

INN FROM THE COLD SOCIETY

Financial Statements

For the Period Ended March 31, 2014

INN FROM THE COLD SOCIETY
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For the Period Ended March 31, 2014

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INN FROM THE COLD SOCIETY
Statement of Financial Position
As at March 31, 2014

	March 31 2014 (3 months)	December 31 2013 (12 months)
ASSETS		
Current		
Cash and cash equivalents	\$ 82,169	\$ 223,221
Restricted cash (note 3)	4,089,065	3,823,998
Accounts receivable (note 4)	3,681	67,124
Goods and services tax recoverable	72,057	65,627
Prepaid expenses and other current assets	31,684	14,389
	<u>4,278,656</u>	<u>4,194,359</u>
Capital assets (note 5)	<u>5,686,540</u>	<u>5,711,129</u>
	<u>\$ 9,965,196</u>	<u>\$ 9,905,488</u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued liabilities	\$ 94,136	\$ 61,874
Deferred contributions related to operations (note 6)	693,866	414,549
Current portion of deferred contributions related to capital assets (note 7)	227,199	228,856
	<u>1,015,201</u>	<u>705,279</u>
Deferred contributions related to capital assets (note 7)	<u>2,762,760</u>	<u>2,818,317</u>
	<u>3,777,961</u>	<u>3,523,596</u>
Net assets		
Invested in capital assets	2,696,581	2,663,957
Internally restricted	3,113,624	3,127,874
Unrestricted	377,030	590,061
	<u>6,187,235</u>	<u>6,381,892</u>
	<u>\$ 9,965,196</u>	<u>\$ 9,905,488</u>

Approved on behalf of the Board:

Director: 
 Director: 

INN FROM THE COLD SOCIETY
Statement of Operations
For the Period Ended March 31, 2014

	March 31 2014 (3 months)	December 31 2013 (12 months)
REVENUE		
Government funds	\$ 580,711	\$ 1,901,213
Grants	369,800	26,005
Donations	163,515	3,469,764
Amortization of deferred contributions related to capital assets	57,214	248,456
Gifts in kind	10,750	192,841
Interest	2,892	10,035
	<u>1,184,882</u>	<u>5,848,314</u>
PROGRAM EXPENSES		
Salaries and wages	809,688	2,672,202
Diversion efforts	103,530	331,335
Other operating expenses	68,685	295,513
Amortization of capital assets	58,719	246,153
Fundraising	48,891	299,076
Travel expense	27,856	59,704
Direct client support	26,394	299,062
Utilities	15,133	46,013
	<u>1,158,896</u>	<u>4,249,058</u>
ADMINISTRATION EXPENSES		
Salaries and wages	100,074	339,658
Administrative expenses	80,765	316,117
Amortization of capital assets	16,562	69,894
Advertising and promotion	12,544	43,224
Goods and services tax	6,430	31,492
Utilities	4,268	13,065
	<u>220,643</u>	<u>813,450</u>
	<u>1,379,539</u>	<u>5,062,508</u>
Excess (deficiency) of revenue over expenses before other items	(194,657)	785,806
Other items		
Gain (loss) on disposal of marketable securities	-	24
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	\$ (194,657)	\$ 785,830

INN FROM THE COLD SOCIETY
Statement of Changes in Net Assets
For the Period Ended March 31, 2014

	Invested in Capital Assets	Internally Restricted	Unrestricted	March 31 2014 (3 months)	December 31 2013 (12 months)
Net assets, beginning of year	\$ 2,663,957	\$ 3,127,874	\$ 590,061	\$ 6,381,892	\$ 5,596,062
Excess (deficiency) of revenue over expenses	(18,067)	-	(176,590)	(194,657)	785,830
Acquisition of capital assets	50,691	-	(50,691)	-	-
Interfund transfer	-	(14,250)	14,250	-	-
Net assets, end of year	\$ 2,696,581	\$ 3,113,624	\$ 377,030	\$ 6,187,235	\$ 6,381,892

INN FROM THE COLD SOCIETY
Statement of Cash Flows
For the Period Ended March 31, 2014

	March 31 2014 (3 months)	December 31 2013 (12 months)
OPERATING ACTIVITIES		
Cash receipts from donors, sponsors, ticket sales, and tenants	\$ 1,456,785	\$ 5,721,740
Cash paid for program services expenses	(375,209)	(1,575,812)
Cash paid for salaries and benefits	(909,762)	(3,011,860)
Interest received	2,892	10,035
	<u>174,706</u>	<u>1,144,103</u>
FINANCING		
Contributions received for capital assets	-	169,600
INVESTING		
Proceeds on disposal of investments	-	6,241
Purchase of capital assets	(50,691)	(278,213)
Proceeds on disposal of donated marketable securities	-	24
	<u>(50,691)</u>	<u>(271,948)</u>
INCREASE IN CASH	124,015	1,041,755
Cash and restricted cash, beginning of year	<u>4,047,219</u>	<u>3,005,464</u>
Cash and restricted cash, end of year	\$ 4,171,234	\$ 4,047,219
Cash and restricted cash consists of:		
Cash in bank	82,169	223,221
Internally restricted cash in bank	3,113,624	3,127,874
Restricted cash in bank (note 3)	975,441	696,124
	<u>\$ 4,171,234</u>	<u>\$ 4,047,219</u>

INN FROM THE COLD SOCIETY
Notes to Financial Statements
For the Period Ended March 31, 2014

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

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 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.

b) 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.

c) 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 straight-line 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

(Continues...)

