

**WOMEN IN NEED SOCIETY OF CALGARY**  
**Financial Statements**  
**December 31, 2018**

**WOMEN IN NEED SOCIETY OF CALGARY**  
**Index to Financial Statements**  
**As at and for the year ended December 31, 2018**

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	Page
INDEPENDENT AUDITORS' REPORT	1-2
FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statement of Operations	4
Statement of Changes in Net Assets	5
Statement of Cash Flows	6
Notes to Financial Statements	7 - 13

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## INDEPENDENT AUDITORS' REPORT

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To: The Directors of **Women in Need Society of Calgary**

### Opinion

We have audited the financial statements of Women in Need Society of Calgary (the "Society"), which comprise the statement of financial position as at December 31, 2018 and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Society as at December 31, 2018, 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 report. We are independent of the Society 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.

### Information Other than the Financial Statements and Auditors' Report Thereon

Management is responsible for the other information. The other information comprises the information included in the 2018 Annual Report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

We obtained the 2018 Annual Report prior to the date of this auditors' report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditors' report. We have nothing to report in this regard.

### 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 Society'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 Society or to cease operations, or has no realistic alternative but to do so.

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

## Independent Auditors' Report (continued)

### 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 these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgement 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 Society'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 Society'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 Society 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.

We 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.

*Kennedy Mack Shusarchuk Stewart LLP*

Chartered Professional Accountants,  
Chartered Accountants

April 1, 2019  
Calgary, Alberta

**WOMEN IN NEED SOCIETY OF CALGARY****Statement of Financial Position****As at December 31, 2018**

	2018	2017
<b>Assets</b>		
Current		
Cash and cash equivalents ( <i>Note 3</i> )	\$ 622,100	\$ 53,134
Term deposits ( <i>Note 4</i> )	400,000	775,000
Accounts receivable	52,375	32,688
Goods and services tax recoverable	17,332	35,492
Prepaid expenses	81,400	73,702
	<b>1,173,207</b>	970,016
Property and equipment ( <i>Note 5</i> )	<b>262,214</b>	191,211
	<b>\$ 1,435,421</b>	\$ 1,161,227
<b>Liabilities and Net assets</b>		
Current		
Accounts payable and accrued liabilities	\$ 49,079	\$ 84,294
Wages payable	95,558	87,321
Deferred contributions related to operations ( <i>Note 6</i> )	250,915	34,266
Bank loans ( <i>Note 7</i> )	83,840	104,503
	<b>479,392</b>	310,384
Deferred contributions		
Related to property and equipment ( <i>Note 8</i> )	134,059	31,755
Funds for future purchase of property and equipment ( <i>Note 8</i> )	62,992	61,359
Deferred rent liability	63,428	41,646
	<b>739,871</b>	445,144
Net assets		
Invested in property and equipment	128,155	159,456
Internally restricted ( <i>Note 9</i> )	400,000	400,000
Unrestricted	167,395	156,627
	<b>695,550</b>	716,083
	<b>\$ 1,435,421</b>	\$ 1,161,227

**Approved on behalf of the Board:**

(signed) "Doris Hall" Director

(signed) "Natalie Ireland" Director

## WOMEN IN NEED SOCIETY OF CALGARY

### Statement of Operations

For the year ended December 31, 2018

	2018	2017
<b>Revenue</b>		
Thrift stores	\$ 3,739,937	\$ 3,671,081
Donations	375,436	217,514
Recycling	137,366	121,332
Government of Alberta	132,481	-
United Way	105,000	105,000
Grants	76,698	1,370
City of Calgary	28,125	121,875
Recognition of deferred contributions related to property and equipment	27,412	30,225
Casino	27,076	56,335
Other income	11,707	-
Interest income	11,551	11,226
Delivery	9,854	14,235
	<u>4,682,643</u>	<u>4,350,193</u>
<b>Expenses</b>		
Salaries and wages	3,141,474	3,261,149
Rent and utilities	957,720	850,737
Thrift store	235,216	284,798
Office	147,090	134,284
Amortization	85,267	99,738
Professional fees	36,937	67,236
Repairs and maintenance	35,471	54,719
Goods and services tax	34,541	35,223
Advertising and promotion	18,590	95,376
Staff and volunteer recognition and development	4,881	9,550
Donations	3,290	10,782
Program expenses	2,699	8,487
Other expenses	-	319
	<u>4,703,176</u>	<u>4,912,398</u>
<b>Deficit of revenue over expenses</b>	<u>\$ (20,533)</u>	<u>\$ (562,205)</u>

