



**BISSELL CENTRE**  
**FINANCIAL STATEMENTS**  
**March 31, 2017**



**BISSELL CENTRE  
FINANCIAL STATEMENTS**

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## INDEPENDENT AUDITOR'S REPORT

To the Members of Bissell Centre

We have audited the accompanying financial statements of Bissell Centre, which comprise the statement of financial position as at March 31, 2017, 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.

### Basis for Qualified Opinion

In common with many not for profit organizations, the Centre derives revenues from donations, fees, and sales, the completeness of which is not susceptible to audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Centre, and we were unable to determine whether any adjustments might be necessary to revenues, excess (deficiency) of revenues over expenditures, assets or net assets.

### 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 Bissell Centre as at March 31, 2017, and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Edmonton, AB  
June 26, 2017



**Bergeron & Co. Chartered Professional Accountants**



**BISELL CENTRE**  
**STATEMENT OF OPERATIONS**  
**For the year ended March 31, 2017**


	<u>2017</u>	<u>2016</u>
<b>REVENUE</b>		
Government grants	\$ 5,271,563	\$ 4,845,225
Resource development	1,812,687	1,770,824
Sales	1,011,219	1,281,173
Fees for services	547,722	421,355
United Way	388,285	387,974
Amortization of deferred capital contributions	265,278	268,065
Other income	<u>228,530</u>	<u>4,726</u>
	<u>9,525,284</u>	<u>8,979,342</u>
<b>EXPENSES</b>		
Wages and benefits	6,745,880	6,562,221
Service delivery and activities	1,045,685	1,112,033
Building costs	698,077	588,413
Amortization of capital assets	417,310	441,665
Office and general	334,302	305,722
Publicity and promotion	185,175	112,863
Travel	131,813	160,041
Food services	130,246	51,050
Finance & legal costs	78,848	82,915
Fundraising costs	<u>4,860</u>	<u>850</u>
	<u>9,772,196</u>	<u>9,417,773</u>
<b>DEFICIENCY OF REVENUE OVER EXPENSES BEFORE OTHER ITEMS</b>	<u>(246,912)</u>	<u>(438,431)</u>
<b>OTHER</b>		
Insurance proceeds	<u>-</u>	<u>384,365</u>
<b>DEFICIENCY OF REVENUE OVER EXPENSES</b>	<u>\$ (246,912)</u>	<u>\$ (54,066)</u>

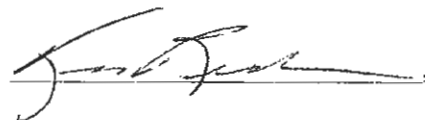


**BISSELL CENTRE  
STATEMENT OF FINANCIAL POSITION  
March 31, 2017**

	<u>2017</u>	<u>2016</u>
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash and cash equivalents (Note 3)	\$ 839,200	\$ 1,534,958
Accounts receivable	514,000	606,860
Goods and Services Tax recoverable	154,696	117,544
Prepaid expenses	43,547	27,494
EFAN trust (Note 4)	<u>58,387</u>	<u>453,433</u>
	1,609,830	2,740,289
<b>INVESTMENTS (Note 5)</b>	30,672	29,640
<b>CAPITAL ASSETS (Note 6)</b>	<u>7,403,989</u>	<u>7,810,744</u>
<b>TOTAL ASSETS</b>	<b>\$ <u>9,044,491</u></b>	<b>\$ <u>10,580,673</u></b>
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities	\$ 111,575	\$ 139,521
Payroll liabilities	415,401	365,749
Deferred revenues (Note 8)	807,989	1,458,641
EFAN trust (Note 4)	<u>58,387</u>	<u>453,433</u>
	1,393,352	2,417,344
<b>DEFERRED CAPITAL CONTRIBUTIONS (Note 9)</b>	<u>3,416,995</u>	<u>3,682,273</u>
<b>TOTAL LIABILITIES</b>	<u>4,810,347</u>	<u>6,099,617</u>
<b>NET ASSETS</b>		
Net assets invested in capital assets	3,986,994	4,128,471
Internally restricted net assets (Notes 2 & 11)	111,000	141,000
Unrestricted net assets (Note 12)	<u>136,150</u>	<u>211,585</u>
	4,234,144	4,481,056
<b>TOTAL LIABILITIES &amp; NET ASSETS</b>	<b>\$ <u>9,044,491</u></b>	<b>\$ <u>10,580,673</u></b>

