

WOMEN IN NEED SOCIETY OF CALGARY

Financial Statements

December 31, 2013

Women In Need Society of Calgary
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For the Year Ended December 31, 2013

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INDEPENDENT AUDITOR'S REPORT

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 statement of financial position as at December 31, 2013, and the statements of operations, changes in net assets and cash flows for the year then ended December 31, 2013, 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 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.

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.

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, 2013, and the results of its operations and its cash flows for the year then ended December 31, 2013 in accordance with Canadian accounting standards for not-for-profit organizations.

Calvista LLP
Professional Accountants

March 11, 2014
Calgary, Alberta, Canada

Women In Need Society of Calgary
Statement of Financial Position
As at December 31, 2013

	2013	2012
ASSETS		
Current		
Cash and cash equivalents	\$ 504,356	\$ 365,579
Restricted cash (Note 5)	23,396	38,400
Short term investments (Note 3)	730,000	733,146
Accounts receivable	29,916	83,537
GST receivable	29,843	22,878
Prepaid expenses and security deposits	33,955	34,123
	<u>1,351,466</u>	<u>1,277,663</u>
Property and equipment (Note 4)	<u>329,765</u>	<u>188,770</u>
	<u>\$ 1,681,231</u>	<u>\$ 1,466,433</u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued liabilities	\$ 46,361	\$ 33,235
Wages and benefits payable	48,279	117,056
	<u>94,640</u>	<u>150,291</u>
Deferred contributions		
Related to operations (Note 5)	132,391	65,883
Related to property and equipment (Note 5)	134,281	71,546
	<u>266,672</u>	<u>137,429</u>
Net assets		
Invested in property and equipment	177,248	117,224
Internally restricted (Note 6)	400,000	400,000
Unrestricted	742,671	661,489
	<u>1,319,919</u>	<u>1,178,713</u>
	<u>\$ 1,681,231</u>	<u>\$ 1,466,433</u>

Approved on behalf of the Board:

_____ Treasurer

_____ Director

Women In Need Society of Calgary
Statement of Operations
As at December 31, 2013

	2013	2012
Revenue		
Thrift stores	\$ 2,989,647	\$ 2,545,136
Donations	359,719	400,134
United Way	99,434	105,521
Gifts in kind	78,239	131,996
Casino	66,515	48,915
Recognition of deferred contributions related to property and equipment	35,420	28,102
Grants	31,550	16,871
Other income	17,183	59,433
Interest income	16,759	11,831
	3,694,466	3,347,939
Expenses		
Wages and subcontractors	2,286,490	2,011,168
Rent and utilities	627,417	560,153
Thrift store	187,664	164,046
Office	96,527	93,892
Amortization	79,931	66,186
Gifts in kind	78,239	131,996
Staff and volunteer recognition and development	33,496	19,835
Advertising and promotion	45,270	44,545
Goods and services tax	29,843	22,878
Repair and maintenance	29,516	23,569
Program expenses	23,979	2,107
Professional fees	21,998	31,705
Donations	11,629	1,290
Loss on equipment	1,261	-
	3,553,260	3,173,370
Excess of revenue over expenses	\$ 141,206	\$ 174,569

Women In Need Society of Calgary
Statement of Changes in Net Assets
As at December 31, 2013

	Invested in property and equipment	Internally restricted	Unrestricted	2013	2012
Net assets, beginning of the year	\$ 117,224	\$ 400,000	\$ 661,489	\$ 1,178,713	\$ 1,004,144
Excess (deficiency) of revenue over expenses	(62,748)	-	203,954	141,206	174,569
Purchase of property and equipment with unrestricted funds	122,772	-	(122,772)	-	-
Net assets, end of the year	\$ 177,248	\$ 400,000	\$ 742,671	\$ 1,319,919	\$ 1,178,713

Women In Need Society of Calgary
Statements of Cash Flows
As at December 31, 2013

	2013	2012
OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenses	\$ 141,206	\$ 174,569
Non-cash transactions		
Amortization expense	79,931	66,186
Amortization of deferred contributions related to property and equipment	(35,420)	(28,102)
Loss on disposal of equipment	1,261	-
Changes in non-cash working capital	57,682	(47,255)
	<u>244,660</u>	<u>165,398</u>
INVESTING ACTIVITIES		
Purchase of property and equipment	(223,488)	(63,249)
Disposal of property and equipment	1,300	-
Decrease in investments	3,146	94,182
	<u>(219,042)</u>	<u>30,933</u>
FINANCING ACTIVITIES		
Deferred contributions related to property and equipment	98,155	5,255
Increase in cash and cash equivalents	123,773	201,586
Cash and cash equivalents, beginning of year	403,979	202,393
Cash and cash equivalents, end of year	\$ 527,752	\$ 403,979
Cash and cash equivalents consists of:		
Cash	\$ 504,356	\$ 365,579
Restricted cash	23,396	38,400
	<u>\$ 527,752</u>	<u>\$ 403,979</u>

Women In Need Society of Calgary
Notes to the Financial Statements
For the Year Ended December 31, 2013

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 and families 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 six Family Resource Centres, which provide women and their families help to connect with resources, services and support in their local community.

