

Financial Statements of

HULL SERVICES

Year ended March 31, 2018



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INDEPENDENT AUDITORS' REPORT

To the Board of Governors of Hull Services

We have audited the accompanying financial statements of Hull Services, which comprise the statement of financial position as at March 31, 2018, the statements of operations, changes in net assets and cash flows for the year then ended, and notes, comprising 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 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the 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 our 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, we consider 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 financial statements.



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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Hull Services as at March 31, 2018, 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.

KPMG LLP

Chartered Professional Accountants

Calgary, Canada
June 19, 2018

HULL SERVICES

Statement of Financial Position

March 31, 2018, with comparative information for 2017

	2018	2017
Assets		
Current assets:		
Cash and cash equivalents (note 12)	\$ 4,028,796	\$ 4,064,491
Accounts receivable (note 12)	1,207,990	894,734
Inventory of food and supplies	131,788	96,635
Prepaid expenses	338,539	315,835
	<u>5,707,113</u>	<u>5,371,695</u>
Restricted cash for capital (note 2)	278,943	82,327
Investments (note 3)	681,919	697,584
Capital replacement reserve	22,890	26,573
Mortgage reserve	225,261	107,073
Capital assets (note 4)	19,023,735	19,132,585
Intangible assets (note 5)	50,231	112,350
	<u>\$ 25,990,092</u>	<u>\$ 25,530,187</u>
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities (note 13)	\$ 2,656,491	\$ 2,607,601
Deferred revenue (note 12)	2,153,004	1,958,945
Current portion of mortgages payable (note 6)	438,629	424,916
Current portion of capital lease obligation	-	5,712
	<u>5,248,124</u>	<u>4,997,174</u>
Mortgages payable (note 6)	3,524,793	3,922,867
Contributions for capital assets (note 7)	10,365,609	10,106,785
Net assets:		
Invested in capital and intangible assets (note 8)	4,744,935	4,784,655
Accumulated operating surplus	2,106,631	1,718,706
	<u>6,851,566</u>	<u>6,503,361</u>
	<u>\$ 25,990,092</u>	<u>\$ 25,530,187</u>

See accompanying notes to financial statements.

Approved by the Board:



Governor



Governor

HULL SERVICES

Statement of Operations

Year ended March 31, 2018, with comparative information for 2017

	2018	2017
Revenues:		
Contract - Children's Services	\$ 16,507,672	\$ 16,161,054
Contract - Calgary Board of Education	3,013,121	2,884,661
Contract - Other	7,340,898	7,417,382
Per diem	4,138,367	3,480,157
	<hr/> 31,000,058	<hr/> 29,943,254
Other revenues:		
Hull Child and Family Foundation (notes 10 and 11)	414,000	414,000
Grants and donations (note 11)	4,251,064	3,987,236
Amortization of deferred capital contributions (note 7)	377,131	390,994
Investment and other income	149,281	480,915
Rental income	99,821	95,609
Realized gain on disposal of assets	2,300	5,900
	<hr/> 5,293,597	<hr/> 5,374,654
Total revenues	<hr/> 36,293,655	<hr/> 35,317,908
Expenses:		
Salaries and benefits	29,662,939	28,708,078
Client services	2,801,990	2,645,300
Administrative	1,222,470	1,123,946
Facility services	885,486	880,831
Transportation	169,178	184,502
Mortgage interest	143,732	156,216
Capital lease interest	42	205
Total expenses before the undernoted	<hr/> 34,885,837	<hr/> 33,699,078
Excess of revenues over expenses before the undernoted	<hr/> 1,407,818	<hr/> 1,618,830
Amortization of capital assets	955,524	944,210
Amortization of intangible assets	77,494	74,418
Change in unrealized loss (gain) on investments (note 3)	26,595	(1,744)
Excess of revenues over expenses	<hr/> \$ 348,205	<hr/> \$ 601,946

See accompanying notes to financial statements.

