

ROCKY VIEW REGIONAL HANDIBUS SOCIETY
FINANCIAL STATEMENTS
DECEMBER 31, 2016

ANDA FRUDESCU CGA, PROFESSIONAL CORPORATION

Chartered Professional Accountant

INDEPENDENT AUDITOR'S REPORT

To the Members of Rocky View Regional Handibus Society

I have audited the accompanying financial statements of Rocky View Regional Handibus Society which comprise the Statement of Financial Position as at December 31, 2016, the statement of operations, the statement of changes in net assets, and 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

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I 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 procedures to obtain 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 statement 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified audit opinion .

Basis for Qualified Opinion

In common with many charitable organizations, the society derives revenues from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, my verification of these revenues was limited to the amount recorded in the records of the society and I was not able to determine whether any adjustments might be necessary to donations, statement of operations and financial position.

Qualified Opinion

In my 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 Rocky View Regional Handibus Society as at December 31, 2016, 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
March 30, 2017

Original Document Signed

CHARTERED PROFESSIONAL ACCOUNTANT

ROCKY VIEW REGIONAL HANDIBUS SOCIETY

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2016

	2016	2015
ASSETS		
CURRENT		
Cash and cash equivalent	\$ 135,780	\$ 101,894
Casino cash (Note 3)	1,809	1,905
Accounts receivable	20,210	42,253
GST receivable	6,944	10,509
Prepaid expenses	33,952	31,006
	198,695	187,567
CAPITAL ASSETS (Note 4)	492,775	442,845
	\$ 691,470	\$ 630,412
LIABILITIES		
CURRENT		
Accounts payable	\$ 4,730	\$ 25,183
Deferred casino contributions (Note 5)	1,809	1,905
Deferred grant contributions (Note 7)	40,000	-
Vacation payable	16,473	20,451
Payroll deductions payable	13,701	11,973
	76,713	59,512
DEFERRED CAPITAL CONTRIBUTIONS (Note 6)	383,231	351,746
	231,526	219,154
NET ASSETS		
NET ASSETS	231,526	219,154
	231,526	219,154
	\$ 691,470	\$ 630,412

APPROVED BY THE BOARD:

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Original Document Signed Director

ROCKY VIEW REGIONAL HANDIBUS SOCIETY

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2016

	2016	2015
RECEIPTS		
Deferred capital contributions	\$ 51,015	\$ 33,846
Deferred casino contributions	-	50,098
Passenger subsidies	(1,643)	-
Fee for service	344,579	345,862
Grants	490,882	477,189
Other income	11,807	10,599
Unrestricted contributions	2,499	24,973
User fees	77,710	71,063
Interest	140	1
Total receipts	976,989	1,013,631
DISBURSEMENTS		
Advertising and promotion	2,380	1,984
Amortization	51,484	34,329
Bad debts	912	1,164
Dues and memberships	1,119	2,065
Fuel	82,424	82,924
Insurance	32,860	31,359
Interest and bank charges	2,482	2,719
Office	18,499	17,852
Professional fees	7,200	7,200
Rent	27,450	22,200
Repairs and maintenance	87,869	87,197
Salaries and benefits	600,435	569,599
Telephone	19,575	14,531
Uniforms	-	4,423
Utilities	3,613	6,678
Training and education	1,819	4,467
Info technology services	10,046	6,240
Total disbursements	950,167	896,931
Loss on disposal of assets	(14,450)	(2,902)
EXCESS OF RECEIPTS OVER DISBURSEMENTS	\$ 12,372	\$ 113,798

ROCKY VIEW REGIONAL HANDIBUS SOCIETY

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>Total</u> <u>2016</u>	<u>Total</u> <u>2015</u>
BALANCE, beginning of year	\$ 219,154	\$ 105,356
Excess of revenues over expenditures	12,372	113,798
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BALANCE, end of year	\$ 231,526	\$ 219,154

ROCKY VIEW REGIONAL HANDIBUS SOCIETY

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2016

	2016	2015
CASH FLOWS FROM/(TO) OPERATING ACTIVITIES		
Excess of receipts over disbursements, continuing operations	\$ 26,822	\$ 116,700
Items not affecting cash		
Amortization	51,484	34,329
Loss on disposal of property and equipment	(14,450)	(2,902)
Amortization of deferred contributions	(51,015)	(33,846)
	12,841	114,281
Change in non-cash working capital items		
Accounts receivable	25,609	(27,131)
Prepaid expenses	(2,946)	(3,869)
Accounts payable and accrued liabilities	(22,703)	13,663
Deferred casino contributions	(96)	(50,098)
NET CASH GENERATED THROUGH OPERATING ACTIVITIES	12,705	46,846
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in deferred contributions	122,500	95,000
Insurance proceeds	-	5,070
NET CASH GENERATED THROUGH FINANCING ACTIVITIES	122,500	100,070
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(115,865)	(117,915)
Loss of disposal of property and equipment	14,450	2,902
NET CASH GENERATED THROUGH INVESTING ACTIVITIES	(101,415)	(115,013)
NET INCREASE IN CASH	33,790	31,903
BALANCE, Beginning of year	103,799	71,896
BALANCE, End of year	\$ 137,589	\$ 103,799
CASH CONSISTS OF:		
Cash and cash equivalent	135,780	101,894
Restricted cash	1,809	1,905
	137,589	103,799

ROCKY VIEW REGIONAL HANDIBUS SOCIETY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016

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, on August 27 1980, 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 of the on-going financial and other support of its sponsors.

