



Non-Consolidated Financial Statements

Canadian Paraplegic Association (NL) Inc.

March 31, 2011

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# Independent auditors' report

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To the Board of Directors of  
Canadian Paraplegic Association (NL) Inc.

We have audited the accompanying non-consolidated financial statements of the Canadian Paraplegic Association (NL) Inc., which comprise the non-consolidated statement of financial position as at March 31, 2011, and the non-consolidated statements of operations, changes in net assets, and cash flows 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 non-consolidated financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of non-consolidated financial statements that are free from material misstatement, whether due to fraud or error.

## Auditor's responsibility

Our responsibility is to express an opinion on these non-consolidated financial statements based on our audit. Except as explained in the following paragraph, we conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the non-consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit 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 statements 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

#### Basis for qualified opinion

In common with many charitable and not-for-profit organizations, the Canadian Paraplegic Association (NL) Inc. derives part of its revenue from donations and fundraising activities which are not susceptible to conclusive audit verification. Accordingly, our verification of revenue from these sources was limited to amounts recorded in the records of the Association and we were not able to determine whether any adjustments might be necessary to revenue, excess of revenue over expenditures, assets and net assets.

#### Qualified opinion

In our opinion, except for the effects of the matter described in the Basis for qualified opinion paragraph, the non-consolidated financial statements present fairly, in all material respects, the non-consolidated financial position of the Canadian Paraplegic Association (NL) Inc. at March 31, 2011 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.



St. John's, Newfoundland and Labrador

June 23, 2011

Chartered Accountants

# Canadian Paraplegic Association (NL) Inc.

## Non-Consolidated Statement of Operations

Year Ended March 31	2011	2010
Revenue		
Administration fees	\$ 46,712	\$ 30,262
Amortization of deferred capital contributions	3,060	1,639
Donations	38,311	16,739
Gala	20,726	15,000
Government grants	1,534,826	1,324,057
Grants – other	97,518	130,809
Other income	7,470	23,208
	<u>1,748,623</u>	<u>1,541,714</u>
Expenditures		
Advertising	5,662	9,444
Bad debt	-	34
Board meetings and per diems	8,549	25,738
Depreciation	10,195	16,030
Direct Aid	30,792	-
Dues and fees	3,946	20,347
Gala	11,562	804
Insurance	21,683	15,379
Interest and bank charges	2,189	4,377
Linkages program	275,807	211,409
Miscellaneous	6,755	25,533
Occupancy costs	114,581	100,323
Office	54,801	47,161
Professional fees	127,703	153,133
Repairs and maintenance	1,921	3,737
Telephone	44,778	55,571
Travel	64,702	79,047
Wages and benefits	854,673	769,380
	<u>1,640,299</u>	<u>1,537,447</u>
Excess of revenue over expenditures	\$ <u>108,324</u>	\$ <u>4,267</u>

See accompanying notes to the non-consolidated financial statements.

Canadian Paraplegic Association (NL) Inc.  
 Non-Consolidated Statement of  
 Changes in Net Assets (Deficiency)

Year Ended March 31			2011	2010
	Unrestricted Net <u>Deficiency</u>	Investment in Capital <u>Assets</u>	<b><u>Total</u></b>	<b><u>Total</u></b>
Net assets (deficiency), beginning of year	\$ (342,825)	\$ 45,247	<b>\$ (297,578)</b>	\$ (301,845)
Excess of revenue over expenditures (expenditures over revenue)	<u>115,459</u>	<u>(7,135)</u>	<u>108,324</u>	<u>4,267</u>
Net assets (deficiency), end of year	<b><u>\$ (227,366)</u></b>	<b><u>\$ 38,112</u></b>	<b><u>\$ (189,254)</u></b>	<b><u>\$ (297,578)</u></b>

See accompanying notes to the non-consolidated financial statements.

