

**CANLEARN SOCIETY FOR PERSONS
WITH LEARNING DIFFICULTIES
FINANCIAL STATEMENTS
AUGUST 31, 2007**

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, 2007 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, 2007 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.

Calgary, Alberta
December 6, 2007

CHARTERED ACCOUNTANT

CANLEARN SOCIETY FOR PERSONS WITH LEARNING DIFFICULTIES

BALANCE SHEET

AUGUST 31

ASSETS

	<u>2007</u>	<u>2006</u>
CURRENT:		
Cash	\$ 193,578	\$ 398,167
Accounts receivable	49,064	19,871
Prepaid expenses	5,604	12,097
Short term investment	33,397	31,038
	281,643	461,173
ENDOWMENT FUND INVESTMENT (NOTE 3)	413,050	364,788
NET CAPITAL ASSETS (NOTE 4)	15,499	26,349
	\$ 710,192	\$ 852,310

LIABILITIES

CURRENT:		
Accounts payable	\$ 6,352	\$ 7,084
Deferred contributions (Note 5)	181,130	365,642
	187,482	372,726
UNAMORTIZED CONTRIBUTIONS RELATED TO CAPITAL ASSETS (NOTE 6)	2,240	10,960

NET ASSETS

NET ASSETS INVESTED IN CAPITAL ASSETS	13,259	15,389
RESTRICTED ENDOWMENT FUND (NOTE 3)	413,050	364,788
UNRESTRICTED NET ASSETS	94,161	88,447
	520,470	468,624
	\$ 710,192	\$ 852,310

APPROVED BY THE BOARD:

CANLEARN SOCIETY FOR PERSONS WITH LEARNING DIFFICULTIES

STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED AUGUST 31

	<i>INVESTED IN RESTRICTED</i>			<i>TOTAL</i>	
	<i>CAPITAL</i>	<i>ENDOWMENT</i>		<i>2007</i>	<i>2006</i>
	<u>ASSETS</u>	<u>FUND</u>	<u>UNRESTRICTED</u>		
BALANCE, BEGINNING OF YEAR	\$ 15,389	\$ 364,788	\$ 88,447	\$ 468,624	\$ 267,051
EXCESS REVENUE	(6,315)	-	9,899	3,584	97,110
CAPITAL ASSET ADDITIONS	4,185	-	(4,185)	-	-
ADDITIONS DURING THE YEAR	-	48,262	-	48,262	104,463
BALANCE, END OF YEAR	\$ 13,259	\$ 413,050	\$ 94,161	\$ 520,470	\$ 468,624

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

	<u>2007</u>	<u>2006</u>
REVENUE:		
Fees for service	\$ 939,520	\$ 928,968
Fundraising and donations	117,606	178,977
Grants	53,886	46,780
Investment income (Note 7)	55,738	52,746
Amortization of capital contributions (Note 6)	8,720	8,720
	<hr/> 1,175,470	<hr/> 1,216,191
EXPENDITURE:		
Salaries and related costs	954,831	974,979
Rent	59,319	-
Client service expense	47,771	50,576
Equipment lease and maintenance	24,560	19,024
Public relations	20,175	11,434
Travel and conferences	15,854	12,718
Amortization	15,035	14,489
Insurance	10,210	9,823
Fundraising	7,738	7,315
Telephone	5,820	6,849
Bank and credit card charges	5,423	6,140
Professional fees	5,150	5,734
	<hr/> 1,171,886	<hr/> 1,119,081
EXCESS REVENUE (EXPENDITURE)	<hr/> \$ 3,584	<hr/> \$ 97,110

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

	<u>2007</u>	<u>2006</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Excess revenue	\$ 3,584	\$ 97,110
Adjustments for:		
Amortization	15,035	14,489
Amortization of deferred capital contributions	(8,720)	(8,720)
	9,899	102,879
Changes in non-cash working capital		
(Increase) decrease in accounts receivable	(29,193)	8,935
(Increase) decrease in prepaid expenses	6,493	(8,950)
(Increase) decrease in short term investment	(2,359)	(31,038)
Increase (decrease) in accounts payable	(732)	2,867
Increase (decrease) in deferred contributions	(184,512)	264,421
Cash flows from (used for) operating activities	(200,404)	339,114
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of capital assets	(4,185)	-
Cash flows used for investing activities	(4,185)	-
NET INCREASE (DECREASE) DURING THE YEAR	(204,589)	339,114
CASH, BEGINNING OF YEAR	398,167	59,053
CASH, END OF YEAR	\$ 193,578	\$ 398,167

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2007

NOTE 1: PURPOSE OF ORGANIZATION

CanLearn Society for Persons with Learning Difficulties provides services to learning disabled and their families including assessment, remediation and counseling 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.

Investments

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 3,715 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.

The fair market value of the fund at August 31, 2007 is approximately \$438,000 (2006 - \$451,000).

CANLEARN SOCIETY FOR PERSONS WITH LEARNING DIFFICULTIES

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2007

NOTE 4: NET CAPITAL ASSETS

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Capital Assets</u>	
			<u>2007</u>	<u>2006</u>
Building renovations	\$ 659,074	\$ 659,074	\$ -	\$ -
Furniture and equipment	310,286	294,787	15,499	26,349
Library	23,926	23,926	-	-
	<u>\$ 993,286</u>	<u>\$ 977,787</u>	<u>\$ 15,499</u>	<u>\$ 26,349</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>2007</u>	<u>2006</u>
Balance, beginning of year	\$ 365,642	\$ 101,221
Add: Received during the year	566,806	1,002,846
Less: Recognized as revenue in the year	(751,318)	(738,425)
Balance, end of year	<u>\$ 181,130</u>	<u>\$ 365,642</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>2007</u>	<u>2006</u>
Balance, beginning of year	\$ 10,960	\$ 19,680
Less: Amortized to revenue	(8,720)	(8,720)
Balance, end of year	<u>\$ 2,240</u>	<u>\$ 10,960</u>

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2007

NOTE 7: INVESTMENT INCOME

The Calgary Foundation holds and administers \$ 180,455 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 \$9,238 has been paid to the Society and is included in investment income.

Income from the Jack Lee/Acclaim Energy Endowment Fund in the amount of \$32,057 is included in investment income.

NOTE 8: 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 \$438,000, and the short term investment which has a fair market value of approximately \$21,000.

The Society provides credit to clients in the normal course of operations. The society does not consider this risk to be significant.

