



Financial Statements

Deaf and Hard of Hearing Services
Calgary Region Society

March 31, 2013

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Independent Auditor's Report

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To the Directors of Deaf and Hard of Hearing Services Calgary Region Society

We have audited the accompanying financial statements of Deaf and Hard of Hearing Services Calgary Region Society, which comprise the statement of financial position as at March 31, 2013, the statement of operations and changes in fund balances and the statement of cash flows for the year ended March 31, 2013, 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 Society'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 Society'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 audit opinion.

Opinion

In common with many charitable organizations, the Society derives revenue in the form of donations and fund raising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to amounts recorded in the records of the Society and we were not able to determine whether any adjustments might be necessary to donation revenues, excess of revenues over expenses, assets and fund balances.

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 in the preceding paragraph, the financial statements present fairly, in all material respects, the financial position of Deaf and Hard of Hearing Services Calgary Region Society as at March 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.

Comparative Information

Without modifying our opinion, we draw attention to Note 2 to the financial statements which describes that Deaf and Hard of Hearing Services Calgary Region Society adopted Canadian Accounting Standards for Not-for-Profit organizations on April 1, 2012 with a transition date of April 1, 2011. These standards were applied retrospectively by management to the comparative information in these financial statements, including the statement of financial position as at March 31, 2012 and April 1, 2011, and the statement of operations and changes in fund balances and the statement of cash flows for the year ended March 31, 2012 and related disclosures. We were not engaged to report on the restated comparative information, and as such, it is unaudited.

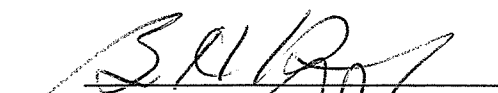
Calgary, Canada
May 22, 2013

Grant Thornton LLP
Chartered Accountants


**Deaf and Hard of Hearing Services
Calgary Region Society
Statement of Financial Position**

	March 31, 2013	March 31, 2012	April 1, 2011
		(Unaudited)	(Unaudited)
Assets			
Current			
Cash and short-term deposits (Note 4)	\$ 196,961	\$ 77,012	\$ 91,789
Receivables			
Fee for service	76,409	92,506	88,401
Grants (Note 5)	227,287	284,795	189,017
Other	24,360	18,689	22,991
Inventory	16,775	15,895	13,379
Prepaid expenses	<u>8,786</u>	<u>4,381</u>	<u>5,339</u>
	550,578	493,278	410,916
Long-term grants receivable (Note 5)	116,289	359,841	-
Capital assets (Note 6)	<u>202,906</u>	<u>201,400</u>	<u>203,484</u>
	<u>\$ 869,773</u>	<u>\$ 1,054,519</u>	<u>\$ 614,400</u>
Liabilities			
Current			
Accounts payable	\$ 81,185	\$ 43,390	\$ 53,820
Deferred contributions (Note 8)	<u>401,230</u>	<u>382,509</u>	<u>314,835</u>
	482,415	425,899	368,655
Long-term deferred contributions (Note 9)	<u>145,727</u>	<u>374,554</u>	<u>14,713</u>
	<u>628,142</u>	<u>800,453</u>	<u>383,368</u>
Fund balances			
Operating fund	38,725	52,666	27,548
Capital fund	<u>202,906</u>	<u>201,400</u>	<u>203,484</u>
	<u>241,631</u>	<u>254,066</u>	<u>231,032</u>
	<u>\$ 869,773</u>	<u>\$ 1,054,519</u>	<u>\$ 614,400</u>

On behalf of the Society:



Member



Member

See accompanying notes to the financial statements.