INN FROM THE COLD SOCIETY
Notes to Financial Statements
For the Period Ended March 31, 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

d) 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.

e) Financial instruments

The Society initially measures its financial assets and financial liabilities at fair value. It subsequently measures all financial assets and financial liabilities at amortized cost.

Financial assets measured at amortized cost consists of cash and cash equivalents, restricted cash and accounts receivable. Financial liabilities measured at amortized cost consists of accounts payable and accrued liabilities.

f) Measurement uncertainty

The preparation of these financial statements in accordance 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; disclosure of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenue and expenses during the reporting year. Actual results could differ from those estimates.

g) Goods and services tax rebate

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

3. RESTRICTED CASH

Restricted cash includes the following restricted amounts:

	March 31 2014 (3 months)	December 31 2013 (12 months)
Internally restricted for capital projects	\$ 429,025	\$ 429,025
Internally restricted for operations	2,684,599	2,698,849
Restricted by external sources	975,441	696,124
	\$ 4,089,065	\$ 3,823,998

4. ACCOUNTS RECEIVABLE

	March 31 2014	December 31 2013
Others	\$ 3,681	\$ 5,251
Calgary Homeless Foundation	-	61,873
	\$ 3,681	\$ 67,124

INN FROM THE COLD SOCIETY
Notes to Financial Statements
For the Period Ended March 31, 2014

5. CAPITAL ASSETS

			March 31 2014 (3 months) Net Book Value	December 31 2013 (12 months) Net Book Value
	Cost	Accumulated Amortization		
Land	\$ 2,330,000	\$ -	\$ 2,330,000	\$ 2,330,000
Building	3,786,104	(1,183,297)	2,602,807	2,650,273
Building improvements	719,604	(108,537)	611,067	589,020
Office furniture and equipment	400,173	(282,757)	117,416	112,042
Guests furniture and equipment	79,672	(56,132)	23,540	27,514
Motor vehicles	109,400	(107,690)	1,710	2,280
	<u>\$ 7,424,953</u>	<u>\$ (1,738,413)</u>	<u>\$ 5,686,540</u>	<u>\$ 5,711,129</u>

During the period, capital assets were acquired at an aggregate cost of \$50,691 (2013: \$278,213), of which \$50,691 (2013: \$278,213) were acquired with cash.

6. DEFERRED CONTRIBUTION 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:

	March 31 2014	December 31 2013
Balance, beginning of period	\$ 414,549	\$ 47,037
Add: amounts received during the period	474,807	494,274
Less: amounts recognized as revenue during the period	(195,490)	(126,762)
Balance, end of period	<u>\$ 693,866</u>	<u>\$ 414,549</u>

7. DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS

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

	March 31 2014 (3 months)	December 31 2013 (12 months)
Balance, beginning of period	\$ 3,047,173	\$ 3,126,029
Add: amounts received during the period	-	169,600
Less: amounts recognized as revenue during the period	(57,214)	(248,456)
	<u>2,989,959</u>	<u>3,047,173</u>
Less: current portion	(227,199)	(228,856)
Balance, end of period	<u>2,762,760</u>	<u>2,818,317</u>

INN FROM THE COLD SOCIETY
Notes to Financial Statements
For the Period Ended March 31, 2014

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 incomes 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.

10. ADDITIONAL DISCLOSURES

Ethical Fundraising and Financial Accountability Code

The Society has adopted the Ethical Fundraising and Financial Accountability Code ("the Code") of the Canadian Centre for Philanthropy and discloses its activities in accordance with the Code. The following additional disclosures are made as specified by the Code.

	March 31	December 31
	2014	2013
	(3 months)	(12 months)
Expenditures on programs	\$ 1,100,177	\$ 4,002,905
Management and administrative expenditures	197,651	712,064
Amortization of capital assets	75,281	316,047
Non-recoverable Goods and Services Tax	6,430	31,492
	\$ 1,379,539	\$ 5,062,508

11. CHANGE IN FISCAL YEAR END

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 twelve months from January 1, 2013 to December 31, 2013. In addition, some of the comparative figures have been reclassified to conform to the current year's presentation.
