



Non-Consolidated Financial Statements

Canadian Paraplegic Association (NL) Inc.

March 31, 2012

Contents

	Page
Independent Auditors' Report	1-2
Non-Consolidated Statement of Operations	3
Non-Consolidated Statement of Changes in Net Assets (Deficiency)	4
Non-Consolidated Statement of Financial Position	5
Non-Consolidated Statement of Cash Flows	6
Notes to the Non-Consolidated Financial Statements	7-12

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, 2012, and the non-consolidated statements of operations, changes in net assets (deficiency), 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, 2012 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

July 23, 2012

Chartered Accountants

Canadian Paraplegic Association (NL) Inc.

Non-Consolidated Statement of Operations

Year Ended March 31	2012	2011
Revenue		
Administration fees	\$ 41,394	\$ 46,712
Amortization of deferred capital contributions	4,892	3,060
Donations	36,112	38,311
Gala	-	20,726
Government grants	1,589,610	1,534,826
Grants – other	98,372	97,518
Other income	<u>1,241</u>	<u>7,470</u>
	<u>1,771,621</u>	<u>1,748,623</u>
Expenditures		
Advertising	3,190	5,662
Board meetings and per diems	12,913	8,549
Depreciation	13,792	10,195
Direct Aid	17,065	30,792
Dues and fees	4,103	3,946
Gala	-	11,562
Insurance	30,184	21,683
Interest and bank charges	1,427	2,189
Linkages program	229,324	275,807
Miscellaneous	4,214	6,755
Occupancy costs	153,051	114,581
Office	64,240	54,801
Professional fees	113,987	127,703
Repairs and maintenance	4,632	1,921
Telephone	39,841	44,778
Travel	50,886	64,702
Wages and benefits	<u>926,400</u>	<u>854,673</u>
	<u>1,669,249</u>	<u>1,640,299</u>
Excess of revenue over expenditures	<u>\$ 102,372</u>	<u>\$ 108,324</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	2012			2011	
	Unrestricted Net <u>Deficiency</u>	Investment in Capital <u>Assets</u>	<u>Total</u>	<u>Total</u>	
Net assets (deficiency), beginning of year	\$ (227,366)	\$ 38,112	\$ (189,254)	\$ (297,578)	
Excess of revenue over expenditures	<u>51,969</u>	<u>50,403</u>	<u>102,372</u>	<u>108,324</u>	
Net assets (deficiency), end of year	<u>\$ (175,397)</u>	<u>\$ 88,515</u>	<u>\$ (86,882)</u>	<u>\$ (189,254)</u>	

See accompanying notes to the non-consolidated financial statements.

5

Canadian Paraplegic Association (NL) Inc.
 Non-Consolidated Statement of Financial Position (Note 14)
 March 31 2012 2011

Assets

Current

Cash and cash equivalents	\$ 174,500	\$ 116,095
Receivables (Note 5)	38,520	57,669
Prepays	<u>18,947</u>	<u>9,485</u>

	231,967	183,249
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Equipment and leasehold improvements (Note 6)	<u>117,490</u>	<u>63,101</u>
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	<u>\$ 349,457</u>	<u>\$ 246,350</u>
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Liabilities

Current

Payables and accruals (Note 8)	\$ 110,264	\$ 122,198
Deferred revenue	52,523	38,417
Current portion of long term debt (Note 9)	<u>26,000</u>	<u>24,000</u>

	188,787	184,615
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Long term debt (Note 9)	202,000	226,000
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Due to controlled entity	16,577	-
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Deferred capital contributions (Note 10)	<u>28,975</u>	<u>24,989</u>
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	<u>436,339</u>	<u>435,604</u>
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Net deficiency

Unrestricted net deficiency	(175,397)	(227,366)
Investment in capital assets	<u>88,515</u>	<u>38,112</u>

	<u>(86,882)</u>	<u>(189,254)</u>
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	<u>\$ 349,457</u>	<u>\$ 246,350</u>
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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

2012

2011

Increase (decrease) in cash and cash equivalents

Operating

Excess of revenue over expenditures	\$ 102,372	\$ 108,324
Depreciation	13,792	10,195
Amortization of deferred capital contributions	<u>(4,892)</u>	<u>(3,060)</u>
	111,272	115,459

Changes in non-cash operating working capital

Receivables	19,149	14,355
Prepays	(9,462)	(1,675)
Payables and accruals	(11,934)	(37,442)
Deferred revenue	<u>14,106</u>	<u>(41,843)</u>
	<u>123,131</u>	<u>48,854</u>

