

Inn From The Cold Society
Financial Statements
December 31, 2007

Management's Responsibility for Financial Reporting

To the Members of:


Inn From The Cold Society

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian generally accepted accounting principles. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Board of Directors is composed primarily of volunteers who are neither management nor employees of the Society. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information. The Board fulfills these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Board is also responsible for recommending the appointment of the Society's external auditors.

Meyers Norris Penny LLP, an independent firm of Chartered Accountants, is appointed by the members to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Board and management to discuss their audit findings.



Barbara Ross, President
March 13, 2008

To the Members of:

Inn From The Cold Society

We have audited the statement of financial position of Inn From The Cold Society as at December 31, 2007 and the statements of operations, changes in net assets, and cash flows for the year then ended. These financial statements are the responsibility of the Society's management. 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 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 accounting principles used and significant estimates made by management, as well as evaluating the overall financial presentation.

In common with many not-for-profit organizations, the Society derives revenues from various fundraising activities 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 Society and we were not able to determine whether any adjustments might be necessary to revenue, excess of revenue over expenses, assets and net assets.

In our opinion, except for the effects of adjustments if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of the donations and fund-raising revenue referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the Society as at December 31, 2007 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Meyer Norris Penny LLP

Calgary, Alberta
March 13, 2008

Chartered Accountants

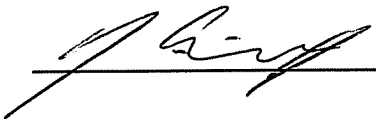
Inn From The Cold Society
Statement of Financial Position
As at December 31, 2007

	2007	2006
Assets		
Current		
Cash	562,163	174,781
Restricted cash (Note 4)	1,093,236	857,432
Marketable securities (Note 5)	161,530	108,164
Accounts receivable (Note 6)	192,318	210,951
Prepaid expenses	16,595	8,708
	2,025,842	1,360,036
Equipment (Note 7)	51,268	29,001
	2,077,110	1,389,037
Liabilities		
Current		
Accounts payable and accruals	29,174	25,062
Deferred revenue (Note 8)	102,363	97,553
Deferred capital contributions (Note 9)	746,053	272,842
	877,590	395,457
Net Assets		
Invested in capital assets	51,268	29,001
Restricted	352,183	869,762
Unrestricted	796,069	94,817
	1,199,520	993,580
	2,077,110	1,389,037

Approved on behalf of the Board:



Director



Director

Inn From The Cold Society

Statement of Operations

For the year ended December 31, 2007

	2007	2006
Revenue		
Donations in-kind	12,692	10,402
Emergency Inn	-	100,000
Gala fundraiser	-	229,496
General donations	870,011	783,240
Grants	113,795	374,960
Interest income and other	45,167	11,311
Third party events	139,772	32,790
	1,181,437	1,542,199
Expenses		
Administration	189,424	147,930
Advertising and promotion	32,493	60,323
Amortization	19,744	11,769
Direct assistance	86,930	62,440
Gala fundraiser	319	2,018
Goods and Services Tax	9,119	11,069
Inn and program costs	18,358	21,387
Transportation	57,595	58,406
Wages and benefits	550,029	491,762
Weekend activities	9,246	2,869
	973,257	869,973
Excess of revenues over expenses from operations	208,180	672,226
Unrealized loss in value of marketable securities	(2,356)	-
Gain on disposal of marketable securities	116	-
Loss on disposal of equipment	-	(381)
Excess of revenue over expenses	205,940	671,845

The accompanying notes are an integral part of these financial statements.

Inn From The Cold Society
Statement of Changes in Net Assets
For the year ended December 31, 2007

	<i>Invested in capital assets</i>	<i>Restricted</i>	<i>Unrestricted</i>	<i>Total</i>
Balance, December 31, 2005	18,575	39,693	263,467	321,735
Excess of revenue over expenses	(381)	17,232	654,994	671,845
Purchase of equipment	22,576	-	(22,576)	-
Amortization	(11,769)	-	11,769	-
Inter-fund transfers	-	812,837	(812,837)	-
Balance, December 31, 2006	29,001	869,762	94,817	993,580
Excess of revenue over expenses	-	-	205,940	205,940
Purchase of equipment	42,011	-	(42,011)	-
Amortization	(19,744)	-	19,744	-
Inter-fund transfers	-	(517,579)	517,579	-
Balance, December 31, 2007	51,268	352,183	796,069	1,199,520

The accompanying notes are an integral part of these financial statements.

