

**DEAF AND HARD OF HEARING SERVICES CALGARY REGION SOCIETY  
(Operating as Deaf & Hear Alberta)**

**Financial Statements**

**March 31, 2017**

**DEAF AND HARD OF HEARING SERVICES CALGARY REGION SOCIETY**  
**Index to Financial Statements**  
**For the Year Ended March 31, 2017**

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## INDEPENDENT AUDITOR'S REPORT

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To the Members of Deaf and Hard of Hearing Services Calgary Region Society (o/a Deaf and Hear Alberta):

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, 2017 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 audit opinion.

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Independent Auditor's Report to the Members of Deaf and Hard of Hearing Services Calgary Region Society (continued)

Basis for Qualified Opinion

In common with many charitable organisations, the Society derives revenue in the form of fundraising and donation 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 revenue, excess of revenue over expenses, assets and net assets.

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 donation revenue referred in the preceding paragraph, the financial statements present fairly, in all material aspects, the financial position of Deaf and Hearing Services Calgary Region Society as at March 31, 2017 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for profit organizations.

Other Matter

The prior year comparative figures were audited by another firm of Chartered Professional Accountants, who expressed a qualified opinion on those statements on May 25, 2016.


Calgary, Alberta  
May 24, 2017

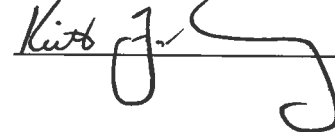
  
Chartered Professional Accountants

**DEAF AND HARD OF HEARING SERVICES CALGARY REGION SOCIETY**  
**Statement of Financial Position**  
**As at March 31, 2017**

	<b>Total 2017</b>	<b>Total 2016</b>
<b>Assets</b>		
Current		
Cash and cash equivalents	\$ 207,212	\$ 61,997
Accounts receivable	172,696	408,339
Inventory	46,940	29,950
Goods and services tax recoverable	22,083	14,359
	<u>448,931</u>	514,645
Property and equipment (Note 3)	<u>227,570</u>	246,801
	<u>\$ 676,501</u>	<u>\$ 761,446</u>
<b>Liabilities and Net assets</b>		
Current liabilities		
Accounts payable and accrued liabilities	\$ 141,590	\$ 89,394
Deferred contributions related to operations (Note 5)	<u>277,310</u>	454,087
	<u>418,900</u>	543,481
Net Assets		
Invested in property and equipment	227,507	246,801
Unrestricted	30,094	(28,836)
	<u>257,601</u>	217,965
	<u>\$ 676,501</u>	<u>\$ 761,446</u>

On behalf of the Board

  
 \_\_\_\_\_ Director

  
 \_\_\_\_\_ Director

**DEAF AND HARD OF HEARING SERVICES CALGARY REGION SOCIETY**  
**Statement of Operations**  
**For the Year Ended March 31, 2017**

	2017	2016
<b>Revenue</b>		
Fee for service	\$ 871,420	\$ 855,720
Alberta Human Services grants	357,051	401,048
Other grants	214,062	219,249
City of Calgary grants	157,668	-
United Way grants	139,471	159,704
Program revenue	127,278	88,147
Accessibility technology and equipment	115,004	144,429
Donations	41,696	37,014
Casino	26,305	46,661
Other income	24,191	3,223
Fundraising events	1,172	4,473
	<b>2,075,318</b>	<b>1,959,668</b>
<b>Expenses</b>		
Subcontractors	869,855	813,418
Salaries and benefits	805,617	796,315
Cost of equipment sold	111,652	88,198
Program delivery	60,190	46,589
Communications	35,793	43,947
Repair and maintenance	27,696	24,036
Amortization	23,181	21,865
Professional fees	20,500	14,850
Travel	13,644	16,875
Consulting fees	11,406	6,366
Bad debts	10,763	1,296
Advertising and promotion	10,727	12,605
Insurance	10,170	11,807
Interest and bank charges	7,087	8,851
Staff development and recruitment	5,599	4,890
Office	5,465	5,518
Meetings	3,187	5,046
Tom Pinder Scholarship payments	2,100	1,150
Memberships and licences	1,050	1,585
	<b>2,035,682</b>	<b>1,925,207</b>
<b>Excess of revenue over expenses</b>	<b>\$ 39,636</b>	<b>\$ 34,461</b>

**DEAF AND HARD OF HEARING SERVICES CALGARY REGION SOCIETY**  
**Statement of Changes in Net Assets**  
**For the Year Ended March 31, 2017**

	Invested in property and equipment	Unrestricted	2017	2016
Net assets - beginning of year	\$ 246,801	\$ (28,836)	\$ 217,965	\$ 183,504
Excess of revenue over expenses	(23,181)	62,817	39,636	34,461
Purchase of equipment	3,887	(3,887)	-	-
<b>Net assets - end of year</b>	<b>\$ 227,507</b>	<b>\$ 30,094</b>	<b>\$ 257,601</b>	<b>\$ 217,965</b>