Approved by the Governors:

  
\_\_\_\_\_, Governor

  
\_\_\_\_\_, Governor

**BISSELL CENTRE**  
**STATEMENT OF CHANGES IN NET ASSETS**  
**For the year ended March 31, 2017**

NET ASSETS	Internally Restricted (Notes 2 & 11)	Invested in capital assets	Unrestricted (Note 12)	Total 2017	Total 2016
<b>Balance, beginning of year</b>	\$ 141,000	\$ 4,128,471	\$ 211,585	\$ 4,481,056	\$ 4,564,366
Deficiency of revenues over expenses	-	(152,033)	(94,879)	(246,912)	(54,066)
Investment in capital assets	-	10,556	(10,556)	-	-
Prior period adjustments	-	-	-	-	(29,244)
Internally imposed restrictions	<u>(30,000)</u>	<u>-</u>	<u>30,000</u>	<u>-</u>	<u>-</u>
<b>Balance, end of year</b>	<u>\$ 111,000</u>	<u>\$ 3,986,994</u>	<u>\$ 136,150</u>	<u>\$ 4,234,144</u>	<u>\$ 4,481,056</u>



**BISELL CENTRE**  
**CASH FLOW STATEMENT**  
**For the year ended March 31, 2017**

	<u>2017</u>	<u>2016</u>
<b>OPERATING ACTIVITIES</b>		
Cash received from grants	4,952,896	6,657,833
Cash received from donations	1,952,259	995,902
Cash received from sales and other income	1,650,233	2,028,819
Cash paid for operations	(2,572,401)	(2,060,577)
Cash paid to employees	<u>(6,668,189)</u>	<u>(6,561,035)</u>
	<u>(685,202)</u>	<u>1,060,942</u>
 <b>INVESTING ACTIVITIES</b>		
Purchase of capital assets	<u>(10,556)</u>	<u>(456,486)</u>
 <b>(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>	 (695,758)	 604,456
<b>CASH AND CASH EQUIVALENTS, beginning of year</b>	<u>1,534,958</u>	<u>930,502</u>
 <b>CASH AND CASH EQUIVALENTS, end of year</b>	 <u>\$ 839,200</u>	 <u>\$ 1,534,958</u>



**BISSELL CENTRE**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2017**

**1. PURPOSE OF THE NOT-FOR-PROFIT ORGANIZATION**

Bissell Centre (“Bissell”) is an Edmonton, Alberta based organization established to relieve poverty for individuals or families who are poor, of low income, or in need. Bissell works with communities to empower people to move from poverty to cultural, social and economic prosperity. Bissell builds relationships with those who access their programs and services, those who volunteer and work at Bissell, and those in the greater community committed to addressing issues of poverty.

Bissell Centre is a registered charity incorporated under the Societies Act of Alberta, and therefore is exempt from Income Tax pursuant to the Income Tax Act.

**2. SIGNIFICANT ACCOUNTING POLICIES**

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

**Cash and cash equivalents**

- a) Cash is comprised of amounts on deposit with financial institutions.

**Investments measurement and reporting**

- b) Investments are initially recorded at fair value at the date of acquisition. Earned interest is reported in the statement of operations. Investments are comprised of shares of a Credit Union financial institution.

**Revenue recognition**

- c) The Centre uses the deferral method of accounting for contributions. Externally restricted grants are recorded as deferred contributions and they are recognized as revenue in the year in which the related expenses are incurred. Unrestricted grants and cash donations and other revenues are recognized when received or receivable if the amount can be estimated and collection is reasonably assured. Net proceeds of unspecified donations (net resource development proceeds), are allocated proportionately to programs based on program deficiencies.

Contributions restricted for the purchase of capital assets to be amortized are deferred. They will be recognized in revenues using the same method and rate used for amortization of capital assets acquired to which they relate.

Revenue is measured at the fair value of the consideration received and is recognized to the extent that it is probable that the economic benefits will flow to the Centre and that the revenue can be reliably measured.

**Contributed materials and services**

- d) Due to the complexity of valuing contributed time, items, products or services. The organization does not record those contributions in these financial statements.





