

BISSELL CENTRE

FINANCIAL STATEMENTS

March 31, 2016

INDEX

	Page
Independent Auditor's Report	
Statement of Operations	2
Statement of Financial Position	3
Statement of Changes in Net Assets	4
Cash Flow Statement	5
Notes to Financial Statements	6 - 11
Schedule of Program Revenues and Expenses	12



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* Professional Corporation

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, 2016, 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, 2016, and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Buyen & (v.

Edmonton, AB June 27, 2016 Bergeron & Co. Chartered Professional Accountants

BISSELL CENTRE STATEMENT OF OPERATIONS For the year ended March 31, 2016

REVENUE	<u>2016</u>	<u>2015</u>
Government grants	\$ 4,845,225	\$ 4,975,617
Earned revenue	1,285,983	772,156
Resource Development	1,770,824	1,525,176
Fees for services	421,270	431,098
United Way	387,974	394,109
Amortization of Deferred Capital Contributions	268,065	269,864
Fundraising revenue		42,349
rundraising revenue		42,349
	8,979,341	8,410,369
EXPENSES		
Wages and benefits	6,561,746	6,192,617
Service delivery and activities	1,112,033	714,525
Building costs	588,413	621,275
Amortization of tangible assets	441,665	414,692
Office and general	305,722	257,426
Travel	160,041	147,765
Publicity and promotion	112,863	51,882
Finance & legal costs	83,390	61,484
Food services	51,050	47,062
Fundraising costs	<u>850</u>	7,741
	9,417,773	8,516,469
DEFICIENCY OF REVENUE OVER		
EXPENSES BEFORE OTHER ITEMS	(438,432)	(106,100)
OTHER		
Insurance proceeds	384,365	1,038,241
Gain (loss) on sale of assets		(167,795)
	384,365	870,446
		0/0,440
(DEFICIENCY) EXCESS OF REVENUE		
OVER EXPENSES	\$ <u>(54,067)</u>	\$764,346

BISSELL CENTRE STATEMENT OF FINANCIAL POSITION March 31, 2016

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	ASSETS		
CURRENT		2016	2015
Cash and cash equivalents (Note 3) Accounts receivable Goods and Services Tax recoverable Prepaid expenses EFAN trust (Note 4)	\$	1,534,958 \$ 606,860 117,544 27,494 453,433	930,502 814,339 59,422 61,848 26,252
TOTAL CURRENT ASSETS	2	2,740,289	1,892,363
INVESTMENTS (Note 5)		29,640	28,571
TANGIBLE CAPITAL ASSETS (Note 6)		7,810,745	7,795,923
TOTAL ASSETS	\$ <u>10</u>	0,580,674 S_	9,716,857
L	JABILITIES		
CURRENT Accounts payable and accrued liabilities Payroll liabilities Deferred revenues (Note 8) EFAN trust (Note 4)	\$ 1	139,525 \$ 365,749 1,458,641 453,433	113,607 367,147 695,150 26,252
TOTAL CURRENT LIABILITIES	2	2,417,348	1,202,156
DEFERRED CONTRIBUTIONS (Note 9)	, <u> </u>	3,682,273	3,950,337
TOTAL LIABILITIES	6	5,099,621	5,152,493
	ET ASSETS		
Net assets invested in capital assets Internally restricted net assets (Notes 2 & 10) Unrestricted net assets (Note 11)		1,128,472 141,000 211,581	3,845,587 141,000 577,777
TOTAL NET ASSETS	4	4,481,053	4,564,364
TOTAL LIABILITIES & NET ASSETS	\$ <u>10</u>	<u>580,674</u> \$	9,716,857

Approved by the Directors:

Director

, Director

Ken Ristau, Board Chair

Steve Fix, Board Vice-Chair

BISSELL CENTRE STATEMENT OF CHANGES IN NET ASSETS For the year ended March 31, 2016

