

**DISCOVERY HOUSE FAMILY  
VIOLENCE PREVENTION SOCIETY  
FINANCIAL STATEMENTS**

March 31, 2008



**DISCOVERY HOUSE FAMILY VIOLENCE PREVENTION SOCIETY  
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March 31, 2008**

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**AUDITOR'S REPORT**

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To the Board of Directors  
Discovery House Family Violence Prevention Society

We have audited the statement of financial position of Discovery House Family Violence Prevention Society as at March 31, 2008 and the statements of operations and changes in fund balances and cash flows for the year then ended. These financial statements are the responsibility of the Society's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we 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 our opinion, these financial statements present fairly, in all material respects, the financial position of the Society as at March 31, 2008 and the results of its operations, changes in fund balances, and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

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**Partners**

Tenny S. Lo, MA, FCGA, CFP, CA\*

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Calgary, Alberta  
June 1, 2008

*Lo Porter Héту*  
Certified General Accountants

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**DISCOVERY HOUSE FAMILY VIOLENCE PREVENTION SOCIETY**  
**STATEMENT OF OPERATIONS**  
For the year ended March 31, 2008

	2008				2007		
	Operating Fund	Endowment Fund (Note 6)	Building Fund	Total	Operating Fund Restated (Note 12)	Building Fund	Total Restated (Note 12)
<b>Revenues</b>							
Grants (Note 7)	\$ 1,095,432	\$ -	\$ -	\$ 1,095,432	\$ 1,015,668	\$ -	\$ 1,015,668
Donations	245,193	254,547	11,952	511,692	193,091	141,994	335,085
Gaming - bingo, casino and raffle (net)	96,181	-	-	96,181	127,049	-	127,049
Special events	48,120	-	87,075	135,195	42,040	88,850	130,890
Rent	100,770	-	-	100,770	103,270	-	103,270
Interest revenue	23,748	-	-	23,748	19,831	-	19,831
Amortization of deferred contributions	7,414	-	-	7,414	8,204	-	8,204
Other revenue	22,053	-	-	22,053	3,820	-	3,820
	<b>1,638,911</b>	<b>254,547</b>	<b>99,027</b>	<b>1,992,485</b>	<b>1,512,973</b>	<b>230,844</b>	<b>1,743,817</b>
<b>Expenses</b>							
Salaries, benefits and training	1,019,120	-	-	1,019,120	890,894	-	890,894
Amortization of property and equipment	22,345	-	246,278	268,623	26,134	262,461	288,595
Office, utilities and general	175,624	-	43	175,667	170,360	-	170,360
Security	139,017	-	-	139,017	116,633	-	116,633
Special events	25,771	-	49,696	75,467	33,928	36,532	70,460
Professional fees	17,192	-	-	17,192	38,007	-	38,007
Educational bursaries	-	30,840	-	30,840	-	-	-
Insurance	36,635	-	-	36,635	35,245	-	35,245
Non-refundable GST	12,475	-	1,413	13,888	19,211	-	19,211
Program supplies/resource material	14,992	-	140	15,132	16,029	-	16,029
Repairs and maintenance	21,265	-	-	21,265	15,793	-	15,793
Advertising	12,177	-	-	12,177	11,012	-	11,012
Travel	11,320	-	-	11,320	10,861	-	10,861
Staff training and appreciation	6,590	-	-	6,590	7,290	-	7,290
Interest on demand loan	-	-	-	-	-	2,152	2,152
	<b>1,514,523</b>	<b>30,840</b>	<b>297,570</b>	<b>1,842,933</b>	<b>1,391,397</b>	<b>301,145</b>	<b>1,692,542</b>
<b>Excess (deficiency) of revenues over expenses</b>	<b>\$ 124,388</b>	<b>\$ 223,707</b>	<b>\$ (198,543)</b>	<b>\$ 149,552</b>	<b>\$ 121,576</b>	<b>\$ (70,301)</b>	<b>\$ 51,275</b>



