

Financial Statements of

HULL SERVICES

And Independent Auditors' Report thereon

Year ended March 31, 2019



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INDEPENDENT AUDITORS' REPORT

To the Board of Governors of Hull Services

Opinion

We have audited the financial statements of Hull Services (the Entity), which comprise:

- the statement of financial position as at March 31, 2019
- the statement of operations for the year then ended
- the statement of changes in net assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at March 31, 2019, and its results of operations and its cash flows year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "**Auditors' Responsibilities for the Audit of the Financial Statements**" section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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



Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity's to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG LLP

Chartered Professional Accountants

Calgary, Canada

June 26, 2019

HULL SERVICES

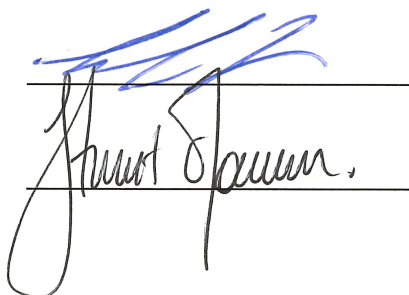
Statement of Financial Position

March 31, 2019, with comparative information for 2018

	2019	2018
Assets		
Current assets:		
Cash and cash equivalents (note 12)	\$ 5,202,585	\$ 4,028,796
Accounts receivable (note 12)	676,751	1,207,990
Inventory of food and supplies	145,822	131,788
Prepaid expenses	359,354	338,539
	6,384,512	5,707,113
Restricted cash for capital (note 2)	235,446	278,943
Investments (note 3)	676,875	681,919
Capital replacement reserve	24,004	22,890
Mortgage reserve	350,586	225,261
Capital assets (note 4)	22,999,436	19,023,735
Intangible assets (note 5)	32,139	50,231
	\$ 30,702,998	\$ 25,990,092
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities (note 12 and 13)	\$ 2,774,763	\$ 2,656,491
Deferred revenue (note 12)	2,749,809	2,153,004
Current portion of mortgages payable (note 6)	398,346	438,629
	5,922,918	5,248,124
Mortgages payable (note 6)	3,168,560	3,524,793
Deferred contributions for capital assets (note 7)	13,832,725	10,365,609
Net assets:		
Invested in capital and intangible assets (note 8)	5,631,944	4,744,935
Accumulated operating surplus (note 8)	2,146,851	2,106,631
	7,778,795	6,851,566
	\$ 30,702,998	\$ 25,990,092

See accompanying notes to financial statements.

Approved by the Board:



Governor

Governor

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Statement of Operations

Year ended March 31, 2019, with comparative information for 2018

	2019	2018
Revenues:		
Contract - Children's Services	\$ 19,552,661	\$ 16,507,672
Contract - Calgary Board of Education	3,153,732	3,013,121
Contract - Other	7,629,196	7,340,898
Fee for Service	4,066,783	4,138,367
	34,402,372	31,000,058
Other revenues:		
Hull Child and Family Foundation (notes 10 and 11)	443,000	414,000
Grants and donations (note 11)	3,774,597	4,251,064
Amortization of deferred capital contributions (note 7)	503,408	377,131
Investment and other income	504,069	149,281
Rental income	95,385	99,821
Realized gain on disposal of assets	1,300	2,300
	5,321,759	5,293,597
Total revenues	39,724,131	36,293,655
Expenses:		
Salaries and benefits	31,924,456	29,662,939
Client services	2,927,448	2,801,990
Administrative	1,297,165	1,222,470
Facility services	1,113,540	885,486
Transportation	265,663	169,178
Mortgage interest	130,767	143,732
Capital lease interest	-	42
Total expenses before the undernoted	37,659,039	34,885,837
Excess of revenues over expenses before the undernoted	2,065,092	1,407,818
Amortization of capital assets	1,142,941	955,524
Amortization of intangible assets	24,017	77,494
Change in unrealized (gain) on short term investments (note 3(a))	(7,147)	-
Change in unrealized (gain) loss on long term investments (note 3(b))	(21,948)	26,595
Excess of revenues over expenses	\$ 927,229	\$ 348,205

See accompanying notes to financial statements.

