

Sonshine Society of Christian Community Services

Auditor's Report and Financial Statements

December 31, 2008

Auditor's Report

To the members of:

Sonshine Society of Christian Community Services

I have audited the balance sheet of **Sonshine Society of Christian Community Services** as at **December 31, 2008** and the statements of operations and changes in net assets, and cash flows for the year then ended. These financial statements are the responsibility of the Board of Directors of the Society. My responsibility is to express an opinion on these financial statements based on my audit.

Except as explained in the following paragraph I conducted my audit in accordance with Canadian generally accepted auditing standards. These standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In common with many not-for-profit organizations, the Society derives revenue from donations the completeness of which is not susceptible of satisfactory audit verification. Accordingly my audit of these revenues was limited to the amounts recorded in the records of the Society and I was not able to determine whether any adjustments might be necessary to donation revenues, excess of revenue over expenses, current assets and net assets.

In my opinion, except for the effect of adjustments, if any, which I might have determined to be necessary had I been able to satisfy myself concerning the completeness of the donations referred to in the previous paragraph, these financial statements present fairly, in all material respects, the financial position of the Society as at December 31, 2008 and the results of its operations and the changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

Calgary, Alberta
April 22, 2009



Chartered Accountant

Sonshine Society of Christian Community Services

Balance Sheet

December 31, 2008

	<u>2008</u>	<u>2007</u>
Assets		
Current assets		
Cash	\$570,098	\$610,915
Accounts receivable	17,358	19,667
Prepaid expenses	3,222	14,479
Deposits	-	115,500
	<u>590,678</u>	<u>760,561</u>
Capital assets (Note 3)	6,037,311	6,223,174
	<u><u>\$6,627,989</u></u>	<u><u>\$6,983,735</u></u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	\$92,273	\$257,443
Designated donations received but not spent	44,542	-
Current portion of mortgage payable	30,500	29,114
	<u>167,315</u>	<u>286,557</u>
Mortgage payable (Note 4)	997,078	1,028,056
Deferred contributions related to capital assets (Note 5)	3,797,866	3,897,672
Net assets		
Invested in capital assets	1,211,867	1,268,353
Unrestricted	453,863	503,097
	<u>1,665,730</u>	<u>1,771,450</u>
	<u><u>\$6,627,989</u></u>	<u><u>\$6,983,735</u></u>

Approved by the Board:

_____, Director

_____, Director

Shahid Naqi
Chartered Accountant

Sonshine Society of Christian Community Services**Statement of Operations and Changes in Net Assets****Year ended December 31, 2008**

	<u>2008</u>	<u>2007</u>
Revenues		
Donations	\$658,783	\$343,962
Day homes, fees and related revenue	160,050	163,307
Shelter, rent and other	152,286	55,058
Government grants	121,729	-
Counseling fees	28,883	25,205
Gala evening, tickets and silent auction	30,240	28,355
Interest and other	14,740	13,832
Amortization of deferred contributions	158,244	51,845
	<u>1,324,955</u>	<u>681,564</u>
Expenses		
Salaries and benefits	752,363	567,518
Amortization	241,315	163,903
Security guards	134,950	48,498
Utilities and telephone	90,179	45,431
Repairs and maintenance	36,494	14,772
Mortgage interest	44,209	33,425
Public communications	43,379	18,690
Office and general	43,204	56,161
Facility rent	-	26,533
Insurance and licences	22,081	24,927
Professional fees	10,441	24,832
Gala evening	12,060	15,498
	<u>1,430,675</u>	<u>1,040,188</u>
Deficiency of revenues over expenses	(105,720)	(358,624)
Unrestricted net assets, beginning of year	503,097	(183,588)
Change in investment in capital assets	56,486	1,045,309
Unrestricted net assets, end of year	<u>\$453,863</u>	<u>\$503,097</u>

Shahid Naqi
Chartered Accountant

Sonshine Society of Christian Community Services**Statement of Cash Flows****Year ended December 31, 2008**

