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**CANLEARN SOCIETY FOR PERSONS**

**WITH LEARNING DIFFICULTIES**

**FINANCIAL STATEMENTS**

**AUGUST 31, 2006**

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## **AUDITOR'S REPORT**

To the Board of Directors  
**CanLearn Society for Persons with Learning Difficulties**

I have audited the balance sheet of CanLearn Society for Persons with Learning Difficulties as at August 31, 2006 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. 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 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 my opinion, these financial statements present fairly, in all material respects, the financial position of the Society as at August 31, 2006 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.

Calgary, Alberta  
November 28, 2006

**CHARTERED ACCOUNTANT**

**CANLEARN SOCIETY FOR PERSONS WITH LEARNING DIFFICULTIES**

## BALANCE SHEET

AUGUST 31

**ASSETS**

	<u>2006</u>	<u>2005</u>
<b>CURRENT:</b>		
Cash	\$ 398,167	\$ 59,053
Accounts receivable	19,871	28,806
Prepaid expenses	12,097	3,147
Short term investment	31,038	-
	461,173	91,006
<b>ENDOWMENT FUND INVESTMENT (NOTE 3)</b>	364,788	260,325
<b>NET CAPITAL ASSETS (NOTE 4)</b>	26,349	40,838
	\$ 852,310	\$ 392,169

**LIABILITIES**

<b>CURRENT:</b>		
Accounts payable	\$ 7,084	\$ 4,217
Deferred contributions (Note 5)	365,642	101,221
	372,726	105,438
<b>UNAMORTIZED CONTRIBUTIONS RELATED TO CAPITAL ASSETS (NOTE 6)</b>	10,960	19,680

**NET ASSETS**

<b>NET ASSETS INVESTED IN CAPITAL ASSETS</b>	15,389	21,158
<b>RESTRICTED ENDOWMENT FUND (NOTE 3)</b>	364,788	260,325
<b>UNRESTRICTED NET ASSETS (LIABILITIES)</b>	88,447	(14,432)
	468,624	267,051
	\$ 852,310	\$ 392,169

**APPROVED BY THE BOARD:**

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**CANLEARN SOCIETY FOR PERSONS WITH LEARNING DIFFICULTIES**

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## STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED AUGUST 31

	<i>INVESTED IN CAPITAL <u>ASSETS</u></i>	<i>RESTRICTED ENDOWMENT <u>FUND</u></i>	<i><u>UNRESTRICTED</u></i>	<i><u>TOTAL</u></i>	
				<i><u>2006</u></i>	<i><u>2005</u></i>
<b>BALANCE, BEGINNING OF YEAR</b>	\$ 21,158	\$ 260,325	\$(14,432)	\$ 267,051	\$ 324,451
<b>ADDITIONS DURING THE YEAR</b>	-	104,463	-	104,463	37,003
<b>EXCESS REVENUE (EXPENDITURE)</b>	(5,769)	-	102,879	97,110	(94,403)
<b>BALANCE, END OF YEAR</b>	\$ 15,389	\$ 364,788	\$ 88,447	\$ 468,624	\$ 267,051

**CANLEARN SOCIETY FOR PERSONS WITH LEARNING DIFFICULTIES****STATEMENT OF OPERATIONS  
FOR THE YEAR ENDED AUGUST 31**

	<u>2006</u>	<u>2005</u>
<b>REVENUE:</b>		
Fees for service	\$ 928,968	\$1,021,363
Fundraising and donations	178,977	145,371
Contributions (Note 7)	46,780	67,219
Investment income (Note 8)	52,746	39,814
Amortization of capital contributions (Note 6)	8,720	9,648
	<hr/> 1,216,191	<hr/> 1,283,415
<b>EXPENDITURE:</b>		
Salaries and related costs	974,979	1,196,391
Client service expense	50,576	45,447
Equipment lease and maintenance	19,024	16,072
Amortization	14,489	15,682
Travel and conferences	12,718	15,931
Public relations	11,434	23,964
Insurance	9,823	9,932
Fundraising	7,315	9,029
Telephone	6,849	5,067
Bank and credit card charges	6,140	6,126
Professional fees	5,734	4,761
Rent	-	29,416
	<hr/> 1,119,081	<hr/> 1,377,818
<b>EXCESS REVENUE (EXPENDITURE)</b>	<hr/> <b>\$ 97,110</b>	<hr/> <b>\$ (94,403)</b>

**CANLEARN SOCIETY FOR PERSONS WITH LEARNING DIFFICULTIES****STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED AUGUST 31**

