

**THE SEVENTH STEP SOCIETY OF
CANADA**

Financial Statements

Year Ended March 31, 2014

THE SEVENTH STEP SOCIETY OF CANADA
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Year Ended March 31, 2014

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INDEPENDENT AUDITOR'S REPORT

To the Members of The Seventh Step Society of Canada

I have audited the accompanying financial statements of The Seventh Step Society of Canada, which comprise the statement of financial position as at March 31, 2014 and the statements of revenues and expenditures, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I 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 the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of The Seventh Step Society of Canada as at March 31, 2014 and the results of its operations and its cash flows for the year then ended in accordance with Canadian Accounting Standards for Not-for-Profit Organizations.

Calgary, Alberta
May 13, 2014

(signed) Richard F. Elliott
CHARTERED ACCOUNTANT

THE SEVENTH STEP SOCIETY OF CANADA
Statement of Financial Position
March 31, 2014

	<i>March 31</i> 2014	<i>March 31</i> 2013
ASSETS		
CURRENT		
Cash (includes cash restricted for contingencies - \$25,714, 2013 - \$25,714)	\$ 30,031	\$ 39,098
Accounts receivable	1,301	1,231
Interest receivable	-	360
	\$ 31,332	\$ 40,689
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 4,901	\$ 5,121
NET ASSETS		
General fund unrestricted	717	9,854
Contingency fund restricted	25,714	25,714
	26,431	35,568
	\$ 31,332	\$ 40,689

ON BEHALF OF THE BOARD

_____ *Director*

_____ *Director*

THE SEVENTH STEP SOCIETY OF CANADA
Statement of Revenues and Expenditures
Year Ended March 31, 2014

	2014	2013
REVENUES		
Public Safety & Emergency Preparedness (<i>Note 5</i>)	\$ 48,809	\$ 52,309
Memberships and donations	265	662
Other revenue-interest	73	360
	<u>49,147</u>	<u>53,331</u>
EXPENDITURES		
Conferences and awards	26,034	21,232
Consulting and administration	10,800	10,794
Travel	8,961	5,780
Professional fees	4,900	4,800
Insurance	2,595	2,595
Telephone	2,446	3,902
Telephone and utilities	2,032	2,508
Memberships and dues	516	540
	<u>58,284</u>	<u>52,151</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ (9,137)</u>	<u>\$ 1,180</u>

THE SEVENTH STEP SOCIETY OF CANADA
Statement of Changes in Net Assets
Year Ended March 31, 2014

	General Fund Unrestricted	Contingency Fund Restricted	2014	2013
NET ASSETS - BEGINNING OF YEAR	\$ 9,854	\$ 25,714	\$ 35,568	\$ 34,388
Deficiency of revenues over expenditures	(9,137)	-	(9,137)	1,180
NET ASSETS - END OF YEAR	\$ 717	\$ 25,714	\$ 26,431	\$ 35,568

THE SEVENTH STEP SOCIETY OF CANADA

Statement of Cash Flows

Year Ended March 31, 2014

	2014	2013
OPERATING ACTIVITIES		
Excess (deficiency) of revenues over expenditures	\$ (9,137)	\$ 1,180
Changes in non-cash working capital:		
Accounts receivable	(70)	2,358
Interest receivable	360	(360)
Accounts payable	(220)	(929)
	70	1,069
INCREASE (DECREASE) IN CASH FLOW	(9,067)	2,249
Cash - beginning of year	39,098	36,849
CASH - END OF YEAR	\$ 30,031	\$ 39,098

THE SEVENTH STEP SOCIETY OF CANADA

Notes to Financial Statements

Year Ended March 31, 2014

1. PURPOSE OF THE ORGANIZATION

The Seventh Step Society of Canada ("the society") is an ex-offender self-help organization that works with the community to promote a safe environment through accountability, accessibility and acceptance.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles for non-profit entities.

Revenue Recognition

The society follows the deferral method of revenue recognition. Revenue is recorded when received unless the funds cover specific costs over a specific period of time. If the period of time extends beyond a fiscal year end, the related funds are recorded as deferred revenue.

Measurement uncertainty

The preparation of financial statements in conformity with Canadian Accounting Standards for Not-for-Profit Organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

3. FINANCIAL INSTRUMENTS

The society's financial instruments consist of cash, accounts receivable, accounts payable and accrued liabilities. The fair value of these financial instruments approximate their carrying value, unless otherwise noted.

4. RISK MANAGEMENT

The society is exposed to various risks through its financial instruments, without being exposed to concentrations of risk. The following analysis provides a measure of the society's risk exposure as at March 31, 2014:

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The society is exposed to this risk mainly in respect of receiving its yearly grant revenues. It is management's opinion the society is not exposed to currency, credit or interest rate risk arising from its financial instruments.

5. GOVERNMENT GRANTS

The society has received funding from the Federal government in support of their programs. During the year a Sustaining Funding program grant of \$ 48,809 was received from Public Safety Canada.

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Notes to Financial Statements
Year Ended March 31, 2014

6. CONTRACTUAL OBLIGATIONS

The society is renewing a contractual commitment to purchase executive secretarial services at a monthly service fee of \$900 plus expenses (as required and approved by the board).

7. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.