	<u>2008</u>	<u>2007</u>
Operating activities:		
Donations	\$703,325	\$313,042
Rent, fees and other income	510,237	341,292
Operating expenses	(1,166,685)	(837,115)
Deposits	115,500	(115,500)
	<u>162,377</u>	<u>(298,281)</u>
Investing activities:		
Capital asset additions	(232,040)	(1,881,668)
	<u>(232,040)</u>	<u>(1,881,668)</u>
Financing activities:		
Proceeds from Canada Mortgage and Housing Corporation	44,644	2,005,355
Other contributions received for capital assets	13,794	293,732
Mortgage principal repaid	(29,592)	(28,268)
	<u>28,846</u>	<u>2,270,819</u>
Increase (decrease) in cash	(40,817)	90,870
Cash, beginning of year	610,915	520,045
Cash, end of year	<u><u>\$570,098</u></u>	<u><u>\$610,915</u></u>

Shahid Naqi
Chartered Accountant

Sonshine Society of Christian Community Services

Notes to Financial Statements

December 31, 2008

1. Organization:

Sonshine Society of Christian Community Services is a not-for-profit organization incorporated under the Societies Act of Alberta to provide care, support and education from a Christian perspective to those who experience physical, mental, emotional, social and or spiritual pain. To effect this, the Society operates a shelter for victims of family violence, offers counseling services and operates a family day home agency.

The Society is exempt from income taxes and as a registered charity issues tax receipts for donations received.

2. Significant accounting policies:

The Society has an elected Board of Directors who have had these financial statements prepared in accordance with Canadian generally accepted accounting principles (GAAP) within reasonable limits of materiality using the accounting policies summarized below:

The preparation of financial statements in conformity with Canadian GAAP requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses for the financial period. Significant areas that involve estimates include the amortization rate and estimated useful life of capital assets. Actual amounts may differ from these estimates.

i Revenue recognition:

Unrestricted donations are recognized as revenue when received. Restricted donations are deferred and recognized as revenue in the year in which the related expenses are recognized.

Day home fees are recognized on the first day of the month and interest income is accrued daily.

ii Capital assets:

Purchased capital assets are recorded at cost, contributed capital assets are recorded at estimated fair value at the date of contribution. Amortization is provided over the estimated useful lives of the assets by the declining balance method as follows:

Buildings	4%
Furniture and equipment	20%
Computer equipment	30%

iii Donated services:

The Society benefits greatly from donated services from volunteers. As the fair value of these donated services cannot easily be determined, they are not recorded in these financial statements.

Shahid Naqi
Chartered Accountant

Sonshine Society of Christian Community Services

Notes to Financial Statements

December 31, 2008

3. Capital assets:

	Cost	2008 Accumulated Amortization	Net Book Value	2007 Net Book Value
Land	\$ 500,000	\$ -	\$ 500,000	\$ 500,000
Building	6,006,182	532,756	5,473,426	5,669,917
Furniture and equipment	157,939	94,054	63,885	53,257
	\$6,664,121	\$626,810	\$6,037,311	\$6,223,174

4. Mortgage payable:

	2008	2007
Mortgage, secured by a first charge on the Society's land and buildings, bearing interest at 4.671% repayable in blended monthly instalments of \$6,490 and maturing on May 1, 2009.	\$1,027,578	\$1,057,170
less current portion	30,500	29,114
	\$ 997,078	\$1,028,056

Principal repayments over the next five years assuming that the mortgage is renewed at current rates are 2009 - \$30,500; 2010 - \$32,000; 2011 - \$33,500; 2012 - \$35,100; 2013 - \$36,800 and \$859,678 thereafter.

5. Deferred contributions related to capital assets:

These are contributions received to pay, partially, for the construction of the society's building. These contributions are recognized as revenue by the declining balance method at the rate of 4% per annum, the same rate and method used to amortize the building.