Deaf and Hard of Hearing Services
Calgary Region Society
Statement of Operations and Changes in Fund Balances
Year Ended March 31

	2013	2012	2011
		(Unaudited)	(Unaudited)
			<u>Operating Fund</u>
			<u>2011</u>
Revenue (Schedule 1)	\$1,501,600	\$ 1,540,839	\$ 1,409,783
Expenses (Schedule 2)	<u>(1,497,279)</u>	<u>(1,501,218)</u>	<u>(1,406,933)</u>
Excess (deficiency) of revenue over expenses	4,321	39,621	2,850
Capital asset expenditures	(18,262)	(14,503)	-
Fund balances, beginning of year	<u>52,666</u>	<u>27,548</u>	<u>24,698</u>
Fund balances, end of year	<u>\$ 38,725</u>	<u>\$ 52,666</u>	<u>\$ 27,548</u>

	2013	2012	2011
		(Unaudited)	(Unaudited)
			<u>Capital Fund</u>
			<u>2011</u>
Revenue (Schedule 1)	\$ -	\$ -	\$ -
Expenses (Schedule 2)	<u>(16,756)</u>	<u>(16,587)</u>	<u>(16,610)</u>
Excess (deficiency) of revenue over expenses	(16,756)	(16,587)	(16,610)
Capital asset expenditures	18,262	14,503	-
Fund balances, beginning of year	<u>201,400</u>	<u>203,484</u>	<u>220,094</u>
Fund balances, end of year	<u>\$ 202,906</u>	<u>\$ 201,400</u>	<u>\$ 203,484</u>

See accompanying notes to the financial statements.

**Deaf and Hard of Hearing Services
Calgary Region Society
Statement of Cash Flows**

Year Ended March 31

	<u>2013</u>	<u>2012</u> (Unaudited)
Cash provided by (used in):		
Operations:		
(Deficiency) excess of revenue over expenses	\$ (12,435)	\$ 23,034
Items not affecting cash:		
Amortization	16,756	16,587
Changes in non-cash working capital:		
Receivables	67,934	(95,581)
Inventory	(880)	(2,516)
Prepaid expenses	(4,405)	958
Long-term grants receivable	243,552	(359,841)
Accounts payable	<u>37,795</u>	<u>(10,430)</u>
	<u>348,317</u>	<u>(427,789)</u>
Investing:		
Purchase of capital assets	<u>(18,262)</u>	<u>(14,503)</u>
Financing:		
(Decrease) increase in deferred contributions	<u>(210,106)</u>	<u>427,515</u>
Increase (decrease) in cash	119,949	(14,777)
Cash and short-term deposits, beginning of year	<u>77,012</u>	<u>91,789</u>
Cash and short-term deposits, end of year	<u>\$ 196,961</u>	<u>\$ 77,012</u>

See accompanying notes to the financial statements.

Deaf and Hard of Hearing Services Calgary Region Society Notes to the Financial Statements

March 31, 2013

1. Nature and purpose of the Society

The Society is a non-profit organization incorporated without share capital under the laws of Alberta. The Society believes that Deaf and hard of hearing persons have the right to equal access to all aspects of life and the opportunity through empowerment to achieve this right. The mission of the Society is "Deaf and Hard of Hearing Services enhance the lives of Deaf, deafened and hard of hearing persons and those with whom they interact."

The Society is a registered charity and as such is exempt from income tax and may issue income tax receipts to donors.

2. First-time adoption of Canadian Accounting Standards for Not-For-Profit Organizations

These financial statements are the Society's first financial statements prepared using new Canadian Accounting Standards for Not-for-Profit Organizations ("ASNPO"). The date of transition to the new accounting standards is April 1, 2012.

The accounting policies presented in Note 3 and resulting from the application of ASNPO were used to prepare the financial statements for the year ended March 31, 2013, the comparative information and the opening statement of financial position as at the date of transition.

Exemptions relating to first-time adoption

Section 1501, "First-time Adoption by Not-For-Profit Organizations", contains exemptions to full retrospective application which the Society may use upon transition. The Society did not apply any optional exemptions.

Impact of transition on net assets as at April 1, 2013

The impact of the transition to ASNPO on the Society's net assets at the date of transition, that is April 1, 2012, is \$nil.

Reconciliation of excess of revenues over expenses for the year ended March 31, 2012

The excess of revenues over expenses for the year ended March 31, 2012 determined using ASNPO is equivalent to that determined using the previous accounting standards (pre-changeover accounting standards).

Deaf and Hard of Hearing Services Calgary Region Society Notes to the Financial Statements

March 31, 2013

3. Significant accounting policies

The financial statements of the Society have been prepared by management in accordance with ASNPO. Significant accounting policies are summarized below:

a) Revenue recognition

The Society follows the deferral method of accounting for contributions. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated.

