

INN FROM THE COLD SOCIETY
Financial Statements
March 31, 2015

INN FROM THE COLD SOCIETY
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For the Year Ended March 31, 2015

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Inn From the Cold Society:

We have audited the accompanying financial statements of Inn From the Cold Society, which comprise the statement of financial position as at March 31, 2015 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.

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.

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

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Basis for Qualified Opinion

In common with many not-for-profit organizations, Inn From the Cold Society derives revenue from fundraising activities the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of Inn From the Cold Society. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising revenue, excess of revenue over expenses, and cash flows from operations for the year ended March 31, 2015, current assets and net assets as at March 31, 2015.

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 Inn From the Cold Society as at March 31, 2015 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.

Calgary, Alberta
August 26, 2015

Calvista LLP
Chartered Professional Accountants

INN FROM THE COLD SOCIETY
Statement of Financial Position
As at March 31, 2015

	2015	2014 (Note 10)
Assets		
Current		
Cash and cash equivalents	\$ 446,631	\$ 82,169
Internally restricted cash and cash equivalent (Note 3)	3,680,599	3,113,624
Externally restricted cash and cash equivalent (Note 3)	1,895,341	975,441
Goods and services tax recoverable	112,387	72,057
Prepaid expenses and other current assets	53,654	35,365
	<u>6,188,612</u>	4,278,656
Capital Assets (Note 4)	<u>5,901,993</u>	5,686,540
	<u>\$ 12,090,605</u>	\$ 9,965,196
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 161,510	\$ 94,136
Accrued liabilities for repayment of funding (Note 5)	273,723	-
Current portion of deferred contributions related to capital assets	237,832	227,199
	<u>673,065</u>	321,335
Deferred contributions		
Deferred contributions related to operations (Note 6)	1,692,341	693,866
Deferred contributions related to capital assets (Note 7)	2,597,935	2,762,760
	<u>4,963,341</u>	3,777,961
Net Assets		
Invested in capital assets	3,157,196	2,696,581
Internally restricted (Note 3)	3,680,599	3,113,624
Unrestricted	289,469	377,030
	<u>7,127,264</u>	6,187,235
	<u>\$ 12,090,605</u>	\$ 9,965,196

Approved on behalf of the Board


 _____ Director

 _____ Director

INN FROM THE COLD SOCIETY
Statement of Operations
For the Year Ended March 31, 2015

	2015	2014 (3 months) (Note 10)
Revenue		
Donations	\$ 3,415,225	\$ 163,515
Calgary Homeless Foundation funding	2,634,005	580,711
Grants	529,928	369,800
Gifts in kind	451,362	10,750
Amortization of deferred contributions related to capital assets	245,162	57,214
Interest	10,799	2,892
	<u>7,286,481</u>	<u>1,184,882</u>
Program expenses		
Salaries and wages	3,446,457	809,688
Direct client support	523,260	26,394
Other operating expenses	402,284	68,685
Fundraising	343,085	48,891
Diversion efforts	314,311	103,530
Amortization	259,716	58,719
Travel	67,889	27,856
Utilities	42,795	15,133
	<u>5,399,797</u>	<u>1,158,896</u>
Administration expenses		
Salaries and wages	425,967	100,074
Administrative	378,792	80,765
Amortization	73,253	16,562
Goods and services tax	40,329	6,430
Advertising and promotion	16,244	12,544
Utilities	12,070	4,268
	<u>946,655</u>	<u>220,643</u>
Excess (deficiency) of revenue over expenses	<u>\$ 940,029</u>	<u>\$ (194,657)</u>

INN FROM THE COLD SOCIETY
Statement of Cash Flows
For the Year Ended March 31, 2015

	2015	2014 (3 months) (Note 10)
Cash flow related to operating activities		
Receipts from donors, sponsors, and events	\$ 7,862,155	\$ 1,456,785
Paid for program and administrative expenses	(1,686,272)	(375,209)
Paid for salaries and benefits	(3,872,423)	(909,762)
Interest received	10,799	2,892
	<u>2,314,259</u>	<u>174,706</u>
Cash flow related to investing activities		
Purchase of capital assets	<u>(548,422)</u>	<u>(50,691)</u>
Cash flow related to financing activities		
Contributions received for capital assets	<u>85,500</u>	<u>-</u>
Increase in cash flow	1,851,337	124,015
Cash and cash equivalents - beginning of period	<u>4,171,234</u>	<u>4,047,219</u>
Cash and cash equivalents - end of period	<u>\$ 6,022,571</u>	<u>\$ 4,171,234</u>
Cash and cash equivalents consists of:		
Cash	\$ 446,631	\$ 82,169
Internally restricted cash	3,680,599	3,113,624
Externally restricted cash	<u>1,895,341</u>	<u>975,441</u>
	<u>\$ 6,022,571</u>	<u>\$ 4,171,234</u>

INN FROM THE COLD SOCIETY
Notes to Financial Statements
For the Year Ended March 31, 2015

1. Nature of the organization

Inn From The Cold Society ("the Society") is incorporated under The Societies Act of Alberta. The Society provides emergency shelter, support and programs to homeless children, their families and others in need, with the goal of building healthy, stable families and ending homelessness. The Society is a registered charity under the Income Tax Act and is exempt from the payment of income taxes.

2. Summary of significant accounting policies

Basis of presentation

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO) 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:

Revenue recognition

The Society follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the period 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.

