

Financial Statements of

**HULL SERVICES**

And Independent Auditors' Report thereon

Year ended March 31, 2020



KPMG LLP  
205 5th Avenue SW  
Suite 3100  
Calgary AB  
T2P 4B9  
Telephone (403) 691-8000  
Fax (403) 691-8008  
www.kpmg.ca

## 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, 2020
- 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, 2020, and its results of operations and its cash flows for the 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

July 28, 2020

# HULL SERVICES

## Statement of Financial Position

March 31, 2020, with comparative information for 2019

	2020	2019
<b>Assets</b>		
Current assets:		
Cash and cash equivalents (note 12)	\$ 5,701,117	\$ 5,202,585
Accounts receivable (note 12)	1,385,548	676,751
Inventory of food and supplies	166,410	145,822
Prepaid expenses	286,088	359,354
	<u>7,539,163</u>	<u>6,384,512</u>
Restricted cash for capital (note 2)	248,030	235,446
Investments (note 3)	670,575	676,875
Capital replacement reserve	25,292	24,004
Mortgage reserve	475,252	350,586
Capital assets (note 4)	22,953,983	22,999,436
Intangible assets (note 5)	24,690	32,139
	<u>\$ 31,936,985</u>	<u>\$ 30,702,998</u>

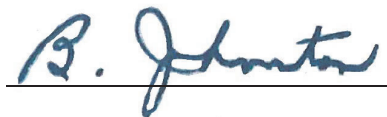
## Liabilities and Net Assets

### Current liabilities:

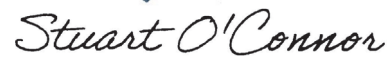
Accounts payable and accrued liabilities (note 12, 13 and 14)	\$ 3,159,394	\$ 2,774,763
Deferred revenue (note 12)	3,764,120	2,749,809
Current portion of mortgages payable (note 6)	400,342	398,346
	<u>7,323,856</u>	<u>5,922,918</u>
Mortgages payable (note 6)	2,768,153	3,168,560
Deferred contributions for capital assets (note 7)	13,404,418	13,832,725
Net assets:		
Invested in capital and intangible assets (note 8(a))	6,405,760	5,631,944
Accumulated operating surplus (note 8(c))	2,034,798	2,146,851
	<u>8,440,558</u>	<u>7,778,795</u>
Commitments (note 13)		
Contingency and subsequent event (note 15(b) and 16)		
	<u>\$ 31,936,985</u>	<u>\$ 30,702,998</u>

See accompanying notes to financial statements.

Approved by the Board:



Governor



Governor

# HULL SERVICES

## Statement of Operations

Year ended March 31, 2020, with comparative information for 2019

	2020	2019
Revenues:		
Contract - Children's Services	\$ 20,798,647	\$ 19,552,661
Contract - Calgary Board of Education	4,491,890	3,153,732
Contract - Other	7,871,074	7,629,196
Fee for Service	5,582,925	4,066,783
	<u>38,744,536</u>	<u>34,402,372</u>
Other revenues:		
Hull Child and Family Foundation (notes 10 and 11)	460,000	443,000
Grants and donations (note 11)	4,099,756	3,774,597
Amortization of deferred capital contributions (note 7)	497,816	503,408
Investment and other income	417,063	504,069
Rental income	97,180	95,385
Realized gain on disposal of assets	2,400	1,300
	<u>5,574,215</u>	<u>5,321,759</u>
Total revenues	<u>44,318,751</u>	<u>39,724,131</u>
Expenses:		
Salaries and benefits	36,178,842	31,924,456
Client services	3,058,536	2,927,448
Administrative	1,451,321	1,297,165
Facility services	1,364,941	1,113,540
Transportation	240,140	265,663
Mortgage interest	117,366	130,767
Total expenses before the undernoted	<u>42,411,146</u>	<u>37,659,039</u>
Excess of revenues over expenses before the undernoted	<u>1,907,605</u>	<u>2,065,092</u>
Amortization of capital assets	1,214,329	1,142,941
Amortization of intangible assets	21,624	24,017
Unrealized loss (gain) on investments (note 3)	9,889	(29,095)
Excess of revenues over expenses	<u>\$ 661,763</u>	<u>\$ 927,229</u>

See accompanying notes to financial statements.

