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**AUNT LEAH'S INDEPENDENT
LIFESKILLS SOCIETY**

A Not For Profit Organization

FINANCIAL STATEMENTS

March 31, 2014

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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, 2014 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, 2014 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 Botteselle & Company

Certified General Accountants
Vancouver, BC
September 11, 2014

AUNT LEAH'S INDEPENDENT LIFESKILLS SOCIETY

STATEMENT OF OPERATIONS

For the year ended March 31, 2014

	2014	%	2013	%
Revenue				
Fees for service	\$ 1,042,195	45.4	1,136,854	56.2
Projects and fundraising (Note 10)	326,919	14.2	112,009	5.5
Donations	325,360	14.2	229,255	11.3
Grants	601,405	26.2	546,350	27.0
	<u>2,295,879</u>	<u>100.0</u>	<u>2,024,468</u>	<u>100.0</u>
Expenses				
Advertising and promotion	12,264	0.5	9,715	0.5
Amortization	18,028	0.8	8,422	0.4
Bank charges and interest	33,220	1.4	29,129	1.4
Food and clothing	100,724	4.4	105,214	5.2
Fundraising fees	95,632	4.2	37,130	1.8
Insurance	12,959	0.6	10,040	0.5
Office and operating expense	31,450	1.4	21,804	1.1
Professional fees	14,179	0.6	8,856	0.4
Program and training	38,007	1.7	156,832	7.7
Recreation	11,414	0.5	11,167	0.6
Rent - Supportive housing	232,059	10.1	260,513	12.9
Rent - Administration	105,056	4.6	99,257	4.9
Repairs and maintenance	42,525	1.9	27,168	1.3
Salaries and benefits	1,170,471	51.0	1,046,180	51.7
Staff development	9,218	0.4	9,888	0.5
Technology services	22,693	1.0	26,677	1.3
Transportation	70,678	3.1	59,410	2.9
Utilities	48,145	2.1	53,303	2.6
	<u>2,068,722</u>	<u>90.3</u>	<u>1,980,705</u>	<u>97.7</u>
Excess of revenue over expense	\$ 227,157	9.7	43,763	2.3

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, 2014

	Unrestricted Operating	Capital Assets	Total 2014	Total 2013
Balance, beginning of year	\$ 4,251	719,289	723,540	679,777
Excess (deficiency) of revenues over expenses	227,157	-	227,157	43,763
Capital additions	(229,751)	229,751	-	-
Balance, end of year	\$ 1,657	949,040	950,697	723,540

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, 2014

	2014	2013
Assets		
Current		
Cash	\$ 113,074	101,591
Accounts receivable	67,902	63,566
Prepaid expenses	29,737	29,017
	<u>210,713</u>	<u>194,174</u>
Capital assets (Note 4)	1,561,578	1,349,855
	<u>\$ 1,772,291</u>	<u>1,544,029</u>
Liabilities		
Current		
Note payable (Note 5)	\$ 180,000	120,000
Accounts payable and accrued liabilities (Note 6)	12,677	8,496
Deferred contributions (Note 7)	28,511	73,841
Current portion of long-term debt	18,295	17,746
	<u>239,483</u>	<u>220,083</u>
Long-term debt (Note 8)	582,111	600,406
	<u>821,594</u>	<u>820,489</u>
Net assets		
Unrestricted	1,657	4,251
Invested in capital assets	949,040	719,289
	<u>950,697</u>	<u>723,540</u>
	<u>\$ 1,772,291</u>	<u>1,544,029</u>

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

Approved by:

Director

Director



AUNT LEAH'S INDEPENDENT LIFESKILLS SOCIETY

STATEMENT OF CASH FLOWS

For the year ended March 31, 2014

	2014	2013
Cash provided by:		
Operating activities		
Excess of revenue over expense	\$ 227,157	43,763
Non-cash items:		
Amortization	18,028	8,422
Loss on sale assets	-	111
	<u>245,185</u>	<u>52,296</u>
Changes in non-cash working capital:		
Accounts receivable	(4,336)	(4,134)
Prepaid expenses	(720)	(10,120)
Accounts payable and accrued liabilities	4,181	(9,379)
Deferred contributions	(45,330)	39,763
	<u>198,980</u>	<u>68,426</u>
Financing activities		
Loans payable	42,254	104,201
	<u>42,254</u>	<u>104,201</u>
Investing activities		
Acquisition of capital assets	(229,751)	(5,116)
Disposition of capital assets	-	5,000
	<u>(229,751)</u>	<u>(116)</u>
Change in cash position	11,483	172,511
Beginning cash position	101,591	(70,920)
Ending cash position	\$ 113,074	101,591