Pledges are recognized as revenue when the amount to be received can be reasonably estimated and ultimate collection is reasonably assured.

Donations in kind are recorded at fair value when fair value can be reasonably determined.

Deferred revenue represents designated donations received in the current year which are used to subsidize families and fund operations in a subsequent year. Recognition of these amounts as revenue is deferred to subsequent years when the related expenses are incurred.

Donations restricted for the purchase of capital assets are recorded as deferred contributions related to capital assets and amortized into revenue in order to match the amortization recorded on the capital assets, which were purchased with restricted funds.

Cash and cash equivalents

Cash consists of cash on hand and balances with banks. Cash equivalents consist of short-term deposits with maturities of less than three months.

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INN FROM THE COLD SOCIETY
Notes to Financial Statements
For the Year Ended March 31, 2015

2. Summary of significant accounting policies (continued)

Capital assets

Purchased capital assets are recorded at cost. The cost for contributed capital assets is considered to be fair value at the date of contribution. These contributions are deferred and amortized over the useful life of the asset at the same method and rate as the expense.

Amortization is provided using the straight-line method at rates intended to amortize the cost of assets over their estimated useful lives. Building improvements are amortized using the straight-line method over the remaining estimated useful life of the building.

Building	20 years
Building improvements	Remaining life of the building
Vehicles	5 years
Office furniture and equipment	5 years
Guest furniture and equipment	3 years

The Society regularly reviews its capital assets to eliminate obsolete items. Government grants are treated as a reduction of capital assets cost.

Capital assets acquired during the year but not placed into use are not amortized until they are placed into use.

Contributed services

Volunteers contribute a significant number of hours per year to assist the Society in carrying out its program activities. Due to the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

Financial instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

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 period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

Goods and Services Tax

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

INN FROM THE COLD SOCIETY
Notes to Financial Statements
For the Year Ended March 31, 2015

3. Restricted cash

Restricted cash includes the following restricted amounts:

	2015	2014 (3 months)
Internally restricted for operations	\$ 3,219,599	\$ 2,684,599
Internally restricted for capital projects	461,000	429,025
Restricted by external sources for operations	1,692,341	693,866
Restricted by external sources for capital projects	203,000	281,575
	\$ 5,575,940	\$ 4,089,065

The Society's Board internally restricts funds with the objective of having a reserve for operations to cover six months operating costs, and to ensure access to funds for required capital projects.

Restrictions by external sources consist of third party contributions designated for specific purposes.

4. Capital assets

	Cost	Accumulated amortization	2015 Net book value	2014 Net book value
Land	\$ 2,330,000	\$ -	\$ 2,330,000	\$ 2,330,000
Building	3,786,104	1,372,603	2,413,501	2,602,807
Building improvements	1,151,749	175,105	976,644	611,067
Office furniture and equipment	445,113	334,617	110,496	117,416
Vehicles	147,012	111,281	35,731	1,710
Guest furniture and equipment	113,398	77,777	35,621	23,540
	\$ 7,973,376	\$ 2,071,383	\$ 5,901,993	\$ 5,686,540

During the period, capital assets were acquired at an aggregate cost of \$548,422 (2014: \$50,691), all of which were acquired with cash.

5. Accrued liabilities for repayment of funding

The Society has accrued \$273,723 payable to Calgary Homeless Foundation in relation to cancelled program surpluses.

INN FROM THE COLD SOCIETY
Notes to Financial Statements
For the Year Ended March 31, 2015

6. Deferred contributions related to operations

The Society's contributors restrict revenue for specific purposes. Recognition of these amounts is deferred to years in which the specified expenses are incurred. Changes in deferred contributions related to operations are as follows:

	2015	2014 (3 months)
Balance, beginning of period	\$ 693,866	\$ 414,549
Amounts received during the period	4,468,038	474,807
Amounts recognized as revenue during the period	(3,121,211)	(195,490)
Repayment of funding	(348,352)	-
Balance, end of period	\$ 1,692,341	\$ 693,866

7. Deferred contributions related to capital assets

The Society's contributors have provided the following amounts for acquisition of capital assets:

	2015	2014 (3 months)
Balance, beginning of period	\$ 2,762,760	\$ 2,818,317
Amounts received during the period	85,500	-
Amounts recognized as revenue during the period	(239,692)	(57,214)
Change in current portion	(10,633)	1,657
Balance, end of period	\$ 2,597,935	\$ 2,762,760

8. Financial instruments

The Society's financial instruments consist of cash and cash equivalents, restricted cash, accounts receivable, and accounts payable and accrued liabilities. Unless otherwise noted, it is management's opinion that the Society is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value approximates their carrying value unless otherwise noted.

9. Income taxes

The Society is registered as a charitable organization under the Income Tax Act ("the Act") and is exempt from income taxes and is able to issue donation receipts for income tax purposes. In order to maintain its status as a registered charity under the Act, the Society must meet certain requirements within the Act. In the opinion of management, these requirements have been met.

INN FROM THE COLD SOCIETY
Notes to Financial Statements
For the Year Ended March 31, 2015

10. Change in fiscal year

The Society has changed its fiscal year end from December 31 to March 31. Accordingly, the comparative figures for the statements of operations, financial position, changes in net assets and cash flows and the related notes are for the three months from January 1, 2014 to March 31, 2014. In addition, some of the comparative figures have been reclassified to conform to the current year's presentation.
