

Calgary Urban Project Society (CUPS)
Financial Statements
March 31, 2016

Independent Auditors' Report

To the Members
Calgary Urban Project Society (CUPS)

We have audited the accompanying financial statements of Calgary Urban Project Society (CUPS), which comprise the statement of financial position as at March 31, 2016, and the statements of operations and changes in fund balances 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 Calgary Urban Project Society (CUPS) as at March 31, 2016, and the results of its operations and changes in fund balances and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Other Matters

Collins Barrow Calgary LLP

CHARTERED PROFESSIONAL ACCOUNTANTS

Calgary, Canada
June 22, 2016

Calgary Urban Project Society (CUPS)

(Incorporated under the laws of Alberta)

Statement of Financial Position

March 31, 2016

	Operating Fund	Special Projects Fund	Capital Assets Fund	Eliminations	2016	2015
Assets						
Current assets						
Cash and cash equivalents (note 3)	\$ 1,213,812	\$ 760,998	\$ -	\$ -	\$ 1,974,810	\$ 2,307,095
Accounts receivable	87,122	-	-	-	87,122	179,695
Prepaid expenses	209,166	-	-	-	209,166	175,632
Due from fund	<u>2,477,343</u>	<u>1,799,528</u>	<u>315,248</u>	<u>(4,592,119)</u>	-	-
	3,987,443	2,560,526	315,248	(4,592,119)	2,271,098	2,662,422
Capital assets (note 4)	-	-	<u>16,415,467</u>	-	<u>16,415,467</u>	<u>16,927,571</u>
	<u>\$ 3,987,443</u>	<u>\$ 2,560,526</u>	<u>\$ 16,730,715</u>	<u>\$ (4,592,119)</u>	<u>\$ 18,686,565</u>	<u>\$ 19,589,993</u>
Liabilities						
Current liabilities						
Accounts payable and accrued liabilities (note 5)	\$ 501,246	\$ -	\$ -	\$ -	\$ 501,246	\$ 492,102
Designated contributions (note 6)	986,033	-	-	-	986,033	1,561,793
Due to fund	<u>2,019,557</u>	<u>1,624,167</u>	<u>948,395</u>	<u>(4,592,119)</u>	-	-
	<u>3,506,836</u>	<u>1,624,167</u>	<u>948,395</u>	<u>(4,592,119)</u>	<u>1,487,279</u>	<u>2,053,895</u>
Members Equity						
Investments in capital assets	-	-	15,782,320	-	15,782,320	16,344,394
Internally restricted	-	936,359	-	-	936,359	923,659
Unrestricted	<u>480,607</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>480,607</u>	<u>268,045</u>
	<u>480,607</u>	<u>936,359</u>	<u>15,782,320</u>	<u>-</u>	<u>17,199,286</u>	<u>17,536,098</u>
	<u>\$ 3,987,443</u>	<u>\$ 2,560,526</u>	<u>\$ 16,730,715</u>	<u>\$ (4,592,119)</u>	<u>\$ 18,686,565</u>	<u>\$ 19,589,993</u>

Approved by Board,

Chairperson

Treasurer

Calgary Urban Project Society (CUPS)
Statement of Operations and Changes in Fund Balances
Year Ended March 31, 2016

	Operating Fund	Special Projects Fund	Capital Assets Fund	2016	2015
Revenue					
Education (note 9)	\$ 4,742,005	\$ 8,288	\$ -	\$ 4,750,293	\$ 5,113,497
Health (note 9)	4,603,268	949	-	4,604,217	4,614,756
Housing (note 9)	<u>4,534,813</u>	<u>3,463</u>	<u>-</u>	<u>4,538,276</u>	<u>3,899,455</u>
	<u>13,880,086</u>	<u>12,700</u>	<u>-</u>	<u>13,892,786</u>	<u>13,627,708</u>
Expenses					
Education (note 10)	4,603,301	-	-	4,603,301	5,150,973
Health (note 10)	4,587,379	-	-	4,587,379	4,619,486
Housing (note 10)	4,476,844	-	-	4,476,844	3,909,392
Amortization	<u>-</u>	<u>-</u>	<u>562,074</u>	<u>562,074</u>	<u>563,507</u>
	<u>13,667,524</u>	<u>-</u>	<u>562,074</u>	<u>14,229,598</u>	<u>14,243,358</u>
Excess (deficiency) of revenue over expenses	212,562	12,700	(562,074)	(336,812)	(615,650)
Fund balances, beginning of year	<u>268,045</u>	<u>923,659</u>	<u>16,344,394</u>	<u>17,536,098</u>	<u>18,151,748</u>
Fund balances, end of year	<u>\$ 480,607</u>	<u>\$ 936,359</u>	<u>\$ 15,782,320</u>	<u>\$ 17,199,286</u>	<u>\$ 17,536,098</u>

