

ROCKY VIEW REGIONAL HANDIBUS SOCIETY
FINANCIAL STATEMENTS
DECEMBER 31, 2002

AUDITORS' REPORT

To: The Members of
Rocky View Regional Handibus Society

We have audited the statement of financial position of **Rocky View Regional Handibus Society** (the "Society") as at December 31, 2002 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.

Except as noted in the following paragraph, 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 the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In common with many charitable societies, the Society derives revenue from 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 contributions, excess of revenues over expenditures, current assets and net assets.

Except as noted in the above paragraph, in our opinion, these financial statements present fairly, in all material respects, the financial position of the Society as at December 31, 2002, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Calgary, Alberta
February 25, 2003

HUDSON & COMPANY LLP
Chartered Accountants

ROCKY VIEW REGIONAL HANDIBUS SOCIETY
STATEMENT OF FINANCIAL POSITION

DECEMBER 31	2002	2001 (Restated)
ASSETS		
CURRENT		
Cash	\$ 66,276	\$ 50,607
Accounts receivable	11,153	9,020
Prepaid expenses	2,019	2,019
Cash - restricted (Note 3)	6,751	23,068
Casino fund receivable	-	28,052
	86,199	112,766
CAPITAL ASSETS (Note 4)	85,076	94,200
	\$ 171,275	\$ 206,966
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 18,704	\$ 12,240
Deferred contributions (Note 5)	20,251	51,120
	38,955	63,360
DEFERRED CAPITAL CONTRIBUTIONS (Note 6)	83,611	92,261
	122,566	155,621
NET ASSETS		
NET ASSETS INVESTED IN CAPITAL ASSETS	1,465	1,939
NET UNRESTRICTED ASSETS	47,244	49,406
	48,709	51,345
	\$ 171,275	\$ 206,966

Approved On Behalf Of The Board

Director _____

Director _____

ROCKY VIEW REGIONAL HANDIBUS SOCIETY
STATEMENT OF OPERATIONS

YEAR ENDED DECEMBER 31	2002	2001 (Restated)
REVENUES		
Amortization of deferred capital contributions	\$ 30,650	\$ 37,924
Amortization of deferred contributions	77,723	64,625
Fee for service	187,926	173,133
Other income	12,217	7,339
Unrestricted contributions	3,643	2,521
User fees	26,291	31,148
	<u>338,450</u>	<u>316,690</u>
EXPENDITURES		
Advertising and promotion	1,169	913
Amortization	31,224	38,258
Bad debts	48	579
Dues and memberships	631	637
Fuel	31,080	29,882
Insurance	8,839	6,331
Interest and bank charges	441	565
Office	9,256	8,885
Professional fees	6,685	7,855
Rent	9,733	9,579
Repairs and maintenance	30,339	18,223
Salaries and benefits	205,054	177,025
Telephone	3,750	3,890
Utilities	2,837	2,298
	<u>341,086</u>	<u>304,920</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (2,636)	\$ 11,770

ROCKY VIEW REGIONAL HANDIBUS SOCIETY
STATEMENT OF CHANGES IN NET ASSETS

YEAR ENDED DECEMBER 31, 2002

	Invested in capital assets	Unrestricted	Total 2002	Total 2001
BALANCE, beginning of year	\$ 1,939	\$ 49,406	\$ 51,345	\$ 39,575
Excess (deficiency) of revenues over expenditures	(574)	(2,062)	(2,636)	11,770
Invested in capital assets (net of disposals)	100	(100)	-	-
BALANCE, end of year	\$ 1,465	\$ 47,244	\$ 48,709	\$ 51,345

ROCKY VIEW REGIONAL HANDIBUS SOCIETY
STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31	2002	2001 (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess (deficiency) of revenues over expenditures	\$ (2,636)	\$ 11,770
Items not affecting cash:		
Amortization	31,224	38,258
Amortization of deferred contributions	(77,723)	(64,625)
Amortization of capital contributions	(30,650)	(37,924)
	(79,785)	(52,521)
Change in non-cash working capital items		
Accounts receivable	(2,133)	36,309
Prepaid expenses	-	6,998
Accounts payable and accrued liabilities	6,464	4,776
	(75,454)	(4,438)
CASH FLOWS FROM INVESTING ACTIVITY		
Purchase of capital assets	(22,100)	(7,078)
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash received from deferred contributions	68,854	41,610
Cash received from deferred capital contributions	28,052	24,261
	96,906	65,871
INCREASE (DECREASE) IN CASH	(648)	54,355
CASH AND CASH EQUIVALENTS, beginning of year	73,675	19,320
CASH AND CASH EQUIVALENTS, end of year	\$ 73,027	\$ 73,675
CASH CONSISTS OF:		
Cash	\$ 66,276	\$ 50,607
Cash - restricted (Note 3)	6,751	23,068
	\$ 73,027	\$ 73,675

ROCKY VIEW REGIONAL HANDIBUS SOCIETY
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2002

1. NATURE OF OPERATIONS

Rocky View Regional Handibus Society (the "Society") is a non-profit organization that provides transportation for special needs children and seniors in Central Alberta. The Society is incorporated under the Alberta Societies Act and is exempt from income tax under the provision of section 149(1) of the Income Tax Act.

During the year the Society changed its name from Handi Bus by C.R.A.B. Society to Rocky View Regional Handibus Society.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared using the historical cost basis in accordance with Canadian generally accepted accounting principles. These financial statements have, in management's opinion, been properly prepared within the framework of the accounting policies summarized below.

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 disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. Actual results could differ from those estimates. Accounts specifically affected are accounts receivable, prepaid expenses, capital assets and accounts payable and accrued liabilities.

