

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

Financial Statements

March 31, 2018

DEAF AND HARD OF HEARING SERVICES CALGARY REGION SOCIETY
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For the Year Ended March 31, 2018

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INDEPENDENT AUDITOR'S REPORT

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, 2018 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 qualified audit opinion. for the year ended March 31, 2018

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Independent Auditor's Report to the Members of Deaf and Hard of Hearing Services Calgary Region Society (o/a Deaf and Hear Alberta): *(continued)*

Basis for Qualified Opinion

In common with many not-for-profit organizations, Deaf and Hard of Hearing Services Calgary Region Society derives revenue from fundraising activities the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of Deaf and Hard of Hearing Services Calgary Region Society. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising revenue, excess of revenues over expenses, and cash flows from operations, current assets and net assets.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion 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, 2018 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.

Calgary, Alberta
May 30, 2018



Chartered Professional Accountants

DEAF AND HARD OF HEARING SERVICES CALGARY REGION SOCIETY
Statement of Financial Position
As at March 31, 2018

	2018	2017
Assets		
Current		
Cash and cash equivalents	\$ 138,103	\$ 207,212
Accounts receivable	118,582	172,696
Inventory	41,191	46,940
Goods and services tax recoverable	40,980	22,083
Prepaid expenses	12,585	-
	<u>351,441</u>	<u>448,931</u>
Property and equipment (Note 3)	<u>207,144</u>	<u>227,570</u>
	<u>\$ 558,585</u>	<u>\$ 676,501</u>
Liabilities and Net assets		
Current		
Short term debt	\$ 6,986	\$ -
Accounts payable and accrued liabilities	109,072	141,590
	<u>116,058</u>	<u>141,590</u>
Deferred contributions related to operations (Note 5)	<u>228,932</u>	<u>277,310</u>
	<u>344,990</u>	<u>418,900</u>
Net Assets		
Invested in property and equipment	207,145	227,570
Unrestricted	6,450	30,031
	<u>213,595</u>	<u>257,601</u>
	<u>\$ 558,585</u>	<u>\$ 676,501</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, 2018

	2018	2017
Revenue		
Fee for service	\$ 797,487	\$ 871,420
Alberta Human Services grants	375,639	357,051
City of Calgary grants	183,649	157,668
Other grants	164,522	214,062
Accessibility technology and equipment	118,168	115,004
Casino	67,122	26,305
Program revenue	52,685	127,278
Donations	57,404	41,696
United Way of Calgary & Area grant	33,737	139,471
Other income	4,179	24,191
Fundraising events	4,710	1,172
	<u>1,859,302</u>	<u>2,075,318</u>
Expenses		
Subcontractors	785,554	869,855
Salaries and benefits	739,987	805,617
Cost of equipment sold	96,065	111,652
Special projects	48,116	-
Program delivery	45,777	60,190
Professional fees	34,898	20,500
Communications	31,451	35,793
Repair and maintenance	24,624	27,696
Amortization	20,425	23,181
Advertising and promotion	19,042	10,727
Insurance	12,084	10,170
Bad debts	11,060	10,763
Travel	7,118	13,644
Interest and bank charges	6,949	7,087
Consulting fees	5,001	11,406
Staff development and recruitment	4,690	5,599
Meetings	3,460	3,187
Office	3,277	5,465
Tom Pinder Scholarship payments	3,000	2,100
Memberships and licences	730	1,050
	<u>1,903,308</u>	<u>2,035,682</u>
Excess (deficiency) of revenue over expenses	<u>\$ (44,006)</u>	<u>\$ 39,636</u>

DEAF AND HARD OF HEARING SERVICES CALGARY REGION SOCIETY
Statement of Changes in Net Assets
For the Year Ended March 31, 2018

	Invested in property and equipment	Unrestricted	2018	2017
Net assets - beginning of year	\$ 227,570	\$ 30,031	\$ 257,601	\$ 217,965
Excess (Deficiency) of revenue over expenses	(20,425)	(23,581)	(44,006)	39,636
Net assets - end of year	\$ 207,145	\$ 6,450	\$ 213,595	\$ 257,601

DEAF AND HARD OF HEARING SERVICES CALGARY REGION SOCIETY
Statement of Cash Flows
For the Year Ended March 31, 2018

	2018	2017
Operating activities		
Cash receipts from customers	\$ 1,865,040	\$ 2,134,184
Cash paid to suppliers and employees	(1,941,135)	(1,984,965)
Interest paid	-	(117)
Cash flows from operating activities	<u>(76,095)</u>	<u>149,102</u>
Investing activity		
Purchase of property and equipment	-	(3,887)
Financing activity		
Short term debt	<u>6,986</u>	<u>-</u>
Increase (decrease) in cash flows	(69,109)	145,215
Cash and cash equivalents - beginning of year	<u>207,212</u>	<u>61,997</u>
Cash and cash equivalents - end of year	\$ 138,103	\$ 207,212

DEAF AND HARD OF HEARING SERVICES CALGARY REGION SOCIETY

Notes to Financial Statements

For the Year Ended March 31, 2018

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.

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.

Fee for service revenue is recognised in the period in which the seminar is provided.

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, 2018

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.

3. Property and equipment

	Cost	Accumulated amortization	2018 Net book value	2017 Net book value
Land	\$ 63,000	\$ -	\$ 63,000	\$ 63,000
Buildings	364,318	254,126	110,192	119,300
Equipment	264,861	230,909	33,952	45,270
	<u>\$ 692,179</u>	<u>\$ 485,035</u>	<u>\$ 207,144</u>	<u>\$ 227,570</u>

4. Bank operating line of credit

The Society has an operating line of credit to a maximum of \$150,000 (2017 - \$150,000) with interest payable at bank prime plus 2.30% (2017 - 2.30%) 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 \$6,986 (2017: \$nil).

DEAF AND HARD OF HEARING SERVICES CALGARY REGION SOCIETY
Notes to Financial Statements
For the Year Ended March 31, 2018

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	\$ 14,717	\$ 218,003	\$ 183,649	\$ 49,071
Alberta Human Services	73,198	302,441	375,639	-
Casino	101,360	65,116	66,438	100,038
All others	88,035	212,533	220,745	79,823
Total	\$ 277,310	\$ 798,093	\$ 846,471	\$ 228,932

Included in deferred contributions is \$32,782 (2017: \$23,783) for the Tom Pinder education scholarship.

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.

7. Comparative figures

Some of the comparative figures have been reclassified to conform to the current year's presentation.