2. ACCOUNTING POLICIES

The society's accounting policies and the standards of it's disclosure are in accordance with the Canadian accounting standards for not-for-profit organizations.

Cash and cash equivalent

Cash and cash equivalents are defined as bank balances that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

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%
Leasehold improvements	20%
Scheduling software	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

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. Deferred Capital Contributions are recognized as revenue over the estimated life of the related asset using the declining balance method. 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.

Income taxes

The Society is a not-for-profit organization within the meaning of the Income Tax Act of Canada and is exempt from income taxes.

ROCKY VIEW REGIONAL HANDIBUS SOCIETY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016

Management estimates

The preparation of these 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, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported revenues and expense during the current period. All estimates are reviewed periodically and adjustments are made to the statement of operations as appropriate in the year they become known.

Financial instruments risks

Rocky View Regional Handibus Society is exposed to various risks through its financial instruments. The exposure to the risks associated with financial instruments that have the potential to affect its operating and financial performance are managed in accordance with the Risk Management Policy. The objective of the policy is to reduce volatility in cash flow and earnings. The Board of Directors monitors compliance with risk management policies and reviews risk management policies on an annual basis.

a) Credit risk

Rocky View Regional Handibus Society is exposed to credit risk resulting from the possibility that parties may default on their financial obligations, or if there is a concentration of transactions carried on with the same party. Management follows a program of credit evaluation of customers and a limit of the amount of credit extended.

b) Liquidity risk

Liquidity risk is the risk that Rocky View Regional Handibus Society will not be able to meet a demand for cash or fund its obligations as they come due. Liquidity requirements are met by preparing and monitoring forecasts of cash flows from operations and maintaining a line of credit.

c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk is comprised of currency risk and interest rate risk.

d) Currency risk

Currency risk refers to the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate relative to the Canadian dollar due to changes in foreign exchange rates. Rocky View Regional Handibus Society does not deal in foreign currency.

e) Interest rate risk

Interest rate risk refers to the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate due to changes in market interest rates.

f) Changes in risk

There have been no changes in the Rocky View Regional Handibus Society's risk exposure from the prior year.

3. CASINO CASH

Casino cash is contributed for the specific purposes of acquiring and maintaining capital assets. Restricted contributions are funds received for specific purposes that have not yet been spent.

	2016	2015
Casino cash	\$ 1,809	\$ 1,905
	\$ 1,809	\$ 1,905

ROCKY VIEW REGIONAL HANDIBUS SOCIETY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016

4. CAPITAL ASSETS

	Cost	Accumulated Amortization	Net <u>2016</u>	Net <u>2015</u>
Automotive	\$ 758,003	\$ 339,702	\$ 418,301	\$ 378,025
Office furniture & equipment	10,327	9,286	1,041	1,301
Computer equipment	6,838	4,966	1,872	2,100
Scheduling software	109,753	38,229	71,524	61,372
Leasehold improvements	2,616	2,579	37	47
	<u>\$ 887,537</u>	<u>\$ 394,762</u>	<u>\$ 492,775</u>	<u>\$ 442,845</u>

5. DEFERRED CASINO CONTRIBUTIONS

	2016	2015
Balance, beginning of the year	\$ 1,905	\$ 52,003
Amount transferred in (out)	(96)	-
Amount recognized as revenue	-	(50,098)
	<u>\$ 1,809</u>	<u>\$ 1,905</u>

Deferred casino contributions represent casino funds that are to be used to maintain the property and equipment and assist in paying for office rent and insurance expenditure.

6. DEFERRED CAPITAL CONTRIBUTIONS

	2016	2015
Balance, beginning of the year	\$ 351,746	\$ 290,593
Restricted contributions	82,500	95,000
Amount recognized as revenue	(51,015)	(33,847)
	<u>\$ 383,231</u>	<u>\$ 351,746</u>

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

The Society received in 2016 a donation of \$82,500 toward a purchase a new bus. The funds received were deferred until 2017.

7. DEFERRED GRANT CONTRIBUTIONS

	2016	2015
Restricted grant contributions	\$ 40,000	\$ -
	<u>\$ 40,000</u>	<u>\$ -</u>

The Society received in 2016 a grant of \$40,000 from Alberta Culture and Tourism. The annual operating grant is for the purpose of assisting the Society with its operations.

ROCKY VIEW REGIONAL HANDIBUS SOCIETY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016

8. ECONOMIC DEPENDENCE

The society relies on funds from Rocky View Schools and Rocky View County.

9. RENT

The rent is paid monthly to Erroll Projects Inc. at a rate of \$2,800 plus the applicable GST taxes.

10. LINE OF CREDIT AND MASTERCARD

The Society has an operating line of credit with ATB Financial to a maximum of \$40,000. The interest rate is based on the ATB Financial rate of 6.5%.

The Society has a mastercard with ATB Financial to a maximum of \$47,700. The interest rate is 8.85%

11. FUNDRAISING COSTS

The society solicits funds from various organizations and individuals in the area. Fundraising activities are carried out by administrative personnel, no outside agencies are employed. There are minimal costs associated with fundraising as a separate activity.

12. FINANCIAL INSTRUMENTS

The Society's financial instruments consist of cash, accounts receivable, accounts payable and accrued liabilities.

1) Measurement of financial instruments

Financial assets measured at amortized cost include cash and accounts receivable and fixed income investments.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

2) Impairment

The carrying amount of the asset is reduced directly or through the use of an allowance account. The amount of reduction is recognized as an impairment loss in the statement of operations.

3) Transaction costs

Transactions costs are recognized in the statement of operations in the period incurred, except for financial instruments that will be subsequently measured at amortized cost.