Investing

Purchase of capital assets	<u>(68,181)</u>	<u>(13,299)</u>
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Financing

Increase in deferred capital contributions	8,878	13,299
Repayment of long term debt	(22,000)	(10,000)
Advances from (to) controlled entity	<u>16,577</u>	<u>(2,624)</u>
	<u>3,455</u>	<u>675</u>

Net increase in cash and cash equivalents

58,405 36,230

Cash and cash equivalents

Beginning of year	<u>116,095</u>	<u>79,865</u>
End of year	<u>\$ 174,500</u>	<u>\$ 116,095</u>

See accompanying notes to the non-consolidated financial statements.

Canadian Paraplegic Association (NL) Inc.

Notes to the Non-Consolidated Financial Statements

March 31, 2012

1. Nature of operations

The Canadian Paraplegic 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.

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 Paraplegic Association (NL) Foundation Inc., which is controlled by the Association, have not been included in the financial statements.

In addition, the Association controlled Canadian Paraplegic Association Community Housing Inc. until November 1, 2011. The results of its operations and cash flows to the date of the change in control were also not included in the comparative information 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

Canadian Paraplegic Association (NL) Inc.

Notes to the Non-Consolidated Financial Statements

March 31, 2012

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, 2012 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.

Canadian Paraplegic Association (NL) Inc.

Notes to the Non-Consolidated Financial Statements

March 31, 2012

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.

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.

Canadian Paraplegic Association (NL) Inc.

Notes to the Non-Consolidated Financial Statements

March 31, 2012

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, 2012, unrestricted funds are in a deficit position.

5. Receivables	<u>2012</u>	<u>2011</u>
Trade	\$ 14,146	\$ 33,629
Harmonized Sales Tax	<u>24,374</u>	<u>24,040</u>
	<u>\$ 38,520</u>	<u>\$ 57,669</u>

6. Equipment and leasehold improvements			<u>2012</u>	<u>2011</u>
	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Computer equipment	\$ 149,454	\$ 134,501	\$ 14,953	\$ 13,906
Furniture and equipment	200,907	154,406	46,501	49,195
Leasehold improvements	<u>166,620</u>	<u>110,584</u>	<u>56,036</u>	<u>-</u>
	<u>\$ 516,981</u>	<u>\$ 399,491</u>	<u>\$ 117,490</u>	<u>\$ 63,101</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, 2012. 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, 2012

8. Payables and accruals	<u>2012</u>	<u>2011</u>
Trade	\$ 110,264	\$ 114,290
Payroll deductions	<u> -</u>	<u> 7,908</u>
	<u>\$ 110,264</u>	<u>\$ 122,198</u>

9. Long term debt	<u>2012</u>	<u>2011</u>
Loan from director, non interest bearing, payable in monthly instalments of \$2,000, maturing in 2022.	\$ 228,000	\$ 250,000
Less: current portion	<u> 26,000</u>	<u> 24,000</u>
	<u>\$ 202,000</u>	<u>\$ 226,000</u>

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

2013 - \$26,000; 2014 - \$24,000; 2015 - \$24,000; 2016 - \$24,000, and 2017 - \$24,000.

10. Deferred capital contributions	<u>2012</u>	<u>2011</u>
Balance, beginning of year	\$ 24,989	\$ 14,750
Plus: additions during the year	8,878	13,299
Less: amortization for the year	<u>(4,892)</u>	<u>(3,060)</u>
Balance, end of year	<u>\$ 28,975</u>	<u>\$ 24,989</u>

11. Economic dependence

The Association received 92% (2011 – 90%) 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:

2013	\$ 153,852
2014	142,041
2015	134,005
2016	107,844
2017	26,128

Canadian Paraplegic Association (NL) Inc.

Notes to the Non-Consolidated Financial Statements

March 31, 2012

13. Related party transactions

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

- Rental revenue of \$36,475 (2011 - \$23,970) received from Canadian Paraplegic Association (NL) Foundation Inc.;
- Grants of \$17,647 (2011 - \$33,133) received from Canadian Paraplegic Association (NL) Foundation Inc.;
- Administrative fees of \$35,897 (2011 - \$13,358) received from Canadian Paraplegic Association (NL) Foundation Inc.; and
- Administrative fees of \$Nil (2010 - \$13,336) 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

14. Comparative figures

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