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



AUNT LEAH'S INDEPENDENT LIFESKILLS SOCIETY

NOTES TO FINANCIAL STATEMENTS

March 31, 2014

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 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
Office furniture	30 %	Declining balance
Buildings		Straight line over 25 years
Leasehold improvements		Straight line over 5 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.

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.



AUNT LEAH'S INDEPENDENT LIFESKILLS SOCIETY

NOTES TO FINANCIAL STATEMENTS

March 31, 2014

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 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.

Note 4 Capital assets

	<u>2014</u>	<u>2013</u>
Artwork	\$ 22,980	22,980
Aunt Leah's House	666,500	666,500
Thresholds House	642,583	642,583
Thresholds House - Renovations	189,906	-
Computer equipment	52,081	52,081
Computer software	9,670	9,670
Equipment	11,908	11,908
Furniture and fixtures	39,916	39,916
Leasehold improvements	39,845	-
	<u>1,675,389</u>	<u>1,445,638</u>
Accumulated amortization	<u>113,811</u>	<u>95,783</u>
Net book value	<u>\$ 1,561,578</u>	<u>1,349,855</u>

Note 5 Note payable

During the year loan in the amount of \$180,000 was provided by Springhouse Investment Corp. for the support of operational activities undertaken by the society in the upcoming fiscal year. Accrual of interest begins February 28, 2015 on any principal amount unpaid at 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.

Note 6 Accounts payable and accrued liabilities

	<u>2014</u>	<u>2013</u>
Accounts payable	\$ 10,677	5,896
Accrued liabilities	<u>2,000</u>	<u>2,600</u>
	<u>\$ 12,677</u>	<u>8,496</u>



AUNT LEAH'S INDEPENDENT LIFESKILLS SOCIETY

NOTES TO FINANCIAL STATEMENTS

March 31, 2014

Note 7 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>2014</u>	<u>2013</u>
Balance, beginning of year	\$ 73,841	34,078
Received during the year	17,175	62,382
Recognized as revenue in the year	<u>(62,505)</u>	<u>(22,619)</u>
Balance, end of year	<u>\$ 28,511</u>	<u>73,841</u>

Funds from the following sources are deferred contributions:

	<u>2014</u>	<u>2013</u>
Government grant for the purchased of Aunt Leah House	\$ 12,767	13,367
John Hardie Mitchell Family Foundation	15,744	20,992
Homelessness Partnering Strategy Program	<u>-</u>	<u>39,482</u>
	<u>\$ 28,511</u>	<u>73,841</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 \$300,000 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 was 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 continued to 2014.



AUNT LEAH'S INDEPENDENT LIFESKILLS SOCIETY

NOTES TO FINANCIAL STATEMENTS

March 31, 2014

Note 8 Long-term debt

	<u>2014</u>	<u>2013</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.	\$ 600,406	618,152
Principal payments due within one year.	<u>18,295</u>	<u>17,746</u>
	<u>\$ 582,111</u>	<u>600,406</u>

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

2015	\$ 18,295
2016	18,861
2017	19,445
2018	20,046
2019	20,666

Note 9 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.

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, with a term of three years less fifteen days expiring October 31, 2014 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, 2014

Note 10 Projects and fundraising

The breakdown of the projects and fundraising is as follows:

	<u>2014</u>	<u>2013</u>
Gross projects and fundraising	\$ 532,738	279,647
Less: Direct expenses - purchases	<u>205,819</u>	<u>167,638</u>
Net projects and fundraising	<u>\$ 326,919</u>	<u>112,009</u>