Inn From The Cold Society
Statement of Cash Flows
For the year ended December 31, 2007

	2007	2006
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Cash was provided by (used for) the following activities		
Operating		
Cash receipts from donors, sponsors and ticket sales	1,551,248	1,592,719
Cash paid to suppliers	(395,965)	(353,478)
Cash paid to employees	(550,029)	(491,762)
Interest received	45,168	10,214
	<hr/>	<hr/>
	650,422	757,693
Investing		
Purchase of marketable securities	(186,320)	(1,598)
Proceeds on disposal of marketable securities	199,695	-
Purchase of equipment	(40,611)	(22,576)
	<hr/>	<hr/>
	(27,236)	(24,174)
Increase in cash resources	623,186	733,519
Cash resources, beginning of year	1,032,213	298,694
	<hr/>	<hr/>
Cash resources, end of year	1,655,399	1,032,213
	<hr/>	<hr/>
Cash resources are comprised of:		
Cash	562,163	174,781
Restricted cash	1,093,236	857,432
	<hr/>	<hr/>
	1,655,399	1,032,213
	<hr/>	<hr/>

The accompanying notes are an integral part of these financial statements.

1. Nature of operations

Inn From The Cold Society (“the Society”) is incorporated under the Societies Act of Alberta and is primarily engaged in enhancing the quality of life of less advantaged individuals in need by providing them with shelter and meals. The Society is a registered charity under the Income Tax Act and is exempt from income taxes.

2. Significant accounting policies

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles and include the following significant accounting policies:

Revenue

Funds pledged to the Society are not included in revenue until such time as funds are received. Revenues received from the Gala Fundraiser and other fundraisers are recognized in revenue during the period in which these events are held. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred.

Donations in-kind

Donations in-kind are recorded at fair value where fair value can be reasonably determined.

Contributed services

Volunteers contribute a significant number of hours per year to assist the Society in carrying out its program activities. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

Deferred revenue

Deferred revenue represents designated and undesignated donations received in the current period to subsidize families and fund operations in a subsequent period. Recognition of these amounts as revenue is deferred to subsequent periods when the related expenses occur.

Deferred capital contributions

Donations restricted to the purchases of property and equipment are recorded as deferred revenue and amortized into income to match the amortization taken on the assets purchased with the restricted funds.

Equipment

Equipment is recorded at cost. Contributed capital assets are recorded at the fair market value at the date of contribution. Amortization is provided to recognize the cost of assets over their expected useful lives on a straight-line basis over five years for vehicles and office equipment and three years for equipment and furniture commencing in the year of acquisition.

Measurement uncertainty

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accounts receivable are stated after evaluation as to their collectibility and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based upon management’s best estimate of the useful life of equipment. These estimates are reviewed periodically and, as adjustments become necessary, they are reported in earnings in the periods in which they become known.

2. Significant accounting policies *(continued from previous page)*

Financial instruments

Held for trading

The Society has classified the following financial assets as held for trading: cash, restricted cash, marketable securities, and accounts receivable. Transactions to purchase or sell these items are recorded on the trade date, and transaction costs are immediately recognized in the statement of operations. Held for trading financial instruments are initially and subsequently measured at their fair value, without any deduction for transaction costs incurred on sale or other disposal. Gains and losses arising from changes in fair value are recognized immediately in the statement of operations. The fair value of cash, restricted cash and accounts receivable approximate their carrying value due to their short term maturities. The fair value of marketable securities is determined by reference to quoted market price.

Other financial liabilities

The Society has classified accounts payable and accruals as other financial liabilities. These liabilities are initially recognized at their fair value which is approximated by the instrument's initial cost in a transaction between unrelated parties. Transactions to purchase or sell these items are recorded on the trade date, and the transaction costs are immediately recognized in the current year's statement of operations. Fees incurred on an exchange of financial liabilities or a modification of the terms of financial liabilities that is accounted for as an extinguishment are included as part of the gain or loss on extinguishment, while any related other costs incurred are recognized in the current year's statement of operations. All fees and costs incurred on the exchange or modification of a financial liability not accounted for as an extinguishment are included in the carrying amount of the modified financial liability and amortized over its remaining expected life. Any related other costs incurred are recognized in the current year's statement of revenues and expenditures. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Under this method, estimated future cash payments are discounted over the liability's expected life, or other appropriate period, to its net carrying value. Amortized cost is the amount at which the financial liability is measured at initial recognition less principal repayments and plus or minus the cumulative amortization using the effective interest method or and difference between that initial amount and the maturity amount. The fair value of accounts payable and accruals approximates their carrying value due to their short-term maturities.

Total interest expense calculated using the effective interest rate method, is recognized in the statement of operations. Gains and losses arising from changes in fair value are recognized in the statement of operations upon derecognition or impairment.

3. Change in accounting policies

Financial instruments

Effective January 1, 2007, the Society adopted the CICA's new recommendations for the recognition and measurement of financial instruments, and amendments to the existing presentation and disclosure standards. Financial instruments are defined as the contractual right to either receive or deliver cash or another financial instrument to another party.