**BISSELL CENTRE  
NOTES TO FINANCIAL STATEMENTS  
March 31, 2017**

**Expense recognition**

- e) Expenses identifiable to specific programs are charged directly and applied consistently each year. Administrative expenditures are allocated to regular programs in proportion to the number of employees in each program. Amortization expense is allocated directly to program costs when specific assets are easily linked to the program; whereas occupancy space is used to allocate building amortization and general repairs and maintenance. All other general amortization expense is allocated to the administrative program.

**Management's use of estimates**

- f) When preparing financial statements according to ASNPO, the Centre makes estimates and assumptions relating to:
- Amortization of tangible capital assets;
  - Reported amounts of revenue and expenses;
  - Reported amounts of assets and liabilities; and
  - Disclosure of contingent assets and liabilities

Management's assumptions are based on a number of factors, including historical experience, current events and actions that the Centre may undertake in the future, and other assumptions that we believe are reasonable under the circumstances. Actual results could differ from those estimates under different conditions and assumptions. Estimates were used when accounting for certain items, such as the useful lives of capital assets and impairment of long-lived assets.

**Inventory measurement**

- g) Inventory is not recorded in these financial statements as all products sold are donated products.

**Capital assets**

- h) Purchased capital assets are recorded at cost. Assets costing less than \$5,000 are recorded as expenses and are not amortized. Contributed capital assets are recorded at fair value at the date of contribution. Amortization is recorded at the following rates, which have been established by estimates of useful lives. Additions during the current year are amortized at one-half their normal rates, and no amortization is taken in the year of disposition. Amortization expense is reported in the statement of operations. Construction in progress is not amortized until the construction project is completed and fully operational.

Automotive equipment	2 & 3.33 yrs	straight-line
Computer hardware	3 yrs	straight-line
Furniture and equipment	5 yrs	straight-line
Leasehold improvements	2 yrs	straight-line
Building	25 yrs	straight-line
Construction in progress	0 yrs	straight-line
Moonlight Bay Centre	25 yrs	straight-line

**BISSELL CENTRE**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2017**



**Internally restricted net assets**

i) Future Forward Fund

The Future Forward Fund is intended to provide funds to meet special targets of opportunity or that further the mission and vision of the Centre, which may or may not have specific expectation of incremental or long-term increased income.

Building Capital Fund

The Building Fund is to ensure there is funding available to cover major repairs on the Centre's facilities and equipment that would not normally be funded under normal operations. The Capital Fund is intended for reserving funds to acquire additional buildings to support Bissell's growth.

**3. RESTRICTED CASH**

	<u>2017</u>	<u>2016</u>
Internally restricted cash - Future Forward Fund	\$ 10,000	\$ 10,000
Internally restricted cash - Building and Capital Fund	101,000	131,000
Externally restricted cash - Deferred revenues	<u>807,989</u>	<u>1,458,641</u>
Total restricted cash	918,989	1,599,641
Unrestricted cash (deficiency of unrestricted cash)	<u>(79,789)</u>	<u>(64,683)</u>
Cash and cash equivalents	<u>\$ 839,200</u>	<u>\$ 1,534,958</u>

**4. TRUST ASSETS AND LIABILITIES**

The organization maintains bank accounts which represent monies held in trust for the Edmonton Fetal Alcohol Network Society (EFAN) for which the Bissell Centre is acting as its custodian. The balances in these accounts at March 31, 2017 totalled \$58,387 (2016 - \$453,433).

**5. INVESTMENTS**

	<u>2017</u>	<u>2016</u>
Servus Credit Union common shares	<u>\$ 30,672</u>	<u>\$ 29,640</u>



**BISSELL CENTRE**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2017**

**6. CAPITAL ASSETS**

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	
			<u>2017</u>	<u>2016</u>
Automotive equipment	\$ 174,534	\$ 169,613	\$ 4,921	\$ 17,790
Computer hardware	171,636	148,354	23,282	57,380
Furniture and equipment	448,244	405,779	42,465	46,545
Leasehold improvements	5,976	5,976	-	1,743
Building	8,569,977	3,854,023	4,715,954	5,008,132
Land	1,622,167	-	1,622,167	1,622,167
Construction in progress	4,618	-	4,618	4,618
Moonlight Bay Centre	<u>1,936,562</u>	<u>945,980</u>	<u>990,582</u>	<u>1,052,369</u>
	<u>\$12,933,714</u>	<u>\$ 5,529,725</u>	<u>\$ 7,403,989</u>	<u>\$ 7,810,744</u>

**7. OPERATING LINE OF CREDIT**

The organization has arranged for a revolving line of credit with Servus Credit Union authorized to \$500,000. The line of credit is secured by Servus Credit Union's collateral mortgage over two of its properties. Interest is calculated daily and payable monthly on any outstanding balance at an annual interest rate equal to the credit union's prime lending rate plus 1.51%.