Revenue arising from the provision of services is recognized when the services have been provided. Amounts received for equipment sales are recognized when title is transferred to the acquirer.

Amounts externally restricted for capital purposes are recorded as long-term deferred contributions when received or receivable and taken into income each year in proportion to the annual amortization of the related assets for which the capital contributions were expended. Amounts which have not been designated to a specific capital project or which relate to expenditures of a future period are deferred and taken into revenue when the expenditures are incurred.

Donated materials are recorded at their estimated fair value if the donated materials would otherwise be paid for if not donated. If fair value cannot be reasonably estimated, such donations are not recorded.

b) Capital assets

Capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Amortization is provided at rates to amortize the cost of the assets over their estimated useful lives, as follows:

Building	- 2.5% straight-line
Equipment	- 25% declining balance

c) Fund accounting

The activities of the Society are segregated into the following funds:

Operating Fund – This fund includes any transactions related to or resulting from the operation of the Society and involves the assets (resources) consumed in the process of conducting business including expenditures for the repair and maintenance of capital assets included in the Capital Fund.

Deaf and Hard of Hearing Services Calgary Region Society Notes to the Financial Statements

March 31, 2013

3. Significant accounting policies (Continued)

Capital Fund – This fund includes any transactions related to the acquisition and disposal of capital assets, including building and equipment and the cost of capital financing including amortization.

d) Inventory

Inventory is recorded at the lower of cost and net realizable value. Cost is determined on a first in, first out basis.

e) Use of estimates

The preparation of financial statements in conformity with ASNPO requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

f) Financial instruments

The Society's financial instruments are measured at fair value when issued or acquired. For financial instruments subsequently measured at cost or amortized cost, fair value is adjusted by the amount of the related financing fees and transaction costs. Transaction costs and financing fees relating to financial instruments that are measured subsequently at fair value are recognized in operations in the year in which they are incurred.

Subsequent measurement

At each reporting date, the Society measures its financial assets and liabilities at cost or amortized cost (less impairment in the case of financial assets). The financial instruments measured at amortized cost are cash and short-term deposits, receivables and accounts payable.

For financial assets measured at cost or amortized cost, the Society regularly assesses whether there are any indications of impairment. If there is an indication of impairment, and the Society determines that there is a significant adverse change in the expected timing or amount of future cash flows from the financial asset, it recognizes an impairment loss in the statement of operations. Any reversals of previously recognized impairment losses are recognized in operations in the year the reversal occurs.

Deaf and Hard of Hearing Services Calgary Region Society Notes to the Financial Statements

March 31, 2013

4. Cash and short-term deposits

The Society maintains separate bank accounts for some funding activities. These bank accounts are internally designated as to the type of expenditures as set out in the provisions of the licence obtained from the Provincial Government gaming authorities.

	<u>2013</u>	<u>2012</u> (Unaudited)	<u>2011</u> (Unaudited)
Restricted cash			
Casino	\$ 62,346	\$ 4,493	\$ 259
Unrestricted cash	<u>134,615</u>	<u>72,519</u>	<u>91,530</u>
	<u>\$ 196,961</u>	<u>\$ 77,012</u>	<u>\$ 91,789</u>

5. Grants receivable

	<u>2013</u>	<u>2012</u> (Unaudited)	<u>2011</u> (Unaudited)
Grants receivable	\$ 343,576	\$ 644,636	\$ 189,017
Less current portion	<u>(227,287)</u>	<u>(284,795)</u>	<u>(189,017)</u>
	<u>\$ 116,289</u>	<u>\$ 359,841</u>	<u>\$ -</u>

Long-term grants receivable relate to funding contracts with two organizations running through to 2014.

6. Capital assets

	<u>2013</u>	<u>2012</u> (Unaudited)	<u>2011</u> (Unaudited)
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>
Land	\$ 63,000	\$ -	\$ 63,000
Building	308,500	211,300	105,300
Equipment	<u>284,801</u>	<u>242,095</u>	<u>33,100</u>
	<u>\$ 656,301</u>	<u>\$ 453,395</u>	<u>\$ 202,906</u>
			<u>\$ 201,400</u>
			<u>\$ 203,484</u>

During the year, capital assets with an aggregate cost of \$18,262 (2012 - \$14,503) were acquired for cash.