# HULL SERVICES

## Statement of Changes in Net Assets

Year ended March 31, 2020, with comparative information for 2019

March 31, 2020	Invested in capital assets	Appropriated	Unrestricted	2020 Total
Balance, beginning of year	\$ 5,631,944	\$ 1,048,724	\$ 1,098,127	\$ 7,778,795
(Deficiency) excess of revenues over expenses (note 8(b))	(738,137)	(3,559)	1,403,459	661,763
Net change in investment in assets (note 8(b))	1,113,542	—	(1,113,542)	—
Mortgage payments	398,411	—	(398,411)	—
Capital replacement reserve	—	1,288	(1,288)	—
Mortgage reserve	—	124,666	(124,666)	—
Balance, end of year	\$ 6,405,760	\$ 1,171,119	\$ 863,679	\$ 8,440,558

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
(Deficiency) excess 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

See accompanying notes to financial statements.

# HULL SERVICES

## Statement of Cash Flows

Year ended March 31, 2020, with comparative information for 2019

	2020	2019		
Cash provided by (used in):				
Operating activities:				
Excess of revenues over expenses	\$ 661,763	\$ 927,229		
Items not involving cash:				
Amortization of capital assets	1,214,329	1,142,941		
Amortization of intangible assets	21,624	24,017		
Gain on disposal of capital assets	(2,400)	(1,300)		
Amortization of deferred capital contributions	(497,816)	(503,408)		
Unrealized loss (gain) on investments	9,889	(29,095)		
	1,407,389	1,560,384		
Changes in non-cash working capital:				
Accounts receivable	(708,797)	531,239		
Inventory of food and supplies	(20,588)	(14,034)		
Prepaid expenses	73,266	(20,815)		
Accounts payable and accrued liabilities	384,631	118,272		
Deferred revenue	1,014,311	596,805		
	2,150,212	2,771,851		
Investing activities:				
Deferred contributions for capital assets (note 7)	69,509	3,970,524		
Purchase of capital assets (note 8(b))	(1,168,876)	(5,118,642)		
Proceeds on disposition of capital assets	2,400	1,300		
Purchase of intangible assets (note 8(b))	(14,175)	(5,925)		
	(1,111,142)	(1,152,743)		
Financing activities:				
Net (additions) reductions in investments	(3,589)	34,139		
Mortgage repayment	(398,411)	(396,516)		
Increase in capital replacement reserve funding	(1,288)	(1,114)		
Increase in mortgage reserve funding	(124,666)	(125,325)		
	(527,954)	(488,816)		
Increase in cash and cash equivalents			511,116	1,130,292
Beginning of year:				
Cash and cash equivalents	5,202,585	4,028,796		
Restricted cash for capital	235,446	278,943		
	5,438,031	4,307,739		
End of year:				
Cash and cash equivalents	5,701,117	5,202,585		
Restricted cash for capital	248,030	235,446		
Cash and cash equivalents and restricted cash, end of year	\$ 5,949,147	\$ 5,438,031		

See accompanying notes to financial statements.



# HULL SERVICES

## Notes to Financial Statements

Year ended March 31, 2020, with comparative information for 2019

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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 (2019 - \$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.

# HULL SERVICES

Notes to Financial Statements, page 2

Year ended March 31, 2020, with comparative information for 2019

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## 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.

# HULL SERVICES

Notes to Financial Statements, page 3

Year ended March 31, 2020, with comparative information for 2019

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## 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, 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.

# HULL SERVICES

Notes to Financial Statements, page 4

Year ended March 31, 2020, with comparative information for 2019

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## 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. Significant management estimates pertain to the fair value of investments 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.

