

**CANLEARN SOCIETY FOR PERSONS
WITH LEARNING DIFFICULTIES
FINANCIAL STATEMENTS
AUGUST 31, 2008**

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, 2008 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, 2008 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.

Calgary, Alberta
December 7, 2008

CHARTERED ACCOUNTANT

CANLEARN SOCIETY FOR PERSONS WITH LEARNING DIFFICULTIES

BALANCE SHEET

AUGUST 31

ASSETS

	<u>2008</u>	<u>2007</u>
CURRENT:		
Cash	\$ 208,522	\$ 193,578
Accounts receivable	30,301	49,064
Prepaid expenses	-	5,604
Short term investment	291	33,397
	<hr/> 239,114	<hr/> 281,643
ENDOWMENT FUND INVESTMENT (NOTE 3)	<hr/> 481,779	<hr/> 413,050
NET CAPITAL ASSETS (NOTE 4)	<hr/> 10,085	<hr/> 15,499
	<hr/> \$ 730,978	<hr/> \$ 710,192

LIABILITIES

CURRENT:		
Accounts payable	\$ 9,535	\$ 6,352
Deferred contributions (Note 5)	211,237	181,130
	<hr/> 220,772	<hr/> 187,482
UNAMORTIZED CONTRIBUTIONS RELATED TO CAPITAL ASSETS (NOTE 6)	<hr/> -	<hr/> 2,240

NET ASSETS

NET ASSETS INVESTED IN CAPITAL ASSETS	10,085	13,259
RESTRICTED ENDOWMENT FUND (NOTE 3)	481,779	413,050
UNRESTRICTED NET ASSETS	<hr/> 18,342	<hr/> 94,161
	<hr/> 510,206	<hr/> 520,470
	<hr/> \$ 730,978	<hr/> \$ 710,192

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 CAPITAL ASSETS</i>	<i>RESTRICTED ENDOWMENT FUND</i>	<i>UNRESTRICTED</i>	<u>TOTAL</u>	<u>TOTAL</u>
				<u>2008</u>	<u>2007</u>
BALANCE, BEGINNING OF YEAR	\$ 13,259	\$ 413,050	\$ 94,161	\$ 520,470	\$ 468,624
EXCESS REVENUE (EXPENDITURE)	(3,174)	-	(75,819)	(78,993)	3,584
ADDITIONS DURING THE YEAR	-	68,729	-	68,729	48,262
BALANCE, END OF YEAR	\$ 10,085	\$ 481,779	\$ 18,342	\$ 510,206	\$ 520,470

CANLEARN SOCIETY FOR PERSONS WITH LEARNING DIFFICULTIES

STATEMENT OF OPERATIONS
FOR THE YEAR ENDED AUGUST 31

	<u>2008</u>	<u>2007</u>
REVENUE:		
Fees for service	\$ 742,169	\$ 939,520
Fundraising and donations	321,868	117,606
Grants	68,611	53,886
Investment income (Note 7)	57,305	55,738
Amortization of capital contributions (Note 6)	2,240	8,720
	<hr/> 1,192,193	<hr/> 1,175,470
EXPENDITURE:		
Salaries and related costs	1,046,628	954,831
Client service expense	74,658	47,771
Rent	60,208	59,319
Public relations	18,515	20,175
Travel and conferences	15,553	15,854
Equipment lease and maintenance	15,387	24,560
Insurance	10,004	10,210
Fundraising	7,559	7,738
Bank and credit card charges	6,174	5,423
Professional fees	5,689	5,150
Amortization	5,414	15,035
Telephone	5,397	5,820
	<hr/> 1,271,186	<hr/> 1,171,886
EXCESS REVENUE (EXPENDITURE)	<hr/> \$ (78,993)	<hr/> \$ 3,584

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

	<u>2008</u>	<u>2007</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Excess revenue (expenditure)	\$ (78,993)	\$ 3,584
Adjustments for:		
Amortization	5,414	15,035
Amortization of deferred capital contributions	(2,240)	(8,720)
	(75,819)	9,899
Changes in non-cash working capital		
(Increase) decrease in accounts receivable	18,763	(29,193)
(Increase) decrease in prepaid expenses	5,604	6,493
(Increase) decrease in short term investment	33,106	(2,359)
Increase (decrease) in accounts payable	3,183	(732)
Increase (decrease) in deferred contributions	30,107	(184,512)
Cash flows from (used for) operating activities	14,944	(200,404)
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	14,944	(204,589)
CASH, BEGINNING OF YEAR	193,578	398,167
CASH, END OF YEAR	\$ 208,522	\$ 193,578

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2008

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 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 3,381 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 INVESTMENTS

The Jack and Louise Lee Fund and The Canetic Resources Fund have been established to provide a source of income to be used for the charitable purposes of the Society. The funds are 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.

CANLEARN SOCIETY FOR PERSONS WITH LEARNING DIFFICULTIES

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2008

NOTE 4: NET CAPITAL ASSETS

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Capital Assets</u>	
			<u>2008</u>	<u>2007</u>
Building renovations	\$ 659,074	\$ 659,074	\$ -	\$ -
Furniture and equipment	310,286	300,201	10,085	15,499
Library	23,926	23,926	-	-
	<u>\$ 993,286</u>	<u>\$ 983,201</u>	<u>\$ 10,085</u>	<u>\$ 15,499</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>2008</u>	<u>2007</u>
Balance, beginning of year	\$ 181,130	\$ 365,642
Add: Received during the year	753,212	566,806
Less: Recognized as revenue in the year	(723,105)	(751,318)
Balance, end of year	<u>\$ 211,237</u>	<u>\$ 181,130</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>2008</u>	<u>2007</u>
Balance, beginning of year	\$ 2,240	\$ 10,960
Less: Amortized to revenue	2,240	(8,720)
Balance, end of year	<u>\$ -</u>	<u>\$ 2,240</u>

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2008

NOTE 7: INVESTMENT INCOME

The Calgary Foundation holds and administers \$158,687 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 \$8,970 has been paid to the Society and is included in investment income.

Income from the Jack and Louise Lee and The Canetic Resources Funds in the amount of \$37,169 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.

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