Canadian Paraplegic Association (NL) Inc.  
Non-Consolidated Statement of Financial Position

March 31 2011 2010

**Assets**

Current

Cash and cash equivalents	\$ 116,095	\$ 79,865
Receivables (Note 5)	84,267	72,024
Prepays	<u>9,485</u>	<u>7,810</u>

209,847 159,699

Equipment and leasehold improvements (Note 6) 63,101 59,997

\$ 272,948 \$ 219,696

**Liabilities**

Current

Payables and accruals (Note 8)	\$ 122,198	\$ 159,640
Deferred revenue	65,015	80,260
Current portion of long term debt (Note 10)	<u>24,000</u>	<u>-</u>

211,213 239,900

Long term debt (Note 9) 226,000 260,000

Due to controlled entity - 2,624

Deferred capital contributions (Note 10) 24,989 14,750

462,202 517,274

**Net deficiency**

Unrestricted net deficiency	(227,366)	(342,825)
Investment in capital assets	<u>38,112</u>	<u>45,247</u>

(189,254) (297,578)

\$ 272,948 \$ 219,696

Commitments (Note 12)

On behalf of the Board

\_\_\_\_\_ Director \_\_\_\_\_ Director

See accompanying notes to the non-consolidated financial statements.

# Canadian Paraplegic Association (NL) Inc.

## Non-Consolidated Statement of Cash Flows

Year Ended March 31

2011

2010

Increase (decrease) in cash and cash equivalents

**Operating**

Excess of revenue over expenditures	\$ 108,324	\$ 4,267
Depreciation	10,195	16,030
Amortization of deferred capital contributions	<u>(3,060)</u>	<u>(1,639)</u>
	115,459	18,658

Changes in non-cash operating working capital

Receivables	(12,243)	(2,623)
Prepays	(1,675)	(3,723)
Payables and accruals	(37,442)	(11,838)
Deferred revenue	<u>(15,245)</u>	<u>80,260</u>
	<u>48,854</u>	<u>80,734</u>

**Investing**

Purchase of capital assets	<u>(13,299)</u>	<u>(6,907)</u>
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**Financing**

Increase in deferred capital contributions	13,299	-
Repayment of long term debt	(10,000)	-
Advances to controlled entity	<u>(2,624)</u>	<u>(5)</u>
	<u>675</u>	<u>(5)</u>

Net increase in cash and cash equivalents

36,230 73,822

Cash and cash equivalents

Beginning of year	<u>79,865</u>	<u>6,043</u>
End of year	<u>\$ 116,095</u>	<u>\$ 79,865</u>

See accompanying notes to the non-consolidated financial statements.



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# Canadian Paralegic Association (NL) Inc.

## Notes to the Non-Consolidated Financial Statements

March 31, 2011

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### 1. Nature of operations

The Canadian Paralegic Association (NL) Inc. (the “Association”) is a non-profit Association that raises funds to assist physically challenged persons and act as an advocacy group on their behalf. The Association is a registered charity and is exempt from income tax.

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### 2. Summary of significant accounting policies

#### Basis of presentation

These non-consolidated financial statements include all assets, liabilities, revenue and expenditures of the Association. The results of operations and financial position of the Canadian Paralegic Association (NL) Foundation Inc., which is controlled by the Association, have not been included in the financial statements.

In addition, the Association controlled Canadian Paralegic Association Community Housing Inc. until November 1, 2010. The results of its operations and cash flows to the date of the change in control were also not included in the financial statements.

These non-consolidated financial statements have been prepared within the framework of Canadian generally accepted accounting principles, the more significant of which are as follows:

#### Use of estimates

In preparing the Association’s non-consolidated financial statements in conformity with Canadian generally accepted accounting principles, management is required 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 non-consolidated financial statements, and reported amounts of revenue and expenditures during the year. Actual results could differ from these estimates.

#### Cash and cash equivalents

Cash and cash equivalents include cash on hand and balances with banks, net of bank overdrafts. Bank borrowings are considered to be financing activities.

#### Depreciation

Rates of depreciation applied on a straight line basis to write-off the cost of capital assets over their estimated lives are as follows:

Furniture and equipment	10.00%, declining balance
Computer equipment	33.50%, declining balance
Leasehold improvements	10 years, straight-line

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# Canadian Paraplegic Association (NL) Inc.