### (m) Changes in accounting standards:

In March 2018, the Accounting Standards Board issued "Basis for Conclusions - Accounting Standards Improvements for Not-for-Profit Organizations" resulting in the introduction of new handbook sections in the Accounting Standards for Not-for-Profit Part III of the Handbook as follows:

Section 4433, Tangible capital assets held by not-for-profit organizations, which directs organizations to apply the accounting guidance of Section 3061, Property Plant and Equipment in Part II of the Handbook. In so doing, the new section requires that organizations annually assess for partial impairment of tangible capital assets, to be recorded where applicable, as a nonreversible impairment expense. In addition, where practical, to componentize capital assets when estimates can be made of the useful lives of the separate components.

This section is applied on a prospective basis with the exception of the transitional provision to recognize an adjustment to opening net assets for partial impairments of tangible assets that existed as at April 1, 2019.

Section 4434, Intangible assets held by not-for-profit organizations, which directs organizations to annually assess intangible assets, and where applicable to record an impairment expenses should the net carrying value be higher than the asset's fair value or replacement cost.

This section is applied on a prospective basis with the exception of the transitional provision to recognize an adjustment to opening net assets for partial impairment of intangible assets that existed as at April 1, 2019.

# HULL SERVICES

Notes to Financial Statements, page 5

Year ended March 31, 2020, with comparative information for 2019

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## 1. Significant accounting policies (continued):

(m) Changes in accounting standards (continued):

Section 4441, Collections held by not-for-profit organizations, which defines a collection and directs organizations to record such assets on the statement of financial position at either cost or nominal value. It is anticipated that all collections will be accounted for using the same method, with the exception of organizations that opt to account for collections at cost, whereby the cost for certain collections either held or contributed cannot be determined. Such items are to be accounted for at a nominal value. In addition, collections are written down when there is evidence that the net carrying amount exceeds fair value.

Organizations are permitted to retrospectively capitalize collections at their cost or fair value at the date of acquisition, or fair value or replacement cost as at April 1, 2019, based on the most readily determinable value. In addition, an adjustment to opening net assets is permitted to recognize any partial impairment of the value of collections that existed as at April 1, 2019.

The amendments are effective for financial statements for fiscal years beginning on or after January 1, 2019. The implementation of these changes had no impact on the financial statements.

## 2. Restricted cash for capital:

	2020	2019
Balance, beginning of year	\$ 235,446	\$ 278,943
Add:		
Contributions received (note 7)	69,509	3,970,524
Less:		
Spent – current year contributions	46,221	3,791,035
Spent – prior years' contributions	10,704	222,986
Balance, end of year	\$ 248,030	\$ 235,446

# HULL SERVICES

Notes to Financial Statements, page 6

Year ended March 31, 2020, with comparative information for 2019

## 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 loss of \$7,147 (2019 unrealized gain - \$7,147). Unrealized gain or loss of bankers acceptance is due to temporary market value.

### (b) Long term investments:

			2020	2019
	Scholarship Fund	Contingency Fund	Total at fair value	Total at fair value
Balance, beginning of year	\$ 166,130	\$ 510,745	\$ 676,875	\$ 681,919
Investment income	5,452	3,490	8,942	(16,492)
Change in unrealized (loss) on investments	(2,742)	–	(2,742)	21,948
Disbursements	(12,500)	–	(12,500)	(10,500)
Balance, end of year	\$ 156,340	\$ 514,235	\$ 670,575	\$ 676,875

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:

	2020	2019
Cash and cash equivalents	\$ 670,575	\$ 591,351
Medium and long-term investment funds:		
Bonds	-	20,862
Canadian equities	-	64,662
Total investment fund	\$ 670,575	\$ 676,875

# HULL SERVICES

Notes to Financial Statements, page 7

Year ended March 31, 2020, with comparative information for 2019

### 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. As at the reporting date, there is no holding of bonds or marketable securities.