**DISCOVERY HOUSE FAMILY VIOLENCE PREVENTION SOCIETY**  
**STATEMENT OF FINANCIAL POSITION**  
 March 31, 2008

	2008				2007		
	Operating Fund	Endowment Fund (Note 6)	Building Fund	Total	Operating Fund Restated (Note 12)	Building Fund	Total Restated (Note 12)
<b>Assets</b>							
<b>Current</b>							
Cash and cash equivalents	\$ 426,566	\$ -	\$ 187,106	\$ 613,672	\$ 174,027	\$ 134,284	\$ 308,311
Short term investments (Note 3)	495,424	223,707	-	719,131	477,332	-	477,332
Accounts receivable	90,229	-	1,413	91,642	24,504	6,500	31,004
Prepaid expense	21,154	-	-	21,154	102,147	-	102,147
	<u>1,033,373</u>	<u>223,707</u>	<u>188,519</u>	<u>1,445,599</u>	<u>778,010</u>	<u>140,784</u>	<u>918,794</u>
Property and equipment (Note 4)	89,380	-	4,654,506	4,743,886	111,724	4,900,784	5,012,508
	<u>\$ 1,122,753</u>	<u>\$ 223,707</u>	<u>\$ 4,843,025</u>	<u>\$ 6,189,485</u>	<u>\$ 889,734</u>	<u>\$ 5,041,568</u>	<u>\$ 5,931,302</u>
<b>Liabilities</b>							
<b>Current</b>							
Accounts payable and accruals	\$ 94,170	\$ -	\$ -	\$ 94,170	\$ 120,372	\$ -	\$ 120,372
Unearned revenue	1,952	-	-	1,952	20,752	-	20,752
	<u>96,122</u>	<u>-</u>	<u>-</u>	<u>96,122</u>	<u>141,124</u>	<u>-</u>	<u>141,124</u>
<b>Deferred contributions (Note 5)</b>							
Related to operations	320,825	-	-	320,825	160,628	-	160,628
Related to property and equipment	26,254	-	-	26,254	32,818	-	32,818
	<u>347,079</u>	<u>-</u>	<u>-</u>	<u>347,079</u>	<u>193,446</u>	<u>-</u>	<u>193,446</u>
	<u>443,201</u>	<u>-</u>	<u>-</u>	<u>443,201</u>	<u>334,570</u>	<u>-</u>	<u>334,570</u>
<b>Fund Balances</b>							
Invested in property and equipment	63,047	-	-	63,047	78,828	-	78,828
Endowment fund (Note 6)	-	223,707	-	223,707	-	-	-
Unrestricted	616,505	-	-	616,505	476,336	-	476,336
Building fund	-	-	4,843,025	4,843,025	-	5,041,568	5,041,568
	<u>679,552</u>	<u>223,707</u>	<u>4,843,025</u>	<u>5,746,284</u>	<u>555,164</u>	<u>5,041,568</u>	<u>5,596,732</u>
	<u>\$ 1,122,753</u>	<u>\$ 223,707</u>	<u>\$ 4,843,025</u>	<u>\$ 6,189,485</u>	<u>\$ 889,734</u>	<u>\$ 5,041,568</u>	<u>\$ 5,931,302</u>

APPROVED ON BEHALF OF THE BOARD:

\_\_\_\_\_, President  
 Nigel Richardson

\_\_\_\_\_, Treasurer  
 Don Holloway



**DISCOVERY HOUSE FAMILY VIOLENCE PREVENTION SOCIETY**  
**STATEMENT OF CHANGES IN FUND BALANCES**  
For the year ended March 31, 2008

	Operating Fund				2007	
	Property and Equipment	Unrestricted <i>Restated</i> <i>(Note 12)</i>	Endowment Fund <i>(Note 6)</i>	Building Fund	2008 Total	Total <i>Restated</i> <i>(Note 12)</i>
Balance, beginning of the year:						
As previously reported	\$ 78,828	\$ 536,565	\$ -	\$ 5,041,568	\$ 5,656,961	\$ 5,590,366
Restatement <i>(Note 12)</i>	-	(60,229)	-	-	(60,229)	(44,909)
As restated	78,828	476,336	-	5,041,568	5,596,732	5,545,457
Excess of revenues over expenses	(15,781)	140,169	223,707	(198,543)	149,552	51,275
Balance, end of the year	\$ 63,047	\$ 616,505	\$ 223,707	\$ 4,843,025	\$ 5,746,284	\$ 5,596,732



