

ROCKY VIEW REGIONAL HANDIBUS SOCIETY
FINANCIAL STATEMENTS
DECEMBER 31, 2012

ANDA FRUDESCU CGA, PROFESSIONAL CORPORATION

Certified General Accountant

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

To the Members of Rocky View Regional Handibus Society:

Management has the responsibility for preparing the accompanying financial statements and ensuring that all information reported at the Annual General Meeting is consistent with these statements. This responsibility includes selecting appropriate accounting principles and making objective judgements and estimates in accordance with Canadian accounting standards for not-for-profit organizations.

In discharging its responsibility for the integrity and fairness of the financial statements, as well as for the accounting systems from which they are derived, management maintains the necessary system of internal controls designed to provide assurance that transactions are authorized, assets are safeguarded and proper records maintained. The ultimate responsibility to members lies with the Board of Directors. The Board reviews the financial statements with management in detail prior to its approval to publish the financial statements.

The Board appoints external auditors to audit the financial statements and to meet separately with both the Board and management to review their findings. The external auditors report directly to the members; their report follows. The external auditors have full and free access to the Board to discuss their audit, as well as their findings concerning the integrity of the Society's financial reporting and the adequacy of its system of internal controls.

March 28, 2013

March 28, 2013

CHAIRPERSON Original Signed

TREASURER Original Signed

ANDA FRUDESCU CGA, PROFESSIONAL CORPORATION

Certified General 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, 2012, the statement of operations, and statement of financial position 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 audit opinion .

Opinion

In my opinion, these financial statements present fairly, in all material respects, the financial position of Rocky View Regional Handibus Society as at December 31, 2012, 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.

These financial statements, which have not been, and were not intended to be, prepared in accordance with Canadian Accounting standards for not-for-profit organizations, are solely for the information and use of the Directors of Rocky View Regional Handibus Society. These financial statements are not intended to be and should not be used by anyone other than specified users or for any other purpose.

Calgary, Alberta
March 28, 2013

CERTIFIED GENERAL ACCOUNTANT
Original Signed

ROCKY VIEW REGIONAL HANDIBUS SOCIETY

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2012

	2012	2011	Jan 1, 2011
ASSETS			
CURRENT			
Cash	\$ 25,239	\$ 20,072	\$ 59,274
Restricted cash (Note 4)	4,986	46,949	58,206
Accounts receivable	8,123	10,150	36,982
GST receivable	8,363	-	-
Prepaid expenses	28,478	23,322	19,470
	75,189	100,493	173,932
PROPERTY AND EQUIPMENT (Note 5)	394,535	397,741	384,114
	\$ 469,724	\$ 498,234	\$ 558,046
LIABILITIES			
CURRENT			
Accounts payable	\$ 81,180	\$ 60,163	\$ 38,384
Deferred contributions (Note 6)	4,986	22,110	58,206
	86,166	82,273	96,590
DEFERRED CAPITAL CONTRIBUTIONS (Note 7)	330,101	382,056	363,585
NET ASSETS			
NET UNRESTRICTED ASSETS	53,457	33,905	97,871
	53,457	33,905	97,871
	\$ 469,724	\$ 498,234	\$ 558,046

APPROVED BY THE BOARD:

Original Signed _____ Director

Original Signed _____ Director

ROCKY VIEW REGIONAL HANDIBUS SOCIETY

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2012

	2012	2011
REVENUE		
Amortization of deferred capital contributions	\$ 51,954	\$ 46,529
Amortization of deferred contributions	21,000	36,000
Casino revenues	47,016	96
Fee for service	342,707	337,417
Grants	291,669	158,500
Other income	3,409	4,834
Unrestricted contributions	4,292	15,986
User fees	50,967	54,936
	813,014	654,298
EXPENSES		
Advertising and promotion	1,100	692
Amortization	51,942	46,665
Bad debts	(4,664)	-
Dues and memberships	3,464	1,425
Fuel	97,007	93,257
Insurance	27,088	22,575
Interest and bank charges	4,214	2,106
Office	13,171	14,622
Professional fees	7,200	7,600
Rent	22,200	22,200
Repairs and maintenance	99,503	65,573
Salaries and benefits	449,322	425,892
Telephone	10,363	12,163
Uniforms	4,272	-
Utilities	6,390	5,109
	792,572	719,879
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS		
Continuing operations	20,442	(65,581)
OTHER ITEMS		
Gain on disposal of assets	(890)	1,615
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	\$ 19,552	\$ (63,966)

ROCKY VIEW REGIONAL HANDIBUS SOCIETY

STATEMENT CHANGES IN NET ASSETS FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>Total</u> <u>2012</u>	<u>Total</u> <u>2011</u>
BALANCE, beginning of year	\$ 33,905	\$ 97,871
Excess of revenues over expenditures	19,552	(63,966)
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BALANCE, end of year	\$ 53,457	\$ 33,905
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ROCKY VIEW REGIONAL HANDIBUS SOCIETY

