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**AUNT LEAH'S INDEPENDENT
LIFESKILLS SOCIETY**

A Not For Profit Organization

FINANCIAL STATEMENTS

March 31, 2012

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* Professional Corporation

INDEPENDENT AUDITORS' REPORT

To the Members of Aunt Leah's Independent Lifeskills Society:

We have audited the accompanying financial statements of Aunt Leah's Independent Lifeskills Society which comprise the statement of financial position as at March 31, 2012 and the statements of operations and changes in net assets and of cash flows for the year then ended, and a summary of significant accounting policies and 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 generally accepted accounting principles 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

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 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 and the reasonableness of accounting estimates made by management, as well as the overall presentation of the 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 Aunt Leah's Independent Lifeskills Society as at March 31, 2012 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles. As required by the Society Act (British Columbia), we report that, in our opinion, these principles have been applied on a basis consistent with that of the preceding year.

Certified General Accountants

Vancouver, BC
September 13, 2012

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AUNT LEAH'S INDEPENDENT LIFESKILLS SOCIETY

Statement of Operations

For the Year Ended March 31, 2012

	2012	%	2011	%
Revenue				
Fees for service	\$ 1,153,676	58.0	1,069,561	45.1
Projects and fundraising (Note 11)	188,034	9.5	231,529	9.8
BC Gaming Commission	67,300	3.4	59,433	2.5
Donations and grants	579,611	29.1	357,541	15.1
Government grant - Aunt Leah's House	601	-	651,931	27.5
	<u>1,989,222</u>	<u>100.0</u>	<u>2,369,995</u>	<u>100.0</u>
Expenses				
Advertising and promotion	13,202	0.7	12,561	0.5
Amortization	8,868	0.4	10,031	0.4
Bank charges and interest	12,217	0.6	9,032	0.4
Food and clothing	126,883	6.4	108,629	4.6
Fundraising fees	63,219	3.2	37,092	1.6
Insurance	11,919	0.6	10,353	0.4
Office and operating expense	26,794	1.3	19,408	0.8
Professional fees	9,626	0.5	9,252	0.4
Program and training	51,275	2.6	45,120	1.9
Recreation	16,265	0.8	12,505	0.5
Rent	382,224	19.2	394,024	16.6
Repairs and maintenance	59,999	3.0	32,953	1.4
Salaries and benefits	1,023,108	51.4	956,840	40.4
Staff development	8,509	0.4	16,232	0.7
Sundry	420	-	1,534	0.1
Technology services	33,790	1.7	40,009	1.7
Transportation	69,061	3.5	56,146	2.4
Utilities	51,073	2.6	37,488	1.6
Write down of leasehold improvements	-	-	8,658	0.4
	<u>1,968,452</u>	<u>98.9</u>	<u>1,817,867</u>	<u>76.8</u>
Excess of revenue over expense	\$ 20,770	1.1	552,128	23.2

The accompanying notes are an integral part of these financial statements.



AUNT LEAH'S INDEPENDENT LIFESKILLS SOCIETY

Statement of Changes in Net Assets
For the Year Ended March 31, 2012

	Unrestricted Operating	Capital Assets	Total 2012	Total 2011
Balance, beginning of year	\$ (36,814)	695,824	659,010	106,882
Excess (deficiency) of revenues over expenses	12,503	8,267	20,770	552,128
Capital additions	(6,262)	6,262	-	-
Balance, end of year	\$ (30,573)	710,353	679,780	659,010

The accompanying notes are an integral part of these financial statements.