**DISCOVERY HOUSE FAMILY VIOLENCE PREVENTION SOCIETY**  
**STATEMENT OF CASH FLOW**  
For the year ended March 31, 2008

	2008	2007
<b>Operating activities</b>		
Excess (deficiency) of revenues over expenses		
- <i>Operating fund</i>	\$ 124,388	\$ 136,896
- <i>Endowment fund</i>	223,707	
- <i>Building fund</i>	<u>(198,543)</u>	<u>(70,301)</u>
	149,552	66,595
Items not affecting cash		
Amortization	268,623	288,595
Amortization of deferred contributions related to property and equipment	<u>(6,564)</u>	<u>(8,204)</u>
Change in non-cash operating working capital		
Decrease (increase) in accounts receivable	(60,638)	3,199
Decrease (increase) in prepaid expense	80,993	(61,674)
Decrease in accounts payable and accruals	(26,203)	(12,655)
Increase (decrease) in unearned revenue	(18,801)	815
Increase (decrease) in deferred contributions related to operations	<u>160,198</u>	<u>(12,952)</u>
	<u>547,160</u>	<u>263,719</u>
<b>Financing activities</b>		
Purchase of temporary investments	(241,799)	(477,332)
Payments of demand loan	<u>-</u>	<u>(119,000)</u>
	<u>(241,799)</u>	<u>(596,332)</u>
<b>Investing activities</b>		
Purchase of property and equipment	<u>-</u>	<u>(18,921)</u>
<b>Cash inflow (outflow)</b>	<b>305,361</b>	<b>(351,534)</b>
<b>Cash and cash equivalents, beginning of the year</b>	<u><b>308,311</b></u>	<u><b>659,845</b></u>
<b>Cash and cash equivalents, end of the year</b>	<u><b>\$ 613,672</b></u>	<u><b>\$ 308,311</b></u>



**DISCOVERY HOUSE FAMILY VIOLENCE PREVENTION SOCIETY**  
**NOTES TO THE AUDITED FINANCIAL STATEMENTS**  
**For the year ended March 31, 2008**

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**1. PURPOSE OF ORGANIZATION**

Discovery House Family Violence Prevention Society (the "Society") is a non-profit organization established under the Societies Act of Alberta. The purpose of the Society is to provide long-term shelter to battered women and their children. The Society is a registered charity under the Income Tax Act and therefore, is exempt from the payment of income taxes.

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles, and in management's opinion, have been properly prepared within reasonable limits of materiality and within the framework of the significant accounting policies summarized below:

**Revenue Recognition**

The Society follows the restricted fund method of accounting for contributions. Contributions related to program delivery and administrative expenses are recognized as revenue of the operating fund in the year in which the related expenses are incurred. Contributions restricted for purposes related to the building or to the endowment are recognized as revenue in the applicable fund when received.

Unrestricted contributions are recognized as revenue of the operating fund in the year received or receivable if the amount to be received can be reasonably estimated and collection reasonably assured.

**Fund Accounting**

The operating fund accounts for the Society's program delivery and administrative activities. This fund reports unrestricted resources and restricted funds related to operations.

The building fund reports the assets, liabilities, receipts and disbursements related to the building and related property and equipment.

The endowment fund reports the assets, liabilities, receipts and disbursements related to the endowment.

**Non-cash Donations**

Donations in kind are recorded at fair market value only when fair market value can be reasonably estimated and when the donated goods or services would otherwise have been purchased by the Society. Volunteers contribute countless hours each year to assist the Society in achieving its mission. Because of the difficulty of determining the fair value, contributed volunteer services are not recognized in these financial statements.

**Government Assistance**

The Society receives financial assistance from various government agencies and includes them in income in accordance with the Society's revenue recognition policies. The assistance provided is based on approved annual operating budgets prepared by management and submitted to various funding agencies. In any year that the Society has revenues in excess of expenditures for the programs funded, the Society may be required to refund the excess to the government agencies.

The amounts to be refunded (if any) are deducted from the excess of revenues over expenses in the statement of operations.

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**DISCOVERY HOUSE FAMILY VIOLENCE PREVENTION SOCIETY**  
**NOTES TO THE AUDITED FINANCIAL STATEMENTS**  
**For the year ended March 31, 2008**

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, balances with banks and term deposits. Bank borrowings are considered to be financing activities.

