

**THE SEVENTH STEP SOCIETY OF  
CANADA**

**Financial Statements**

**Year Ended March 31, 2013**

**THE SEVENTH STEP SOCIETY OF CANADA**  
**Index to Financial Statements**  
**Year Ended March 31, 2013**

---

	Page
AUDITOR'S REPORT	1
FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statement of Revenues and Expenditures	4
Statement of Changes in Net Assets	5
Statement of Cash Flows	6
Notes to Financial Statements	7 - 8

**CREMERS & ELLIOTT\***  
**CHARTERED ACCOUNTANTS**

SUITE 212, 3907 - 3A Street NE  
CALGARY, ALBERTA T2E 6S7

PHONE (403) 245-5355  
FAX (403) 245-5393

---

**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, 2013 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 qualified audit opinion.

**Basis for Qualified Opinion**

In common with many not-for-profit organizations, The Seventh Step Society of Canada derives revenue from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Society. Therefore, I was not able to determine whether any adjustments might be necessary to donations revenue, excess of revenues over expenses, and cash flows from operations for the year ended March 31, 2013, current assets and net assets as at April 1, 2012 and March 31, 2013

**Qualified Opinion**

In my opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of The

*(continues)*

Independent Auditor's Report to the Members of The Seventh Step Society of Canada *(continued)*

Seventh Step Society of Canada as at March 31, 2013 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.

Comparative Information

Without modifying my opinion, I draw attention to Note 1 to the financial statements which describes that The Seventh Step Society of Canada adopted Canadian Accounting Standards for Not-for-Profit Organizations on April 1, 2012 with a transition date of April 1, 2011. These standards were applied retrospectively by management to the comparative information in these financial statements, including the statements of financial position as at March 31, 2012 and April 1, 2011 and the statements of revenues and expenditures, changes in net assets and cash flows for the year ended March 31, 2012 and related disclosures. I was not engaged to report on the restated comparative information, and as such, it is unaudited.

Calgary, Alberta  
September 5, 2013

Richard F. Elliott  
CHARTERED ACCOUNTANT

THE SEVENTH STEP SOCIETY OF CANADA

Statement of Financial Position

March 31, 2013

	<i>March 31</i> <b>2013</b>	<i>March 31</i> 2012	<i>April 1</i> 2011
<b>ASSETS</b>			
<b>CURRENT</b>			
Cash (includes cash restricted for contingencies - \$25,714, 2012 \$25,354)	\$ 39,098	\$ 36,849	\$ 43,653
Accounts receivable	1,231	3,589	551
Interest receivable	360	-	-
	<u>\$ 40,689</u>	<u>\$ 40,438</u>	<u>\$ 44,204</u>
<b>LIABILITIES</b>			
<b>CURRENT</b>			
Accounts payable	\$ 5,121	\$ 6,050	\$ 5,090
<b>NET ASSETS</b>			
Contingency fund restricted	9,854	9,034	25,000
General fund unrestricted	25,714	25,354	14,114
	<u>35,568</u>	<u>34,388</u>	<u>39,114</u>
	<u>\$ 40,689</u>	<u>\$ 40,438</u>	<u>\$ 44,204</u>

ON BEHALF OF THE BOARD

\_\_\_\_\_  
*Director*

\_\_\_\_\_  
*Director*

**THE SEVENTH STEP SOCIETY OF CANADA**  
**Statement of Revenues and Expenditures**  
**Year Ended March 31, 2013**

	2013	2012
<b>REVENUES</b>		
Solicitor General of Canada <i>(Note 6)</i>	\$ 52,309	\$ 58,809
Memberships and donations	662	695
Other revenue-interest	360	354
	<u>53,331</u>	<u>59,858</u>
<b>EXPENDITURES</b>		
Conferences and awards	21,232	18,581
Consulting and administration	10,794	20,275
Travel	5,780	10,219
Professional fees	4,800	4,565
Office supplies, postage and printing	3,902	4,256
Insurance	2,595	2,175
Telephone	2,508	3,942
Memberships and dues	540	570
	<u>52,151</u>	<u>64,583</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>\$ 1,180</b>	<b>\$ (4,725)</b>

**THE SEVENTH STEP SOCIETY OF CANADA**  
**Statement of Changes in Net Assets**  
**Year Ended March 31, 2013**

	Contingency Fund Restricted	General Fund Unrestricted	<b>2013</b>	2012
<b>NET ASSETS - BEGINNING OF YEAR</b>	\$ 9,034	\$ 25,354	<b>\$ 34,388</b>	\$ 39,113
Excess of revenues over expenditures	1,180	-	<b>1,180</b>	(4,725)
Allocation to Contingency Fund	(360)	360	-	-
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 9,854</b>	<b>\$ 25,714</b>	<b>\$ 35,568</b>	<b>\$ 34,388</b>

**THE SEVENTH STEP SOCIETY OF CANADA**

**Statement of Cash Flows**

**Year Ended March 31, 2013**

	<b>2013</b>	<b>2012</b>
<b>OPERATING ACTIVITIES</b>		
Excess (deficiency) of revenues over expenditures	<b>\$ 1,180</b>	<b>\$ (4,725)</b>
Changes in non-cash working capital:		
Accounts receivable	<b>2,358</b>	<b>(3,038)</b>
Interest receivable	<b>(360)</b>	<b>-</b>
Accounts payable	<b>(929)</b>	<b>959</b>
	<b>1,069</b>	<b>(2,079)</b>
<b>INCREASE (DECREASE) IN CASH FLOW</b>	<b>2,249</b>	<b>(6,804)</b>
Cash - beginning of year	<b>36,849</b>	<b>43,653</b>
<b>CASH - END OF YEAR</b>	<b>\$ 39,098</b>	<b>\$ 36,849</b>



# THE SEVENTH STEP SOCIETY OF CANADA

## Notes to Financial Statements

Year Ended March 31, 2013

---

1. FIRST TIME ADOPTION OF ACCOUNTING STANDARDS FOR NOT-FOR-PROFIT ORGANIZATIONS

During the year the society adopted Canadian Accounting Standards for Not-for-Profit Organizations (ASNFPPO). These financial statements are the first prepared in accordance with these standards. The changes have been applied retrospectively, resulting in no changes to beginning equity and restatement of assets and liabilities.

---

2. FIRST TIME ADOPTION OF ACCOUNTING STANDARDS FOR NOT FOR PROFIT ORGANIZATION

During the year the society adopted Canadian Accounting Standards for Not-for-Profit Organizations (ASNFPPO). These financial statements are the first prepared in accordance with these standards. The changes have been applied retrospectively, and have resulted in no changes to beginning equity and no restatement of any assets or liabilities.

---

3. 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.

---

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents

Cash includes cash and cash equivalents. Cash equivalents are investments in guarantee investment certificates and are valued at cost plus accrued interest. The carrying amounts approximate fair value because they have maturities at the date of purchase of less than one year.

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.

---

**THE SEVENTH STEP SOCIETY OF CANADA**

**Notes to Financial Statements**

**Year Ended March 31, 2013**

---

5. FINANCIAL INSTRUMENTS

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

---

6. RISK MANAGEMENT

The company is exposed to various risks through its financial instruments, without being exposed to concentrations of risk. The following analysis provides a measure of the company's risk exposure as at March 31, 2013

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The company 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.

---

7. GOVERNMENT GRANTS

The society has received funding from the Federal government totaling \$52,309 in support of their programs. \$48,809 was a Sustaining Funding program grant while \$3,500 was received from the Correctional Service Department.

---

8. 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).

---

9. COMPARATIVE FIGURES

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

---