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, 2018**

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	<b>Invested in property and equipment</b>	<b>Internally restricted</b>	<b>Unrestricted</b>	<b>2018</b>	<b>2017</b>
Net assets - beginning of year	\$ 159,456	\$ 400,000	\$ 156,627	\$ 716,083	\$ 1,278,288
Deficit of revenue over expenses	(57,855)	-	37,322	(20,533)	(562,205)
Purchase of property and equipment with unrestricted funds	26,554	-	(26,554)	-	-
<b>Net assets - end of year</b>	<b>\$ 128,155</b>	<b>\$ 400,000</b>	<b>\$ 167,395</b>	<b>\$ 695,550</b>	<b>\$ 716,083</b>

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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, 2018

	2018	2017
<b>Operating activities</b>		
Deficit of revenue over expenses	\$ (20,533)	\$ (562,205)
Items not affecting cash:		
Amortization of property and equipment	85,267	99,738
Recognition of deferred contributions related to property and equipment	(27,412)	(30,225)
Contributions re-designated	(23,765)	-
Deferred rent liability for reduced rent periods	21,782	41,646
	<b>35,339</b>	(451,046)
Changes in non-cash working capital	<b>180,446</b>	(94,719)
Cash flow from (used in) operating activities	<b>215,785</b>	(545,765)
<b>Investing activities</b>		
Purchase of property and equipment	(156,270)	(92,787)
Proceeds on redemption of term deposits	375,000	-
Cash flow from (used in) investing activities	<b>218,730</b>	(92,787)
<b>Financing activities</b>		
Contributions received related to property and equipment	155,114	61,359
Proceeds from (repayment of) bank loans	(20,663)	104,503
Cash flow from financing activities	<b>134,451</b>	165,862
<b>Increase (decrease) in cash</b>	<b>568,966</b>	(472,690)
Cash and cash equivalents, beginning of year	<b>53,134</b>	525,824
<b>Cash and cash equivalents, end of year</b>	<b>\$ 622,100</b>	\$ 53,134
Cash and cash equivalents are comprised of:		
Cash (bank indebtedness)	\$ 312,393	\$ (36,863)
Restricted cash (Note 3)	309,707	89,997
	<b>\$ 622,100</b>	\$ 53,134

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, 2018

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#### 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.

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#### 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).

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## WOMEN IN NEED SOCIETY OF CALGARY

### Notes to Financial Statements

As at and for the year ended December 31, 2018

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#### 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.

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## WOMEN IN NEED SOCIETY OF CALGARY

### Notes to Financial Statements

As at and for the year ended December 31, 2018

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#### 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 materials and services

Donated materials and services 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 and donated materials and services. Donated materials during the year were composed of clothing, household goods, furniture and similar items to be used in thrift store operations as saleable inventory as well as contributed maintenance and repair supplies and services. The value of donated materials and services cannot be reasonably determined and the donated materials would not have otherwise been purchased and therefore have not been reflected in these financial statements.

