

WOMEN IN NEED SOCIETY OF CALGARY
Financial Statements
December 31, 2019

WOMEN IN NEED SOCIETY OF CALGARY
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As at and for the year ended December 31, 2019

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INDEPENDENT AUDITORS' REPORT

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, 2019 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, 2019, 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 2019 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.

The Annual Report is expected to be made available to us after the date of this auditors' report. If, based on the work we will perform on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact to those charged with governance.

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

March 25, 2020
Calgary, Alberta

Chartered Professional Accountants

WOMEN IN NEED SOCIETY OF CALGARY**Statement of Financial Position****As at December 31, 2019**

	2019	2018
Assets		
Current		
Cash and cash equivalents (<i>Note 4</i>)	\$ 1,021,638	\$ 622,100
Accounts receivable	45,872	52,375
Goods and services tax recoverable	22,568	17,332
Prepaid expenses	68,435	81,400
	<u>1,158,513</u>	<u>773,207</u>
Restricted term deposits (<i>Note 5</i>)	700,000	400,000
Property and equipment (<i>Note 6</i>)	420,956	262,214
	<u>\$ 2,279,469</u>	<u>\$ 1,435,421</u>
Liabilities and Net assets		
Current		
Accounts payable and accrued liabilities	\$ 70,953	\$ 49,079
Wages payable	119,112	95,558
Deferred contributions related to operations (<i>Note 7</i>)	351,666	250,915
Bank loans (<i>Note 8</i>)	-	83,840
	<u>541,731</u>	<u>479,392</u>
Deferred contributions		
Related to property and equipment (<i>Note 9</i>)	298,287	134,059
Funds for future purchase of property and equipment (<i>Note 9</i>)	63,088	62,992
Deferred rent liability	88,786	63,428
	<u>991,892</u>	<u>739,871</u>
Net assets		
Invested in property and equipment	122,669	128,155
Internally restricted (<i>Note 10</i>)	700,000	400,000
Unrestricted	464,908	167,395
	<u>1,287,577</u>	<u>695,550</u>
	<u>\$ 2,279,469</u>	<u>\$ 1,435,421</u>

Approved on behalf of the Board:

(Signed) "Dwayne Dubois" Director

(Signed) "Tom Whalen" Director

WOMEN IN NEED SOCIETY OF CALGARY

Statement of Operations

For the year ended December 31, 2019

	2019	2018
Revenue		
Thrift stores	\$ 3,835,374	\$ 3,739,937
Donations	365,321	375,436
Grants	352,922	100,939
Government of Alberta	193,347	132,481
Recycling	155,481	137,366
Delivery	127,751	9,854
United Way	98,700	105,000
Casino	78,393	27,076
Recognition of deferred contributions related to property and equipment	60,029	27,412
Interest income	21,813	11,551
Other income	476	11,707
City of Calgary	-	28,125
	<u>5,289,607</u>	<u>4,706,884</u>
Expenses		
Salaries and wages	2,945,936	3,165,715
Rent and utilities	973,906	957,720
Thrift store	225,366	235,216
Office	130,983	147,090
Amortization	111,543	85,267
Program expenses	107,234	2,699
Professional fees	57,642	36,937
Advertising and promotion	46,920	18,590
Repairs and maintenance	38,093	35,471
Goods and services tax	33,890	34,541
Staff and volunteer recognition and development	21,067	4,881
Donations	5,000	3,290
	<u>4,697,580</u>	<u>4,727,417</u>
Excess (deficiency) of revenue over expenses	<u>\$ 592,027</u>	<u>\$ (20,533)</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, 2019

	Invested in property and equipment	Internally restricted	Unrestricted	2019	2018
Net assets - beginning of year	\$ 128,155	\$ 400,000	\$ 167,395	\$ 695,550	\$ 716,083
Deficit of revenue over expenses	(51,514)	-	643,541	592,027	(20,533)
Purchase of property and equipment with unrestricted funds	46,028	-	(46,028)	-	-
Transfer to restricted fund <i>(note 10)</i>		300,000	(300,000)	-	-
Net assets - end of year	\$ 122,669	\$ 700,000	\$ 464,908	\$ 1,287,577	\$ 695,550