Cash equivalents

Cash equivalents consist principally of cash on hand and funds on deposit.

ROCKY VIEW REGIONAL HANDIBUS SOCIETY
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2002

Capital assets

Capital assets are recorded at cost. Contributed capital assets are recorded at the fair value at the date of contribution. The Society provides for amortization using the following methods at rates designed to amortize the cost of the capital assets over their estimated useful lives. The annual amortization rates and methods are as follows:

Automotive	30 % Declining balance
Office furniture and equipment	20 % Declining balance
Computer equipment	30 % Declining balance
Computer upgrades	100 % Declining balance
Leasehold improvements	20 % Declining balance

One-half the normal rate of amortization is recorded in the year of acquisition and no provision is recorded in the year of disposition.

Amounts invested in capital assets, as shown on the statement of changes in net assets, is shown net of deferred capital contributions.

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.

Fee for service, user fees, and other income revenues are recognized on a completion basis.

Contributed services

Volunteers contributed time to assist the Society in carrying out its programs. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

3. CASH - RESTRICTED

Current restricted cash is comprised of casino funds contributed for the specific purposes of acquiring and maintaining capital assets. During the year, the Society received approval from the Alberta Gaming and Liquor Commission to amend the use of these funds to include payments for office rent and insurance expenditures.

ROCKY VIEW REGIONAL HANDIBUS SOCIETY
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2002

4. CAPITAL ASSETS

			2002	2001 (Restated)
	Cost	Accumulated Amortization	Net	Net
Automotive	\$ 287,764	\$ 207,052	\$ 80,712	\$ 88,589
Office furniture and equipment	8,116	6,124	1,992	2,377
Computer equipment	2,999	1,492	1,507	2,153
Computer upgrades	2,046	2,046	-	-
Leasehold improvements	2,616	1,751	865	1,081
	\$ 303,541	\$ 218,465	\$ 85,076	\$ 94,200

5. DEFERRED CONTRIBUTIONS

	2002	2001 (Restated)
Balance, beginning of year	\$ 51,120	\$ 28,741
Add amount received related to following year	68,854	91,809
Less amount transferred to deferred capital contributions	(22,000)	(5,142)
Less amount recognized as revenue in year	(77,723)	(64,288)
	\$ 20,251	\$ 51,120

Deferred contributions represent amounts received to pay for wages for a transportation survey as well as casino funds that are to be used to maintain the capital assets and assist in paying for office rent and insurance expenditures.

6. DEFERRED CAPITAL CONTRIBUTIONS

	2002	2001 (Restated)
Balance, beginning of year	\$ 92,261	\$ 125,380
Add amount transferred from deferred contributions	22,000	4,805
Less amount amortized to revenue	(30,650)	(37,924)
	\$ 83,611	\$ 92,261

Deferred capital contributions represent contributed capital assets and restricted contributions related to the Society's automotive assets.

ROCKY VIEW REGIONAL HANDIBUS SOCIETY
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2002

7. PRIOR PERIOD ADJUSTMENT

Subsequent to the December 31, 2001 year end it was discovered the Society had not properly accounted for deferred capital contributions in accordance with Canadian generally accepted accounting principles. In the past the Society had taken any amounts received in donations and grants to the income statement. Under the deferred contribution method, only unrestricted amounts are taken into revenue and grants that have a restricted use are deferred until the related expense has been incurred and then the grant is taken into revenue. Any amounts received for capital assets are deferred once they are spent as deferred capital contributions and are taken into revenue at the same rate as the amortization. In order to present the financial statement on a deferred contribution basis, the following schedule details the adjustments that were made to the prior years' financial statements.

	Per issued financial statements	Adjustment	Restated amounts
Cash	\$ 73,675	\$ (23,068)	\$ 50,607
Cash - restricted	\$ -	\$ 23,068	\$ 23,068
Casino reserve fund	\$ 23,068	\$ (23,068)	-
Deferred contributions	\$ -	\$ 51,120	\$ 51,120
Deferred capital contribution	\$ -	\$ 92,261	\$ 92,261
Net assets invested in capital assets	\$ 94,200	\$ (92,261)	\$ 1,939
Net assets restricted	\$ 23,068	\$ (23,068)	-
Net unrestricted assets-start of year	\$ 122,173	\$ (82,600)	\$ 39,573
Excess (deficiency) of revenue over expenses	\$ (21,650)	\$ 33,419	\$ 11,769
Net unrestricted assets - end of year	\$ 100,523	\$ (49,181)	\$ 51,342
Casino income	\$ 50,199	\$ (50,199)	-
Grants	\$ 41,610	\$ (41,610)	-
Amortization of deferred contributions	\$ -	\$ 64,625	\$ 64,625
Amortization of deferred capital contributions	\$ -	\$ 37,924	\$ 37,924
Casino expenses	\$ 22,619	\$ (22,619)	-
Interest and bank charges	\$ 626	\$ (60)	\$ 566

8. CONTRACTUAL OBLIGATIONS

The Society's total obligations, under a equipment lease and a property lease agreement, exclusive of occupancy costs, are as follows:

2003	\$ 2,708
2004	1,958
2005	<u>653</u>
	\$ 5,319

9. **ECONOMIC DEPENDENCE**

The Society relies on funds from the Rocky View School Division from which it derives 46% (2001 - 43%) of its revenue.

10. **FINANCIAL INSTRUMENTS**

The Society's financial instruments consist of cash, accounts receivable, cash - restricted and accounts payable and accrued liabilities. It is management's opinion that the Society is not exposed to significant interest, currency or credit risks arising from these financial instruments and that the fair value of these financial instruments approximate their carrying values.

11. **COMPARATIVE FIGURES**

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year.