Calgary Urban Project Society (CUPS)
Statement of Cash Flows
Year Ended March 31, 2016

	2016	2015
Cash flows provided by (used in):		
Operating activities		
Deficiency of revenue over expenses	\$ (336,812)	\$ (615,650)
Add items not affecting cash		
Amortization	<u>562,074</u>	<u>563,507</u>
	<u>225,262</u>	<u>(52,143)</u>
Net change in non-cash working capital balances related to operations:		
Accounts receivable	92,573	(71,396)
Prepaid expenses	(8,729)	1,845
Accounts payable	9,144	31,808
Designated contributions	<u>(575,760)</u>	<u>(146,604)</u>
	<u>(482,772)</u>	<u>(184,347)</u>
	<u>(257,510)</u>	<u>(236,490)</u>
Cash flows from investing activities		
Purchase of capital assets	(74,775)	(170,362)
Proceeds on disposal of capital assets	-	1,895
Proceeds on disposal of investments	<u>-</u>	<u>359,810</u>
	<u>(74,775)</u>	<u>191,343</u>
Decrease in cash and cash equivalents during the year	(332,285)	(45,147)
Cash and cash equivalents, beginning of year	<u>2,307,095</u>	<u>2,352,242</u>
Cash and cash equivalents, end of year	<u><u>\$ 1,974,810</u></u>	<u><u>\$ 2,307,095</u></u>

Non-cash transaction:

During the year-ended March 31, 2016 \$24,805 was reclassified from capital assets to prepaid expenses.

CALGARY URBAN PROJECT SOCIETY (CUPS)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEARS ENDED MARCH 31, 2016 AND MARCH 31, 2015

NOTE 1 – NATURE OF OPERATION

The Calgary Urban Project Society (“CUPS” or the “Society”) was incorporated under the Alberta Societies Act on September 13, 1988. CUPS is a non-profit organization dedicated to helping Individuals and families in Calgary living with the adversity of poverty and traumatic events to become self-sufficient.

CUPS provide multi-disciplinary, collaborative, integrated services across the pillars of Health, Education and Housing. Programming includes a Primary Health Clinic, a Women’s Health Clinic with pre and post-natal care, a Shared Care Mental Health Clinic, a Dental Clinic, a Family Development Centre with parent and family development programming, a Child Development Centre for children (3-6 years old) with developmental disabilities, and Housing programs with varying levels of case management, rental subsidies, inclusive housing along with basic needs and other social supports.

The Society is a registered charity and accordingly, exempt from income taxes and authorized to issue donation receipts for income tax purposes.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

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

Fund Accounting

These financial statements are prepared on a restricted fund accounting basis that includes the following funds:

Operating Fund - accounts for the assets, liabilities, revenues and expenses related to the Society's delivery of programs and operating activities.

Special Projects Fund - accounts for the assets, liabilities, revenues and expenses related to the Society's projects mandated by the board of directors.

Capital Assets Fund - accounts for the assets, liabilities, revenues and expenses related to the facilities and equipment.

Revenue Recognition

Unrestricted contributions are recognized as revenue of the operating fund in the year in which the amount can be reasonably estimated and collection is reasonably assured.

Designated contributions related to general operations are recognized as revenue of the operating fund in the year in which the related expenses are incurred. Designated contributions related to capital assets

CALGARY URBAN PROJECT SOCIETY (CUPS)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEARS ENDED MARCH 31, 2016 AND MARCH 31, 2015

are recognized as revenue of the capital assets fund when the amount can be reasonably estimated and collection is reasonably assured.

Interest and investment income is recognized as revenue when earned.