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Statement of Changes in Net Assets

Year ended March 31, 2019, with comparative information for 2018

March 31, 2019	Invested in capital assets	Appropriated	Unrestricted	2019 Total
Balance, beginning of year	\$ 4,744,935	\$ 949,277	\$ 1,157,354	\$ 6,851,566
Excess (deficiency) of revenues over expenses (note 8(b))	(663,550)	(26,992)	1,617,771	927,229
Net change in investment in assets (note 8(b))	1,154,043	—	(1,154,043)	—
Mortgage repayment	396,516	—	(396,516)	—
Capital replacement reserve	—	1,114	(1,114)	—
Mortgage reserve	—	125,325	(125,325)	—
Balance, end of year	\$ 5,631,944	\$ 1,048,724	\$ 1,098,127	\$ 7,778,795

March 31, 2018	Invested in capital assets	Appropriated	Unrestricted	2018 Total
Balance, beginning of year	\$ 4,784,655	\$ 823,842	\$ 894,864	\$ 6,503,361
Excess (deficiency) of revenues over expenses (note 8(b))	(655,887)	10,930	993,162	348,205
Net change in investment in assets (note 8(b))	226,094	—	(226,094)	—
Mortgage payments	384,361	—	(384,361)	—
Capital Lease repayment	5,712	—	(5,712)	—
Capital replacement reserve	—	(3,683)	3,683	—
Mortgage reserve	—	118,188	(118,188)	—
Balance, end of year	\$ 4,744,935	\$ 949,277	\$ 1,157,354	\$ 6,851,566

See accompanying notes to financial statements.

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Statement of Cash Flows

Year ended March 31, 2019, with comparative information for 2018

	2019	2018
Cash provided by (used in):		
Operating activities:		
Excess of revenues over expenses	\$ 927,229	\$ 348,205
Items not involving cash:		
Amortization of capital assets	1,142,941	955,524
Amortization of intangible assets	24,017	77,494
Gain on disposal of capital assets	(1,300)	(2,300)
Amortization of deferred capital contributions	(503,408)	(377,131)
Change on unrealized (gain) on short term investments	(7,147)	—
Change on unrealized (gain) loss on long term investments	(21,948)	26,595
	1,560,384	1,028,387
Changes in non-cash working capital:		
Accounts receivable	531,239	(313,256)
Inventory of food and supplies	(14,034)	(35,153)
Prepaid expenses	(20,815)	(22,704)
Accounts payable and accrued liabilities	118,272	48,890
Deferred revenue	596,805	194,059
	2,771,851	900,223
Investing activities:		
Deferred contributions for capital assets (note 7)	3,970,524	635,955
Purchase of capital assets (note 8(b))	(5,118,642)	(846,674)
Proceeds on disposition of capital assets	1,300	2,300
Purchase of intangible assets (note 8(b))	(5,925)	(15,375)
	(1,152,743)	(223,794)
Financing activities:		
Net reductions (additions) in investments	34,139	(10,930)
Mortgage repayment	(396,516)	(384,361)
Repayment of capital lease obligation for vehicle	—	(5,712)
(Increase) decrease in capital replacement reserve funding	(1,114)	3,683
Increase in mortgage reserve funding	(125,325)	(118,188)
	(488,816)	(515,508)
Increase in cash	1,130,292	160,921
Beginning of year:		
Cash and cash equivalents	4,028,796	4,064,491
Restricted cash for capital	278,943	82,327
	4,307,739	4,146,818
End of year:		
Cash and cash equivalents	5,202,585	4,028,796
Restricted cash for capital	235,446	278,943
Cash and cash equivalents and restricted cash, end of year	\$ 5,438,031	\$ 4,307,739

See accompanying notes to financial statements.

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Notes to Financial Statements

Year ended March 31, 2019, with comparative information for 2018

Hull Services (the "Agency") provides leading edge and effective behavioral and mental health services for children and families. Hull Services is a leader in advocating and engaging others towards realizing this vision. The Agency is a registered charity under the Income Tax Act and accordingly is exempt from income taxes.

The Agency was originally incorporated by the William Roper Hull Home Act of the Legislative Assembly of the Province of Alberta consented to on April 8, 1954. The original Act was subsequently amended on several occasions (March 29, 1956; April 7, 1959; March 29, 1963; June 6, 1974; June 17, 1987; May 30, 2000 and most recently May 13, 2011) to modify and expand the corporate powers and authority of the Agency, to more accurately describe the nature and scope of its activities and to change its name to its current name of Hull Services.

