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**AUNT LEAH'S INDEPENDENT
LIFESKILLS SOCIETY**

A Not For Profit Organization

FINANCIAL STATEMENTS

March 31, 2011


**GALLOWAY
BOTTESELLE
& COMPANY**
Independent member firm of
**Porter Hétu
International**
Professional Services Group

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B.M. Galloway *

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AUDITORS' REPORT

To the members of **Aunt Leah's Independent Lifeskills Society**:

We have audited the statement of financial position of Aunt Leah's Independent Lifeskills Society as at March 31, 2011 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Society's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In common with many not-for-profit societies, a portion of revenue is derived from fundraising activities and donations, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our examination of these revenues was limited to the amounts recorded in the records of the Society and we were not able to determine whether any adjustments might be necessary to fundraising and donation revenues, assets and members equity.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Society as at March 31, 2011 and the results of its operations and the changes in its members' equity for the year then ended. As required by the Societies Act of British Columbia we report that, in our opinion, these principles have been applied on a basis consistent with that of the preceding year.

Galloway Botteselle & Company

Certified General Accountants

Vancouver, BC
June 15, 2011

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AUNT LEAH'S INDEPENDENT LIFESKILLS SOCIETY

Statement of Operations

For the Year Ended March 31, 2011

	2011	%	2010	%
Revenue				
Fees for service	\$ 1,069,561	45.1	1,166,258	62.8
Projects and fundraising (Note 9)	231,529	9.8	197,988	10.7
BC Gaming Commission	59,433	2.5	69,433	3.7
Donations and grants	357,541	15.1	424,259	22.8
Government grant - Aunt Leah's House (Note 7)	651,931	27.5	-	-
	<u>2,369,995</u>	<u>100.0</u>	<u>1,857,938</u>	<u>100.0</u>
Expenses				
Advertising and promotion	12,561	0.5	6,128	0.3
Amortization	10,031	0.4	20,106	1.1
Bank charges and interest	9,032	0.4	10,972	0.6
Contract service fees	37,092	1.6	26,152	1.4
Food and clothing	108,629	4.6	95,363	5.1
Equipment operating expense	43,097	1.8	37,567	2.0
Insurance	10,353	0.4	8,711	0.5
Office and operating expense	16,320	0.7	11,216	0.6
Professional fees	9,252	0.4	8,253	0.4
Program and training	45,120	1.9	57,836	3.1
Recreation	12,505	0.5	20,129	1.1
Repair and maintenance	32,953	1.4	27,946	1.5
Rent	394,024	16.6	399,594	21.5
Salaries and benefits	956,840	40.4	848,580	45.7
Staff development	16,232	0.7	11,352	0.6
Sundry	1,534	0.1	1,778	0.1
Transportation	56,146	2.4	60,364	3.2
Utilities	37,488	1.6	33,198	1.8
Write down of leasehold improvements	8,658	0.4	-	-
	<u>1,817,867</u>	<u>76.8</u>	<u>1,685,245</u>	<u>90.6</u>
Excess of Revenue Over Expense	\$ 552,128	23.2	172,693	9.4

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, 2011

	Unrestricted Operating	Invested in Capital Assets	Total 2011	Total 2010
Beginning Balance	\$ 11,375	95,507	106,882	(65,811)
Prior period adjustment (Note 10)	32,925	(32,925)	-	-
Restated Beginning Balance	44,300	62,582	106,882	(65,811)
Excess of revenue over expense	(81,114)	633,242	552,128	172,693
Ending Net Assets	\$ (36,814)	695,824	659,010	106,882

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, 2011

	2011	2010
Assets		
Current		
Cash	\$ -	17,430
Accounts receivable	109,742	140,430
Prepaid expenses	23,691	23,691
	<u>133,433</u>	<u>181,551</u>
Capital Assets (Note 4)	710,393	62,582
	<u>\$ 843,826</u>	<u>244,133</u>
Liabilities		
Current		
Bank indebtedness (Note 5)	\$ 99,102	-
Accounts payable and accrued liabilities (Note 6)	26,131	32,804
Deferred contributions (Note 7)	59,583	104,447
	<u>184,816</u>	<u>137,251</u>
Net Assets		
Unrestricted	(36,814)	44,300
Invested in capital assets	695,824	62,582
	<u>659,010</u>	<u>106,882</u>
	<u>\$ 843,826</u>	<u>244,133</u>

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

Approved by:

"Jim McCullum"

Jim McCullum, Chair

"Marty Frost"