**Property and Equipment**

Property and equipment are recorded at cost. Amortization is calculated using the following methods and rates:

Building	5%	Declining balance
Furniture, fixtures and equipment	20%	Declining balance
Telephone system	20%	Declining balance

The Society performs impairment testing on property and equipment whenever events or changes in circumstances indicate that the carrying value of an asset, or group of assets, may not be recoverable. Impairment losses are recognized when undiscounted future cash flows from use and disposal are less than the asset's carrying value. Any impairment loss is measured as the amount by which the carrying value exceeds the fair value and is charged to earnings.

**Financial Instruments**

The Society's financial instruments consist of cash and cash equivalents, GIC's, accounts receivable, accounts payable and accruals, and a CMHC forgivable loan. Unless otherwise disclosed, it is management's opinion that the Society is not exposed to significant interest, currency or credit risks arising from these financial instruments.

Financial assets are classified as trading and are carried at their fair value. Unrealized gains and losses on trading assets are recognized as part of the excess of revenue over expenses. Financial liabilities are carried at cost. The fair value of financial instruments reported is based on current interest rates, market values, and pricing of financial instruments with comparative terms.

The fair values of all financial instruments approximate their carrying values except as otherwise disclosed.

**Use of Estimates**

The preparation of the Society's financial statements in accordance with Canadian generally accepted accounting principles 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 reported amounts of revenue and expenses during the period. Actual results could differ from these estimates.

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**3. SHORT TERM INVESTMENTS**

In 2008, short term investments consisted of GIC investments with maturity beyond 90 days. The market value of the short term investments was \$719,131 on March 31, 2008, (2007: \$ 477,332).

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**DISCOVERY HOUSE FAMILY VIOLENCE PREVENTION SOCIETY**  
**NOTES TO THE AUDITED FINANCIAL STATEMENTS**  
For the year ended March 31, 2008

**4. PROPERTY AND EQUIPMENT**

	Cost		Accumulated Amortization		Net Book Value	
	2008	2007	2008	2007	2008	2007
<b><u>Operating Fund</u></b>						
Furniture, fixtures, and equipment	\$ 515,273	\$ 515,273	\$ 430,830	\$ 409,720	\$ 84,443	\$ 105,553
Telephone system	12,915	12,915	7,978	6,743	4,937	6,171
	<u>\$ 528,188</u>	<u>\$ 528,188</u>	<u>\$ 438,808</u>	<u>\$ 416,463</u>	<u>\$ 89,380</u>	<u>\$ 111,724</u>
<b><u>Building Fund</u></b>						
Land	\$ 220,000	\$ 220,000	\$ -	\$ -	\$ 220,000	\$ 220,000
Building	5,406,410	5,406,410	1,037,176	807,217	4,369,234	4,599,194
Furniture, fixtures, and equipment	163,369	163,369	98,097	81,779	65,272	81,590
	<u>\$ 5,789,779</u>	<u>\$ 5,789,779</u>	<u>\$ 1,135,273</u>	<u>\$ 888,996</u>	<u>\$ 4,654,506</u>	<u>\$ 4,900,784</u>
	<u>\$ 6,317,967</u>	<u>\$ 6,317,967</u>	<u>\$ 1,574,081</u>	<u>\$ 1,305,459</u>	<u>\$ 4,743,886</u>	<u>\$ 5,012,508</u>

**5. DEFERRED CONTRIBUTIONS**

**Related to Operations**

Deferred contributions reported relate to funding received in the current period for future period operations.

	2008	2007
City of Calgary Family and Community Support Services	\$ 75,050	\$ 74,307
Calgary Herald Christmas Fund	86,065	-
Alberta Gaming, casino receipts	79,697	60,228
Calgary Homeless Foundation	39,581	-
United Way	27,551	10,000
Kelly Howe Foundation	11,811	14,093
Other	1,070	2,000
	<u>\$ 320,825</u>	<u>\$ 160,628</u>

**Related to Property and Equipment**

Deferred contributions related to property and equipment is funding received for the support of technology development in the organization. The amount is recognized as revenue at the same rate as property and equipment acquired is amortized in

	2008	2007
Balance, beginning of the year	\$ 32,818	\$ 41,022
Amount added during the year	-	-
Amount utilized during the year	(6,564)	(8,204)
	<u>\$ 26,254</u>	<u>\$ 32,818</u>