CICA 1530 *Comprehensive Income* establishes standards for reporting and displaying certain gains and losses, such as unrealized gains and losses related to cash flow hedges or available-for-sale financial assets, outside of net income, in a statement of comprehensive income (loss). Comprehensive income (loss) is defined as the change in equity of the Society arising from transactions and other events and circumstances, except those resulting from owner investment and distribution. Accumulated comprehensive income (loss) is separately disclosed as a component of equity.

Inn From The Cold Society
Notes to the Financial Statements
For the year ended December 31, 2007

3. Change in accounting policies *(continued from previous page)*

Although the requirements of CICA 1530 *Comprehensive Income* are not applicable for not-for-profit organizations, amendments to CICA 4400 *Not-for-Profit Organizations* require presentation of gains, losses, revenues, and expenses arising from derivatives, hedges, and other financial instruments as separate components of the change in net assets.

The Society has no items requiring reclassification as separate components of the change in net assets.

Transactions entered into prior to the adoption of these recommendations have not been retroactively designated. Prior periods have not been restated.

As described in Significant accounting policies, Note 2, the Society recognizes its held for trading financial assets and other financial liabilities at their fair value. Prior to classification, required when the Society adopted the Financial Instruments standards, these items were recognized at their historical cost, adjusted for any impairment in value. There was no impact of this change in accounting policy in the current period. The new requirements were applied prospectively and prior periods have not been restated.

4. Restricted cash

Restricted cash is comprised of the following amounts:

	<i>2007</i>	<i>2006</i>
Raffle ticket fund	-	44,595
Restricted for capital projects	693,236	212,837
Restricted for operations	400,000	600,000
	1,093,236	857,432

During the year, the Society restricted \$693,236 (2006 - \$212,837) of cash for future capital projects and \$400,000 (2006 - \$600,000) of general cash for the sole or partial purpose of funding operating costs on any future family shelter purchase or investment.

5. Marketable securities

	<i>Cost</i>	<i>2007 Fair market value</i>	<i>2006 Cost</i>
Guaranteed investment certificates	113,663	113,663	108,164
Equities	50,224	47,867	-
	163,887	161,530	108,164

6. Accounts receivable

	<i>2007</i>	<i>2006</i>
Calgary Herald Christmas Fund	172,130	80,686
Gala Fundraiser	-	116,827
Other	20,188	13,438
	192,318	210,951

Inn From The Cold Society
Notes to the Financial Statements
For the year ended December 31, 2007

7. Equipment

	<i>Cost</i>	<i>Accumulated Amortization</i>	<i>2007 Net Book Value</i>	<i>2006 Net Book Value</i>
Vehicles	29,673	27,738	1,935	3,869
Equipment and furniture	15,310	15,310	-	-
Office equipment	100,755	51,422	49,333	25,132
	145,738	94,470	51,268	29,001

During the year, \$40,611 (2006 - \$22,576) of equipment was acquired for cash and \$1,400 (2006 - \$nil) was acquired as an in-kind donation.

8. Deferred revenue

The Society and its contributors restrict revenues for specific purposes. Recognition of these amounts is deferred to periods when the specified expenses are made. Changes in the deferred contribution balances are as follows:

	<i>Elder Program</i>	<i>Subsidy Donations</i>	<i>Other</i>	<i>2007 Total</i>	<i>2006 Total</i>
Balance, beginning of year	56,738	26,396	14,419	97,553	177,096
Received during the year	-	-	10,650	10,650	87,060
Recognized as revenue during the year	(2,994)	(2,225)	(621)	(5,840)	(166,603)
Balance, end of year	53,744	24,171	24,448	102,363	97,553

9. Deferred capital contributions

The Society and its contributors have restricted the following amounts for the acquisition and operation of premises (Note 10):

	<i>2007</i>	<i>2006</i>
Balance, beginning of year	272,842	-
Received but not used during the year	468,211	272,842
Used for deposit on building	5,000	-
	746,053	272,842

10. Commitments

On December 6, 2007, the Society entered into an agreement to purchase a building for a total cost of \$6,000,000, inclusive of GST. The closing date of the agreement is May 30, 2008, and the Society expects to complete the purchase pending the receipt of required financing. At year end, the Society has paid a deposit of \$5,000 on the purchase with a commitment to the following payment schedule:

January 31, 2008	2,995,000
May 30, 2008	3,000,000
	5,995,000

10. Commitments (continued)

The payment due January 31, 2008 was made on that date.

11. Income taxes

The Society is registered as a charitable organization under the Income Tax Act (“the Act”) 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 Society must meet certain requirements within the Act. In the opinion of management, these requirements have been met.

12. Comparative figures

Certain comparative figures have been reclassified to conform to current year presentation.