## Notes to the Non-Consolidated Financial Statements

March 31, 2011

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### 2. Summary of significant accounting policies (cont'd.)

#### **Impairment of long-lived assets**

Long-lived assets are reviewed for impairment upon the occurrence of events or changes in circumstances indicating that the value of the assets may not be recoverable, as measured by comparing their net book value to the estimated undiscounted cash flows generated by their use. Impaired assets are recorded at fair value, determined principally using discounted future cash flows expected from their use and eventual disposition.

#### **Deferred capital contributions**

Grants received for capital expenditures are deferred and recognized into revenue on a basis consistent with the depreciation policy above for capital assets.

#### **Revenue recognition**

Contributions (excluding donations) and administration fees are recognized as revenue when received or receivable and when collectability is reasonably assured. Grant revenue is recognized in the year in which the related expenses are incurred. Any remaining unused grants at March 31, 2011 were recorded as deferred revenue until the related expenses are incurred in a future period.

Revenue from donations, including pledges and fundraising activities, is recognized in the accounts of the Association in the year in which it is received. Donations representing non-monetary transactions are recorded at fair market value as determined by management. Donated assets are recorded as deferred contributions and are amortized to revenue on the same basis as the related assets.

#### **Financial instruments**

The CICA Handbook Section 3855, "Financial Instruments - Recognition and Measurement", requires the Association to revalue all of its financial assets and liabilities, including any derivatives and embedded derivatives in certain contracts, at fair value on the initial date of implementation and at each subsequent financial reporting date.

This standard also requires the Association to classify financial assets and liabilities according to their characteristics and management's choices and intentions related thereto for the purposes of ongoing measurements. Classification choices for financial assets include: a) held for trading - measured at fair value with changes in fair value recorded in net earnings; b) held to maturity - recorded at amortized cost with gains and losses recognized in net earnings in the period that the asset is no longer recognized or impaired; c) available-for-sale-measured at fair value with changes in fair value recognized in net assets for the current period until realized through disposal or impairment; and d) loans and receivables - recorded at amortized cost with gains and losses recognized in net earnings in the period that the asset is no longer recognized or impaired.

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# Canadian Paraplegic Association (NL) Inc.

## Notes to the Non-Consolidated Financial Statements

March 31, 2011

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### 2. Summary of significant accounting policies (cont'd.)

Classification choices for financial liabilities include: a) held for trading - measured at fair value with changes in fair value recorded in net earnings and b) other - measured at amortized cost with gains and losses recognized in net earnings in the period that the liability is no longer recognized.

Subsequent measurement for these assets and liabilities are based on either fair value or amortized cost using the effective interest method, depending upon their classification. Any financial asset or liability can be classified as held for trading as long as its fair value is reliably determinable.

In accordance with this standard, the Association's financial assets and liabilities are generally classified and measured as follows:

<u>Asset/Liability</u>	<u>Classification</u>	<u>Measurement</u>
Cash and cash equivalents	Held for trading	Fair value
Receivables	Loans and receivables	Amortized cost
Payables and accruals	Other liabilities	Amortized cost
Long term debt	Other liabilities	Amortized cost

Other balance sheet accounts, such as prepaids, capital assets, deferred capital contributions and deferred revenue are not within the scope of these accounting standards as they are not financial instruments.

The fair value of a financial instrument is the estimated amount that the Association would receive or pay to terminate the instrument agreement at the reporting date. The fair value of cash approximated its carrying value.

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### 3. Risk management

The Association's policy for managing significant risks includes policies, procedures and oversight designed to reduce the risks identified to an appropriate threshold. The Board of Directors is provided with timely and relevant reports on the management of significant risks. Significant risks managed by the Association include liquidity and credit risks.

#### *Liquidity risk*

Liquidity risk is the risk that the Association will be unable to meet its contractual obligations and financial liabilities. The Association manages liquidity risk by monitoring its cash flows and ensuring that it has sufficient cash available to meet its obligations and liabilities.

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# Canadian Paraplegic Association (NL) Inc.