##### (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.

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## WOMEN IN NEED SOCIETY OF CALGARY

### Notes to Financial Statements

As at and for the year ended December 31, 2018

#### 3. Cash and cash equivalents

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

	2018	2017
Family Resource Centres	\$ 117,519	\$ 28,125
Casino approved expenditures	52,558	513
Property and equipment	62,992	61,359
Program expenditures	48,500	-
Others	28,138	-
Total restricted cash and cash equivalents	309,707	89,997
Unrestricted cash and cash equivalents	312,393	(36,863)
Total cash and cash equivalents	\$ 622,100	\$ 53,134

#### 4. Term deposits

Term deposits consists of cashable guaranteed investment certificates that bear interest at 1.45% (2017 – 1.25%) with a maturity date of March 21, 2019 (2017 – February 27, 2018). Upon maturity, \$400,000 was reinvested into guaranteed investment certificates bearing interest at 1.35% to 2.05% with maturities of April 20, 2019 and March 21, 2020. The term deposits includes internally restricted assets of \$400,000 (2017 - \$400,000), see note 9, and \$300,000 has been pledged as security for the bank loan, see note 7.

#### 5. Property and equipment

	Cost	Accumulated amortization	2018 Net book value	2017 Net book value
Motor vehicles	\$ 170,000	\$ 107,710	\$ 62,290	\$ 22,300
Computer equipment	234,346	197,410	36,936	36,076
Furniture and fixtures	342,276	306,362	35,914	33,002
Leasehold improvements	427,476	342,692	84,784	73,193
Inventory management system, website development and database	191,677	149,387	42,290	26,640
	\$ 1,365,775	\$ 1,103,561	\$ 262,214	\$ 191,211

## WOMEN IN NEED SOCIETY OF CALGARY

### Notes to Financial Statements

As at and for the year ended December 31, 2018

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#### 6. Deferred contributions related to operations

	<u>2018</u>	<u>2017</u>
Balance, beginning of year	\$ 34,266	\$ 91,776
Contributions received	488,228	119,700
Contributions re-designated to operations by donor	23,765	-
Contributions recognized as revenue	<u>(295,344)</u>	<u>(177,210)</u>
	<u>\$ 250,915</u>	<u>\$ 34,266</u>

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#### 7. Bank loans

	<u>2018</u>	<u>2017</u>
Revolving line of credit	\$ -	\$ 51,460
Demand term loan	83,340	53,043
	<u>\$ 83,340</u>	<u>\$ 104,503</u>

A revolving line of credit has been authorized by Alberta Treasury Branch ("the bank") to a maximum of \$150,000 (2017 - \$150,000) 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 (2017 - \$150,000) and bears interest at the bank's prime rate plus 1.25%. The term loan was provided to assist with the leasehold improvements and capital expenditures for the thrift stores. 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.

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

	<u>2018</u>	<u>2017</u>
Balance, beginning of year	\$ 93,114	\$ 61,980
Contributions received	155,114	61,359
Contributions re-designated to operations by donor	(23,765)	-
Contributions recognized as revenue	<u>(27,412)</u>	<u>(30,225)</u>
	<u>\$ 197,051</u>	<u>\$ 93,114</u>

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## WOMEN IN NEED SOCIETY OF CALGARY

### Notes to Financial Statements

As at and for the year ended December 31, 2018

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#### 9. Internally restricted net assets

In April 2004, the Board of Directors designated certain funds for working capital purposes. Interest earned on the internally restricted net assets has been approved for use in general operations by the Board. There were no transactions related to internally restricted net assets for the current year, therefore the balance at December 31, 2018 is \$400,000 (2017 - \$400,000).

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#### 10. Commitments

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

2019	524,572
2020	392,347
2021	416,836
2022	313,953
2023	224,818
Subsequent	<u>636,984</u>
	<u>\$ 2,509,510</u>

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#### 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 \$5,982 were incurred in the year ended December 31, 2018 (2017 - \$19,957) for the purposes of soliciting contributions. The total amount paid for the year ended December 31, 2018 as remuneration to employees of the Society whose principal duties involve fundraising was \$101,661(2017 - \$57,090).

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#### 12. Related party transactions

During the year, the members of the Board of Directors contributed \$24,733 (2017 - \$44,469) to the Society.

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## **WOMEN IN NEED SOCIETY OF CALGARY**

### **Notes to Financial Statements**

**As at and for the year ended December 31, 2018**

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#### **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 \$2,384 (2017 - \$2,332) 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, 2018 was \$57,181 (2017 - \$59,345)

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.

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#### **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.

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