AUNT LEAH'S INDEPENDENT LIFESKILLS SOCIETY

Statement of Financial Position

As at March 31, 2012

	2012	2011
Assets		
Current		
Accounts receivable	\$ 59,432	109,742
Prepaid expenses	18,897	23,691
	<u>78,329</u>	<u>133,433</u>
Capital Assets (Note 5)	1,358,272	710,393
	\$ 1,436,601	843,826
Liabilities		
Current		
Bank indebtedness (Note 6)	\$ 70,920	99,102
Accounts payable and accrued liabilities (Note 7)	17,872	26,132
Deferred contributions (Note 8)	34,078	59,582
Current portion of long-term debt	17,214	-
	<u>140,084</u>	<u>184,816</u>
Long-Term Debt (Note 9)	616,737	-
	756,821	184,816
Net Assets		
Unrestricted	(30,573)	(36,814)
Invested in capital assets	710,353	695,824
	<u>679,780</u>	<u>659,010</u>
	\$ 1,436,601	843,826

The accompanying notes are an integral part of these financial statements.

Approved by:

"Bina Bawa"
Bina Bawa, Chair

"Marty Frost"
Marty Frost, Treasurer



AUNT LEAH'S INDEPENDENT LIFESKILLS SOCIETY

Statement of Cash Flows

For the Year Ended March 31, 2012

	2012	2011
Cash Provided By:		
Operating Activities		
Excess of revenue over expense	\$ 20,770	552,128
Non-cash items:		
Amortization	8,868	10,031
Write down of leasehold improvements	-	8,658
	<u>29,638</u>	<u>570,817</u>
Changes in non-cash working capital:		
Accounts receivable	50,310	30,688
Prepaid expenses	4,794	-
Accounts payable and accrued liabilities	(8,260)	(6,673)
Deferred contributions	(25,504)	(44,864)
	<u>50,978</u>	<u>549,968</u>
Financing Activities		
Long-term debt	633,951	-
	<u>633,951</u>	<u>-</u>
Investing Activities		
Acquisition of capital assets	(656,747)	(666,500)
	<u>(656,747)</u>	<u>(666,500)</u>
Change in Cash Position	28,182	(116,532)
Beginning Cash Position	(99,102)	17,430
Ending Cash Position	<u>\$ (70,920)</u>	<u>(99,102)</u>

The accompanying notes are an integral part of these financial statements.



AUNT LEAH'S INDEPENDENT LIFESKILLS SOCIETY

Notes to Financial Statements
March 31, 2012

Note 1 Operations

The Society was initially incorporated under the Society Act of British Columbia on July 18th, 1988, and is a registered charity under the *Income Tax Act*.

The Society's main purpose is to assist youth and families in learning the necessary lifeskills for successful independent living.

Note 2 Future accounting changes

Effective January 1, 2012, Canadian private sector not-for-profit organizations will have the choice to adopt either the International Financial Reporting Standards (IFRS) or Part III of the Canadian Institute of Chartered Accountants Handbook (CICA Handbook), "Accounting Standards for Not-for-Profit Organizations". Earlier application of the new standards is permitted. The Society has decided to adopt the standards in Part III of the CICA Handbook for its fiscal year ending March 31, 2013. The Society does not expect that the adoption of this standard will have an impact on its accounting methods, financial disclosures and information systems.

Note 3 Accounting Policies

These financial statements have been prepared in accordance with the Canadian generally accepted accounting standards for not-for-profit organizations and include the following significant accounting policies:

Revenue Recognition

The Society follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year related expenses are incurred. 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.

Cash and Short-term Investments

Consists of cash on hand and short-term investments with a term to maturity of less than one year.

Capital Assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Artwork will not be amortized. Amortization is provided for using the following annual rates and methods:

Computer software	30 %	Declining balance
Computer	30 %	Declining balance
Automobile	30 %	Declining balance
Office furniture	30 %	Declining balance
Buildings		Straight line over 25 years

Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that could affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Significant areas requiring the use of management estimates relate to the determination of useful lives for amortization of capital assets and provisions for contingencies. Actual results may differ from these estimates.



AUNT LEAH'S INDEPENDENT LIFESKILLS SOCIETY

Notes to Financial Statements

March 31, 2012

Note 3 Accounting Policies - continued

Financial instruments

The Society accounts for its financial instruments in accordance with Canadian Institute of Chartered Accountants ("CICA") Handbook Section 3855, *Financial Instruments - Recognition and Measurement*, and CICA Handbook Section 3861, *Financial Instruments - Disclosure and Presentation*.