Marty Frost, Treasurer



AUNT LEAH'S INDEPENDENT LIFESKILLS SOCIETY

Statement of Cash Flows

For the Year Ended March 31, 2011

	2011	2010
Cash Used For:		
Operating Activities		
Excess of revenue over expense	\$ 552,128	172,693
Non-cash items:		
Amortization	10,031	20,106
Write down of leasehold improvements	<u>8,658</u>	<u>-</u>
	570,817	192,799
Changes in non-cash working capital:		
Accounts receivable	30,688	(135,950)
Accounts payable and accrued liabilities	(6,673)	12,790
Deferred contributions	<u>(44,864)</u>	<u>90,567</u>
	<u>549,968</u>	<u>160,206</u>
Investing Activities		
Acquisition of capital assets	<u>(666,500)</u>	<u>(4,801)</u>
	<u>(666,500)</u>	<u>(4,801)</u>
Change in Cash Position	(116,532)	155,405
Beginning Cash Position	17,430	(137,975)
Ending Cash Position	\$ (99,102)	17,430

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



AUNT LEAH'S INDEPENDENT LIFESKILLS SOCIETY

Notes to Financial Statements

March 31, 2011

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 Accounting Policies

These financial statements have been prepared in accordance with the Canadian generally accepted accounting principles, which include the following significant 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:

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.

Computer software	100%	Declining balance
Computer	30%	Declining balance
Automobile	30%	Declining balance
Office furniture	30%	Declining balance
Aunt Leah's House-building	4%	Straight line
Leasehold improvements	20%	Straight line



AUNT LEAH'S INDEPENDENT LIFESKILLS SOCIETY

Notes to Financial Statements

March 31, 2011

Note 3 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 not exposed to interest rate risk because its liabilities are non-interest bearing.

Note 4 Capital Assets

	<u>2011</u>	<u>2010</u>
Artwork	\$ 22,980	22,980
Automobile	32,242	32,242
Aunt Leah's House - land	651,480	-
Aunt Leah's House - building	15,020	-
Computer equipment	45,122	45,122
Computer software	9,670	9,670
Equipment	11,908	11,908
Furniture and fixtures	28,716	28,716
Leasehold improvements	-	33,630
	<u>817,138</u>	<u>184,268</u>
Accumulated amortization	<u>106,745</u>	<u>121,686</u>
Net book value	<u>\$ 710,393</u>	<u>62,582</u>

Note 5 Bank Indebtedness

	<u>2011</u>	<u>2010</u>
Petty Cash	\$ 9,172	2,644
Bank (Overdraft)	<u>(108,274)</u>	<u>14,786</u>
	<u>\$ (99,102)</u>	<u>17,430</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%.



AUNT LEAH'S INDEPENDENT LIFESKILLS SOCIETY

Notes to Financial Statements

March 31, 2011

Note 6 Accounts Payable and Accrued Liabilities

	<u>2011</u>	<u>2010</u>
Accounts payable - trade	\$ 18,018	24,884
Accrued vacation pay	8,113	8,113
Due to government agencies	<u>-</u>	<u>(193)</u>
	<u>\$ 26,131</u>	<u>32,804</u>

Note 7 Deferred Contributions

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

	<u>2011</u>	<u>2010</u>
Opening balance	\$ 104,447	13,880
Received during the year	706,500	95,000
Recognized as revenue in the year	<u>(751,364)</u>	<u>(4,433)</u>
Ending balance	<u>\$ 59,583</u>	<u>104,447</u>

Funds from the following sources are deferred contributions:

	<u>2011</u>	<u>2010</u>
Government grant for the purchased of Aunt Leah House	\$ 14,569	-
Vancouver Foundation	40,000	95,000
Gaming Capital Grant	2,714	2,714
Remaining deferred contributions for assets purchased	<u>2,300</u>	<u>6,733</u>
	<u>\$ 59,583</u>	<u>104,447</u>

The grant from Vancouver Foundation is for a total of \$175,000, which is to be used towards the Society's Link program. To date the Society has received \$95,000 of the grant. The final two instalments of \$40,000 each are receivable in 2011 and 2012 fiscal years subject to the Society providing satisfactory reporting to the Foundation.

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.



AUNT LEAH'S INDEPENDENT LIFESKILLS SOCIETY

Notes to Financial Statements

March 31, 2011

Note 8 Lease Obligations

The Society has entered into leases which have varying interest rates and repayment terms:

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 #206, 88 - 10th Street, New Westminster, BC. Ten year lease effective September 1, 2007 with a minimum annual rents of:

2008	\$57,175
2009 - 2012	\$74,095
2013 - 2017	\$77,335

Vohra Enterprises Ltd.

Thrift store lease at 675 Southeast Marine Drive, Vancouver, B.C. The lease is a five year lease effective August 1, 2006 at \$60,000 per annum plus GST and property taxes.

Children Resource Support Houses

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

Note 9 Projects and Fundraising

The breakdown of the projects and fundraising is as follows:

	<u>2011</u>	<u>2010</u>
Gross projects and fundraising	\$ 292,249	247,986
Less: Direct expenses - purchases	<u>60,720</u>	<u>49,998</u>
Net projects and fundraising	<u>\$ 231,529</u>	<u>197,988</u>

Note 10 Prior Period Adjustment

A prior period adjustment was made to correctly allocate the beginning net assets balance.