### 4. Capital assets:

			2020	2019
	Cost	Accumulated amortization	Net book value	Net book value
Land and improvements	\$ 969,031	\$ -	\$ 969,031	\$ 969,031
Buildings and improvements	37,591,419	16,161,276	21,430,143	21,559,950
Furniture and equipment	6,011,470	5,567,381	444,089	398,316
Vehicles	1,031,681	920,961	110,720	72,139
	<u>\$ 45,603,601</u>	<u>\$ 22,649,618</u>	<u>\$ 22,953,983</u>	<u>\$ 22,999,436</u>

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:

			2020	2019
	Cost	Accumulated amortization	Net book value	Net book value
Software	\$ 407,568	\$ 382,878	\$ 24,690	\$ 32,139

# HULL SERVICES

Notes to Financial Statements, page 8

Year ended March 31, 2020, with comparative information for 2019

## 6. Mortgages payable:

Description	Monthly Pmt Princ+Int	Interest rate	Renewal/Maturity date	2020 Principal	2019 Principal
Mortgage – fixed, closed	746	1.97%	December 1, 2022	23,943	32,332
Mortgage – fixed, closed	1,060	3.49%	January 11, 2021	10,422	22,549
Mortgage – fixed, closed	628	3.49%	January 11, 2021	2,465	9,782
Mortgage – fixed, closed	628	3.49%	January 11, 2021	2,465	9,782
Mortgage – fixed, closed	40,000	3.50%	May 5, 2021	3,129,200	3,492,461
				3,168,495	3,566,906
Less current portion of mortgages payable				(400,342)	(398,346)
				\$2,768,153	\$ 3,168,560

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 approximately \$40,000 per month.

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

Fiscal Year	Principal	Interest	Total
2020-2021	\$ 400,342	\$ 104,165	\$ 504,507
2021-2022	2,761,496	16,234	2,777,730
2022-2023	6,657	54	6,711
	\$ 3,168,495	\$ 120,453	\$ 3,288,948



# HULL SERVICES

Notes to Financial Statements, page 9

Year ended March 31, 2020, with comparative information for 2019

## 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.

	2020	2019
Balance, beginning of year	\$ 13,832,725	\$ 10,365,609
Add:		
Contributions spent - assets	46,221	3,791,035
Contributions unspent	23,288	179,489
	69,509	3,970,524
Less:		
Amounts amortized to revenues	(497,816)	(503,408)
Balance, end of year	\$ 13,404,418	\$ 13,832,725

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

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

	2020	2019
Capital assets	\$ 22,953,983	\$ 22,999,436
Intangible assets	24,690	32,139
Amounts financed by capital contributions	(13,404,418)	(13,832,725)
Amounts financed by mortgages	(3,168,495)	(3,566,906)
	\$ 6,405,760	\$ 5,631,944

# HULL SERVICES

Notes to Financial Statements, page 10

Year ended March 31, 2020, with comparative information for 2019

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

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

	2020	2019
Excess of expenses over revenues:		
Amortization of capital contributions	\$ 497,816	\$ 503,408
Amortization of capital assets and intangible assets	(1,235,953)	(1,166,958)
	<u>\$ (738,137)</u>	<u>\$ (663,550)</u>
Net change in invested in capital assets:		
Capital assets acquired	\$ 1,168,876	\$ 5,118,642
Intangible assets acquired	14,175	5,925
Amount funded by capital contributions	(69,509)	(3,970,524)
	<u>\$ 1,113,542</u>	<u>\$ 1,154,043</u>

(c) Accumulated operating surplus is calculated as follows:

	2020	2019
Appropriated:		
Capital reserve	\$ 25,292	\$ 24,004
Scholarship fund	156,340	163,389
Contingency fund	514,235	510,745
Mortgage reserve	475,252	350,586
	<u>1,171,119</u>	<u>1,048,724</u>
Unrestricted	863,679	1,098,127
	<u>\$ 2,034,798</u>	<u>\$ 2,146,851</u>

## 9. Line of credit:

As at March 31, 2020, the Agency has available a line of credit in the amount of \$250,000 (2019 - \$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, 2020, no amounts were drawn on this facility (2019 - \$nil).

