

**AUNT LEAH'S INDEPENDENT  
LIFESKILLS SOCIETY**

*A Not For Profit Organization*

**FINANCIAL STATEMENTS**

March 31, 2013

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## INDEPENDENT AUDITORS' REPORT

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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, 2013 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 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

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 evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, 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.

### 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, 2013 and the results of its operations for the year then ended in accordance with Canadian Accounting Standards for Not-for-Profit Organizations. 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.

*Galloway Battelle & Company*

Certified General Accountants

Vancouver, BC  
August 12, 2013

# AUNT LEAH'S INDEPENDENT LIFESKILLS SOCIETY

## STATEMENT OF OPERATIONS

For the year ended March 31, 2013

	2013	%	2012	%
Revenue				
Fees for service	\$ 1,136,854	56.2	1,153,676	59.2
Projects and fundraising (Note 11)	112,009	5.5	147,810	7.6
Donations	229,255	11.3	188,700	9.7
Grants	546,350	27.0	458,812	23.5
	<u>2,024,468</u>	<u>100.0</u>	<u>1,948,998</u>	<u>100.0</u>
Expenses				
Advertising and promotion	9,715	0.5	13,202	0.7
Amortization	8,422	0.4	8,868	0.5
Bank charges and interest	29,129	1.4	12,217	0.6
Food and clothing	105,214	5.2	126,883	6.5
Fundraising fees	37,130	1.8	43,230	2.2
Insurance	10,040	0.5	11,919	0.6
Office and operating expense	21,804	1.1	27,214	1.4
Professional fees	8,856	0.4	9,626	0.5
Program and training	156,832	7.7	71,264	3.7
Recreation	11,167	0.6	16,265	0.8
Rent - Supportive housing	260,513	12.9	223,992	11.5
Rent - Administration	99,257	4.9	118,009	6.1
Repairs and maintenance	27,168	1.3	59,999	3.1
Salaries and benefits	1,046,180	51.7	1,023,108	52.5
Staff development	9,888	0.5	8,509	0.4
Technology services	26,677	1.3	33,790	1.7
Transportation	59,410	2.9	69,061	3.5
Utilities	53,303	2.6	51,073	2.6
	<u>1,980,705</u>	<u>97.7</u>	<u>1,928,229</u>	<u>98.9</u>
Excess of revenue over expense	\$ 43,763	2.3	20,769	1.1

*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, 2013

	Unrestricted Operating	Capital Assets	<b>Total 2013</b>	Total 2012
Balance, beginning of year	\$ (30,576)	710,353	<b>679,777</b>	659,010
Excess (deficiency) of revenues over expenses	43,763	-	<b>43,763</b>	20,769
Capital additions	(8,936)	8,936	-	-
Balance, end of year	\$ 4,251	719,289	<b>723,540</b>	679,779

*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, 2013

	2013	2012
<b>Assets</b>		
Current		
Cash	\$ 101,591	-
Accounts receivable	63,566	59,432
Prepaid expenses	29,017	18,897
	<u>194,174</u>	<u>78,329</u>
Capital assets (Note 5)	1,349,855	1,358,272
	<u>\$ 1,544,029</u>	<u>1,436,601</u>
<b>Liabilities</b>		
Current		
Bank indebtedness	\$ -	70,920
Note payable (Note 6)	120,000	-
Accounts payable and accrued liabilities (Note 7)	8,496	17,875
Deferred contributions (Note 8)	73,841	34,078
Current portion of long-term debt	17,746	17,214
	<u>220,083</u>	<u>140,087</u>
Long-term debt (Note 9)	600,406	616,737
	<u>820,489</u>	<u>756,824</u>
<b>Net assets</b>		
Unrestricted	4,251	(30,576)
Invested in capital assets	719,289	710,353
	<u>723,540</u>	<u>679,777</u>
	<u>\$ 1,544,029</u>	<u>1,436,601</u>

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

Approved by:

"Bina Bawa"

Bina Bawa, Chair

"Robert Jackes"

Robert Jackes, Treasurer

# AUNT LEAH'S INDEPENDENT LIFESKILLS SOCIETY

## STATEMENT OF CASH FLOWS

For the year ended March 31, 2013

	2013	2012
Cash provided by:		
Operating activities		
Excess of revenue over expense	\$ 43,763	20,769
Non-cash items:		
Amortization	8,422	8,868
Loss on sale assets	111	-
	<u>52,296</u>	<u>29,637</u>
Changes in non-cash working capital:		
Accounts receivable	(4,134)	50,310
Prepaid expenses	(10,120)	4,794
Accounts payable and accrued liabilities	(9,379)	(8,259)
Deferred contributions	39,763	(25,504)
	<u>68,426</u>	<u>50,978</u>
Financing activities		
Loans payable	104,201	633,951
	<u>104,201</u>	<u>633,951</u>
Investing activities		
Acquisition of capital assets	(5,116)	(656,747)
Disposition of capital assets	5,000	-
	<u>(116)</u>	<u>(656,747)</u>
Change in cash position	172,511	28,182
Beginning cash position	(70,920)	(99,102)
Ending cash position	\$ 101,591	(70,920)

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

# AUNT LEAH'S INDEPENDENT LIFESKILLS SOCIETY

## NOTES TO FINANCIAL STATEMENTS

March 31, 2013

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### Note 1 Operations

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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.