The Agency follows Part III of the CPA Handbook - Canadian accounting standards for not-for-profit organizations.

1. Significant accounting policies:

(a) Revenue recognition:

The Agency follows the deferral method of accounting for contributions, which include donations and government grants.

Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Externally restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Contributions restricted to the purchase of capital assets are deferred and amortized into operations on a straight-line basis, at a rate corresponding with the amortization rate for the related capital assets.

(b) Interest in the William Roper Hull Home Trust:

Four-fifths of the residual of the Estate of the late William Roper Hull was applied to The William Roper Hull Home Trust (the "Trust") for the benefit of the Agency.

The Trustees may spend, with the approval or recommendation of the Agency's Board of Governors, such portion of the Trust property to promote the emotional and psychological well-being of children and families through the provision of educational, preventative and treatment services. During the year, no amounts were received from the Trust property (2018 - \$nil).

The Trustees may invest the balance of the Trust property remaining and pay the net annual income therefrom to the Agency to be used as may be determined by the Agency's Board, but particularly for the maintenance and support of the Agency.

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Notes to Financial Statements, page 2

Year ended March 31, 2019, with comparative information for 2018

1. Significant accounting policies (continued):

(c) Capital assets:

Purchased capital assets are stated at cost. Contributed assets are recorded at fair market value at the date of acquisition. Depreciation of assets under construction does not commence until they are placed in use.

Depreciation is provided for on a straight-line basis over the following terms:

Assets	Rate
Buildings and improvements	35 years
Furniture and equipment	3 - 5 years
Vehicles	5 years

Property and equipment are tested for impairment whenever a change in events or circumstances indicates that their carrying values may not be recoverable. Any resulting impairment loss is recognized in the period it is determined and is calculated as the excess of the carrying value of the asset over its fair value.

(d) Intangible assets:

Purchased intangible assets are stated at cost. Internally generated assets are recorded as the sum of expenditures incurred from the date when the intangible asset first meets the recognition criteria. An intangible asset shall be recognized if it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and the cost of the asset can be measured reliably. The internally generated intangible asset comprises all directly attributable costs necessary to create, produce and prepare the asset to be capable of operating in the manner intended by management. Depreciation of intangible assets under construction does not commence until they are placed in use.

Depreciation is provided for on a straight-line basis as follows:

Assets	Rate
Software	5 years

(e) Donations:

Cash donations are recorded at the time of receipt. Donations of materials and services, including volunteer services, are not recognized in the financial statements of the Agency.

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Notes to Financial Statements, page 3

Year ended March 31, 2019, with comparative information for 2018

1. Significant accounting policies (continued):

(f) Cash and cash equivalents:

Cash and cash equivalents include bank balances as well as money market investments with terms less than 90 days and bankers acceptance with terms of 90 days from the date of issue, net of restricted cash for capital.

(g) Restricted cash for capital:

Restricted cash for capital includes unspent contributions for capital assets net of contributions included in assets under construction.

(h) Inventory of food and supplies:

Inventory is carried at the lower of cost or net realizable value, with cost determined on a first-in first-out basis.

(i) Investments:

Investments are recognized in the statement of financial position at fair value. The estimated fair values of recognized financial instruments have been determined based on closing prices.

(j) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship and equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Agency determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Agency expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

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Notes to Financial Statements, page 4

Year ended March 31, 2019, with comparative information for 2018

1. Significant accounting policies (continued):

(k) Use of estimates:

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the year. Actual results could differ from those estimates. Estimates may include investment values and the recoverability and useful life of property and equipment.

(l) Interest in joint arrangements:

The Agency accounts for its investments in operations which are jointly controlled using proportionate consolidation whereby the Agency's proportionate share of the assets, liabilities and the related revenues and expenses are included in the financial statements.

2. Restricted cash for capital:

	2019	2018
Balance, beginning of year	\$ 278,943	\$ 82,327
Add:		
Contributions received (note 7)	3,970,524	635,955
Less:		
Spent – current year contributions	3,791,035	22,633
Spent – prior years' contributions	222,986	24,567
Spent – assets under construction	-	392,139
Balance, end of year	\$ 235,446	\$ 278,943

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Notes to Financial Statements, page 5

Year ended March 31, 2019, with comparative information for 2018

3. Investments:

(a) Short term investments:

The short term investments are comprised of mutual funds and fixed income. Fixed income includes bankers acceptance which generated unrealized gain of \$7,147 (2018 - \$nil).

