

WOMEN IN NEED SOCIETY OF CALGARY
Financial Statements
December 31, 2017

WOMEN IN NEED SOCIETY OF CALGARY
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As at and for the year ended December 31, 2017

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INDEPENDENT AUDITORS' REPORT

To the Directors of Women In Need Society of Calgary:

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, 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.

Auditors' 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.

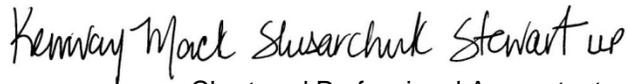
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or 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 Women In Need Society of Calgary 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.

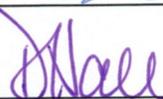
March 21, 2018
Calgary, Alberta


Chartered Professional Accountants,
Chartered Accountants

WOMEN IN NEED SOCIETY OF CALGARY**Statement of Financial Position****As at December 31, 2017**

	2017	2016
Assets		
Current		
Cash and cash equivalents (<i>Note 3</i>)	\$ 53,134	\$ 525,824
Term deposits (<i>Note 4</i>)	775,000	775,000
Accounts receivable	32,688	25,573
Goods and services tax recoverable	35,492	14,964
Prepaid expenses	73,702	83,494
	970,016	1,424,855
Property and equipment (<i>Note 5</i>)	191,211	198,161
	\$ 1,161,227	\$ 1,623,016
Liabilities and Net assets		
Current		
Accounts payable and accrued liabilities	\$ 84,294	\$ 44,380
Wages payable	87,321	146,592
Deferred contributions related to operations (<i>Note 6</i>)	34,266	91,776
Bank loans (<i>Note 7</i>)	104,503	-
	310,384	282,748
Deferred contributions		
Related to property and equipment (<i>Note 8</i>)	31,755	61,980
Funds for future purchase of property and equipment (<i>Note 8</i>)	61,359	-
Deferred rent liability	41,646	-
	445,144	344,728
Net assets		
Invested in property and equipment	159,456	136,181
Internally restricted (<i>Note 9</i>)	400,000	400,000
Unrestricted	156,627	742,107
	716,083	1,278,288
	\$ 1,161,227	\$ 1,623,016

Approved on behalf of the Board:

Director

Director

WOMEN IN NEED SOCIETY OF CALGARY

Statement of Operations

For the year ended December 31, 2017

	2017	2016
Revenue		
Thrift stores	\$ 3,671,081	\$ 3,510,157
Donations	217,514	198,867
City of Calgary	121,875	87,500
Recycling	121,332	99,556
United Way	105,000	93,614
Casino	56,335	52,864
Recognition of deferred contributions related to property and equipment	30,225	31,197
Delivery	14,235	12,240
Interest income	11,226	14,082
Grants	1,370	59,066
Other income	-	4,933
	4,350,193	4,164,076
Expenses		
Salaries and wages	3,261,149	2,933,545
Rent and utilities	850,737	673,629
Thrift store	284,798	219,135
Office	134,284	133,066
Amortization	99,738	90,170
Advertising and promotion	95,376	66,345
Professional fees	67,236	38,451
Repairs and maintenance	54,719	52,340
Goods and services tax	35,223	29,477
Donations	10,782	8,889
Staff and volunteer recognition and development	9,550	16,002
Program expenses	8,487	8,889
Other expenses	319	-
	4,912,398	4,271,540
Deficit of revenue over expenses	\$ (562,205)	\$ (107,464)

The accompanying notes are an integral part of these financial statements.

WOMEN IN NEED SOCIETY OF CALGARY

Statement of Changes in Net Assets

For the year ended December 31, 2017

	Invested in property and equipment	Internally restricted	Unrestricted	2017	2016
Net assets - beginning of year	\$ 136,181	\$ 400,000	\$ 742,107	\$ 1,278,288	\$ 1,385,752
Deficit of revenue over expenses	(69,512)	-	(492,693)	(562,205)	(107,464)
Purchase of property and equipment with unrestricted funds	92,787	-	(92,787)	-	-
Net assets - end of year	\$ 159,456	\$ 400,000	\$ 156,627	\$ 716,083	\$ 1,278,288

The accompanying notes are an integral part of these financial statements.