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Statement of Changes in Net Assets

Year ended March 31, 2018, with comparative information for 2017

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

March 31, 2017	Invested in capital assets	Appropriated	Unrestricted	2017 Total
Balance, beginning of year	\$ 4,684,238	\$ 722,475	\$ 494,702	\$ 5,901,415
Excess (deficiency) of revenues over expenses (note 8(b))	(627,634)	(2,553)	1,232,133	601,946
Net change in investment in assets (note 8(b))	358,546	-	(358,546)	-
Mortgage repayment	368,513	-	(368,513)	-
Capital lease repayment	992	-	(992)	-
Capital replacement reserve	-	(3,153)	3,153	-
Mortgage reserve	-	107,073	(107,073)	-
Balance, end of year	\$ 4,784,655	\$ 823,842	\$ 894,864	\$ 6,503,361

See accompanying notes to financial statements.

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Statement of Cash Flows

Year ended March 31, 2018, with comparative information for 2017

	2018	2017
Cash provided by (used in):		
Operating activities:		
Excess of revenues over expenses	\$ 348,205	\$ 601,946
Items not involving cash:		
Amortization of capital assets	955,524	944,210
Amortization of intangible assets	77,494	74,418
Gain on disposal of capital assets	(2,300)	(5,900)
Amortization of deferred capital contributions	(377,131)	(390,994)
Change on unrealized loss (gain) on investment	26,595	(1,744)
	1,028,387	1,221,936
Changes in non-cash working capital:		
Accounts receivable	(313,256)	(172,945)
Inventory of food and supplies	(35,153)	22,675
Prepaid expenses	(22,704)	(133,263)
Accounts payable and accrued liabilities	48,890	(230,696)
Deferred revenue	194,059	(57,919)
	900,223	649,788
Investing activities:		
Contributions for capital assets (note 7)	635,955	46,000
Purchase of capital assets (note 8(b))	(846,674)	(386,321)
Proceeds on disposition of capital assets	2,300	5,900
Purchase of intangible assets (note 8(b))	(15,375)	(18,225)
	(223,794)	(352,646)
Financing activities:		
Net (reductions) additions in investments	(10,930)	2,553
Mortgage repayment	(384,361)	(368,513)
Repayment of capital lease obligation for vehicle	(5,712)	(992)
Decrease in capital replacement reserve funding	3,683	3,153
Increase in mortgage reserve funding	(118,188)	(107,073)
	(515,508)	(470,872)
Increase (decrease) in cash	160,921	(173,730)
Beginning of year:		
Cash and cash equivalents	4,064,491	4,155,497
Restricted cash	82,327	165,051
	4,146,818	4,320,548
End 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
Cash and cash equivalents and restricted cash, end of year	\$ 4,307,739	\$ 4,146,818

See accompanying notes to financial statements.

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Notes to Financial Statements

Year ended March 31, 2018, with comparative information for 2017

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. As at March 31, 2018, no amounts were received from the Trust property (2017 - \$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, 2018, with comparative information for 2017

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, 2018, with comparative information for 2017

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 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) Capital leases:

Capital leases are recorded at the present value of the minimum lease payments using the lower of the lessee's rate for incremental borrowing and the interest rate implicit in the lease as the discount rate. Capital leases are amortized over the period of expected use, on a basis that is considered consistent with the Agency's depreciation policy for other similar fixed assets. If the lease contains terms that allow ownership to pass to the Agency or a bargain purchase option, the period of amortization shall be the economic life of the asset. Otherwise, the property shall be amortized over the lease term.

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

Assets	Rate
Vehicles	5 years

(k) 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.

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Notes to Financial Statements, page 4

Year ended March 31, 2018, with comparative information for 2017

1. Significant accounting policies (continued):

(k) Financial instruments (continued):

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.

(l) 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.

