



Financial Statements

Deaf and Hard of Hearing Services  
Calgary Region Society

March 31, 2014

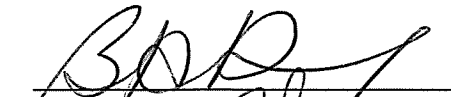
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**Deaf and Hard of Hearing Services  
Calgary Region Society  
Statement of Financial Position**

	March 31, 2014	March 31, 2013
<b>Assets</b>		
Current		
Cash and short-term deposits (Note 3)	\$ 161,256	\$ 196,961
Receivables		
Fee for service	82,155	76,409
Grants (Note 4)	123,758	227,287
Other	24,416	24,360
Inventory	25,286	16,775
Prepaid expenses	<u>1,059</u>	<u>8,786</u>
	<b>417,930</b>	<b>550,578</b>
Long-term grants receivable (Note 4)	-	116,289
Capital assets (Note 5)	<u>204,225</u>	<u>202,906</u>
	<b>\$ <u>622,155</u></b>	<b>\$ <u>869,773</u></b>
<b>Liabilities</b>		
Current		
Accounts payable	\$ 89,371	\$ 81,185
Deferred contributions (Note 7)	<u>219,904</u>	<u>401,230</u>
	<b>309,275</b>	<b>482,415</b>
Long-term deferred contributions (Note 8)	<u>-</u>	<u>145,727</u>
	<b><u>309,275</u></b>	<b><u>628,142</u></b>
<b>Fund balances</b>		
Operating fund	108,655	38,725
Capital fund	<u>204,225</u>	<u>202,906</u>
	<b><u>312,880</u></b>	<b><u>241,631</u></b>
	<b>\$ <u>622,155</u></b>	<b>\$ <u>869,773</u></b>

On behalf of the Society:

  
\_\_\_\_\_  
Member

  
\_\_\_\_\_  
Member

See accompanying notes to the financial statements.



Grant Thornton

# Independent Auditor's Report

Grant Thornton LLP  
Suite 900  
833 - 4th Avenue SW  
Calgary, AB  
T2P 3T5  
T (403) 260-2500  
F (403) 260-2571  
[www.GrantThornton.ca](http://www.GrantThornton.ca)

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, 2014, the statement of operations and changes in fund balances and the statement of 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 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 qualified audit opinion.

### **Basis for Qualified Opinion**

In common with many charitable organizations, the Society derives revenue in the form of donations and fundraising 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 fundraising and donations revenues, excess of revenues over expenses, assets and fund balances.

### **Qualified Opinion**

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 fundraising and donations 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, 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.

Calgary, Canada  
May 21, 2014

*Grant Thornton LLP*

Chartered Accountants

**Deaf and Hard of Hearing Services  
Calgary Region Society  
Statement of Operations and Changes in Fund Balances**

Year Ended March 31

	<u>2014</u>	<u>Operating Fund</u> <u>2013</u>
Revenue (Schedule 1)	\$ 1,859,683	\$ 1,501,600
Expenses (Schedule 2)	<u>(1,766,051)</u>	<u>(1,497,279)</u>
Excess of revenue over expenses	93,632	4,321
Capital asset expenditures	(23,702)	(18,262)
Fund balances, beginning of year	<u>38,725</u>	<u>52,666</u>
Fund balances, end of year	\$ <u>108,655</u>	\$ <u>38,725</u>

	<u>2014</u>	<u>Capital Fund</u> <u>2013</u>
Revenue (Schedule 1)	\$ -	\$ -
Expenses (Schedule 2)	<u>(22,383)</u>	<u>(16,756)</u>
Deficiency of revenue over expenses	(22,383)	(16,756)
Capital asset expenditures	23,702	18,262
Fund balances, beginning of year	<u>202,906</u>	<u>201,400</u>
Fund balances, end of year	\$ <u>204,225</u>	\$ <u>202,906</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

	2014	2013
Cash provided by (used in):		
<b>Operations:</b>		
Excess (deficiency) excess of revenue over expenses	\$ 71,249	\$ (12,435)
Items not affecting cash:		
Amortization	22,383	16,756
Changes in non-cash working capital:		
Receivables	97,727	67,934
Inventory	(8,511)	(880)
Prepaid expenses	7,727	(4,405)
Long-term grants receivable	116,289	243,552
Accounts payable	<u>8,186</u>	<u>37,795</u>
	<u>315,050</u>	<u>348,317</u>
<b>Investing:</b>		
Purchase of capital assets	<u>(23,702)</u>	<u>(18,262)</u>
<b>Financing:</b>		
Decrease in deferred contributions	<u>(327,053)</u>	<u>(210,106)</u>
(Decrease) increase in cash	(35,705)	119,949
Cash and short-term deposits, beginning of year	<u>196,961</u>	<u>77,012</u>
Cash and short-term deposits, end of year	<u>\$ 161,256</u>	<u>\$ 196,961</u>

See accompanying notes to the financial statements.

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

March 31, 2014

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## 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.

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## 2. 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 and services 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



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

March 31, 2014

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## 2. Significant accounting policies (Continued)

### 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.

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.

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

March 31, 2014

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### 2. Significant accounting policies (Continued)

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.