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2012

	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess (Deficiency) of revenues over expenditures, continuing operations	\$ 20,442	\$ (65,581)
Items not affecting cash		
Amortization	51,942	46,665
Amortization of deferred contributions	(51,954)	(46,529)
	20,430	(65,445)
Change in non-cash working capital items		
Accounts receivable	(6,336)	26,832
Prepaid expenses	(5,156)	(3,852)
Accounts payable and accrued liabilities	21,024	21,779
Deferred contributions	(17,124)	(36,096)
NET CASH GENERATED THROUGH OPERATING ACTIVITIES	12,838	(56,782)
CASH FLOWS FROM FINANCING ACTIVITIES		
Deferred capital donation	-	65,000
NET CASH GENERATED THROUGH FINANCING ACTIVITIES	-	65,000
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(50,636)	(60,867)
Proceeds of disposal of property and equipment	1,002	2,190
NET CASH GENERATED THROUGH INVESTING ACTIVITIES	(49,634)	(58,677)
NET INCREASE (DECREASE) IN CASH	(36,796)	(50,459)
BALANCE, Beginning of year	67,021	117,480
BALANCE, End of year	\$ 30,225	\$ 67,021
CASH CONSISTS OF:		
Cash	25,239	20,072
Restricted cash	4,986	46,949
	30,225	67,021

ROCKY VIEW REGIONAL HANDIBUS SOCIETY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2012

ADOPTION OF ACCOUNTING STANDARDS FOR NOT-FOR-PROFIT ORGANIZATIONS

Effective January 1, 2011, the Association adopted the requirements of the Canadian Institute of Chartered Accountant (CICA) Handbook - Accounting, electing to adopt the new accounting framework: Canadian accounting for Not-For-Profit Organizations. These are the Society first statements prepared in accordance with these accounting standards for Not-For-Profit Organizations (NFPO) which has been applied retrospectively. The adoption of NFPO had no impact on previously reported assets, liabilities and equity of the Association, and accordingly, no adjustments have been recorded in the comparative statement of financial position, receipts and disbursements, reserves and the cash flow statement.

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 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 recommendations of the Canadian Institute of Chartered Accountants, except as follows:

i) Cash and restricted cash consist of cash on hand and funds on deposit.

ii) 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%
Scheduling software	20% Straight line
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

iii) 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.

iv) 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.

ROCKY VIEW REGIONAL HANDIBUS SOCIETY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2012

3. 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 expenses 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.

4. RESTRICTED CASH

Restricted cash-Casino is comprised of casino funds 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.

	2012	2011
Cash - Casino	\$ 4,986	\$ 1,110
Restricted contributions for the acquisition of software	-	18,133
Restricted contributions for purchase of a bus	-	6,000
Restricted contributions for operating expense	-	21,000
Other including accumulated interest	-	706
	\$ 4,986	\$ 46,949

5. PROPERTY AND EQUIPMENT

	Cost	Accumulated Amortization	Net <u>2012</u>	Net <u>2011</u>
Automotive	\$ 628,834	\$ 285,458	\$ 343,376	\$ 357,458
Office furniture & equipment	9,680	8,709	971	1,066
Computer equipment	5,678	4,150	1,528	1,608
Computer upgrades	-	-	-	37,494
Scheduling software	67,503	18,935	48,568	37,494
Leasehold improvements	2,616	2,524	92	115
	\$ 714,311	\$ 319,776	\$ 394,535	\$ 397,741

6. DEFERRED CONTRIBUTIONS

	2012	2011
Balance, beginning of the year	\$ 1,110	\$ 1,206
Amount transferred in (out)	52,982	-
Amount recognized as revenue	(49,106)	(96)
	\$ 4,986	\$ 1,110

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

ROCKY VIEW REGIONAL HANDIBUS SOCIETY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2012

7. DEFERRED CAPITAL CONTRIBUTIONS

	2012	2011
Balance, beginning of the year	\$ 382,056	\$ 363,585
Restricted contributions	-	65,000
Amount recognized as revenue	(51,954)	(46,529)
	\$ 330,102	\$ 382,056

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

In 2008, Rocky View County sold a bus costing \$63,269 to the society for \$1. The difference was recorded as a deferred capital contribution and amortized over the expected life of the asset. Rocky View County retains first right of refusal to reacquire the handibus in the event of the dissolution or substantial change in the nature of the society or should the society decide to sell the vehicle.

In 2010 the society acquired three busses from Big Hill Senior Citizens Activities Society at no cost. The fair value of the busses is \$73,000. The amount is recorded as a deferred capital contribution and is being amortized over the life of the busses.

8. ECONOMIC DEPENDENCE

The society relies on funds from Rocky View Schools.

9. 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.

10. 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. Such costs are expected to be less than \$6,000.

11. FINANCIAL INSTRUMENTS

1) Measurement of financial instruments

Financial assets measured at amortized cost include cash, 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.

ROCKY VIEW REGIONAL HANDIBUS SOCIETY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2012

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 hadibus Society will not be able to meet a demand for cash or fund its obligations as they come due. Liquidity requirement are meet 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 Hadibus 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 rats.

f) Changes in risk

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