(m) 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:

	2018	2017
Balance, beginning of year	\$ 82,327	\$ 165,051
Add:		
Contributions received (note 7)	635,955	46,000
Less:		
Spent – current year contributions	22,633	19,133
Spent – prior years' contributions	24,567	109,591
Spent – assets under construction	392,139	–
Balance, end of year	\$ 278,943	\$ 82,327

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Notes to Financial Statements, page 5

Year ended March 31, 2018, with comparative information for 2017

3. Investments:

			2018	2017
	Scholarship Fund	Contingency Fund	Total at fair value	Total at fair value
Balance, beginning of year	\$ 184,668	\$ 512,916	\$ 697,584	\$ 698,394
Investment income	16,752	6,178	22,930	9,696
Change in unrealized (loss) gain on investments	(15,845)	(10,750)	(26,595)	1,744
Disbursements	(12,000)	-	(12,000)	(12,250)
Balance, end of year	\$ 173,575	\$ 508,344	\$ 681,919	\$ 697,584

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:

	2018	2017
Cash and cash equivalents	\$ 12,856	\$ 12,203
Medium and long-term investment funds:		
Bonds	604,971	622,818
Canadian equities	64,092	35,513
Global equities	-	27,050
Total investment fund	\$ 681,919	\$ 697,584

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

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

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Notes to Financial Statements, page 6

Year ended March 31, 2018, with comparative information for 2017

4. Capital assets:

			2018	2017
	Cost	Accumulated amortization	Net book value	Net book value
Land and improvements	\$ 969,031	\$ -	\$ 969,031	\$ 969,031
Buildings and improvements	31,724,695	14,381,918	17,342,777	17,896,283
Furniture and equipment	5,335,073	5,083,891	251,182	187,916
Vehicles	1,020,944	952,338	68,606	79,355
Assets under construction	392,139	-	392,139	-
	\$ 39,441,882	\$ 20,418,147	\$ 19,023,735	\$ 19,132,585

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:

			2018	2017
	Cost	Accumulated amortization	Net book value	Net book value
Software	\$ 387,468	\$ 337,237	\$ 50,231	\$ 112,350

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Notes to Financial Statements, page 7

Year ended March 31, 2018, with comparative information for 2017

6. Mortgages payable:

Description	Monthly Pmt Princ+Int	Interest rate	Renewal date	2018 Principal	2017 Principal
Mortgage – fixed, closed	\$1,265	2.89%	December 12, 2018	\$ 13,572	\$ 28,134
Mortgage – fixed, closed	746	1.97%	December 1, 2022	40,561	48,708
Mortgage – fixed, closed	821	2.89%	December 12, 2018	32,014	40,812
Mortgage – fixed, closed	628	2.89%	December 12, 2018	16,894	23,836
Mortgage – fixed, closed	628	2.89%	December 12, 2018	16,894	23,836
Mortgage – fixed, closed	40,000	3.50%	May 5, 2021	3,843,487	4,182,457
				3,963,422	4,347,783
Less current portion of mortgages payable				(438,629)	(424,916)
				\$ 3,524,793	\$ 3,922,867

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
2018-2019	\$ 438,629	\$ 131,083	\$ 569,712
2019-2020	371,598	117,353	488,951
2020-2021	384,988	103,963	488,951
2021-2022	2,761,551	16,234	2,777,785
2022-2023	6,656	54	6,710
	\$ 3,963,422	\$ 368,687	\$ 4,332,109

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Notes to Financial Statements, page 8

Year ended March 31, 2018, with comparative information for 2017

7. Contributions for capital assets:

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.

