

ROCKY VIEW REGIONAL HANDIBUS SOCIETY
FINANCIAL STATEMENTS
DECEMBER 31, 2019

INDEPENDENT AUDITOR'S REPORT

To the Members of Rocky View Regional Handibus Society:

Qualified Opinion

I have audited the financial statements of Rocky View Regional Handibus Society, which comprise the statement of financial position as at December 31, 2019, and the statements of operations and changes in net assets, and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of my report, the accompanying financial statements present fairly, in all material respects, the financial position of the Society as at December 31, 2019, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Society derives revenue from cash donations, 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 the Society.

Therefore, I am not able to determine whether any adjustments might be necessary to cash donations revenues, excess of revenues over expenses, and cash flows from operations for the year ended December 31, 2019, current and net assets as at December 31, 2019. My audit opinion on the financial statements for the year ended December 31, 2019 was modified accordingly because of the possible effect of this limitation in scope.

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Society in accordance with the ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of the 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.

In preparing the financial statements, Management is responsible for assessing the Society's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern.

Those Charged with Governance are responsible for overseeing the Society's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Society's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Society's ability to continue as going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Society to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Calgary, Alberta
April 16, 2020

CHARTERED PROFESSIONAL ACCOUNTANT

ROCKY VIEW REGIONAL HANDIBUS SOCIETY

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2019

	2019	2018
ASSETS		
CURRENT		
Cash and cash equivalent	\$ 19,742	\$ 158,337
Casino cash (Note 3)	13,407	13,503
Accounts receivable	24,068	13,974
GST receivable	4,629	6,206
Prepaid expenses and deposits	74,618	73,616
Deposits	27,284	10,000
Payroll advances	800	-
	164,548	275,636
CAPITAL ASSETS (Note 4)	328,193	365,018
	\$ 492,741	\$ 640,654
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 89,295	\$ 62,403
Deferred casino contributions (Note 5)	13,407	13,503
Vacation payable	32,212	27,473
	134,914	103,379
DEFERRED CAPITAL CONTRIBUTIONS (Note 6)	243,016	292,951
	377,930	396,330
NET ASSETS		
NET ASSETS	114,811	244,324
	\$ 492,741	\$ 640,654

APPROVED BY THE BOARD:

_____ Director

_____ Director

ROCKY VIEW REGIONAL HANDIBUS SOCIETY

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2019

	2019	2018
REVENUES		
Deferred capital contributions	\$ 49,935	\$ 57,338
Deferred casino contributions	96	98
Passenger subsidies	(2,358)	(4,017)
Fee for service	346,628	360,160
Municipal Grants	699,013	640,338
Provincial Grants	-	40,000
Other income	5,409	4,517
Donations	4,727	9,555
User fees	110,350	108,969
Interest	924	288
Donations in kind	-	54,000
Total revenues	1,214,724	1,271,246
EXPENSES		
Advertising and promotion	2,629	2,545
Amortization	74,776	81,583
Bad debts	420	1,966
Dues and memberships	2,890	1,028
Fuel	111,719	117,820
Insurance	68,438	43,084
Interest and bank charges	4,176	3,899
Office	16,965	18,360
Professional fees	7,200	7,200
Rent	34,200	33,600
Repairs and maintenance	106,643	106,713
Salaries and benefits	836,486	738,059
Telephone	14,065	14,282
Uniforms	3,450	8,520
Utilities	4,813	4,978
Training and education	2,797	4,823
Info technology services	35,343	30,085
Total expenses	1,327,010	1,218,545
(DEFICIT) EXCESS OF REVENUES OVER EXPENSES BEFORE OTHER ITEMS	(112,286)	52,701
OTHER ITEMS		
Loss on disposal of assets	(17,227)	(17,566)
(DEFICIT) EXCESS OF REVENUES OVER EXPENSES	\$ (129,513)	\$ 35,135

ROCKY VIEW REGIONAL HANDIBUS SOCIETY

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED DECEMBER 31, 2019

	2019	2018
BALANCE, beginning of year	\$ 244,324	\$ 209,189
Excess (Deficit) of revenues over expenses	(129,513)	35,135
BALANCE, end of year	\$ 114,811	\$ 244,324