**8. DEFERRED REVENUES**

	<u>2017</u>	<u>2016</u>
<b>OPERATING:</b>		
Core services	\$ 220,256	\$ 543,454
Safe affordable housing	168,480	664,521
Finance and administration	15,000	-
Financial stability services	5,000	20,120
Community engagement and wellness	-	21,922
Health and wellness	-	18,334
	<u>408,736</u>	<u>1,268,351</u>
<b>CAPITAL ASSETS</b>		
Learning and development	301,930	160,290
Health and wellness	<u>97,323</u>	<u>30,000</u>
	<u>399,253</u>	<u>190,290</u>
	<u>\$ 807,989</u>	<u>\$ 1,458,641</u>



**BISSELL CENTRE  
NOTES TO FINANCIAL STATEMENTS  
March 31, 2017**

**9. DEFERRED CAPITAL CONTRIBUTIONS**

	<u>2017</u>	<u>2016</u>
Buildings	\$ 2,529,335	\$ 2,717,548
Moonlight Bay	881,849	943,518
Vehicles	<u>5,811</u>	<u>21,207</u>
	<u>\$ 3,416,995</u>	<u>\$ 3,682,273</u>

**10. HOMEWARD TRUST DISCLOSURE REQUIREMENTS**

The Bissell Centre manages contracts from Homeward Trust through the Centre's Safe Affordable Housing and its Core Services programs. The following is a breakdown of the revenue received during the year, the accounts receivable as at March 31, 2017 and the amounts of revenue deferred as at March 31, 2017.

	<u>Revenue</u>	<u>Receivable</u>	<u>Deferred</u>
Homeless to Homes (H2H)	\$ 1,388,435	\$ -	\$ 5,934
Hope Terrace (PSH)	363,546	24,656	-
Outreach Housing Team (OHT)	558,296	136,145	-
Family H2H	<u>15,414</u>	<u>-</u>	<u>-</u>
	<u>\$ 2,325,691</u>	<u>\$ 160,801</u>	<u>\$ 5,934</u>

**11. INTERNALLY RESTRICTED NET ASSETS**

	<u>Future Forward Fund</u>	<u>Building Capital Fund</u>	<u>2017</u>	<u>2016</u>
Opening balance	\$ 10,000	\$ 131,000	\$ 141,000	\$ 141,000
Transfers	<u>-</u>	<u>(30,000)</u>	<u>(30,000)</u>	<u>-</u>
Closing balance	<u>\$ 10,000</u>	<u>\$ 101,000</u>	<u>\$ 111,000</u>	<u>\$ 141,000</u>

**12. UNRESTRICTED NET ASSETS**

The Centre has made a commitment to establish a level of working capital equivalent to three months of operating revenues as a part of its long-term risk management strategy.

**13. CONTINGENT LIABILITIES**

The Centre is a co-owner, with two other social services agencies, of the Inner City Youth Housing Project (ICYHP). These financial statements do not reflect any of the assets, liabilities, revenues, and expenses of ICYHP. As of March 31, 2017, ICYHP's financial statements indicate mortgages payable of \$409,467 (2016 - \$443,069) and capital assets of \$460,095 (2016 - \$473,215). As co-owner of ICYHP, the Centre has guaranteed 33% of the mortgages with Canada Mortgage and Housing Corporation. Since inception in 1993, ICYHP has operated on a balanced budget, and maintains its own resources for future major repairs.