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### 3. 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>2014</u>	<u>2013</u>
Restricted cash		
Casino	\$ 4,486	\$ 62,346
Unrestricted cash	<u>156,770</u>	<u>134,615</u>
	<u>\$ 161,256</u>	<u>\$ 196,961</u>

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### 4. Grants receivable

	<u>2014</u>	<u>2013</u>
Grants receivable	\$ 123,758	\$ 343,576
Less current portion	<u>(123,758)</u>	<u>(227,287)</u>
	<u>\$ -</u>	<u>\$ 116,289</u>

Long-term grants receivable relate to funding contracts with two organizations running through to 2015.

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

March 31, 2014

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### 5. Capital assets

			<u>2014</u>	<u>2013</u>
	<u>Cost</u>	Accumulated <u>Amortization</u>	<u>Net Book Value</u>	Net Book <u>Value</u>
Land	\$ 63,000	\$ -	\$ 63,000	\$ 63,000
Building	308,500	219,400	89,100	97,200
Equipment	<u>308,504</u>	<u>256,379</u>	<u>52,125</u>	<u>42,706</u>
	<u>\$ 680,004</u>	<u>\$ 475,779</u>	<u>\$ 204,225</u>	<u>\$ 202,906</u>

During the year, capital assets with an aggregate cost of \$23,702 (2013 - \$18,262) were acquired for cash.

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### 6. Line of credit

The Society has available an operating line of credit in the amount of \$100,000 (2013 - \$100,000) which bears interest at the rate of prime plus 1.55%. At March 31, 2014, \$nil (2013 - \$nil) of the available credit has been drawn upon. The line of credit is secured by the Society's land and buildings.

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### 7. Deferred contributions

	<u>2014</u>	<u>2013</u>
Balance, beginning of year	\$ 401,230	\$ 382,509
Reclassification from long-term	145,727	214,052
Contributions received	458,982	436,913
Less amounts recognized as revenue in the year	(793,535)	(632,244)
Contributions receivable	<u>7,500</u>	<u>-</u>
Balance, end of year	<u>\$ 219,904</u>	<u>\$ 401,230</u>

Deferred contributions represent unspent grants received by the Society that are designated for a specific purpose.

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### 8. Long-term deferred contributions

	<u>2014</u>	<u>2013</u>
Balance, beginning of year	\$ 145,727	\$ 374,554
Reclassification to short-term	(145,727)	(214,052)
Less amount recognized in revenue in the year	<u>-</u>	<u>(14,775)</u>
Balance, end of year	<u>\$ -</u>	<u>\$ 145,727</u>

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

March 31, 2014

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## 9. Economic dependence

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

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## 10. Financial instruments

The Society's financial instruments consist of cash and short-term deposits, receivables, and payables and accruals.

### *Credit risk*

The Society is exposed to credit risk, which is the risk that a counterparty will fail to perform an obligation or settle a liability, resulting in a financial loss to the Society. Credit risk is assessed by management as minimal for the Society. The Society's receivables are primarily due from government agencies and are subject to normal credit risks. The maximum credit risk exposure associated with the Society's financial assets is the carrying amount.

### *Liquidity risk*

The Society is exposed to liquidity risk, which is the risk that the Society will be unable to generate or obtain sufficient cash to meet its obligations as they come due. Mitigation of this risk is achieved through active cash management. Liquidity risk is assessed by management as minimal for the Society.

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

Year ended March 31

2014

2013

	2014	2013
Revenue		
Fee for service	\$ 759,837	520,802
Alberta Seniors and Community Support grants	374,489	348,136
Other grants	213,191	160,705
United Way grants	195,052	174,391
Equipment sales	164,441	143,427
Fundraising and donations	74,618	110,691
Casino	58,011	6,353
Program revenues	16,156	30,357
Interest	1,770	-
Room rental	1,183	1,919
Membership dues	575	990
Miscellaneous	<u>360</u>	<u>3,829</u>
	<b>\$ 1,859,683</b>	<b>\$ 1,501,600</b>

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

Year Ended March 31

	Operating Fund		Capital Fund	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Expenses				
Freelance subcontractors	\$ 654,121	\$ 480,546	\$ -	\$ -
Salaries	599,869	600,655	-	-
Building and equipment costs	119,869	33,137	-	-
Purchase of equipment for resale	90,780	78,569	-	-
Employee benefits	79,594	73,715	-	-
Program delivery costs	33,224	20,769	-	-
Travel	29,631	24,685	-	-
Telephone	23,750	22,923	-	-
Client related travel	22,747	12,022	-	-
Amortization	-	-	22,383	16,756
Advertising and promotion	21,301	22,245	-	-
Internet and e-mail	19,791	19,601	-	-
Professional fees	14,428	14,853	-	-
Bank service charges	10,951	10,656	-	-
Insurance	10,728	9,900	-	-
Office supplies	8,787	7,410	-	-
Staff development and recruitment	7,184	5,961	-	-
Postage and delivery	4,692	5,582	-	-
Board meetings	4,428	16,778	-	-
Consulting	2,645	21,255	-	-
Fundraising – specific events	1,887	2,696	-	-
Meeting expenses	1,468	2,198	-	-
Printing and reproducing	1,426	1,004	-	-
Membership and affiliation	1,078	1,171	-	-
Bad debt expense	971	6,120	-	-
Computer software purchases	591	781	-	-
Miscellaneous	110	2,047	-	-
	<u>\$ 1,766,051</u>	<u>\$ 1,497,279</u>	<u>\$ 22,383</u>	<u>\$ 16,756</u>



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