ROCKY VIEW REGIONAL HANDIBUS SOCIETY

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2019

	2019	2018
CASH FLOWS FROM/(TO) OPERATING ACTIVITIES		
(Deficit) Excess of revenues over expenses, continuing operations	\$ (112,286)	\$ 52,701
Items not affecting cash		
Amortization	74,776	81,583
Loss on disposal of property and equipment	(17,227)	(17,566)
	(54,737)	116,718
Change in non-cash working capital items		
Accounts receivable	683	(2,609)
Prepaid expenses	(28,286)	(32,024)
Accounts payable and accrued liabilities	31,631	31,564
Deferred contributions	(49,935)	6,651
NET CASH GENERATED THROUGH OPERATING ACTIVITIES	(100,644)	120,300
CASH FLOWS FROM FINANCING ACTIVITIES		
Deferred casino contribution	(96)	(98)
NET CASH GENERATED THROUGH FINANCING ACTIVITIES	(96)	(98)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(86,062)	(65,387)
Loss of disposal of property and equipment	17,227	17,566
Sale of capital assets	30,884	-
NET CASH GENERATED THROUGH INVESTING ACTIVITIES	(37,951)	(47,821)
NET (DECREASE) / INCREASE IN CASH	(138,691)	72,381
BALANCE, Beginning of year	171,840	99,459
BALANCE, End of year	\$ 33,149	\$ 171,840
CASH CONSISTS OF:		
Cash and cash equivalent	19,742	158,337
Restricted cash	13,407	13,503
	33,149	171,840

ROCKY VIEW REGIONAL HANDIBUS SOCIETY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

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	10 years period
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, 2019

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.

	2019	2018
Casino cash	\$ 13,407	\$ 13,503
	\$ 13,407	\$ 13,503

ROCKY VIEW REGIONAL HANDIBUS SOCIETY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

4. CAPITAL ASSETS

	Cost	Accumulated Amortization	Net 2019	Net 2018
Automotive	\$ 729,731	\$ 414,881	\$ 314,850	\$ 328,962
Office furniture & equipment	500	136	364	405
Computer equipment	6,010	4,437	1,573	-
Scheduling software	121,222	109,816	11,406	35,651
	<u>\$ 857,463</u>	<u>\$ 529,270</u>	<u>\$ 328,193</u>	<u>\$ 365,018</u>

5. DEFERRED CASINO CONTRIBUTIONS

	2019	2018
Balance, beginning of the year	\$ 13,503	\$ 13,601
Amount transferred in (out)	(96)	(98)
	<u>\$ 13,407</u>	<u>\$ 13,503</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

	2019	2018
Balance, beginning of the year	\$ 292,951	\$ 246,299
Restricted contributions	-	103,990
Amount recognized as revenue	(49,935)	(57,338)
	<u>\$ 243,016</u>	<u>\$ 292,951</u>

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

7. ECONOMIC DEPENDENCE

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

8. RENT

The rent is paid monthly to Erroll Projects Inc. at a rate of \$2,800 from January 1 to September 30, 2019 plus the applicable GST taxes. On October 1, 2019 a new 2 years contract had been signed. The new monthly payment is \$3,000 per month plus the applicable GST taxes.

2019 = 34,200

2020=36,000

January 1-September 30 2021=27,000

ROCKY VIEW REGIONAL HANDIBUS SOCIETY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

9. LEASES

The Society received in lease from Rocky View County in 2016 and 2017, 4 busses for \$1.00 . The lease agreement is for a period of 10 years.

In 2016, the Society paid \$20, 000 toward the aquisition of the 4 busses.

The busses were recorded as capital assets, for a value of \$20,000, and amortized over 10 years period.

The Society received in lease from Rocky View County in 2018, 1 bus for \$1,387. The lease agreement is for a period of 10 years.

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 7.45%.

The Society has a mastercard with ATB Financial to a maximum of \$47,700. The interest rate is 9.95%

11. COMPARATIVE FIGURES

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

12. 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.

13. COMMUNITY TICKET PROGRAM

The Society provided \$600 worth of complementary tickets to partnening municipalities for use by their local/regional Community resource Centre.

14. 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.

15. FINANCIAL INSTRUMENTS (CONTINUED)

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.