	2018	2017
Balance, beginning of year	\$ 10,106,785	\$ 10,451,779
Add:		
Contributions spent - assets	22,633	19,133
Contributions spent - assets under construction	392,139	-
Contributions unspent	221,183	26,867
	635,955	46,000
Less:		
Amounts amortized to revenues	(377,131)	(390,994)
Balance, end of year	\$ 10,365,609	\$ 10,106,785

8. Invested in capital and intangible assets:

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

	2018	2017
Capital assets	\$ 19,023,735	\$ 19,132,585
Intangible assets	50,231	112,350
Amounts financed by capital contributions	(10,365,609)	(10,106,785)
Amounts financed by capital lease	-	(5,712)
Amounts financed by mortgages	(3,963,422)	(4,347,783)
	\$ 4,744,935	\$ 4,784,655

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Notes to Financial Statements, page 9

Year ended March 31, 2018, with comparative information for 2017

8. Invested in capital and intangible assets (continued):

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

	2018	2017
Excess of expenses over revenues:		
Amortization of capital contributions	\$ 377,131	\$ 390,994
Amortization of capital assets and intangible assets	(1,033,018)	(1,018,628)
	<u>\$ (655,887)</u>	<u>\$ (627,634)</u>
Net change in invested in capital assets:		
Capital assets acquired	\$ 846,674	\$ 386,321
Intangible assets acquired	15,375	18,225
Amount funded by capital contributions	(635,955)	(46,000)
	<u>\$ 226,094</u>	<u>\$ 358,546</u>

9. Line of credit:

As at March 31, 2018, the Agency has available a line of credit in the amount of \$250,000 (2017 - \$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, 2018, no amounts were drawn on this facility (2017 - \$nil).

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, 2018, the Foundation distributed \$414,000 (2017 - \$414,000) to the Agency.

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Year ended March 31, 2018, with comparative information for 2017

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:

	2018	2017
Government grants and other agreements	\$ 2,393,793	\$ 2,065,954
Private grants and donations	2,271,271	2,335,282
	<u>\$ 4,665,064</u>	<u>\$ 4,401,236</u>

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

	2018	2017
Operating community based programs	\$ 2,122,570	\$ 1,764,137
Supporting general agency operations	1,309,586	1,198,890
Capital assets	104,198	157,560
Operating residential programs	1,032,704	1,153,013
Operating school programs	96,006	127,636
	<u>\$ 4,665,064</u>	<u>\$ 4,401,236</u>

Expenses incurred for the purpose of soliciting contributions were \$706,085 (2017 - \$691,474), which includes \$560,987 (2017 - \$549,991) 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.

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 – 14, 2018.

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Notes to Financial Statements, page 11

Year ended March 31, 2018, with comparative information for 2017

12. Joint Arrangement (continued):

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, 2018 are as follows:

(a) Financial Position

	2018		2017	
	Total	50%	Total	50%
Assets:				
Cash and cash equivalents	\$ 322,400	\$ 161,200	\$ -	\$ -
Accounts receivable	14,972	7,486	-	-
	<u>337,372</u>	<u>168,686</u>	<u>-</u>	<u>-</u>
Liabilities:				
Accounts payable and accrued liabilities	12,496	6,248	-	-
Deferred revenue	324,876	162,438	-	-
	<u>\$ 337,372</u>	<u>\$ 168,686</u>	<u>\$ -</u>	<u>\$ -</u>

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Year ended March 31, 2018, with comparative information for 2017

12. Joint Arrangement (continued):

(b) Results of Operations:

	2018		2017	
	Total	50%	Total	50%
Revenue:				
Investment and other income				
- registration	\$ 25,244	\$ 12,622	\$ 549,520	\$ 274,760
	25,244	12,622	549,520	274,760
Expenses:				
Client services - food and refreshments	10,000	5,000	130,970	65,485
Client services – materials and supplies	-	-	3,330	1,665
Facility services - facility rental	-	-	6,667	3,334
Transportation - travel and hotel	1,212	606	55,763	27,882
Administrative	14,032	7,016	27,517	13,758
	25,244	12,622	224,247	112,124
Excess of revenues over expenses	\$ -	\$ -	\$ 325,273	\$ 162,636

13. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$337,369 (2017 - \$329,237) which relates to payroll remittances and goods and services tax payable of \$165 (2017 - \$906).

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Year ended March 31, 2018, with comparative information for 2017

14. 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 fixed interest rate financial instruments.

(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.