

ROCKY VIEW REGIONAL HANDIBUS SOCIETY

FINANCIAL STATEMENTS

DECEMBER 31, 2003

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, 2003 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, 2003, 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
March 1, 2004

HUDSON & COMPANY LLP
Chartered Accountants

ROCKY VIEW REGIONAL HANDIBUS SOCIETY
STATEMENT OF FINANCIAL POSITION

DECEMBER 31	2003	2002
ASSETS		
CURRENT		
Cash	\$ 26,321	\$ 66,276
Restricted cash (note 3)	28,100	6,751
Accounts receivable	13,317	11,152
Prepaid expenses	11,557	2,019
	79,295	86,198
CAPITAL ASSETS (note 4)	60,233	85,076
	\$ 139,528	\$ 171,274
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 20,041	\$ 18,703
Deferred contributions (note 5)	28,029	20,251
	48,070	38,954
DEFERRED CAPITAL CONTRIBUTIONS (note 6)	58,789	83,611
	106,859	122,565
NET ASSETS		
NET ASSETS INVESTED IN CAPITAL ASSETS	1,444	1,465
NET UNRESTRICTED ASSETS	31,225	47,244
	32,669	48,709
	\$ 139,528	\$ 171,274

Approved on behalf of the Board

Director _____

Director _____

ROCKY VIEW REGIONAL HANDIBUS SOCIETY
STATEMENT OF OPERATIONS

YEAR ENDED DECEMBER 31	2003	2002
REVENUES		
Amortization of deferred capital contributions	\$ 24,822	\$ 30,650
Amortization of deferred contributions	-	77,723
Casino revenues (net of expenses - \$12,290)	36,337	-
Fee for service	203,106	187,926
Grants	34,000	-
Other income	12,051	12,217
Unrestricted contributions	31,866	3,643
User fees	24,784	26,291
	<u>366,966</u>	<u>338,450</u>
EXPENDITURES		
Advertising and promotion	1,809	1,169
Amortization	25,238	31,224
Bad debts	39	48
Dues and memberships	775	631
Fuel	39,512	31,080
Insurance	11,573	8,839
Interest and bank charges	771	441
Office	10,649	9,256
Professional fees	15,300	6,685
Rent	10,080	9,733
Repairs and maintenance	43,020	30,339
Salaries and benefits	216,920	205,054
Telephone	3,839	3,750
Utilities	3,481	2,837
	<u>383,006</u>	<u>341,086</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES	\$ (16,040)	\$ (2,636)

ROCKY VIEW REGIONAL HANDIBUS SOCIETY
STATEMENT OF CHANGES IN NET ASSETS

YEAR ENDED DECEMBER 31

	Invested in capital assets	Unrestricted	Total 2003	Total 2002
BALANCE, beginning of year	\$ 1,465	\$ 47,244	\$ 48,709	\$ 51,345
Deficiency of revenues over expenditures	(416)	(15,624)	(16,040)	(2,636)
Capital asset additions	395	(395)	-	-
BALANCE, end of year	\$ 1,444	\$ 31,225	\$ 32,669	\$ 48,709

ROCKY VIEW REGIONAL HANDIBUS SOCIETY
STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31	2003	2002
CASH FLOWS FROM OPERATING ACTIVITIES		
Deficiency of revenues over expenditures	\$ (16,040)	\$ (2,636)
Items not affecting cash:		
Amortization	25,238	31,224
Amortization of deferred contributions	-	(77,723)
Amortization of capital contributions	(24,822)	(30,650)
	(15,624)	(79,785)
Change in non-cash working capital items		
Accounts receivable	(2,165)	(2,132)
Prepaid expenses	(9,538)	-
Accounts payable and accrued liabilities	1,338	6,463
Deferred contributions	7,778	68,854
	(18,211)	(6,600)
CASH FLOWS FROM INVESTING ACTIVITY		
Purchase of capital assets	(395)	(22,100)
CASH FLOWS FROM FINANCING ACTIVITY		
Cash received to fund capital expenditures	-	28,052
DECREASE IN CASH	(18,606)	(648)
CASH, beginning of year	73,027	73,675
CASH, end of year	\$ 54,421	\$ 73,027
CASH CONSISTS OF:		
Cash	\$ 26,321	\$ 66,276
Restricted cash	28,100	6,751
	\$ 54,421	\$ 73,027