**DISCOVERY HOUSE FAMILY VIOLENCE PREVENTION SOCIETY**  
**NOTES TO THE AUDITED FINANCIAL STATEMENTS**  
For the year ended March 31, 2008

**6. ENDOWMENT FUND - HANDS UP EDUCATIONAL BURSARY**

An endowment fund was established by an anonymous donor in the year to provide funding for the education of the Society's clients. The gift is due to a desire to make a difference in the lives of women who have experienced family violence by helping them obtain the necessary post secondary education to become self sufficient and achieve their full potential. The endowment will be built over a five year period to a goal of \$1,000,000. At that time the income from the fund will sustain the Bursary. Until the fund reaches its goal amount, up to \$50,000 can be drawn upon to fund the bursary each year.

The current fund balance of \$ 223,707 is invested in a guaranteed investment certificate which bears interest at 2.25% per annum and matures on January 7, 2009.

**7. GRANTS**

	2008	2007
Alberta Children's Services Prevention of Family Violence and Bullying	\$ 551,654	\$ 505,303
City of Calgary Family and Community Support Services	305,872	342,125
United Way	123,858	110,269
Child and Family Services Authority	56,814	54,341
Calgary Homeless Foundation	55,419	-
Summer Temporary Employment Program	1,815	3,630
	<u>\$ 1,095,432</u>	<u>\$ 1,015,668</u>

**8. FINANCIAL INSTRUMENTS**

As disclosed in Note 2, the Society holds various forms of financial instruments. The nature of these instruments exposes the Society to interest rate risk and credit risk. Because the Society's accounts receivable are due primarily from the government credit risk is not significant.

**9. COMMITMENTS**

The Society has entered into a lease agreement for office equipment with monthly payments of \$1,159 required until August 2012 and a cleaning contract with monthly payments of \$2,160 required until March

Annual lease and service commitments for the following five years and in total are as follows:

2009	\$ 39,828
2010	13,908
2011	13,908
2012	13,908
2013	5,975



**DISCOVERY HOUSE FAMILY VIOLENCE PREVENTION SOCIETY**  
**NOTES TO THE AUDITED FINANCIAL STATEMENTS**  
**For the year ended March 31, 2008**

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**10. CONTINGENT LIABILITIES**

In 2004, the Society received a forgivable loan of \$1,469,996 from Canada Mortgage and Housing Corporation ("CMHC"). The loan is non-interest bearing and is to be forgiven in equal annual principal amounts of \$98,000 until 2019 provided that the Society continues to own and use the property as a second stage women's shelter.

The loan is secured by a second charge on the building fund property and equipment and a general assignment of all present and future leases, grants, subsidies, contributions, revenues and receivables related to the property.

In accordance with generally accepted accounting principles, the full amount of the forgivable loan was recorded as government grant revenue in 2004 when the Society became entitled to receive it. At March 31, 2008, the amount not yet forgiven is \$1,077,992 (2007: \$1,175,992).

The Society is involved in a legal claim associated with the dismissal of an employee. Management is of the opinion that any exposure would not have a material impact on the financial position or operating results of the Society.

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**11. THE CHARITABLE FUND-RAISING ACT OF ALBERTA - REQUIRED DISCLOSURE**

A total amount of \$ Nil (2007: \$ Nil), was paid as remuneration to fund-raising businesses, including any expenses or fees paid by the Society to fund-raising businesses or as reimbursements to fund-raising businesses. \$ 55,640 was paid as remuneration to employees whose principal duties involve fund-raising (2007: \$ 54,056 ).

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**12. RESTATEMENT OF PRIOR YEARS**

In prior years, the net proceeds from gaming events had been recorded as revenue in the operating fund as received. In accordance with the Society's revenue recognition policy, the gaming funds are to be recognized as revenue of the operating fund in the year in which the related expenses are incurred. The retroactive application of this policy had the following effects:

	2008	2007
Decrease (increase) to total revenue	\$ (19,467)	\$ 15,320
Decrease (increase) to excess of revenue over expenses	(19,467)	15,320
Increase to deferred contributions related to operations		
Beginning balance	60,229	44,909
Ending balance	79,696	60,229
Increase (decrease) in operating fund balances	(79,696)	(60,229)

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**13. COMPARATIVE FIGURES**

Certain comparative figures have been reclassified to conform to the financial statement presentation adopted in the current year.

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