, all of which are reported at fair value. Due to their short term nature, the carrying value approximates their fair value. Management has determined that the Society is not exposed to significant credit, market or interest rate risk.

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**12. CHANGE IN FISCAL YEAR END**

The Society changed its financial year end from April 30 to December 31 annually effective from the prior financial period ended December 31, 2011. The financial statements for the current financial period are from January 1, 2012 to December 31, 2012. Accordingly, the comparative figures for the statement of financial position, statement of operations, statement of changes in net assets, statement of cash flows and the related notes are for the eight months from May 1, 2011 to December 31, 2011.

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