Revenue from special events is recognized when the amounts can be reasonably estimated and collection is reasonably assured.

Donations of investments are recorded at fair value when received if a fair value can be reasonably determined.

Revenue for programs and services is recorded when the program or service has been provided.

Contributed Goods and Services

Donations of materials and services are recognized when the fair value can be reasonably estimated and the materials and services are used in the normal course of business.

Volunteers contribute time and services to the programs of the Society. Contributed goods and services are not recognized in the financial statements as their fair market value cannot reasonably be determined.

Capital Assets

Capital assets are recorded at cost and are amortized using the estimated useful life on a straight-line basis as follows:

Buildings	40 years
Furniture and Equipment	5 years
Automobiles	5 years

Capital assets are tested for impairment whenever a change in events or circumstances indicates that the carrying value may not be recoverable. Any impairment is measured by comparing the carrying value of the assets to the fair value, based on the present value of future cash flows expected to be generated from the assets. Any resulting impairment loss is recognized in the period it is determined.

Financial instruments

The Society's financial instruments consist of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities. All financial instruments, other than cash and cash equivalents are initially recognized at fair value and subsequently measured at amortized cost. Transaction costs and financing fees associated with financial instruments carried at amortized cost are recorded as adjustments to the initial fair value recognized and amortized over the life of the financial instrument or shorter, dependent upon the expected period of cash flow. Cash and cash equivalents are measured at fair value.

CALGARY URBAN PROJECT SOCIETY (CUPS)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEARS ENDED MARCH 31, 2016 AND MARCH 31, 2015

When there is an indication of impairment and such impairment is determined to have occurred, the carrying amount of financial assets measured at amortized cost is reduced to the greater of the discounted future cash flows expected or the proceeds that could be realized from sale of the financial asset. Such impairments can be subsequently reversed if the value increases provided the reversal is no greater than the amount that had been previously reported as a reduction in the asset and does not exceed original cost.

Transacting in financial instruments exposes the Society to certain financial risks and uncertainties (note 13).

Revenue and Cost Allocations

Fundraising activities and special events are ongoing throughout the year in order to raise additional funding to support the activities of the Society. The revenues and costs of special events are allocated to programs based on the stated intention or general purpose of the special event. Fundraising activities which are general in nature are allocated to the programs based on management's discretion.

The Society incurs a number of general overhead revenue and expenses that are common to the administration of the organization and each of its programs. The Society allocates its general overhead expenses on the following basis:

- Human resources costs, IT support, office supplies, telephone and courier, mileage and parking, meals, training and development, program supplies, client supports, and vehicle costs are based on staff headcount.
- Facilities and infrastructure costs are based on an estimate of the square footage used by each program.
- Professional fees, insurance, advertising and promotion, website, and bank charges costs are based on revenue earned by each program.

Use of Estimates

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 revenues and expenses during the reporting periods. Areas requiring the use of management estimates relate to the determination of collectability of accounts receivable, useful lives and potential impairment of capital assets and valuation of accrued liabilities. Actual results could differ from these estimates.

CALGARY URBAN PROJECT SOCIETY (CUPS)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED MARCH 31, 2016 AND MARCH 31, 2015

Amounts accrued as receivable pursuant to funding contracts and billing invoices associated with the Society's programs are based on management's best estimates of the amounts to be received for the periods in question upon the actual finalization of the associated claims and/or contract processes.

The valuation of capital assets is based on management's best estimates of the future recoverability of these assets. The amounts recorded for amortization of capital assets are based on management's best estimates of the remaining useful lives and period of future benefit of the related assets.

The valuation of accrued liabilities is based on management's best estimate of expenses incurred during the year that will be payable in future periods.

By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant.

