

DISTRESS CENTRES
FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS AND DIRECTORS OF DISTRESS CENTRES

Report on Financial Statements

We have audited the accompanying financial statements of Distress Centres (the "Centres"), which comprise the balance sheet as at December 31, 2013 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 similar organizations, the Centres derive revenue from fund-raising events and donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Centres and we were not able to determine whether any adjustments might be necessary to revenues, excess of revenues over expenses, assets and net assets.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, if any, these financial statements present fairly, in all material respects, the financial position of Distress Centres as at December 31, 2013 and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Report on Other Legal and Regulatory Requirements

In accordance with the Corporations Act (Ontario), we report that the Canadian accounting standards for not-for-profit organizations have been applied on a basis consistent with that of the preceding year.

Clarke Henning LLP

Toronto, Ontario
March 25, 2014

CHARTERED ACCOUNTANTS
Licensed Public Accountants

DISTRESS CENTRES

BALANCE SHEET

AS AT DECEMBER 31, 2013

	2013	2012
ASSETS		
Current assets		
Cash and investments (<i>note 2</i>)	\$ 437,550	\$ 473,435
Sundry receivables and prepaid expenses	64,665	59,040
	502,215	532,475
Furniture and equipment (<i>note 3</i>)	30,807	6,145
	533,022	538,620
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	10,102	14,271
Deferred revenue	5,000	60,000
	15,102	74,271
Deferred capital contributions (<i>note 4</i>)	29,732	3,795
	44,834	78,066
NET ASSETS		
Invested in furniture and equipment	1,075	2,350
Internally restricted reserve funds (<i>note 5</i>)	188,400	188,400
Operating fund	298,713	269,804
	488,188	460,554
	\$ 533,022	\$ 538,620

Approved on behalf of the Board:

_____, Director _____, Director

DISTRESS CENTRES

STATEMENT OF OPERATIONS

YEAR ENDED DECEMBER 31, 2013

	2013	2012
Revenues		
United Way of Greater Toronto (<i>note 6a</i>)	\$ 292,917	\$ 285,981
Grant - City of Toronto (<i>note 6b</i>)	106,935	102,810
Corporations, foundations and church groups (<i>note 6c</i>)	161,051	109,082
Donations - individuals	73,881	139,977
Fund-raising events (<i>note 7</i>)	339,876	379,888
TTC Crisis Link	107,250	107,250
Professional Association of Internes and Residents of Ontario (PAIRO)	61,500	64,000
Emergency Medical Services	22,338	22,338
Amortization of deferred capital contributions (<i>note 4</i>)	8,940	7,588
Miscellaneous	9,571	6,803
	1,184,259	1,225,717
Expenses		
Salaries and employee benefits	685,753	639,562
Building occupancy	112,640	109,334
Fund-raising events (<i>note 7</i>)	74,200	67,966
Office - telephone	108,737	104,037
- supplies	13,641	16,697
- postage	9,485	7,376
- maintenance and repairs	30,201	31,330
Promotion and publicity	2,240	1,223
Volunteer recruitment and training	17,053	14,694
Volunteer resources	52,977	49,346
Accounting and audit	8,237	7,556
Depreciation	10,215	9,672
Other	31,246	31,525
	1,156,625	1,090,318
Excess of revenues over expenses for the year	\$ 27,634	\$ 135,399

DISTRESS CENTRES

STATEMENT OF CHANGES IN NET ASSETS

YEAR ENDED DECEMBER 31, 2013

	Operating Fund Unrestricted	Invested In Furniture and Equipment	Internally Restricted Reserve Funds <i>(note 5)</i>	Total	
				2013	2012
Balance - at beginning of year	\$ 269,804	\$ 2,350	\$ 188,400	\$ 460,554	\$ 325,155
Excess (deficiency) of revenues over expenses for the year	37,849	(10,215)	-	27,634	135,399
Inter-fund transfers representing:					
Amortization of deferred capital contributions	(8,940)	8,940	-	-	-
Purchase of furniture and equipment	(34,877)	34,877	-	-	-
Capital contributions received	34,877	(34,877)	-	-	-
Balance - at end of year	\$ 298,713	\$ 1,075	\$ 188,400	\$ 488,188	\$ 460,554