**DEAF AND HARD OF HEARING SERVICES CALGARY REGION SOCIETY**  
**Statement of Cash Flows**  
**For the Year Ended March 31, 2017**

	2017	2016
<b>Operating activities</b>		
Cash receipts from funders and customers	\$ 2,134,184	\$ 1,812,934
Cash paid to suppliers and employees	(1,984,966)	(1,901,419)
Interest paid	(117)	-
	<u>149,101</u>	<u>(88,485)</u>
<b>Investing activity</b>		
Purchase of property and equipment	<u>(3,887)</u>	<u>(85,873)</u>
<b>Increase (decrease) in cash flows</b>	<b>145,214</b>	<b>(174,358)</b>
Cash and cash equivalents - beginning of year	<u>61,997</u>	<u>236,355</u>
<b>Cash and cash equivalents - end of year</b>	<b>\$ 207,211</b>	<b>\$ 61,997</b>



# DEAF AND HARD OF HEARING SERVICES CALGARY REGION SOCIETY

## Notes to Financial Statements

For the Year Ended March 31, 2017

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### 1. Purpose of the organization

The Deaf and Hard of Hearing Services Calgary Region Society, operating as Deaf & Hear Alberta, (the "Society") is a non-profit organization incorporated under the Societies Act 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 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 under the Income Tax Act and as such, is not subject to the payment of income tax under Section 149 (1)(f) of the Income Tax Act of Canada.

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### 2. Summary of significant accounting policies

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the CPA Canada Handbook, and in management's opinion, have been properly prepared within reasonable limits of materiality and within the framework of the significant accounting policies summarized below:

#### Revenue recognition

The Society follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. 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. Restricted contributions for the purchase of property and equipment are deferred and recognized as revenue on the same basis that the related assets are amortized.

Contributions in kind are recognized at their fair market value on the date received by the Society.

#### Cash and cash equivalents

Cash and cash equivalents includes cash on hand and investments in treasury bills that are valued at cost plus accrued interest. The carrying amounts approximate fair value because they have maturities at the date of purchase of less than ninety days.

#### Inventory

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

#### Property and equipment

Property and equipment are stated at cost or deemed cost less accumulated amortization. Amortization is provided at the following rates and methods designed to amortize the assets over their estimated useful lives. Amortization is provided at one half the rate in the year of acquisition.

Buildings	2.5%	straight-line method
Equipment	25%	declining balance method
Computer software	30%	declining balance method

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## DEAF AND HARD OF HEARING SERVICES CALGARY REGION SOCIETY

### Notes to Financial Statements

For the Year Ended March 31, 2017

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#### 2. Summary of significant accounting policies (continued)

##### Volunteer services

Volunteers contribute many hours per year to assist the Society 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.

##### Financial instruments

The Society initially measures its financial assets and financial liabilities at fair value. It subsequently measures all of its financial assets and financial liabilities at amortized cost.

The financial assets measured at amortized cost include cash and cash equivalents, and accounts receivable. The financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

##### Measurement uncertainty

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 and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

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#### 3. Property and equipment

	Cost	Accumulated amortization	2017 Net book value	2016 Net book value
Land	\$ 63,000	\$ -	\$ 63,000	\$ 63,000
Buildings	364,318	245,018	119,300	128,408
Equipment	264,861	219,591	45,270	55,393
	<u>\$ 692,179</u>	<u>\$ 464,609</u>	<u>\$ 227,570</u>	<u>\$ 246,801</u>

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#### 4. Bank operating line of credit

The Society has an operating line of credit to a maximum of \$150,000 (2016 - \$100,000) with interest payable at bank prime plus 2.3% (2016 - 1.55%) per annum. This line is secured by the Society land and buildings. At the date of the statement of financial position the amount outstanding was \$nil (2016: \$nil).

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## DEAF AND HARD OF HEARING SERVICES CALGARY REGION SOCIETY

### Notes to Financial Statements

For the Year Ended March 31, 2017

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#### 5. Deferred contributions related to operations

Deferred contributions consist of unspent externally restricted contributions that are received in the current year, but are related to subsequent year operations. Changes in deferred contribution balances are as follows:

	Opening balance	Additions	Utilizations	Ending balance
City of Calgary	\$ -	\$ 172,385	\$ 157,668	\$ 14,717
Alberta Human Services	22,074	216,822	165,698	73,198
Casino	77,384	50,000	26,024	101,360
All others	354,628	111,515	378,108	88,035
Total	\$ 454,086	\$ 550,722	\$ 727,498	\$ 277,310

Included in deferred contributions is \$23,783 (2016: \$19,331) for the Tom Pinder education scholarship.

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#### 6. Financial instruments

The Society's financial instruments consist of cash and cash equivalents, accounts receivable and accounts payable and accrued liabilities. All of these are reported at amortized cost.

Management has determined that the Society is not exposed to significant credit, interest or market rate risk.

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#### 7. Comparative figures

The prior year comparative figures were audited by another firm of chartered professional accountants. Certain of the comparative figures have been reclassified to conform to the current year's presentation.

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