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Year ended March 31, 2020, with comparative information for 2019

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## 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, 2020, the Foundation distributed \$460,000 (2019 - \$443,000) 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:

	2020	2019
Government grants and other agreements	\$ 1,905,904	\$ 1,826,601
Private grants and donations	2,653,852	2,390,996
	<u>\$ 4,559,756</u>	<u>\$ 4,217,597</u>

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

	2020	2019
Operating community based programs	\$ 2,311,566	\$ 1,883,928
Supporting general agency operations	1,243,375	1,055,746
Capital assets	206,346	531,424
Operating therapeutic campus based care programs	734,219	640,792
Operating school programs	64,250	105,707
	<u>\$ 4,559,756</u>	<u>\$ 4,217,597</u>

Expenses incurred for the purpose of soliciting contributions were \$747,508 (2019 - \$676,092), which includes \$447,394 (2019 - \$505,771) 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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Year ended March 31, 2020, with comparative information for 2019

## 12. Joint arrangements:

### (a) International Neurosequential Model of Therapeutics Symposium (the "NMT Symposium")

The NMT Symposium, held once every two years, is a conference jointly sponsored by the Agency and The Neurosequential Model Network, LLC (the "NMN"). Effective December 16, 2019, the Agency entered into an agreement with the NMN for the 4th NMT Symposium being held June 4-5, 2020. Subsequently, due to COVID-19 pandemic, the Symposium is postponed to June 2021.

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 two-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 NMN in accordance with the contractual agreement.

The Agency has a 45% interest in the assets, liabilities, revenues and expenses of the NMT Symposium. The Agency has proportionately consolidated its percentage of the NMT Symposium. Any excess of revenues over expenses is disbursed to the Agency and the NMN upon event completion.

Financial summaries of the NMT Symposium for the year ended March 31, 2020 are as follows:

#### 1) Financial Position

	2020		2019	
	Total	45%	Total	50%
<b>Assets:</b>				
Cash and cash equivalents	\$ 236,314	\$ 106,341	\$ -	\$ -
Accounts receivable	30	14	-	-
	<u>\$ 236,344</u>	<u>\$ 106,355</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Liabilities:</b>				
Accounts payable and accrued liabilities	\$ 3,387	\$ 1,524	\$ -	\$ -
Deferred revenue	232,957	104,831	-	-
	<u>\$ 236,344</u>	<u>\$ 106,355</u>	<u>\$ -</u>	<u>\$ -</u>

# HULL SERVICES

Notes to Financial Statements, page 13

Year ended March 31, 2020, with comparative information for 2019

## 12. Joint arrangements (continued):

### 2) Results of Operations:

	2020		2019	
	Total	45%	Total	50%
Revenue:				
Investment and other income				
- registration	\$ 38,600	\$ 17,370	\$ 494,129	\$ 247,065
	38,600	17,370	494,129	247,065
Expenses:				
Client services - food and refreshments	–	–	124,530	62,265
Client services – materials and supplies	–	–	3,689	1,845
Facility services – facility and equipment rental	25,000	11,250	21,706	10,853
Transportation - travel and hotel	–	–	89,512	44,756
Administrative	13,600	6,120	14,744	7,372
	38,600	17,370	254,181	127,091
Excess of revenues over expenses	\$ –	\$ –	\$ 239,948	\$ 119,974

### (b) Mental Health in Sports Project (the “Project”)

Effective October 17, 2019, the Agency entered into a joint agreement with I Got Mind Inc. to sponsor the Project. The purpose of the Project is to educate and promote best practices to attain mental health wellness in the sporting communities.

The Project hosts live events at various locations across Canada and produces educational mental health videos. The live events feature guest speakers and promotion of in-depth educational mental health videos.

The Agency has a 50% interest in the assets, liabilities, revenues and expenses of the Project. The Agency has proportionately consolidated its percentage of the Project. Any excess of revenues over expenses is disbursed to the Agency and I Got Mind Inc. upon event completion.