DISTRESS CENTRES

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2013

	2013	2012
Cash flows from operating activities		
Cash received from United Way of Greater Toronto	\$ 292,917	\$ 285,981
Cash received from City of Toronto	106,935	102,810
Cash received from general contributions	209,809	309,059
Cash received from fund raising events	344,876	379,889
Cash received from TTC Crisis Link	107,250	107,250
Cash received from Resident Well-Being Committee-PAIRO	61,500	64,000
Cash received from Emergency Medical Services	22,338	22,338
Interest and miscellaneous income received	9,570	6,803
Cash paid to employees and suppliers	(1,082,003)	(992,712)
Cash paid for fund-raising events	(74,200)	(67,966)
	(1,008)	217,452
Cash flows from investing activity		
Acquisition of capital assets	(34,877)	-
Net change in cash during the year	(35,885)	217,452
Cash and investments - at beginning of year	473,435	255,983
Cash and investments - at end of year	\$ 437,550	\$ 473,435

DISTRESS CENTRES

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2013

The mission of the Distress Centres (the "Centres") is to create an emotional safety net for the vulnerable and at risk in the community . The Centres will:

- Provide crisis response and intervention to the emotionally vulnerable and at risk in the community.
- Serve as a point of access for suicide prevention, intervention and post-vention.
- Provide volunteer delivered services, wherever possible, in recognition of the added value they contribute.
- Collaborate and network with other agencies to create a continuum of care and support.
- Provide links to emergency services when necessary.
- Mitigate the impact of a mental health crisis by helping those with a history of vulnerability and risk make life-affirming choices.
- Increase service access by operating within a framework of cultural competency, including the promotion of diversity in all areas of service.
- Enhance emotional self-management and reduce risk by strengthening the coping skills of survivors.
- Advocate on behalf of service users by reporting on current needs, gaps in service and emerging trends.
- Build community capacity in emotional health response.

Distress Centres is incorporated without share capital under the laws of Ontario and is registered as a charitable organization under the Income Tax Act (Canada) and, as such, is exempt from income taxes and is able to issue donation receipts for income tax purposes. In order to maintain its status as a registered charity under the Act, the Centres must meet certain requirements within the Act. In the opinion of management, these requirements have been met.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared using Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies.

Basis of Presentation

The operating fund accounts for the day-to-day service delivery activities of the Centres.

The following are Board designated funds:

- The Contingency Reserve Fund is for the specific purpose of covering operating expenses in the event of unanticipated financial expenditures or occurrences.
- The Opportunity Reserve Fund is set up to meet special targets of opportunity.
- The Technology Reserve Fund is to provide funds to meet technological needs.
- The Community Engagement Reserve Fund is to provide funds for organizational community engagement including marketing and website development and event costs.

Financial Assets and Liabilities

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

Financial assets and liabilities measured at amortized cost include cash and investments, sundry receivables and accounts payable and accrued liabilities.

DISTRESS CENTRES

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Furniture and Equipment

Furniture and equipment are recorded at cost and depreciated over their estimated useful lives on a straight line basis at the following annual rates:

Computer equipment	-	25%
Computer software	-	50%
Office furniture, fixtures and equipment	-	20%

The above rates are reviewed annually to ensure they are appropriate. Any changes are adjusted for on a prospective basis. If there is an indication that the assets may be impaired, an impairment test is performed that compares carrying amount to net recoverable amount. There were no impairment indicators in 2013.

Deferred Capital Contributions

Externally restricted contributions for the acquisition of capital assets that will be depreciated are deferred and amortized over the life of the related assets. Externally restricted contributions that have not been expended are recorded as part of deferred capital contributions on the balance sheet.

Revenue Recognition

Grants and Contributions

The Centres follow the deferral method of accounting for contributions which include donations, government grants and other contributions.

Operating grants are recorded as revenue in the year in which the expenses are incurred. Grants approved but not received at the end of an accounting period are accrued. Where a portion of a grant relates to a future period, it is deferred and recognized in that subsequent period.

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.

Fund-Raising Events Revenues and Expenses

Revenues and expenses from fund-raising events are recorded in the period in which the event takes place.

Donations

Donations and bequests are recorded when received. Donated goods and services are not recorded in the accounts, except when they are used in the normal course of business and when a fair value for such goods and services can be readily determined.

Other Revenues

All other revenues are recorded as earned.

Contributed Services

Volunteers contribute significant amounts of time to assist the Centres in carrying out its service delivery activities. Because of the difficulty in determining their fair value, contributed services are not recognized in the financial statements.

DISTRESS CENTRES

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from these and other estimates, the impact of which would be recorded in future periods.

2. CASH AND INVESTMENTS

Cash and investments include redeemable guaranteed investment certificates in the amount of \$150,400 (2012 - \$150,000) at interest rates from 0.8% to 1.65% maturing March 2014 to December 2015.