NOTE 3 –CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash on hand, balances with banks and money market funds. Cash and cash equivalents comprise the following amounts:

	2016	2015
Cash on hand and balances with banks	\$1,213,812	\$1,078,968
Money market funds	760,998	1,228,125
Total cash and cash equivalents	\$1,974,810	\$2,307,093

CALGARY URBAN PROJECT SOCIETY (CUPS)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED MARCH 31, 2016 AND MARCH 31, 2015

NOTE 4 – CAPITAL ASSETS

	2016			2015
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	\$ 4,863,875	\$ -	\$ 4,863,875	\$ 4,863,875
Buildings	12,751,490	(1,676,072)	11,075,418	11,421,159
Furniture and Equipment	1,613,108	(1,207,652)	405,456	536,384
Automobiles	437,706	(366,988)	70,718	106,153
	\$ 19,666,179	\$ (3,250,712)	\$ 16,415,467	\$ 16,927,571

NOTE 5 – ACCOUNTS PAYABLE AND ACCRUALS

Included in accounts payable and accruals is \$27,905 (2015 - \$21,293) relating to source deductions payable.

CALGARY URBAN PROJECT SOCIETY (CUPS)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED MARCH 31, 2016 AND MARCH 31, 2015

NOTE 6 – DESIGNATED CONTRIBUTIONS

Contributions and donations designated by contributors to specific programs are as follows:

	2016	2015
EDUCATION		
Balance, at beginning of year	\$ 896,208	\$ 1,344,464
Contributions received during year	2,187,924	1,523,823
Amount utilized to meet expenses	(2,514,332)	(1,972,079)
Balance, at end of year	569,800	896,208
HEALTH		
Balance, at beginning of year	287,212	60,308
Contributions received during year	164,800	631,687
Amount utilized to meet expenses	(285,807)	(404,783)
Balance, at end of year	166,205	287,212
HOUSING		
Balance, at beginning of year	216,068	223,768
Contributions received during year	2,122,522	2,965,639
Amount utilized to meet expenses	(2,258,508)	(2,973,339)
Balance, at end of year	80,082	216,068
OTHER: FUNDRAISING/ADMINISTRATION		
Balance, at beginning of year	162,305	79,857
Contributions received during year	811,324	727,622
Amount utilized to meet expenses	(803,683)	(645,174)
Balance, at end of year	169,946	162,305
	\$986,033	\$ 1,561,793

CALGARY URBAN PROJECT SOCIETY (CUPS)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED MARCH 31, 2016 AND MARCH 31, 2015

NOTE 7 – ALLOCATED ADMINISTRATIVE EXPENSES

General administrative overhead expenses have been allocated as follows:

	2016	2015
EDUCATION	\$ 1,049,545	\$ 963,554
HEALTH	756,993	836,472
HOUSING	555,597	525,202
	\$ 2,362,135	\$ 2,325,228

NOTE 8 – FUNDRAISING EXPENSES

For the year ended March 31, 2016, \$251,466 (2015 - \$664,565) of fundraising costs were incurred to support ongoing fundraising activities and special events. In addition, a total of \$160,855 (2015 - \$137,215) in salaries and benefits were incurred for fund development employees.

NOTE 9 – PROGRAM REVENUE

Program revenues by pillar consist of the following:

	2016	2015
EDUCATION		
Donations and fundraising	\$ 1,292,255	\$ 1,840,109
Grants	3,428,856	3,214,456
Other	29,182	58,932
	\$ 4,750,293	\$ 5,113,497
HEALTH		
Donations and fundraising	\$ 253,493	\$ 354,500
Grants	3,758,247	4,225,828
Other	592,477	34,428
	\$ 4,604,217	\$ 4,614,756
HOUSING		
Donations and fundraising	\$ 301,263	\$ 268,441
Grants	4,226,550	3,603,281
Other	10,463	27,733
	\$ 4,538,276	\$ 3,899,455

CALGARY URBAN PROJECT SOCIETY (CUPS)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED MARCH 31, 2016 AND MARCH 31, 2015

NOTE 10 – PROGRAM EXPENSES

Program expenses by pillar are as follows:

	2016	2015
EDUCATION		
Personnel costs	\$ 2,928,819	\$ 3,046,957
Program costs	232,685	280,790
Facilities and infrastructure	106,603	113,891
Office and other	92,318	132,512
Fundraising cost allocation (Note 8)	193,331	613,269
Administrative cost allocation (Note 7)	1,049,545	963,554
	\$ 4,603,301	\$ 5,150,973
HEALTH		
Personnel costs	\$ 3,542,894	\$ 3,405,958
Program costs	88,656	181,038
Facilities and infrastructure	113,266	122,195
Office and other	27,435	22,527
Fundraising cost allocation (Note 8)	58,135	51,296
Administrative cost allocation (Note 7)	756,993	836,472
	\$ 4,587,379	\$ 4,619,486
HOUSING		
Personnel costs	\$ 1,532,885	\$ 1,278,763
Program costs	2,315,021	2,037,163
Facilities and infrastructure	50,665	34,228
Office and other	22,676	34,036
Fundraising cost allocation (Note 8)	-	-
Administrative cost allocation (Note 7)	555,597	525,202
	\$ 4,476,844	\$ 3,909,392