**BISSELL CENTRE  
NOTES TO FINANCIAL STATEMENTS  
March 31, 2017**

**14. EDMONTON COMMUNITY FOUNDATION'S BISSELL FUND**

The Centre is the beneficiary of the Edmonton Community Foundation's Bissell Fund. Assets of this fund are not the property of the Bissell Centre but the income generated from the fund is transferred to the Centre. As at December 31, 2016, the balance in the Foundation's Bissell Fund was \$543,256 (2015 - \$538,961).

**15. FUND DEVELOPMENT**

Resource development expenses incurred for the purpose of soliciting contributions were \$331,457, of which \$218,621 were paid as remuneration to employees whose duties mostly involve fundraising.

No expenditures for soliciting contributions were paid to a third party.

**16. FINANCIAL INSTRUMENTS**

The organization is exposed to various risks through its financial instruments. The following describes the exposures to those risks, how they arise, any changes in risk exposures from the previous period, and any concentrations of risk.

**Credit risk:**

Credit risks arise from two sources: cash and cash equivalents, and accounts receivables. Cash and cash equivalents are deposited with reputable, major financial institutions to limit the credit risk exposure. The credit risk from counter-parties not paying accounts receivable is not considered to be significant.

**Interest rate risk:**

The Centre is exposed to interest rate risk with respect to its cash and cash equivalents. Changes in interest rates can affect the fair value of assets and the cash flows related to interest income and expense.

**Liquidity risk:**

Liquidity risk exposure is dependent on the receipt of funds from federal, provincial and municipal government grants, sales, resource developments, and other sources that enable the Centre to pay its liabilities as they become due.

**Fair Value:**

The cash and cash equivalents, short-term and other investments, accounts receivable, accounts payable, and accrued liabilities are short-term financial instruments whose fair value approximates their carrying value.

**17. COMPARATIVE INFORMATION**

Certain comparative amounts have been reclassified to conform with the current year presentation of the financial statements.

**BISSELL CENTRE**  
**Schedule of Program Revenues and Expenses**  
**For the year ended March 31, 2017**

	Core Services	Community Engagement and Education	Safe Affordable Housing	Learning and Development	Health and Wellness	Financial Stability Services	Finance and Administration	TOTAL
<b>REVENUES</b>								
Government grants	\$ 2,130,563	\$ -	\$ 1,551,609	\$ 578,335	\$ 94,366	\$ 798,163	\$ 118,527	\$ 5,271,563
Resource Development	283,179	1,195,115	219,967	5,557	59,962	22,477	26,430	1,812,687
Sales	878,248	16,304	-	-	112,674	-	3,993	1,011,219
Fees for services	84,375	-	215,786	132,960	3,946	25,358	85,297	547,722
United Way	-	25,596	3,904	358,720	-	65	-	388,285
Amortization of deferred capital contributions	-	-	-	-	61,670	-	203,608	265,278
Other income	73,631	-	1,230	-	-	-	153,669	228,530
Allocated resource development	332,633	(432,088)	41,228	-	54,751	3,476	-	-
	3,782,629	804,927	2,033,724	1,075,572	387,369	849,539	591,524	9,525,284
<b>EXPENSES</b>								
Wages and benefits	2,773,649	452,227	1,093,949	736,302	153,116	524,821	1,011,816	6,745,880
Service delivery and activities	336,260	6,059	592,949	22,739	29,068	50,418	8,192	1,045,685
Building costs	368,053	61,421	24,742	103,520	83,101	57,240	-	698,077
Amortization of capital assets	69,335	1,130	9,786	1,869	63,158	1,134	270,898	417,310
Office and general	102,284	32,907	50,816	14,938	11,195	32,193	89,968	334,301
Publicity and promotion	2,328	171,649	1,814	93	103	3,082	6,106	185,175
Travel	51,071	868	47,406	4,335	8,660	4,671	14,802	131,813
Food services	-	-	116	33,156	-	96,146	828	130,246
Finance & legal costs	5,082	19,276	38	1,061	2,366	-	51,025	78,848
Fundraising costs	-	4,772	-	88	-	-	-	4,860
Allocated administration costs	422,653	54,618	159,650	117,637	27,728	79,825	(862,111)	-
	4,130,715	804,927	1,981,266	1,035,738	378,495	849,530	591,524	9,772,195

**EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES**

\$ (348,086)	\$ -	\$ -	\$ 52,458	\$ 39,834	\$ 8,874	\$ 9	\$ -	\$ (246,912)
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