Shahid Naqi
Chartered Accountant

Sonshine Society of Christian Community Services**Notes to Financial Statements****December 31, 2008****5. Deferred contributions related to capital assets (continued):**

	<u>2008</u>	<u>2007</u>
Balance, start of year	\$3,897,672	\$1,650,430
Contributions received in year	58,438	2,299,087
	<u>3,956,110</u>	<u>3,949,517</u>
Amortized and recognized as revenue	158,244	51,845
	<u>\$3,797,866</u>	<u>\$3,897,672</u>

The year-end balances comprise:

Canada Mortgage and Housing Corporation

The original contribution of \$2,050,000 is partially repayable if the Society ceases to use the building as a second stage shelter for victims of family violence. The part repayable reduces by \$136,667 annually through to 2022.

\$1,968,000	\$2,005,355
-------------	-------------

Government of Canada - National Homelessness Initiative

The original contribution of \$925,000 is partially repayable if the shelter is converted for another use or sold before March 31, 2012.

809,377	843,101
---------	---------

Calgary Homeless Foundation:

Of the original contribution of \$525,000, \$25,000 is repayable if the shelter is converted for another use or sold before March 31, 2012

453,931	472,845
---------	---------

Other

566,558	576,371
---------	---------

<u>\$3,797,866</u>	<u>\$3,897,672</u>
--------------------	--------------------

6. Financial instruments and credit risk:

The Corporation's financial instruments include accounts receivable and accounts payable, for which the carrying values approximate fair values. The Corporation has minimal exposure to credit risk.

7. Comparative figures:

The comparative figures for 2007, which were audited by another firm of Accountants, have been reclassified to conform to the presentation adopted for the current year.

Shahid Naqi
Chartered Accountant

Sonshine Society of Christian Community Services**Statement of Operations**

Schedule 1

Year ended December 31, 2008

	2008			2007		
	Shelter	Day Homes	Total	Shelter	Day Homes	Total
Revenues						
Donations	\$658,783	\$ -	\$658,783	\$343,962	\$ -	\$343,962
Day homes, fees and related revenue	-	160,050	160,050	-	163,307	163,307
Shelter, rent and other	152,286	-	152,286	55,058	-	55,058
Government grants	121,729	-	121,729	-	-	-
Counseling fees	28,883	-	28,883	25,205	-	25,205
Gala evening, tickets and silent auction	30,240	-	30,240	28,355	-	28,355
Interest and other	5,774	8,966	14,740	9,928	3,904	13,832
Amortization of deferred contributions	158,244	-	158,244	51,845	-	51,845
	<u>1,155,939</u>	<u>169,016</u>	<u>1,324,955</u>	<u>514,353</u>	<u>167,211</u>	<u>681,564</u>
Expenses						
Salaries and benefits	599,695	152,668	752,363	421,901	145,617	567,518
Amortization	241,315	-	241,315	163,903	-	163,903
Security guards	134,950	-	134,950	48,498	-	48,498
Utilities and telephone	87,875	2,304	90,179	42,712	2,719	45,431
Repairs and maintenance	36,494	-	36,494	14,572	200	14,772
Mortgage interest	44,209	-	44,209	33,425	-	33,425
Public communications	40,146	3,233	43,379	16,165	2,525	18,690
Office and general	35,502	7,702	43,204	44,747	11,414	56,161
Facility rent	-	-	-	26,047	486	26,533
Insurance and licences	18,643	3,438	22,081	22,866	2,061	24,927
Professional fees	8,831	1,610	10,441	22,207	2,625	24,832
Gala evening	12,060	-	12,060	15,498	-	15,498
	<u>1,259,720</u>	<u>170,955</u>	<u>1,430,675</u>	<u>872,541</u>	<u>167,647</u>	<u>1,040,188</u>
Deficiency of revenues over expenses	<u>\$(103,781)</u>	<u>\$(1,939)</u>	<u>\$(105,720)</u>	<u>\$(358,188)</u>	<u>\$(436)</u>	<u>\$(358,624)</u>

Shahid Naqi
Chartered Accountant