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, 2019**

	2019	2018
Operating activities		
Excess (deficit) of revenue over expenses	\$ 592,027	\$ (20,533)
Items not affecting cash:		
Amortization of property and equipment	111,543	85,267
Recognition of deferred contributions related to property and equipment	(60,029)	(27,412)
Deferred rent liability for reduced rent periods	25,359	21,782
	668,900	59,104
Changes in non-cash working capital	135,469	156,681
Cash flow from (used in) operating activities	804,369	215,785
Investing activities		
Purchase of property and equipment	(270,284)	(156,270)
Purchase (redemption) of term deposits	(300,000)	375,000
Cash flow from (used in) investing activities	(570,284)	218,730
Financing activities		
Contributions received related to property and equipment	249,293	155,114
Repayment of bank loans	(83,840)	(20,663)
Cash flow from financing activities	165,453	134,451
Increase (decrease) in cash	399,538	568,966
Cash and cash equivalents, beginning of year	622,100	53,134
Cash and cash equivalents, end of year	\$ 1,021,638	\$ 622,100
Cash and cash equivalents are comprised of:		
Cash	\$ 606,884	\$ 312,393
Restricted cash (Note 4)	414,754	309,707
	\$ 1,021,638	\$ 622,100

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, 2019

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. Changes in accounting policies

Effective January 1, 2019 the Society adopted the CPA Canada Handbook Section 4433 Tangible Capital Assets Held by Not-for-Profit Organizations which replaced the previous guidance in Section 4431 concerning the recognition, measurement, presentation and disclosure of capital assets.

The new section was adopted on a prospective basis in accordance with the transitional provisions. There was no numeric impact to the Society's financial statements arising from the adoption of the accounting pronouncement.

3. 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.

(continues)

WOMEN IN NEED SOCIETY OF CALGARY

Notes to Financial Statements

As at and for the year ended December 31, 2019

3. Summary of significant accounting policies (continued)

(a) Revenue recognition (continued)

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 3(h).

(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 a capital asset no longer contributes to the Society's ability to provide goods and services, or that the value of future economic benefits or service potential associated with it is less than its net carrying amount. The excess of the asset's net carrying amount over its fair value or replacement cost is recognized as an expense in the statement of operations for the applicable fund. 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.

(continues)

WOMEN IN NEED SOCIETY OF CALGARY

Notes to Financial Statements

As at and for the year ended December 31, 2019

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

(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.

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.

(*continues*)

WOMEN IN NEED SOCIETY OF CALGARY

Notes to Financial Statements

As at and for the year ended December 31, 2019

3. Summary of significant accounting policies (continued)

(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.

4. Cash and cash equivalents

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

	<u>2019</u>	<u>2018</u>
Program expenditures	289,294	48,500
Property and equipment	63,088	62,992
Casino approved expenditures	47,840	52,558
Others	14,531	28,138
Family Resource Centres	-	117,519
Total restricted cash and cash equivalents	414,754	309,707
Unrestricted cash and cash equivalents	606,884	312,393
Total cash and cash equivalents	\$ 1,021,638	\$ 622,100

5. Restricted term deposits

Restricted term deposits consists of cashable guaranteed investment certificates that bear interest at 1.86% to 2.10% (2018 – 1.45%) with maturity dates of March 21, 2020, April 20, 2020, and October 1, 2020 (2018 – March 21, 2019). Upon maturity, \$300,000 (2018 – \$400,000) was reinvested into guaranteed investment certificates that bear interest at 1.30% with a maturity date of March 21, 2021. The term deposits are internally restricted, see note 10.