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### Note 2 Adoption of the new accounting standards

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During the year ended March 31, 2013, the Society adopted the new Canadian Accounting Standards for Not-for-Profit organizations ("ASNPOs"). The adoption of ASNPOs has no impact on the previously reported statement of financial position as at March 31, 2012 or on the previously reported statements of operations, changes in fund balances, and cash flows for the year ended March 31, 2012. Consequently, a reconciliation of previously reported items to those reporting using ASNPOs has not been prepared.

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### Note 3 Accounting policies

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These financial statements have been prepared in accordance with the 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, 2013

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Note 3 Accounting policies - continued

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Financial instruments

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.

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Note 4 Financial instruments

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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.

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Note 5 Capital assets

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	<u>2013</u>	<u>2012</u>
Artwork	\$ 22,980	22,980
Automobile	-	32,242
Aunt Leah's House	666,500	666,500
Thresholds House	642,583	642,583
Computer equipment	52,081	48,086
Computer software	9,670	9,670
Equipment	11,908	11,908
Furniture and fixtures	<u>39,916</u>	<u>39,916</u>
	<u>1,445,638</u>	<u>1,473,885</u>
Accumulated amortization	<u>95,783</u>	<u>115,613</u>
Net book value	<u>\$ 1,349,855</u>	<u>1,358,272</u>

# AUNT LEAH'S INDEPENDENT LIFESKILLS SOCIETY

## NOTES TO FINANCIAL STATEMENTS

March 31, 2013

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Note 6      Note payable

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A loan in the amount of \$120,000 provided by Springhouse Investment Corp. is provided on an annual basis for the support of operational activities by the society during the year. Accrual of interest begins March 1, 2014 on any principal amount unpaid by that time at a rate of 5% per annum, calculated monthly, not in advance. The full balance of principal and unpaid interest is due and payable on demand.

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Note 7      Accounts payable and accrued liabilities

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	<u>2013</u>	<u>2012</u>
Accounts payable - trade	\$ 5,896	6,722
Accrued liabilities	2,600	2,475
Accrued vacation pay	<u>-</u>	<u>8,678</u>
	<u>\$ 8,496</u>	<u>17,875</u>

# AUNT LEAH'S INDEPENDENT LIFESKILLS SOCIETY

## NOTES TO FINANCIAL STATEMENTS

March 31, 2013

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Note 8      Deferred contributions

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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>2013</u>	<u>2012</u>
Balance, beginning of year	\$ 34,078	59,582
Received during the year	62,382	22,900
Recognized as revenue in the year	<u>(22,619)</u>	<u>(48,406)</u>
Balance, end of year	<u>\$ 73,841</u>	<u>34,078</u>

Funds from the following sources are deferred contributions:

	<u>2013</u>	<u>2012</u>
Government grant for the purchased of Aunt Leah House	\$ 13,367	13,968
John Hardie Mitchell Family Foundation	20,992	20,110
Homelessness Partnering Strategy Program	<u>39,482</u>	<u>-</u>
	<u>\$ 73,841</u>	<u>34,078</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.

The Homelessness Partnering Strategy is a federally funded, community-based program aimed at preventing and reducing homelessness. Funding received is in support of the LINK services provided to youth over the age of 19 years. Funding began April 1st, 2012 and continues for two years.

# AUNT LEAH'S INDEPENDENT LIFESKILLS SOCIETY

## NOTES TO FINANCIAL STATEMENTS

March 31, 2013

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Note 9 Long-term debt

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	<u>2013</u>	<u>2012</u>
Royal Bank of Canada		
Mortgage repayable in monthly instalments of \$3,030 including interest at 3.07% per annum over term of 5 years, amortized over 25 years, secured by a first charge over the Thresholds House.	\$ 618,152	633,951
Principal payments due within one year.	<u>17,746</u>	<u>17,214</u>
	<u>\$ 600,406</u>	<u>616,737</u>

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

2014	\$ 17,746
2015	18,295
2016	18,861
2017	19,445
2018	20,046

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Note 10 Lease obligations

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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.

Begbie Court Holdings Inc.

Building lease at #200 - 668 Carnarvon Street, New Westminster BC. Five year lease expiring June 30, 2014 with a remaining annual rent of \$42,360.

Central City Foundation

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

2014 - 2017	\$31,700
2018	\$26,417

1988 Investments Ltd.

Building lease at #177 East Broadway, Vancouver BC. Three year lease effective October 31, 2012 with annual rents of:

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, 2013

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Note 11      Projects and fundraising

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The breakdown of the projects and fundraising is as follows:

	<u>2013</u>	<u>2012</u>
Gross projects and fundraising	\$ 279,647	266,131
Less: Direct expenses - purchases	<u>167,638</u>	<u>118,321</u>
Net projects and fundraising	<u>\$ 112,009</u>	<u>147,810</u>

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Note 12      Comparative Figures

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Certain 2012 comparative figures have been reclassified to conform with the current year's presentation.