3. FURNITURE AND EQUIPMENT

Details of furniture and equipment are as follows:

	<i>Cost</i>	<i>Accumulated Depreciation</i>	<i>Net Book Value</i>	
			<i>2013</i>	<i>2012</i>
Computer equipment	\$ 104,489	\$ 88,407	\$ 16,082	\$ 1,977
Computer software	47,734	33,009	14,725	-
Office equipment	109,525	109,525	-	4,001
Office furniture and fixtures	33,430	33,430	-	167
	\$ 295,178	\$ 264,371	\$ 30,807	\$ 6,145

4. DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions represent the unamortized amount of contributions received and contributions received that have not been expensed for the purchase of capital assets. The details of deferred capital contributions are as follows:

	<i>2013</i>	<i>2012</i>
Balance - at beginning of year	\$ 3,795	\$ 11,383
Capital contributions received	34,877	-
Amortization of deferred capital contributions	(8,940)	(7,588)
Balance - at end of year	\$ 29,732	\$ 3,795

DISTRESS CENTRES

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2013

5. NET ASSETS - INTERNALLY RESTRICTED

The Centres' Board of Directors has internally restricted net assets to be used for specific purposes. These funds are not available for unrestricted purposes without approval of the Board of Directors. The internally restricted net assets at December 31 are as follows:

	2013	2012
Contingency reserve fund	\$ 161,000	\$ 161,000
Opportunity reserve fund	10,000	10,000
Technology reserve fund	7,320	7,320
Community engagement reserve fund	10,080	10,080
	\$ 188,400	\$ 188,400

6. REVENUES

Details of revenues are as follows:

	2013	2012
<i>(a) United Way of Greater Toronto</i>		
Allocation	\$ 287,728	\$ 280,384
Donor designations	5,189	5,597
	292,917	285,981
<i>(b) Grant - City of Toronto</i>		
Community Services Program	106,935	102,810
<i>(c) Corporations, Foundations and Church Groups</i>		
Foundations	78,286	57,552
Corporations	80,465	50,480
Church groups and service clubs	2,300	1,050
	\$ 161,051	\$ 109,082

DISTRESS CENTRES

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2013

7. FUND-RAISING EVENTS

Details of fund-raising events are as follows:

	2013			2012		
	Revenue	Expenses	Net	Revenue	Expenses	Net
"Bikers Against Despair" Ride	\$ 187,489	\$ 54,131	\$ 133,358	\$ 199,440	\$ 42,068	\$ 157,372
Concert by Twilight	101,898	18,995	82,903	143,709	24,594	119,115
Special events	48,169	-	48,169	24,513	5	24,508
Bingo	977	-	977	9,987	-	9,987
Nevada	1,343	1,074	269	2,239	1,299	940
	\$ 339,876	\$ 74,200	\$ 265,676	\$ 379,888	\$ 67,966	\$ 311,922

8. FINANCIAL INSTRUMENTS AND RISK EXPOSURE

The Centres is exposed to various risks through its financial instruments. The following analysis provides a measure of the Centres' risk exposure at the balance sheet date.

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Centres' main credit risks relate to sundry receivables. The Centres is not exposed to significant credit risk.

Liquidity Risk

Liquidity risk is the risk that the Centres will encounter difficulty in meeting obligations associated with financial liabilities. The Centres is exposed to this risk mainly in respect of its accounts payable and accrued liabilities and commitments. The Centres expects to meet these obligations as they come due by generating sufficient cash flow from operations.

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The Centres is not exposed to significant currency, interest rate or other price risks.

9. COMMITMENTS

The Centres are committed to annual minimum rental payments under long term leases for premises and equipment expiring from September 2014 to June 2017 as follows:

	Premises	Equipment	Total
2014	\$ 32,140	\$ 10,418	\$ 42,558
2015	11,600	9,864	21,464
2016	2,900	9,864	12,764
2017	-	4,932	4,932

In addition, the Centres are committed to pay its proportionate share of taxes, utilities and operating costs of the premises, which for 2013 were \$43,000 (2012 - \$42,000).

DISTRESS CENTRES

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2013

10. GUARANTEES

The Centres have indemnified its past, present and future directors, officers and volunteers against expenses (including legal expenses), judgments and any amount actually or reasonably incurred by them in connection with any action, suit or proceeding, subject to certain restrictions in which they are sued as a result of their involvement with the Centres, if they acted honestly and in good faith with the best interest of the Centres. The nature of the indemnity prevents the Centres from reasonably estimating the maximum exposure. The Centres have purchased directors' and officers' liability insurance to mitigate the cost of any potential future suits and actions.

In the normal course of business, the Centres have entered into agreements that include indemnities in favour of third parties, either express or implied, such as in service contracts, leasing agreements or purchase contracts. In these agreements, the Centres have agreed to indemnify the counterparties in certain circumstances against losses or liabilities arising from the acts or omissions of the Centres. The terms of these indemnities are not explicitly defined and the maximum amount of any potential liability cannot be reasonably estimated.