	<u>2006</u>	<u>2005</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Excess of revenue (expenditure)	\$ 97,110	\$ (94,403)
Adjustments for:		
Amortization	14,489	15,682
Amortization of deferred capital contributions	(8,720)	(9,648)
	102,879	(88,369)
Changes in non-cash working capital		
(Increase) decrease in accounts receivable	8,935	12,225
(Increase) decrease in prepaid expenses	(8,950)	1,376
(Increase) decrease in short term investment	(31,038)	-
Increase (decrease) in accounts payable	2,867	(10,474)
Increase (decrease) in deferred contributions	264,421	(48,667)
Cash flows from (used for) operating activities	339,114	(133,909)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of capital assets	-	(1,520)
Cash flows used for investing activities	-	(1,520)
<b>NET INCREASE (DECREASE) DURING THE YEAR</b>	339,114	(135,429)
<b>CASH, BEGINNING OF YEAR</b>	59,053	194,482
<b>CASH, END OF YEAR</b>	\$ 398,167	\$ 59,053

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2006

**NOTE 1: PURPOSE OF ORGANIZATION**

CanLearn Society for Persons with Learning Difficulties provides services to learning disabled and their families including assessment, remediation and counselling and provides workshops to teachers and other professionals on learning disabilities. The Society is a not-for-profit organization and is a registered charity under the Income Tax Act.

**NOTE 2: SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Society have been prepared by management in accordance with Canadian generally accepted accounting principles and incorporate the following policies.

**Revenue recognition**

The Society follows the deferral method of accounting for contributions, fund raising and donations. 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 collections are reasonably assured.

Fees for service are recognized as revenue when the services have been performed.

**Long term investments**

Long term investments are stated at cost unless there is a decline in value which is considered other than temporary in which case they will be written down to market value.

**Capital assets**

Purchased capital assets are recorded at cost. Amortization is calculated at the following annual rates using the straight-line basis:

Building renovations	10%
Furniture and equipment	20%

**Contributed services**

Volunteers contributed 5224 hours during the year to assist the Society in carrying out its service delivery activities. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

**NOTE 3: ENDOWMENT FUND INVESTMENT**

The Jack Lee / Acclaim Energy Trust endowment fund has been established to provide a source of income to be used for the charitable purposes of the Society. The fund is restricted in that the Society cannot encroach on the principle of the endowment. Income from the endowment shall be distributed to the Society not less often than annually. An allocation equal to 20% of the annual income from the endowment is to be made to a reserve fund until the reserve fund reaches a value at least equal to the annual average income from the fund. The reserve fund was used during the year for operating purposes. The allocation to the reserve fund will be re-established when the Society's cash flow permits.

The fair market value of the fund at August 31, 2006 is approximately \$451,000 (2005 - \$396,000).

**CANLEARN SOCIETY FOR PERSONS WITH LEARNING DIFFICULTIES**

## NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2006

**NOTE 4: NET CAPITAL ASSETS**

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Capital Assets</u>	
			<u>2006</u>	<u>2005</u>
Building renovations	\$ 659,074	\$ 659,074	\$ -	\$ -
Furniture and equipment	306,101	279,752	26,349	40,838
Library	23,926	23,926	-	-
	<u>\$ 989,101</u>	<u>\$ 962,752</u>	<u>\$ 26,349</u>	<u>\$ 40,838</u>

**NOTE 5: DEFERRED CONTRIBUTIONS**

Deferred contributions represent unspent restricted operating funding received in the current year that is related to the subsequent year. Changes in the deferred contributions related to operating funding are as follows:

	<u>2006</u>	<u>2005</u>
Balance, beginning of year	\$ 101,221	\$ 149,888
Add: Received during the year	1,002,846	745,110
Less: Recognized as revenue in the year	(738,425)	(793,777)
Balance, end of year	<u>\$ 365,642</u>	<u>\$ 101,221</u>

**NOTE 6: UNAMORTIZED CONTRIBUTIONS RELATED TO CAPITAL ASSETS**

Unamortized contributions related to capital assets represent restricted contributions for the purchase of capital assets. The changes in the unamortized contribution balances for the year are as follows:

	<u>2006</u>	<u>2005</u>
Balance, beginning of year	\$ 19,680	\$ 29,328
Less: Amortized to revenue	(8,720)	(9,648)
Balance, end of year	<u>\$ 10,960</u>	<u>\$ 19,680</u>

## CANLEARN SOCIETY FOR PERSONS WITH LEARNING DIFFICULTIES

### NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2006

#### NOTE 7: CONTRIBUTIONS

	<u>2006</u>	<u>2005</u>
Family and Community Support Services	\$ 46,780	\$ 49,979
Calgary Board of Education	-	17,240
	<hr/> \$ 46,780	<hr/> \$ 67,219

#### NOTE 8: INVESTMENT INCOME

The Calgary Foundation holds and administers \$175,498 on behalf of the Society. The principal amount is not available for withdrawal by the Society and as such is not included in these financial statements. However, interest in the amount of \$8,806 has been paid to the Society and is included in investment income.

The Endowment Fund income in the amount of \$35,793 is included in investment income.

#### NOTE 9: FINANCIAL INSTRUMENTS

The Society has estimated the fair value of its financial instruments that include cash, accounts receivable, endowment fund investment and accounts payable to be comparable to the carrying value. The Society has used valuation methodologies and market information available as at year end and has determined that the carrying amounts of such financial instruments approximate fair value in all cases, except the endowment fund which has a fair market value of approximately \$451,000.