WOMEN IN NEED SOCIETY OF CALGARY

Notes to Financial Statements

As at and for the year ended December 31, 2019

6. Property and equipment

	Cost	Accumulated amortization	2019 Net book value	2018 Net book value
Motor vehicles	\$ 293,486	\$ 138,646	\$ 154,840	\$ 62,290
Computer equipment	289,176	226,716	62,460	36,936
Furniture and fixtures	361,520	318,636	42,884	35,914
Leasehold improvements	499,124	369,140	129,984	84,784
Inventory management system, website development and database	192,753	161,965	30,788	42,290
	\$ 1,636,059	\$ 1,215,103	\$ 420,956	\$ 262,214

7. Deferred contributions related to operations

	2019	2018
Balance, beginning of year	\$ 250,915	\$ 34,266
Contributions received	652,209	488,228
Contributions re-designated to operations by donor	24,940	23,765
Contributions recognized as revenue	(576,398)	(295,344)
	\$ 351,666	\$ 250,915

WOMEN IN NEED SOCIETY OF CALGARY

Notes to Financial Statements

As at and for the year ended December 31, 2019

8. Bank loans

	<u>2019</u>	<u>2018</u>
Revolving line of credit	\$ -	\$ -
Demand term loan	-	83,340
	<u>\$ -</u>	<u>\$ 83,340</u>

A revolving line of credit has been authorized by Alberta Treasury Branch ("the bank") to a maximum of \$300,000 (2018 - \$150,000) and bears interest, payable monthly, at the bank's prime rate plus 1.25%.

A term loan was authorized by the bank in prior years to a maximum amount of \$150,000 with interest at the bank's prime rate plus 1.25%. The term loan was previously provided to assist with the leasehold improvements and capital expenditures for the thrift stores. The term loan was repaid in full in the current year.

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.

9. Deferred contributions related to property and equipment

	<u>2019</u>	<u>2018</u>
Balance, beginning of year	\$ 197,051	\$ 93,114
Contributions received	249,293	155,144
Contributions re-designated to operations by donor	(24,940)	(23,765)
Contributions recognized as revenue	(60,029)	(27,412)
	<u>\$ 361,375</u>	<u>\$ 197,051</u>

Deferred contributions relating to property and equipment are comprised of:

Funds spent on property and equipment	298,287	134,059
Funds for future purchase of property and equipment	63,088	62,992
	<u>\$ 361,375</u>	<u>\$ 197,051</u>

10. 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. During the year the Board of Directors approved the transfer of an additional \$300,000 to internally restricted net assets. The balance at December 31, 2019 is \$700,000 (2018 - \$400,000).

WOMEN IN NEED SOCIETY OF CALGARY

Notes to Financial Statements

As at and for the year ended December 31, 2019

11. Commitments

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

2020	558,013
2021	687,118
2022	565,573
2023	397,978
2024	397,297
Subsequent	<u>510,446</u>
	<u>\$ 3,112,425</u>

12. 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 \$9,622 were incurred in the year ended December 31, 2019 (2018 - \$5,982) for the purposes of soliciting contributions. The total amount paid for the year ended December 31, 2019 as remuneration to employees of the Society whose principal duties involve fundraising was \$119,037 (2018 - \$101,661).

13. Related party transactions

During the year, the members of the Board of Directors contributed \$13,778 (2018 - \$24,733) to the Society.

14. 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 \$2,287 (2018 - \$2,384) 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, 2019 was \$62,062 (2018 - \$57,181)

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, 2019

15. Financial instruments

The Society's use of financial instruments and its exposure to risks associated with such instruments arises out of its normal course of operations and investing activities. Operations are located in Calgary. The Society is not exposed to significant credit, market, or liquidity risks.

16. Comparative figures

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

17. Subsequent event

Since December 31, 2019, the outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", was declared a global pandemic by the World Health Organization and governments worldwide have enacted emergency measures to combat the spread of the virus. These measures, which include public health measures to limit the time individuals spend in large crowds and crowded spaces, the implementation of travel bans, self-imposed quarantine periods and physical distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets and oil prices have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Society.