(b) Long term investments:

			2019	2018
	Scholarship Fund	Contingency Fund	Total at fair value	Total at fair value
Balance, beginning of year	\$ 173,575	\$ 508,344	\$ 681,919	\$ 697,584
Investment (loss) income	(185)	(16,307)	(16,492)	22,930
Change in unrealized gain (loss) on investments	3,240	18,708	21,948	(26,595)
Disbursements	(10,500)	—	(10,500)	(12,000)
Balance, end of year	\$ 166,130	\$ 510,745	\$ 676,875	\$ 681,919

The Agency invests in certain bonds and marketable securities. The Agency mitigates exposure in its investment portfolio by investing in accordance with established investment approval practices.

The Scholarship Fund represents appropriated funds which have been set aside, at the discretion of the Board of Governors, for the granting of scholarships to employees to further their education in the field of child care.

The Contingency Fund represents appropriated funds which have been set aside and can be used for discretionary purposes based on direction from the Board of Governors.

Investments consist of the following portfolios:

	2019	2018
Cash and cash equivalents	\$ 591,351	\$ 12,856
Medium and long-term investment funds:		
Bonds	20,862	604,971
Canadian equities	64,662	64,092
Total investment fund	\$ 676,875	\$ 681,919

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Notes to Financial Statements, page 6

Year ended March 31, 2019, with comparative information for 2018

3. Investments (continued):

The fair value of medium and long-term funds fluctuate based on interest rates and other market conditions that affect the Canadian equity markets.

Bonds mature on January 26, 2022 and bear an interest rate of 4.6%.

4. Capital assets:

			2019	2018
	Cost	Accumulated amortization	Net book value	Net book value
Land and improvements	\$ 969,031	\$ —	\$ 969,031	\$ 969,031
Buildings and improvements	36,826,803	15,266,853	21,559,950	17,342,777
Furniture and equipment	5,697,910	5,299,594	398,316	251,182
Vehicles	1,017,050	944,911	72,139	68,606
Assets under construction	—	—	—	392,139
	\$ 44,510,794	\$ 21,511,358	\$ 22,999,436	\$ 19,023,735

The City of Calgary has a reserve caveat against a small portion of non-usable land on the north-side of property owned by the Agency.

5. Intangible assets:

			2019	2018
	Cost	Accumulated amortization	Net book value	Net book value
Software	\$ 393,393	\$ 361,254	\$ 32,139	\$ 50,231

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Notes to Financial Statements, page 7

Year ended March 31, 2019, with comparative information for 2018

6. Mortgages payable:

Description	Monthly Pmt Princ+Int	Interest rate	Renewal/Maturity date	2019 Principal	2018 Principal
Mortgage – fixed, closed	\$1,265	2.89%	December 12, 2018	\$ –	\$ 13,572
Mortgage – fixed, closed	746	1.97%	December 1, 2022	32,332	40,561
Mortgage – fixed, closed	1,060	3.49%	January 11, 2021	22,549	32,014
Mortgage – fixed, closed	628	3.49%	January 11, 2021	9,782	16,894
Mortgage – fixed, closed	628	3.49%	January 11, 2021	9,782	16,894
Mortgage – fixed, closed	40,000	3.50%	May 5, 2021	3,492,461	3,843,487
				3,566,906	3,963,422
Less current portion of mortgages payable				(398,346)	(438,629)
				\$3,168,560	\$ 3,524,793

Each mortgage is payable in monthly installments including interest at the indicated effective interest rates, compounded semi-annually. Each facility is secured by specific buildings, inventory, equipment, and lands of the Agency and subject to renewal on the indicated dates.

The Agency has secured funding to cover the life of the mortgage currently at the \$40,000 per month.

The Agency is committed to payments of principal and interest on its mortgages as follows:

Fiscal Year	Principal	Interest	Total
2019-2020	\$ 398,346	\$ 118,402	\$ 516,748
2020-2021	400,352	104,168	504,520
2021-2022	2,761,551	16,234	2,777,785
2022-2023	6,657	54	6,711
	\$ 3,566,906	\$ 238,858	\$ 3,805,764

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Year ended March 31, 2019, with comparative information for 2018

7. Deferred contributions for capital assets:

Deferred contributions for capital assets include the unamortized portion of externally restricted contributions received for the purchase of capital assets. The amortization of capital contributions is recorded as revenue in the statement of operations.