WOMEN IN NEED SOCIETY OF CALGARY**Statement of Cash Flows**

For the year ended December 31, 2017

	2017	2016
Operating activities		
Deficit of revenue over expenses	\$ (562,205)	\$ (107,464)
Items not affecting cash:		
Amortization of property and equipment	99,738	90,170
Recognition of deferred contributions related to property and equipment	(30,225)	(31,196)
Deferred rent liability for reduced rent periods	41,646	-
	(451,046)	(48,490)
Changes in non-cash working capital	(94,719)	143,355
Cash flow from (used in) operating activities	(545,765)	94,865
Investing activities		
Purchase of property and equipment	(92,787)	(50,586)
Purchase of term deposits	-	(225,000)
Cash flow used in investing activities	(92,787)	(275,586)
Financing activities		
Contributions received related to property and equipment	61,359	-
Proceeds from bank loans	104,503	-
Cash flow from financing activities	165,862	-
Decrease in cash	(472,690)	(180,721)
Cash and cash equivalents, beginning of year	525,824	706,545
Cash and cash equivalents, end of year	\$ 53,134	\$ 525,824
Cash and cash equivalents are comprised of:		
(Bank indebtedness) cash	\$ (36,863)	\$ 434,048
Restricted cash (<i>Note 3</i>)	89,997	91,776
	\$ 53,134	\$ 525,824

The accompanying notes are an integral part of these financial statements.

WOMEN IN NEED SOCIETY OF CALGARY

Notes to Financial Statements

As at and for the year ended December 31, 2017

1. Nature 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 charity under Section 149(1)(f) 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 Society operates five 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. Funds from the stores and fundraising activities are used to operate four Family Resource Centres, which provide women and their families help to connect with resources, services and support in their local community. The stores also provide entry level employment opportunities which include access to resources, training and support.

2. Summary of significant accounting policies

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the significant accounting policies summarized below:

(a) Revenue recognition

The Society 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 are recognized as direct increases in net assets.

Thrift stores, recycling, and delivery revenues are recognized when goods and services are provided and collection is reasonably assured.

Interest income is recognized as revenue when earned.

(b) Cash and cash equivalents

The Society considers all investments with maturities of three months to be cash equivalents. Cash that is subject to restrictions, thereby preventing its use for current purposes, is included in restricted cash.

(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(h).

(continues)

WOMEN IN NEED SOCIETY OF CALGARY

Notes to Financial Statements

As at and for the year ended December 31, 2017

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

(d) Property and equipment

Property and equipment are recorded at cost. Donated property and equipment are recorded at fair market value on the date of contribution if it can be reasonably determined. Property and equipment is amortized over its estimated useful life on a straight-line basis at the following rates:

Motor vehicles	5 years
Computer equipment	3 years
Furniture and fixtures	6 years
Leasehold improvements	5 years
Inventory management system, website development and database	5 years

The Society records a write-down when property and equipment no longer has any long-term service potential to the Society and its net carrying amount exceeds its residual value. The excess net carrying amount over residual value is recognized as an expense in the statement of operations. Previous write-downs are not reversed.

(e) Deferred contributions

Deferred contributions represent restricted grants and donations received for operating expenses of future periods and for the purchase of property and equipment. Deferred contributions are recognized as revenue as the related expenses or amortization expense is incurred.

(f) Deferred rent liability

The rental costs incurred under operating lease agreements are expensed on a straight-line basis over the term of the lease. In reduced rent periods the difference from the actual rent amount paid and the amount expensed is represented as deferred rent liability.

(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 equivalents, term deposits, and accounts receivable. The financial liabilities measured at amortized cost include accounts payable and accrued liabilities, wages payable and bank loans.

(*continues*)

WOMEN IN NEED SOCIETY OF CALGARY

Notes to Financial Statements

As at and for the year ended December 31, 2017

2. Summary of significant accounting policies (continued)

(g) Financial instruments (continued)

Financial assets measured at amortized cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in the statement of operations. The previously recognized impairment loss may be reversed to the extent of the improvement, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in the statement of operations.

(h) Donated services and materials

Donated materials are recognized only when the fair value is reasonably determined and when the materials and services are used in the normal course of the Society's operations and would have otherwise been purchased. The operations of the Society depend on and require volunteers. 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.

(i) 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 amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of capital assets. Accrued liabilities are based on management's estimates. Management determines these estimates based on assumptions that reflect the most probable set of economic conditions and planned courses of action. 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.

3. Cash and cash equivalents

Included in cash and cash equivalents are amounts which are restricted for the following purposes:

	<u>2017</u>	<u>2016</u>
Family Resource Centres	\$ 28,125	\$ 37,500
Casino approved expenditures	513	54,276
Property and equipment	<u>61,359</u>	-
	<u>\$ 89,997</u>	<u>\$ 91,776</u>

WOMEN IN NEED SOCIETY OF CALGARY

Notes to Financial Statements

As at and for the year ended December 31, 2017

4. Term deposits

Term deposits consists of cashable guaranteed investment certificates that bear interest at 1.25% (2016 – 1.3%) with a maturity date of February 27, 2018 (2016 – February 27, 2017). Subsequently, \$557,000 was reinvested into a cashable guaranteed investment certificate that bears interest at 1.45% with a maturity date of February 26, 2019.