2. 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 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. Restricted contributions for the purchase of property and equipment are deferred and recognized as revenue on the same basis that the related assets are amortized. 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 2(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:

	2013		2012	
Furniture, fixtures and equipment	6 years	straight-line	25%	declining balance
Automobiles	5 years	straight-line	30%	declining balance
Computer equipment	3 years	straight-line	30%	declining balance
Computer software	1 year	straight-line	100%	declining balance
Leasehold improvements	5 years	straight-line	5 years	straight-line
Inventory management and database	5 years	straight-line		

(Continues.../)

Women In Need Society of Calgary
Notes to the Financial Statements
For the Year Ended December 31, 2013

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

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 \$78,239 (2012: \$131,996), which is the fair market value at the date of donations; see note 2(c).

g) Financial instruments

The Society initially measures its financial assets and financial liabilities at fair value. It subsequently measures all of its financial assets and financial liabilities at amortized cost, except for investments in equity instruments and mutual funds that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized as unrealized gains or losses in the statement of operations.

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

h) 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 disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting year. Accounts receivable are stated after evaluation as to their collectibility and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of capital assets. These estimates are reviewed periodically and as adjustments become necessary, they are reported in the statement of operations in the years in which they became known.

Women In Need Society of Calgary
Notes to the Financial Statements
For the Year Ended December 31, 2013

3. SHORT TERM INVESTMENTS

	2013	2012
Guaranteed investment certificates (Maturity date February 27, 2013 Interest rates range 1.35% - 1.60%)	\$ -	\$ 550,000
Guaranteed investment certificates (Maturity date August 27, 2014 Interest rates range 1.35% - 1.75%)	550,000	-
Guaranteed investment certificate (Maturity date May 26, 2013, Interest rate range 0.65% - 1.55%)	-	180,000
Guaranteed investment certificate (Maturity date May 28, 2014, Interest rate range 1.50% - 1.55%)	180,000	-
Short-term investments	-	3,146
	\$ 730,000	\$ 733,146

4. PROPERTY AND EQUIPMENT

	2013		
	Cost	Accumulated Amortization	Net Book Value
Furniture, fixtures and equipment	\$ 288,696	\$ 215,446	\$ 73,250
Automobiles	143,733	90,057	53,676
Inventory management and database	93,099	4,387	88,712
Computer equipment	164,330	138,931	25,399
Leasehold improvements	291,624	202,896	88,728
	\$ 981,482	\$ 651,717	\$ 329,765
	2012		
	Cost	Accumulated Amortization	Net Book Value
Furniture, fixtures and equipment	\$ 276,623	\$ 186,288	\$ 90,335
Automobiles	130,311	100,592	29,719
Computer equipment	162,054	133,647	28,407
Leasehold improvements	221,456	181,147	40,309
	\$ 790,444	\$ 601,674	\$ 188,770

During the year management determined that estimating the useful life of assets using a straight line calculation would more closely reflect the actual use of the assets than the previous calculations which were based on an assumption of declining usefulness over the life of the asset. This change in estimation basis resulted in an increase of \$11,716 in the current year's amortization expense from what would have been the amount of amortization under the prior method.

Women In Need Society of Calgary
Notes to the Financial Statements
For the Year Ended December 31, 2013

5. DEFERRED CONTRIBUTIONS

	2013	2012
Related to operations		
Balance, beginning of the period	\$ 65,883	\$ 66,957
Contribution received for future years	309,035	42,183
Contribution recognized as revenue during the period	(144,372)	(38,002)
Reclassification of contribution related to property and equipment	(98,155)	(5,255)
Balance, end of the period	\$ 132,391	\$ 65,883

Restricted cash represents cash held under the terms and conditions of funding provided under Alberta Gaming and Liquor Commission's charitable gaming activities. The obligation from these funds is presented on the statement of financial position as part of deferred contributions related to operations and is recognized as revenue as related expenses are incurred.

Related to property and equipment

Balance, beginning of the period	\$ 71,546	\$ 94,393
Contribution received for future years	98,155	5,255
Contribution recognized as revenue during the period	(35,420)	(28,102)
Balance, end of the period	\$ 134,281	\$ 71,546

Unrestricted contributions of \$98,155, of which \$27,232 was received in the fiscal year 2012 have been transferred from deferred contributions related to operations to deferred contributions related to property and equipment based on usage of funds in the current year.

6. 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, 2013 is \$400,000 (December 31, 2012: \$400,000).

7. COMMITMENTS

The Society has entered into leases for rental of premises which expire on varying dates to 2017. Minimum lease payments including operating costs for the next four years are as follows:

2014	\$ 437,071
2015	373,615
2016	373,615
2017	329,912

Women In Need Society of Calgary
Notes to the Financial Statements
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8. 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 \$8,000 were incurred in the year ended December 31, 2013 (December 31, 2012: \$8,500) for the purposes of soliciting contributions. The total amount paid for the year ended December 31, 2013 as remuneration to employees of the Society whose principal duties involve fundraising was \$42,000 (December 31, 2012: \$34,000).

9. 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 \$2,123 (December 31, 2012: \$2,029) in revenue was received from The Calgary Foundation in relation to the Women In Need Society Fund.

10. FINANCIAL INSTRUMENTS

The Society's financial instruments consist of cash, short term investments, accounts receivable, accounts payable and accrued liabilities and wages and benefits payable. All of these are reported at amortized cost.

The Society may become exposed to a number of risks arising from its various financial instruments through its activities. These risks, and the steps management takes to mitigate the risks, are described below:

a) Credit risk

Credit risk arises from cash and cash equivalents, and restricted cash held with financial institutions, as well as credit exposure from accounts receivable. The maximum exposure to credit risk is equal to the carrying value of these financial assets. This risk is mitigated by holding cash, restricted cash and guaranteed investment certificates with major financial institutions and by supporting significant receivables with underlying agreements. The Society believes credit risk is minimal.

b) Liquidity risk

Liquidity risk is the risk the Society will encounter difficulties in meeting its financial liability obligations. This risk is mitigated by holding callable investments or investments with terms of eighteen months or less. The Society believes that liquidity risk is minimal.