	2019	2018
Balance, beginning of year	\$ 10,365,609	\$ 10,106,785
Add:		
Contributions spent - assets	3,791,035	22,633
Contributions spent - assets under construction	—	392,139
Contributions unspent	179,489	221,183
	3,970,524	635,955
Less:		
Amounts amortized to revenues	(503,408)	(377,131)
Balance, end of year	\$ 13,832,725	\$ 10,365,609

8. Invested in capital, intangible assets and accumulated operating surplus:

(a) Invested in capital and intangible assets are calculated as follows:

	2019	2018
Capital assets	\$ 22,999,436	\$ 19,023,735
Intangible assets	32,139	50,231
Amounts financed by capital contributions	(13,832,725)	(10,365,609)
Amounts financed by mortgages	(3,566,906)	(3,963,422)
	\$ 5,631,944	\$ 4,744,935

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Notes to Financial Statements, page 9

Year ended March 31, 2019, with comparative information for 2018

8. Invested in capital, intangible assets and accumulated operating surplus (continued):

(b) Change in net assets invested in capital assets is calculated as follows:

	2019	2018
Excess of expenses over revenues:		
Amortization of capital contributions	\$ 503,408	\$ 377,131
Amortization of capital assets and intangible assets	(1,166,958)	(1,033,018)
	<u>\$ (663,550)</u>	<u>\$ (655,887)</u>
Net change in invested in capital assets:		
Capital assets acquired	\$ 5,118,642	\$ 846,674
Intangible assets acquired	5,925	15,375
Amount funded by capital contributions	(3,970,524)	(635,955)
	<u>\$ 1,154,043</u>	<u>\$ 226,094</u>

(c) Accumulated operating surplus is calculated as follows:

	2019	2018
Appropriated:		
Capital reserve	\$ 24,004	\$ 22,890
Scholarship fund	163,389	174,074
Contingency fund	510,745	527,052
Mortgage reserve	350,586	225,261
	<u>1,048,724</u>	<u>949,277</u>
Unrestricted	1,098,127	1,157,354
	<u>\$ 2,146,851</u>	<u>\$ 2,106,631</u>

9. Line of credit:

As at March 31, 2019, the Agency has available a line of credit in the amount of \$250,000 (2018 - \$250,000). The line of credit is secured by certain lands held by the Agency and bears interest at the lender's prime rate plus 0.25%. As at March 31, 2019, no amounts were drawn on this facility (2018 - \$nil).

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Notes to Financial Statements, page 10

Year ended March 31, 2019, with comparative information for 2018

10. Hull Child and Family Foundation:

The Hull Child and Family Foundation (the "Foundation") was incorporated under the Societies Act of Alberta with the objective of providing financial investment services and related financial support to the Agency. During the year ended March 31, 2019, the Foundation distributed \$443,000 (2018 - \$414,000) to the Agency.

11. Grants and donations:

Contributions are received from unsolicited donations, annual campaigns, special fund-raising events, corporate sponsorships, and government and private grants. Contributions, net of deferred balances, are as follows:

	2019	2018
Government grants and other agreements	\$ 1,826,601	\$ 2,393,793
Private grants and donations	2,390,996	2,271,271
	<u>\$ 4,217,597</u>	<u>\$ 4,665,064</u>

For the purposes of the Alberta Charitable Fund-raising Act, the disposition of funds raised, net of deferred balances, is as follows:

	2019	2018
Operating community based programs	\$ 1,883,928	\$ 2,122,570
Supporting general agency operations	1,055,746	1,309,586
Capital assets	531,424	104,198
Operating therapeutic campus based care programs	640,792	1,032,704
Operating school programs	105,707	96,006
	<u>\$ 4,217,597</u>	<u>\$ 4,665,064</u>

Expenses incurred for the purpose of soliciting contributions were \$676,092 (2018 - \$706,085), which includes \$505,771 (2018 - \$560,987) in remuneration to employees whose principal duties involve fund-raising. Remuneration to employees is not applied against donations and grant contributions received. Remaining fundraising expenses are included in the facility services and administrative expenses.

