DISTRESS CENTRES

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2014

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS AND DIRECTORS OF DISTRESS CENTRES

We have audited the accompanying financial statements of Distress Centres (the "Centres"), which comprise the balance sheet as at December 31, 2014 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, deficiency 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, 2014 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 23, 2015

CHARTERED ACCOUNTANTS
Licensed Public Accountants

DISTRESS CENTRES

BALANCE SHEET

AS AT DECEMBER 31, 2014

	2014	2013
ASSETS		
Current assets		
Cash and investments *(note 2)*	$ **385,883**	$ 437,550
Sundry receivables and prepaid expenses	**60,760**	64,665
	446,643	502,215
Furniture and equipment *(note 3)*	**19,865**	30,807
	466,508	533,022
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	**7,911**	10,102
Deferred revenue	**-**	5,000
	7,911	15,102
Deferred capital contributions *(note 4)*	**19,590**	29,732
	27,501	44,834
NET ASSETS		
Invested in furniture and equipment	**274**	1,075
Internally restricted reserve funds *(note 5)*	**188,400**	188,400
Operating fund	**250,333**	298,713
	439,007	488,188
	$ **466,508**	$ 533,022

Approved on behalf of the Board:

________________, Director ________________, Director

DISTRESS CENTRES

STATEMENT OF OPERATIONS

YEAR ENDED DECEMBER 31, 2014

	2014	2013
Revenues		
United Way of Greater Toronto *(note 6a)*	**$ 299,326**	$ 292,917
Grant - City of Toronto *(note 6b)*	**109,300**	106,935
Corporations, foundations and church groups *(note 6c)*	**111,853**	161,051
Donations - individuals	**112,128**	73,881
Fund-raising events *(note 7)*	**265,109**	339,876
TTC Crisis Link	**108,367**	107,250
The Professional Association of Residents of Ontario (PARO)	**61,961**	61,500
Emergency Medical Services	**22,338**	22,338
Amortization of deferred capital contributions *(note 4)*	**10,142**	8,940
Miscellaneous	**10,411**	9,571
	1,110,935	1,184,259
Expenses		
Salaries and employee benefits	**707,899**	685,753
Building occupancy	**111,700**	112,640
Fund-raising events *(note 7)*	**59,453**	74,200
Office - telephone	**109,820**	108,737
- supplies	**15,515**	13,641
- postage	**8,688**	9,485
- maintenance and repairs	**30,718**	30,201
Promotion and publicity	**1,771**	2,240
Volunteer recruitment and training	**14,416**	17,053
Volunteer resources	**51,771**	52,977
Accounting and audit	**8,159**	8,237
Depreciation	**10,943**	10,215
Other	**29,263**	31,246
	1,160,116	1,156,625
Excess (deficiency) of revenues over expenses for the year	**$ (49,181)**	$ 27,634

DISTRESS CENTRES

STATEMENT OF CHANGES IN NET ASSETS

YEAR ENDED DECEMBER 31, 2014

	Operating Fund Unrestricted	Invested In Furniture and Equipment	Internally Restricted Reserve Funds *(note 5)*	Total 2014	Total 2013
Balance - at beginning of year	**$ 298,713**	**$ 1,075**	**$ 188,400**	**$ 488,188**	$ 460,554
Excess (deficiency) of revenues over expenses for the year	**(38,238)**	**(10,943)**	**-**	**(49,181)**	27,634
Inter-fund transfers representing: Amortization of deferred capital contributions	**(10,142)**	**10,142**	**-**	**-**	-
Balance - at end of year	**$ 250,333**	**$ 274**	**$ 188,400**	**$ 439,007**	$ 488,188

DISTRESS CENTRES

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2014

	2014	2013
Cash flows from operating activities		
Cash received from United Way of Greater Toronto	$ 299,326	$ 292,917
Cash received from City of Toronto	109,300	106,935
Cash received from general contributions	223,981	209,809
Cash received from fund raising events	260,109	344,876
Cash received from TTC Crisis Link	108,143	107,250
Cash received from The Professional Association of Residents of Ontario (PARO)	61,961	61,500
Cash received from Emergency Medical Services	22,338	22,338
Interest and miscellaneous income received	10,411	9,570
Cash paid to employees and suppliers	(1,087,783)	(1,082,003)
Cash paid for fund-raising events	(59,453)	(74,200)
	(51,667)	(1,008)
Cash flows from investing activity		
Acquisition of capital assets	-	(34,877)
Net change in cash during the year	(51,667)	(35,885)
Cash and investments - at beginning of year	437,550	473,435
Cash and investments - at end of year	$ 385,883	$ 437,550

The mission of the Distress Centres (the "Centres") is to foster hope and resilience one connection at a time. 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.

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%
Website	-	33%

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 2014.

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 follows 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.

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 $152,300 (2013 - $150,400) at interest rates from 0.20% to 1.65% maturing January 2015 to March 2016.

3. FURNITURE AND EQUIPMENT

Details of furniture and equipment are as follows:

			Net Book Value	
	Cost	***Accumulated Depreciation***	***2014***	*2013*
Computer equipment	**$ 104,490**	**$ 93,460**	**$ 11,030**	$ 16,082
Computer software	**30,064**	**30,064**	**-**	-
Office equipment	**109,525**	**109,525**	**-**	-
Office furniture and fixtures	**33,430**	**33,430**	**-**	-
Website	**17,670**	**8,835**	**8,835**	14,725
	$ 295,179	**$ 275,314**	**$ 19,865**	$ 30,807

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:

	2014	*2013*
Balance - at beginning of year	**$ 29,732**	$ 3,795
Capital contributions received	**-**	34,877
Amortization of deferred capital contributions	**(10,142)**	(8,940)
Balance - at end of year	**$ 19,590**	$ 29,732

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:

	2014	*2013*
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:

	2014	*2013*
(a) United Way of Greater Toronto		
Allocation	**$ 281,895**	$ 287,728
Donor designations	**17,431**	5,189
	299,326	292,917
(b) Grant - City of Toronto		
Community Services Program	**109,300**	106,935
(c) Corporations, Foundations and Church Groups		
Foundations	**59,092**	78,286
Corporations	**45,011**	80,465
Church groups and service clubs	**7,750**	2,300
	$ 111,853	$ 161,051

7. FUND-RAISING EVENTS

Details of fund-raising events are as follows:

	2014			*2013*		
	Revenue	***Expenses***	***Net***	*Revenue*	*Expenses*	*Net*
"Bikers Against Despair" Ride	**$ 204,761**	**$ 56,575**	**$ 148,186**	$ 187,489	$ 54,131	$ 133,358
Concert by Twilight	**-**	**-**	**-**	101,898	18,995	82,903
Special events	**59,962**	**2,570**	**57,392**	48,169	-	48,169
Bingo	**-**	**-**	**-**	977	-	977
Nevada	**386**	**308**	**78**	1,343	1,074	269
	$ 265,109	**$ 59,453**	**$ 205,656**	$ 339,876	$ 74,200	$ 265,676

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 is committed to annual minimum rental payments under long term leases for premises and equipment expiring from February 2015 to December 2019 as follows:

	Premises	***Equipment***	***Total***
2015	$ 33,582	$ 10,675	$ 44,257
2016	19,387	10,675	30,062
2017	17,147	5,743	22,890
2018	17,807	811	18,618
2019	18,466	203	18,669

In addition, the Centres is committed to pay its proportionate share of taxes, utilities and operating costs of the premises, which for 2014 were $44,000 (2013 - $43,000).

10. GUARANTEES

The Centres has 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 has 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 has 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 has 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.