NOTE 11 – EMPLOYEE FUTURE BENEFITS

The Society has a defined contribution plan in which it contributes to a registered retirement savings plan for the benefit of its employees. During the year contributions of \$187,958 (2015 - \$194,870) were deposited to the plan and expensed as employee benefits.

CALGARY URBAN PROJECT SOCIETY (CUPS)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED MARCH 31, 2016 AND MARCH 31, 2015

NOTE 12 – COMMITMENTS

The Society has entered into office equipment and facility equipment leases in the normal course of operations.

These leases vary in payment terms and duration. Total payments required over the next three years and thereafter under the terms of the lease agreements are summarized as follows:

2017	48,285
2018	8,751
2019	1,939
Thereafter	-
	\$ 58,975

NOTE 13 – FINANCIAL INSTRUMENTS

The Society has a comprehensive risk management framework to monitor, evaluate and manage the principal risks assumed with financial instruments. The risks that arise from transacting financial instruments include credit risk, liquidity risk and market risk.

a) Credit Risk

Credit risk is the risk of financial loss to the Society if a customer fails to meet their contractual obligations and this risk arises principally from the Society's cash and cash equivalents and accounts receivable.

The Society minimizes its credit risk relating to cash and cash equivalents by placing its cash and cash equivalents with major financial institutions.

The Society's exposure to credit risk with its customers is influenced by the individual characteristics of each customer. The Society's customers for the most part are government agencies and donors. Over the last five years the Society has not suffered any material credit losses with any of its customers.

The Society limits its exposure to credit risks from customers by dealing only with credit worthy customers. Management does not expect any customers to fail in meeting their obligations. Management does not expect any government agencies to fail in meeting their obligations.

The carrying amount of cash and cash equivalents and accounts receivable represent the maximum exposure limit.

b) Liquidity Risk

Liquidity risk is the risk that the Society will encounter difficulty in meeting obligations associated with financial liabilities. The Society is exposed to this risk mainly in respect of its accounts payable and

CALGARY URBAN PROJECT SOCIETY (CUPS)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED MARCH 31, 2016 AND MARCH 31, 2015

accrued liabilities. The Society manages its liquidity risk through maintaining appropriate balances of cash and cash equivalents.

NOTE 14 –KEY CASE MANAGEMENT, GRADUATE RENT SUBSIDY, AND INCLUSIVE HOUSING PROGRAMS

The Key Case Management Program is for adults who have lived in a shelter for over a 1 year period, or up to three times in the past four years. The program integrates a singles case management program while finding safe and appropriate market rate housing for participants.

The Graduate Rent Subsidy Program is to assist all Calgary Homeless Foundation housing first case management programs. Many programs find that their participants have achieved stability in their housing but are financially unable to maintain housing without subsidized rent.

The Inclusive Housing Program was implemented to provide community development at 4 buildings located throughout the city. The program provides a rental subsidy and works closely with tenants to increase their social networks and community interaction by supporting involvement in community

As per the funder’s new reporting requirement this fiscal year, the following tables summarize the financial results of the Key Case Management, Graduate Rent, and Inclusive Housing programs.

	2016		
	Key Case Management Program	Graduated Rent Subsidy Program	Inclusive Housing Program
Revenue			
Calgary Homeless Foundation	\$ 1,443,651	\$ 1,229,533	\$ 1,101,900
Expenditures			
Start-up costs	-	-	-
Staff costs	669,032	200,836	435,160
Client costs	629,883	905,528	581,023
Administration costs	144,736	123,169	110,190
Total operating expenses	<u>1,443,651</u>	<u>1,229,533</u>	<u>1,126,373</u>
Excess (deficiency) of revenue over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (24,473)</u>