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Notes to Financial Statements, page 11

Year ended March 31, 2019, with comparative information for 2018

12. Joint Arrangement:

The International Neurosequential Model of Therapeutics Symposium (the “NMT Symposium”), held once every two years, is a conference jointly sponsored by the Agency and The ChildTrauma Academy (the “CTA”). Effective June 12, 2017, the Agency entered into an agreement with the CTA for the 3rd NMT Symposium being held June 12 through 14, 2018.

The NMT offers a developmentally and biologically informed approach to working with children and youth who have experienced significant childhood trauma. The NMT Symposium is a three-day event that features innovations in research, clinical practice and education in all areas related to maltreatment and trauma, with a focus on the NMT. The operation of the NMT Symposium is managed by the Agency and the CTA in accordance with the contractual agreement.

The Agency has a 50% interest in the assets, liabilities, revenues and expenses of the NMT Symposium. The Agency has proportionately consolidated its percentage of the NMT Symposium.

Financial summaries of the NMT Symposium for the year ended March 31, 2019 are as follows:

(a) Financial Position

	2019		2018	
	Total	50%	Total	50%
Assets:				
Cash and cash equivalents	\$ -	\$ -	\$ 322,400	\$ 161,200
Accounts receivable	-	-	14,972	7,486
	-	-	337,372	168,686
Liabilities:				
Accounts payable				
and accrued liabilities	-	-	12,496	6,248
Deferred revenue	-	-	324,876	162,438
	\$ -	\$ -	\$ 337,372	\$ 168,686

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Year ended March 31, 2019, with comparative information for 2018

12. Joint Arrangement (continued):

(b) Results of Operations:

	2019		2018	
	Total	50%	Total	50%
Revenue:				
Investment and other income				
- registration	\$ 494,129	\$ 247,065	\$ 25,244	\$ 12,622
	494,129	247,065	25,244	12,622
Expenses:				
Client services - food and refreshments	124,530	62,265	10,000	5,000
Client services – materials and supplies	3,689	1,845	–	–
Facility services – facility and equipment rental	21,706	10,853	–	–
Transportation - travel and hotel	89,512	44,756	1,212	606
Administrative	14,744	7,372	14,032	7,016
	254,181	127,091	25,244	12,622
Excess of revenues over expenses	\$ 239,948	\$ 119,974	\$ –	\$ –

13. Commitment:

The Agency has entered into a commitment for business WiFi services at \$25 per multi-access point per month to September 2026. The total estimated dollar value of the remaining commitment is as follows:

2019-2020	\$ 66,420
2020-2021	66,420
2021-2022	66,420
2022-2023	66,420
2023-2024	66,420
Thereafter	99,630
	\$ 431,730

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Year ended March 31, 2019, with comparative information for 2018

14. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$376,914 (2018 - \$337,369) which relates to payroll remittances and goods and services tax payable of \$208 (2018 - \$165).

15. Financial instruments and related risks:

(a) Currency risk:

The Agency is exposed to financial risks as a result of exchange rate fluctuations and the volatility of these rates. The Agency holds foreign equities that would be impacted by exchange rate fluctuations.

(b) Liquidity risk:

Liquidity risk is the risk that the Agency will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Agency manages its liquidity risk by monitoring its operating requirements. The Agency prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations.

(c) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Agency is exposed to credit risk with respect to its accounts receivable. The Agency assesses, on a continuous basis, its receivables and provides for any amounts that are not collectible in the allowance for doubtful accounts.

Concentration of credit risk arises as a result of exposures to a single debtor or to a group of debtors similarly affected by changes in economic, political, or other conditions. The Agency monitors credit risk by assessing the collectability of the amounts.

Cash and cash equivalents are held at financial institutions that are considered to be creditworthy by the Agency.

(d) Interest rate risk:

The Agency is exposed to interest rate risk on its floating interest rate line of credit. The Agency reduces the interest rate risk by entering into fixed rate mortgages.

(e) Market risk:

The Agency is exposed to market risk on its investments. The Agency manages this risk by diversified investments across various assets classes. The Agency is exposed to equity price risk on its marketable securities. The Agency manages this risk by ensuring compliance with its investment approval practices.