Financial summaries of the Mental Health in Sports Project for the year ended March 31, 2020 are as follows:

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Year ended March 31, 2020, with comparative information for 2019

## 12. Joint arrangements (continued):

### 1) Financial Position

	2020		2019	
	Total	50%	Total	50%
<b>Assets:</b>				
Cash and cash equivalents	\$ 207	\$ 104	\$ -	\$ -
Accounts receivable	44	22	-	-
	<u>\$ 251</u>	<u>\$ 126</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Liabilities:</b>				
Accounts payable and accrued liabilities	\$ 251	\$ 126	\$ -	\$ -
	<u>\$ 251</u>	<u>\$ 126</u>	<u>\$ -</u>	<u>\$ -</u>

### 2) Results of Operations:

	2020		2019	
	Total	50%	Total	50%
<b>Revenue:</b>				
Investment and other income				
- registration	\$ 3,873	\$ 1,937	\$ -	\$ -
	<u>3,873</u>	<u>1,937</u>	<u>-</u>	<u>-</u>
<b>Expenses:</b>				
Client services - food and refreshments	143	72	-	-
Facility services – facility and equipment rental	376	188	-	-
Transportation - travel and hotel	149	75	-	-
Administrative	1,988	994	-	-
	<u>2,656</u>	<u>1,329</u>	<u>-</u>	<u>-</u>
Excess of revenues over expenses	\$ 1,217	\$ 608	\$ -	\$ -

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Year ended March 31, 2020, with comparative information for 2019

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## 13. Commitments:

The Agency has entered into a commitment for business WiFi services at \$25 per multi-access point per month to September 2026.

The Agency has entered into two rental agreements for office space. One has a two-year term ending in June 2021 and the other a ten-year term ending April 2029.

The Agency has entered into operating lease agreements for vehicles with various terms ending between June 2021 and October 2024.

The total estimated dollar value of the remaining commitment is as follows:

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2020-2021	\$ 217,881
2021-2022	200,719
2022-2023	175,250
2023-2024	155,895
2024-2025	160,834
Thereafter	398,896
	<hr/>
	\$ 1,309,474

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## 14. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$437,271 (2019 - \$376,914) which relates to payroll remittances and goods and services tax payable of \$139 (2019 - \$208).

## 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.

# HULL SERVICES

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Year ended March 31, 2020, with comparative information for 2019

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## 15. Financial instruments and related risks (continued):

### (b) Liquidity risk (continued):

On March 11, 2020, the World Health Organization declared the Coronavirus (COVID-19) outbreak a pandemic. This has resulted in governments worldwide, including the Canadian and Alberta governments, enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods, closures of non-essential businesses, and physical distancing, have caused material disruption to businesses in Calgary, resulting in an economic slowdown.

The ultimate duration and magnitude of the impact on the economy and the financial effect on the Agency's future revenues, operating results and overall financial performance is not known at this time. These impacts may include challenges on the Agency's ability to obtain funding, impairments in the value of the Agency's capital assets and disruptions to its operations, employee impacts from illness, school closures and other communication response measures.

As at the reporting date, the Agency has determined that COVID-19 has had no significant impact on its funding, contracts or lease agreements, the assessment of provisions and contingent liabilities, or the timing of revenue recognition. However, there is no guarantee that there will not be an impact in future.

The Agency continues to use its capital assets and management has assessed no impairment that needs to be recognized on these assets at March 31, 2020. The Agency continues to manage liquidity risk by forecasting and assessing cash flow requirements on an ongoing basis.

### (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.

As at March 31, 2020, the Agency continues to meet its contractual obligations within normal payment terms and the Agency's exposure to credit risk remains largely unchanged.

### (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.



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Year ended March 31, 2020, with comparative information for 2019

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## **15. Financial instruments and related risks (continued):**

### (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.

## **16. Contingency and subsequent event:**

Periodically, the Agency may become involved in, named as a party to, or be the subject of various legal proceedings which are usually related to normal operational or labor issues. The results of such legal proceedings or related matters cannot be determined with certainty. The Agency's assessment of the likely outcome of such matters is based on input from internal examination of the facts of the case and advice from external legal advisors, which is based on their judgment of a number of factors including the applicable legal framework and precedents, relevant financial and operational information, and other evidence and facts specific to the matter as known at the time of the assessment.

In June 2020, a statement of claim was filed against the Agency from a former employee. At this time, no assurance can be given as to the final outcome. Management does not believe that this action will have a material adverse effect on the business or financial condition of the Agency. Accordingly, no provision for losses has been reflected in the accounts of the Agency for this matter.