NET ASSETS	Internally Restricted (Notes 2 & 10)	Invested in capital assets	Unrestricted (Note 11)	Total <u>2016</u>	Total 2015
Balance, beginning of year	\$ 141,000	\$ 3,845,587	\$ 577,777	\$ 4,564,364	\$ 3,808,791
(Deficiency) excess of revenues over expenses	J	(173,601)	119,534	(54,067)	764,346
Investment in capital assets	1	456,486	(456,486)	ī	ī
Prior Period Adjustments		ı	(29,244)	(29,244)	(8,773)
	141,000	4,128,472	211,581	4,481,053	4,564,364
Balance, end of year	\$ 141,000	S 4,128,472	\$ 211,581	\$ 4,481,053	\$ 4,564,364

BISSELL CENTRE CASH FLOW STATEMENT For the year ended March 31, 2016

OPERATING ACTIVITIES	<u>2016</u>	<u>2015</u>
Cash received from grants	6,657,833	6,071,673
Cash paid for operations	(2,060,577)	(2,038,373)
Cash received from donations	995,902	974,673
Cash received from earned income	2,028,819	816,832
Cash paid to employees	<u>(6,561,035</u>)	<u>(6,286,852</u>)
	1,060,942	(462,047)
INVESTING ACTIVITIES		
Purchase of tangible capital assets	(456,486)	(932,852)
Proceeds of capital asset dispositions		<u>729,857</u>
	(456,486)	(202,995)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	604,456	(665,042)
CASH AND CASH EQUIVALENTS, beginning of year	930,502	1,595,544
CASH AND CASH EQUIVALENTS, end of year	S <u>1,534,958</u>	\$930,502

1. PURPOSE OF THE NOT-FOR-PROFIT ORGANIZATION

The Bissell Centre (the Centre) is an Edmonton, Alberta, based organization established to increase the power of people with the least access to resources to determine and achieve their goals. The Centre works to empower the people to move from poverty to prosperity. Relationships are developed with people who access the agency, who volunteer and work within the Centre, and those in the greater community committed to addressing issues of poverty. The 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 Centre does not record those contributions in these financial statements.

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.

Tangible capital assets

h) Purchased tangible capital assets are recorded at cost. Assets costing less than \$5,000 are recorded as expenses and are not amortized. Contributed tangible 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

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

	2	<u>016</u>		<u>2015</u>
Internally restricted cash - Future Forward Fund Internally restricted cash - Building and Capital Fund Externally restricted cash - Deferred revenues Externally restricted cash	1,	10,000 131,000 458,641 468,641	\$	10,000 131,000 695,150 836,150
Unrestricted cash		66,317	_	94,352
Cash and cash equivalents	\$ <u>1,:</u>	534,958	\$	930,502

4. TRUST ASSETS AND LIABILITIES

The Centre maintains bank accounts which represent monies held in trust for the Edmonton Fetal Alcohol Network Society for which the Bissell Centre is acting as its custodian. The balances in these accounts at March 31, 2016 totalled \$453,433 (2015 - \$26,252).

5. INVESTMENTS

	<u>2016</u>			<u>2015</u>		
Servus Credit Union common shares	\$	29,640	\$	28,571		

6. TANGIBLE CAPITAL ASSETS

			Ac	cumulated		Net Bo	ok '	<u>Value</u>
		Cost	<u>Ar</u>	nortization		<u>2016</u>		<u>2015</u>
Automotive equipment	\$	174,534	\$	156,744	\$	17,790	\$	37,621
Computer hardware		171,636		114,256		57,380	- 5	71,071
Furniture and equipment		437,688		391,143		46,545		49,169
Leasehold improvements		5,976		4,233		1,743		4,731
Building		8,569,977	1	3,561,845		5,008,132		4,883,584
Land		1,622,167		-		1,622,167		1,622,167
Construction in progress		4,618		-		4,618		4,618
Moonlight Bay Centre	_	1,936,562	_	884,192	1	1,052,370	_	1,122,962
	\$ <u>1</u>	2,923,158	\$_:	5,112,413	\$	7,810,745	\$_	7,795,923

7. OPERATING LINE OF CREDIT

The Centre has arranged for an 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

		2016		2015
OPERATING:				
Safe affordable housing	\$	664,521	\$	-
Core services		543,454		514,009
Community Engagement and Wellness		21,922		_
Financial stability services		20,120		20,000
Health and wellness		18,334		10,750
Projects	-			891
		1,268,351	_	545,650
PROPERTY & EQUIPMENT				
Learning and development		160,290		139,824
Health and wellness		30,000	_	9,676
	8 	190,290	(149,500
	\$	1,458,641	\$	695,150

9. DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS

		<u>2016</u>		<u>2015</u>
Buildings Magnight Boy	\$	2,717,548	\$	2,906,828
Moonlight Bay Vehicles		943,518 21,207		1,005,188 38,321
	\$_	3,682,273	\$_	3,950,337

10. INTERNALLY RESTRICTED NET ASSETS

Opening balance	<u>Fo</u> \$	Future rward Fund 10,000	<u>c</u> \$	Building Capital Fund 131,000	s	2016 141,000	\$	2015 141,000
Transfers			_		Ψ —	-	Ψ 	-
Closing balance	\$	10,000	\$	131,000	\$	141,000	\$	141,000

11. 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.

12. CONTINGENT LIABILITIES

The Centre is a co-owner, with two other social services agencies, of the Inner City Youth Housing Project (ICYHP). Theses financial statements do not reflect any of the assets, liabilities, revenues, and expenses of ICYHP. As of March 31, 2016, ICYHP's financial statements indicate mortgages payable of \$474,426 (2015 - \$507,926) and capital assets of \$450,628 (2015 - \$464,017) 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.

13. 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, 2015, the balance in the Foundation's Bissell Fund was \$538,961 (2014 - \$517,698).

14. FUND DEVELOPMENT

Resource development expenses incurred for the purpose of soliciting contributions were \$387,073 of which \$252,943 were paid as remuneration to employees whose duties mostly involve fundraising.

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

15. FINANCIAL INSTRUMENTS

The Centre 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.

16. 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, 2016

n&Co3&n	Core Services		Community Engagement and Education	Safe Affordable Housing	Lear	Learning and Development	Health and Wellness	and ess	Financial Stability Services		Finance and Administration		TOTAL
Government grants Earned revenue Resource Development	S 1,038,500 1,194,078 739,679	00 S 78 79	3,639	\$ 2,400,294 333 125,391	3 4 5	703,766	ν 	37,228 86,603 9,637	\$ 651,698 1,072 895	\$ 1,698 \$ 1,072 895	10,100 3,897 26,171	00 \$ 97	4,845,225 1,285,983 1,770,824
Fees for services United Way Amortization of deferred capital contributions Allocated resource development	25,786 - 61,941 90,375 3,150,359	786 - 941 375 359	59,699 25,026 18,046 (200,917) 744,398	335,335 6,160 16,146 38,897 2,922,556		356,788 33,057	9 4 4	- 66,700 40,319 240,487	23,590		450 - 48,585	450	421,270 387,974 268,065
ENPENSES													
Wages and benefits Service delivery and activities Building costs	2,011,594 257,059 263,881	94 59 81	437,282 4,913 35,936	1,673,136 722,468 46,214	20 % -	723,206 40,646 60,076	11 8	34,924 69,669	512,932 51,935 31,862	932 935 862	1,091,414 88 80,775	114 88 775	6,561,746 1,112,033 588,413
Amortization of tangible assets Office and general Travel	148,578 90,245 51,694	78 45 94	22,758 27,299 2,174	30,062 68,098 83,796	61 ~ 10	42,186 23,764 2,819		77,608 4,657 507	35,182 18,439 4,855	15,182 8,439 4,855	85,291 73,220 14,196	30 30 86	441,665 305,722 160,041
Publicity and promotion Finance & legal costs	2,589	68	94,287	1,759	6 5	41		8,096	6	766 668	5,325 49,877	25	112,863 83,390
Food services Fundraising costs Allocated administration costs	27,332	332 - 925	94,209	3,108		176,015	23 23	196	125,240	240	955 850 (1,312,788)	955 850 ,788)	51,050
(DEFICIENCY) EXCESS OF REVENUES OVER EXPENSES BEFORE OTHER ITEMS	(212,7	738) \$		(92,042)		34,997	6	(94,908)	(73,741)	741)	2,750	2	(438,432)
OTHER ITEMS Insurance proceeds	\$ 384,30	365 \$	C	٠,	8		s		€9	<u>ب</u>		, S	384,365
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	\$ 171,6	627 S		\$ (92,042)	s (a	34,997	s (9.	(94,908)	S (73,741)	741) S		69	(54,067)

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