Under Handbook Section 3855, all financial instruments are classified into one of the following five categories: held for trading, held-to-maturity investments, loans and receivables, available-for-sale financial assets or other financial liabilities. All financial instruments, are included on the statement of financial position and are measured at fair market value, with the exception of loans and receivables, investments held-to-maturity and other financial liabilities, which are measured at amortized cost. Measurement in subsequent periods depends on whether the financial instrument has been classified as held for trading, available-for-sale, held to maturity, loans and receivables, or other liabilities.

The Society's financial instruments are cash and cash equivalents, temporary investments, accounts receivable, accounts payable and accrued liabilities.

The Society classifies its cash and cash equivalents as held for trading and temporary investments as available-for-sale which are recorded at fair value.

The Society classifies its accounts receivable as loans and receivables and its accounts payable and accrued liabilities as other liabilities.

The Society has elected to continue to apply the financial instrument disclosure and presentation standards in accordance with CICA Handbook Section 3861, as permitted for not-for-profit organizations.

Note 4 Financial Instruments

Fair value

The carrying amount of cash and short-term investments, accounts receivable and liabilities approximate their fair value because of the short-term nature of these items.

Credit risk

The Society's financial assets that are exposed to credit risk are cash, short term investments and accounts receivable. Credit risk associated with cash and short term investments is minimized substantially by ensuring that these assets are invested in term deposits and GICs.

Foreign currency risk

The Society is not exposed to foreign currency risk because it does not hold any assets or liabilities in foreign currency.

Interest rate risk

The Society is exposed to interest rate risk with respect to its interest-bearing liabilities. Interest rate risk is not considered significant because the society is entered in a fixed-rate mortgage with a Canadian financial institution in an insured account.



AUNT LEAH'S INDEPENDENT LIFESKILLS SOCIETY

Notes to Financial Statements
March 31, 2012

Note 5 Capital Assets

	<u>2012</u>	<u>2011</u>
Artwork	\$ 22,980	22,980
Automobile	32,242	32,242
Aunt Leah's House	666,500	666,500
Thresholds House	642,583	-
Computer equipment	48,086	45,122
Computer software	9,670	9,670
Equipment	11,908	11,908
Furniture and fixtures	39,916	28,716
	<u>1,473,885</u>	<u>817,138</u>
Accumulated amortization	<u>115,613</u>	<u>106,745</u>
Net book value	<u>\$ 1,358,272</u>	<u>710,393</u>

Note 6 Bank Indebtedness

	<u>2012</u>	<u>2011</u>
Petty Cash	\$ 3,352	9,172
Bank (Overdraft)	<u>(74,272)</u>	<u>(108,274)</u>
	<u>\$ (70,920)</u>	<u>(99,102)</u>

The Aunt Leah's Independent Lifeskills Society has a line of credit arranged with the Vancouver City Savings Credit Union to cover periodic cash shortfalls to a maximum of \$120,000. Interest is charged on the outstanding balance at the rate of bank prime plus 2%.

Note 7 Accounts Payable and Accrued Liabilities

	<u>2012</u>	<u>2011</u>
Accounts payable - trade	\$ 6,719	18,019
Accrued liabilities	2,475	-
Accrued vacation pay	<u>8,678</u>	<u>8,113</u>
	<u>\$ 17,872</u>	<u>26,132</u>



AUNT LEAH'S INDEPENDENT LIFESKILLS SOCIETY

Notes to Financial Statements
 March 31, 2012

Note 8 Deferred Contributions

Deferred contributions represent funding internally and externally restricted for operating expenses to be incurred in future periods. Changes in deferred contributions are as follows:

	<u>2012</u>	<u>2011</u>
Balance, beginning of year	\$ 59,583	104,447
Received during the year	247,900	706,500
Recognized as revenue in the year	<u>(168,391)</u>	<u>(751,364)</u>
Balance, end of year	<u>\$ 34,078</u>	<u>59,583</u>

Funds from the following sources are deferred contributions:

	<u>2012</u>	<u>2011</u>
Government grant for the purchased of Aunt Leah House	\$ 13,968	14,569
John Hardie Mitchell Family Foundation	20,110	-
Vancouver Foundation	-	40,000
Gaming Capital Grant	-	2,714
Remaining deferred contributions for assets purchased	<u>-</u>	<u>2,300</u>
	<u>\$ 34,078</u>	<u>59,583</u>

The government grant for the purchase of Aunt Leah House is for a total of \$666,500. The portion of the grant related to the building (\$15,020) will be recognized as revenue (\$601 per year) over the duration of the building's useful life which is determined to be 25 years.

The John Hardie Mitchell Family Foundation has made a commitment to Aunt Leah's to pay the annual cost of carrying a mortgage of \$400,000 to allow the purchase of a home and reestablish the Thresholds program. Each year the foundation will provide funds to Aunt Leah's for the purpose of servicing the mortgage, \$22,900 had been provided for the first year.

The Vancouver Foundation has granted \$175,000 of funding which is to be used towards the Society's Link program. To date the Society has received \$135,000 of the available funds. The final instalments of \$40,000 expected during the 2013 fiscal year.



AUNT LEAH'S INDEPENDENT LIFESKILLS SOCIETY

Notes to Financial Statements
March 31, 2012

Note 9 Long-Term Debt

	<u>2012</u>	<u>2011</u>
Royal Bank of Canada		
Mortgage repayable in monthly instalments of \$3,030 including interest at 3.07% per annum, secured by a first charge over the Thresholds House.	\$ 633,951	-
Principal payments due within one year.	<u>17,214</u>	<u>-</u>
	<u>\$ 616,737</u>	<u>-</u>

Principal repayments due in each of the next five years are as follows:

2013	\$ 17,214
2014	17,746
2015	18,295
2016	18,861
2017	19,445

Note 10 Lease Obligations

The Society has entered into the following leases:

De Lage Landen Financial Services Canada Inc.

Copier with monthly payments of \$169 plus applicable taxes to May 2013.

Copier with monthly payments of \$592 plus applicable taxes to December 2012.

Begbie Court Holdings Inc.

Building lease at #200 - 668 Carnarvon Street, New Westminster BC. Ten year lease expiring August 31, 2017 with annual rents of:

2013 - 2017	\$81,201
2018	\$33,834

Central City Foundation

Building lease at #816 - 20th Street, New Westminster BC. Five year lease expiring January 31, 2017 with annual rents of:

2013 - 2017	\$31,700
2018	\$26,417

1988 Investments Ltd.

Building lease at #177 East Broadway, Vancouver BC. Three year lease effective October 31, 2014 with annual rents of:

2013	\$25,984
2014	\$26,740
2015	\$15,855

Children Resource Support Houses

Consists of 17 leased childcare support houses ranging from \$1,000 to \$2,000 per month.



AUNT LEAH'S INDEPENDENT LIFESKILLS SOCIETY

Notes to Financial Statements

March 31, 2012

Note 11 Projects and Fundraising

The breakdown of the projects and fundraising is as follows:

	<u>2012</u>	<u>2011</u>
Gross projects and fundraising	\$ 266,131	292,249
Less: Direct expenses - purchases	<u>78,098</u>	<u>60,720</u>
Net projects and fundraising	<u>\$ 188,033</u>	<u>231,529</u>

Note 12 Contingent liability

During the year, the Ministry of Children and Family Development (MCFD) indicated that the Society's Support Link program received excess funding of approximately \$10,000. Management is negotiating the repayable amount and repayment terms with MCFD. Accordingly, no amount has been accrued in these financial statements. Any amounts repaid will be recorded in the year of repayment.