ROCKY VIEW REGIONAL HANDIBUS SOCIETY
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2003

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. The continued operations of the Society are dependant on the on-going financial and other support of its sponsors.

In the previous year the Society changed its name from Handibus 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 as follows:

Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that effect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. By their nature, these estimates are subject to measurement uncertainty. The effect of changes in such estimates on the financial statements in future periods could be significant. Accounts specifically affected by estimates in these financial statements are accounts receivable, and accounts payable and accrued liabilities.

Cash

Cash and restricted cash, consists principally of cash on hand and funds on deposit.

Capital assets

Capital assets are recorded at cost. The Society provides for amortization using the declining balance method at rates designed to amortize the cost of the capital assets over their estimated useful lives. The annual amortization rates are as follows:

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

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.

ROCKY VIEW REGIONAL HANDIBUS SOCIETY
NOTES TO THE FINANCIAL STATEMENTS

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2. **SIGNIFICANT ACCOUNTING POLICIES, continued**

Revenue recognition

The Society follows the deferral method of accounting for contributions. Restricted contributions are recorded 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. **RESTRICTED CASH**

Restricted cash is comprised of casino funds contributed for the specific purposes of acquiring and maintaining capital assets and a grant received from the Community Initiatives Program (CIP) restricted to assist in the development of a rural handibus service.

	2003	2002
Cash - Casino	\$ 5,529	\$ 6,751
Cash - Community Initiatives Program	22,571	-
	\$ 28,100	\$ 6,751

4. **CAPITAL ASSETS**

	2003		2002	
	Cost	Accumulated Amortization	Net	Net
Automotive	\$ 287,764	\$ 231,267	\$ 56,497	\$ 80,712
Office furniture and equipment	8,511	6,522	1,989	1,992
Computer equipment	2,999	1,944	1,055	1,507
Computer upgrades	2,046	2,046	-	-
Leasehold improvements	2,616	1,924	692	865
	\$ 303,936	\$ 243,703	\$ 60,233	\$ 85,076

ROCKY VIEW REGIONAL HANDIBUS SOCIETY
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2003

5. DEFERRED CONTRIBUTIONS

	2003	2002
Balance, beginning of the year	\$ 20,251	\$ 51,120
Amounts restricted for expenses not yet incurred	90,405	68,854
Amount transferred to deferred capital contributions	-	(22,000)
Amount recognized as revenue	(82,627)	(77,723)
	\$ 28,029	\$ 20,251

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

	2003	2002
Balance, beginning of year	\$ 83,611	\$ 92,261
Amount transferred from deferred contributions	-	22,000
Amount amortized to revenue	(24,822)	(30,650)
	\$ 58,789	\$ 83,611

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

7. LEASE COMMITMENTS

The Society's total commitments, under equipment and property lease agreements, exclusive of occupancy costs, are as follows:

2004	\$ 7,058	
2005	653	
	\$ 7,711	
	\$ 7,711	

8. ECONOMIC DEPENDENCE

The Society relies on funds from the Rocky View School Division from which it derives 48% (2002 - 46%) of its revenue.

ROCKY VIEW REGIONAL HANDIBUS SOCIETY
NOTES TO THE FINANCIAL STATEMENTS

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9. **FINANCIAL INSTRUMENTS**

The Society's financial instruments consist of cash, accounts receivable, restricted cash, 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.

10. **COMPARATIVE FIGURES**

The comparative financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year earnings.