Deaf and Hard of Hearing Services Calgary Region Society Notes to the Financial Statements

March 31, 2013

7. Line of credit

The Society has available an operating line of credit in the amount of \$100,000 (2012 - \$100,000) which bears interest at the rate of prime plus 1.55%. At March 31, 2013, \$nil (2012 - \$nil) of the available credit has been drawn upon.

8. Deferred contributions

	<u>2013</u>	<u>2012</u> (Unaudited)	<u>2011</u> (Unaudited)
Balance, beginning of year	\$ 382,509	\$ 314,835	\$ 354,625
Reclassification from long-term	214,052	-	-
Contributions received	436,913	457,253	472,863
Less amounts recognized as revenue in the year	(632,244)	(662,547)	(512,653)
Contributions receivable	<u>-</u>	<u>272,968</u>	<u>-</u>
Balance, end of year	\$ <u>401,230</u>	\$ <u>382,509</u>	\$ <u>314,835</u>

9. Long-term deferred contributions

	<u>2013</u>	<u>2012</u> (Unaudited)	<u>2011</u> (Unaudited)
Balance, beginning of year	\$ 374,554	\$ 14,713	\$ 171,940
Contributions receivable	-	359,841	-
Reclassification to short-term	(214,052)	-	-
Less amount recognized in revenue in the year	<u>(14,775)</u>	<u>-</u>	<u>(157,227)</u>
Balance, end of year	\$ <u>145,727</u>	\$ <u>374,554</u>	\$ <u>14,713</u>

10. Economic dependence

The Society is economically dependent on Alberta Seniors and Community Support grants.

**Deaf and Hard of Hearing Services
Calgary Region Society
Schedule 1 – Schedule of Revenue**

Year ended March 31	2013	2012
		(Unaudited)
Revenue		
Fee for service	\$ 520,802	\$ 563,630
Alberta Seniors and Community Support grants	348,136	333,441
United Way grants	174,391	155,812
Other grants	160,705	149,198
Equipment sales	143,427	98,241
Fundraising and donations	110,691	129,230
Program revenues	30,357	21,086
Casino	6,353	69,015
Miscellaneous	3,829	17,956
Room rental	1,919	2,488
Membership dues	990	715
Interest	-	27
	<u>\$ 1,501,600</u>	<u>\$ 1,540,839</u>

Deaf and Hard of Hearing Services Calgary Region Society Schedule 2 – Schedule of Expenses

Year Ended March 31

Expenses	<u>Operating Fund</u>		<u>Capital Fund</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
		(Unaudited)		(Unaudited)
Salaries	\$ 600,655	\$ 624,879	\$ -	\$ -
Freelance subcontractors	480,546	468,514	-	-
Purchase of equipment for resale	78,569	53,440	-	-
Employee benefits	73,715	77,590	-	-
Building and equipment costs	33,137	28,178	-	-
Travel	24,685	18,760	-	-
Telephone	22,923	19,275	-	-
Advertising and promotion	22,245	9,539	-	-
Consulting	21,255	18,252	-	-
Program delivery costs	20,769	11,938	-	-
Internet and e-mail	19,601	14,312	-	-
Board meetings	16,778	7,549	-	-
Amortization	-	-	16,756	16,587
Professional fees	14,853	13,415	-	-
Client related travel	12,022	10,034	-	-
Bank service charges	10,656	10,021	-	-
Insurance	9,900	10,295	-	-
Office supplies	7,410	7,926	-	-
Bad debt expense	6,120	-	-	-
Staff development and recruitment	5,961	7,390	-	-
Postage and delivery	5,582	5,851	-	-
Fundraising – specific events	2,696	46,939	-	-
Meeting expenses	2,198	215	-	-
Miscellaneous	2,047	6,711	-	-
Membership and affiliation	1,171	1,343	-	-
Printing and reproducing	1,004	662	-	-
Computer software purchases	781	16,405	-	-
GST expense	-	11,785	-	-
	<u>\$ 1,497,279</u>	<u>\$ 1,501,218</u>	<u>\$ 16,756</u>	<u>\$ 16,587</u>



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