5. Property and equipment

	Cost	Accumulated amortization	2017 Net book value	2016 Net book value
Motor vehicles	\$ 138,863	\$ 116,563	\$ 22,300	\$ 35,176
Computer equipment	214,352	178,276	36,076	9,071
Furniture and fixtures	328,568	295,566	33,002	32,792
Leasehold improvements	392,707	319,514	73,193	65,713
Inventory management system, website development and database	158,208	131,568	26,640	55,409
	<u>\$ 1,232,698</u>	<u>\$ 1,041,487</u>	<u>\$ 191,211</u>	<u>\$ 198,161</u>

6. Deferred contributions related to operations

	2017	2016
Balance, beginning of year	\$ 91,776	\$ 87,528
Contributions received	119,700	192,612
Contributions recognized as revenue	(177,210)	(188,364)
	<u>\$ 34,266</u>	<u>\$ 91,776</u>

WOMEN IN NEED SOCIETY OF CALGARY

Notes to Financial Statements

As at and for the year ended December 31, 2017

7. Bank loans

	2017	2016
Revolving line of credit	\$ 51,460	\$ -
Demand term loan	53,043	-
	<u>\$ 104,503</u>	<u>\$ -</u>

A revolving line of credit has been authorized by Alberta Treasury Branch ("the bank") to a maximum of \$150,000 (2016 - \$nil) and bears interest, payable monthly, at the bank's prime rate plus 1.25%.

A term loan was authorized by the bank to a maximum amount of \$150,000 (2016 - \$nil) and bears interest at the bank's prime rate plus 1.25%. The term loan was initially provided to assist with the leasehold improvements on the new thrift store location. The loan is payable in full on demand by the bank. The bank is accepting monthly repayments of \$2,780 including interest.

The following has been pledged as security:

- A general security agreement covering all assets of the Society.
- Assignment of a guaranteed investment certificate in the amount of \$300,000.

8. Deferred contributions related to property and equipment

	2017	2016
Balance, beginning of year	\$ 61,980	\$ 93,177
Contributions received	61,359	-
Contributions recognized as revenue	(30,225)	(31,197)
	<u>\$ 93,114</u>	<u>\$ 61,980</u>

9. 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 year, therefore the balance at December 31, 2017 is \$400,000 (2016 - \$400,000).

WOMEN IN NEED SOCIETY OF CALGARY

Notes to Financial Statements

As at and for the year ended December 31, 2017

10. Commitments

The Society's total obligations under various property lease agreements, exclusive of occupancy costs, are as follows:

2018	\$ 559,943
2019	462,640
2020	340,297
2021	359,130
2022	299,253
Subsequent	<u>861,802</u>
	<u>\$ 2,883,065</u>

11. 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 \$19,957 were incurred in the year ended December 31, 2017 (2016 - \$7,739) for the purposes of soliciting contributions. The total amount paid for the year ended December 31, 2017 as remuneration to employees of the Society whose principal duties involve fundraising was \$57,090 (2016 - \$26,478).

12. Related party transactions

During the year, the members of the Board of Directors contributed \$44,469 (2016 - \$7,702) to the Society.

13. The Women In Need Society Fund

The Calgary Foundation holds endowment funds for the Society. The Women in Need Society endowment fund was established in 1995 to support general operations. In the current year \$2,332 (2016 - \$2,159) in revenue was received from The Calgary Foundation in relation to the Women In Need Society Fund. The market value of the endowment fund at December 31, 2017 was \$59,345 (2016 - \$55,669)

All capital contributions in the Fund are to be held by the Calgary Foundation in perpetuity for the Society. Final authority over the disbursement of all amounts relating to this fund rests with the Calgary Foundation. As a result, the total fund amount is not recorded in the books of the Society.

WOMEN IN NEED SOCIETY OF CALGARY

Notes to Financial Statements

As at and for the year ended December 31, 2017

14. Financial instruments

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:

Credit risk

Credit risk arises from cash and cash equivalents held with financial institutions, term deposits, 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 and cash equivalents and guaranteed investment certificates with major financial institutions and by supporting significant receivables with underlying agreements. The Society believes credit risk is minimal.

Interest rate risk

Interest rate risk is the risk that future cash flows will fluctuate resulting from changes in market interest rates. The Society is exposed to interest rate risk on its floating rate bank loans. The Society believes interest rate risk is minimal.

Liquidity risk

Liquidity risk is the risk that the Society will encounter difficulties in meeting its financial obligations. This risk is mitigated by holding cashable investments or investments with terms of eighteen months or less.

15. Comparative figures

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year earnings.