## Notes to the Non-Consolidated Financial Statements

March 31, 2011

### 3. Risk management (cont'd.)

#### *Credit risk*

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Association's credit risk is attributable to receivables. Management believes that the credit risk concentration with respect to financial instruments included in receivables is remote.

### 4. Capital management

The primary objective of the Association's capital management is to provide adequate funding to ensure efficient operations.

At March 31, 2011, unrestricted funds are in a deficit position.

5. Receivables	<u>2011</u>	<u>2010</u>
Trade	\$ 60,227	\$ 48,596
Harmonized Sales Tax	<u>24,040</u>	<u>23,428</u>
	<u>\$ 84,267</u>	<u>\$ 72,024</u>

6. Equipment and leasehold improvements	<u>2011</u>		<u>2010</u>	
	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Computer equipment	\$ 142,601	\$ 128,695	\$ 13,906	\$ 11,110
Furniture and equipment	198,564	149,369	49,195	48,887
Leasehold improvements	<u>107,635</u>	<u>107,635</u>	<u>-</u>	<u>-</u>
	<u>\$ 448,800</u>	<u>\$ 385,699</u>	<u>\$ 63,101</u>	<u>\$ 59,997</u>

### 7. Operating line of credit

The Association has a \$35,000 operating line of credit with the Royal Bank of Canada secured by a general security assignment. There was no balance outstanding on the line of credit at March 31, 2011. The operating line of credit bears interest at prime plus 3.10%.

# Canadian Paraplegic Association (NL) Inc.

## Notes to the Non-Consolidated Financial Statements

March 31, 2011

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<b>8. Payables and accruals</b>	<u>2011</u>	<u>2010</u>
Trade	\$ 114,290	\$ 151,246
Payroll deductions	<u>7,908</u>	<u>8,394</u>
	<u>\$ 122,198</u>	<u>\$ 159,640</u>

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<b>9. Long term debt</b>	<u>2011</u>	<u>2010</u>
Loan from director, non interest bearing, payable in monthly instalments of \$2,000, maturing in 2022.	\$ 250,000	\$ 260,000
Less: current portion	<u>24,000</u>	<u>-</u>
	<u>\$ 226,000</u>	<u>\$ 260,000</u>

Principal payments required in each of the next five years are as follows:

2012 - \$24,000; 2013 - \$24,000; 2014 - \$24,000; 2015 - \$24,000; and 2016 - \$24,000.

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<b>10. Deferred capital contributions</b>	<u>2011</u>	<u>2010</u>
Balance, beginning of year	\$ 14,750	\$ 16,389
Plus: additions during the year	13,299	-
Less: amortization for the year	<u>(3,060)</u>	<u>(1,639)</u>
Balance, end of year	<u>\$ 24,989</u>	<u>\$ 14,750</u>

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### **11. Economic dependence**

The Association received 88% (2010 – 86%) of its funding from the Provincial and Federal Governments. Should any of the funding sources substantially change, continued viable operations of the organization would be doubtful.

### **12. Commitments**

The Association has long term leases for office equipment and premises. Lease payments for the next five years are as follows:

2012	\$ 95,707
2013	62,177
2014	51,001
2015	40,819
2016	15,891

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# Canadian Paraplegic Association (NL) Inc.

## Notes to the Non-Consolidated Financial Statements

March 31, 2011

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### **13. Related party transactions**

During the year, the Association had the following transactions with related parties:

- Rental revenue of \$23,970 (2010 - \$23,970) received from Canadian Paraplegic Association (NL) Foundation Inc.;
- Grants of \$33,133 (2010 - \$64,144) received from Canadian Paraplegic Association (NL) Foundation Inc.;
- Administrative fees of \$13,358 (2010 - \$Nil) received from Canadian Paraplegic Association (NL) Foundation Inc.; and
- Administrative fees of \$13,336 (2010 - \$20,376) received from Canadian Paraplegic Community Housing Inc.

These transactions were in the normal course of operations and were measured at their exchange amount, which is the amount of consideration established and agreed to be the related parties

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### **14. Comparative figures**

Certain of the prior year figures have been reclassified to conform with the financial statement presentation adopted for the current year.

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