

Financial Statements of

**Artemis Place Society**

Year Ended August 31, 2014

*Draft - for discussion purposes only*



CHARTERED  
ACCOUNTANTS

## Independent Auditor's Report

**To: The Members of Artemis Place Society**

### Report on Financial Statements

We have audited the accompanying financial statements of Artemis Place Society, which comprise the statement of financial position as at August 31, 2014 and the statements of operations and changes in net assets 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.

### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian 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 auditors' 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.

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 Artemis Place Society as at August 31, 2014 and the results of its operations and changes in net assets and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

## Independent Auditor's Report

### Report on Other Legal and Regulatory Requirements

As required by the Society Act (British Columbia), we report that, in our opinion, the accounting principles in Canadian accounting standards for not-for-profit organizations have been applied on a basis consistent with that of the preceding year.

*Dickson Dusanj & Wirk*

Chartered Accountants

Victoria, BC  
November 26, 2014

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# Artemis Place Society

## Statement of Financial Position

As at August 31, 2014 with comparative figures for 2013

	2014	2013
	\$	\$
<b>Assets</b>		
Current		
Cash and term deposits	460,023	411,738
Accounts receivable	2,569	2,866
Government remittances receivable	4,184	8,774
Prepaid expenses	12,610	12,046
	<u>479,386</u>	<u>435,424</u>
Equipment (Note 3)	17,536	20,523
<b>Total assets</b>	<b><u>496,922</u></b>	<b><u>455,947</u></b>
<b>Liabilities</b>		
Current		
Accounts payable and accrued liabilities	14,224	13,615
Deferred contributions (Note 4)	69,882	20,000
	<u>84,106</u>	<u>33,615</u>
Deferred capital contributions (Note 5)	2,668	3,335
<b>Total liabilities</b>	<b><u>86,774</u></b>	<b><u>36,950</u></b>
<b>Net Assets</b>		
Invested in equipment	14,868	17,188
Internally restricted (Note 6)	300,000	300,000
Unrestricted	95,280	101,809
<b>Total net assets</b>	<b><u>410,148</u></b>	<b><u>418,997</u></b>
<b>Total liabilities and net assets</b>	<b><u>496,922</u></b>	<b><u>455,947</u></b>

Commitment (Note 7)

Approved on Behalf of the Board:

\_\_\_\_\_ Director

\_\_\_\_\_ Director

## Artemis Place Society

### Statement of Operations

Year ended August 31, 2014 with comparative figures for 2013

	2014	2013
	\$	\$
Revenues		
Government grants and subsidies		
Ministry of Education	267,381	274,190
MCFD daycare subsidies	107,700	117,250
MCFD grant - other	68,571	68,571
MCFD daycare contract	65,000	65,000
MCFD childcare operating fund	26,448	25,971
Grants	142,358	126,000
Other	40,693	33,788
Gaming revenue	38,000	38,000
Amortization of deferred capital contributions	667	833
	<u>756,818</u>	<u>749,603</u>
Expenses		
Accounting and bookkeeping	7,736	7,095
Amortization	4,549	4,986
Audit fees	6,765	6,253
Equipment and maintenance	1,073	2,853
Insurance	5,800	5,511
Office and miscellaneous	21,519	20,668
Program costs	27,440	28,111
Relocation	7,451	-
Rent	75,816	69,549
Salaries and benefits	591,370	573,434
Staff development	2,262	5,773
Telephone	5,875	5,691
Transportation	8,011	9,053
	<u>765,667</u>	<u>738,977</u>
Excess (deficiency) of revenues over expenses from operations	<u>(8,849)</u>	<u>10,626</u>
Other income and expense		
(Loss) on disposal of equipment	<u>-</u>	<u>(567)</u>
<b>Excess (deficiency) of revenues over expenses</b>	<b><u>(8,849)</u></b>	<b><u>10,059</u></b>

The accompanying notes are an integral part of these financial statements

## Artemis Place Society

### Statement of Changes in Net Assets

Year ended August 31, 2014 with comparative figures for 2013

	Invested in Equipment \$	Internally Restricted \$	Unrestricted \$	2014 \$	2013 \$
Net assets, beginning of year	17,188	300,000	101,809	418,997	408,938
Excess of revenues over expenses	(3,882)	-	(4,967)	(8,849)	10,059
Net investment in equipment	1,562	-	(1,562)	-	-
Interfund transfer - facility relocation	-	(50,000)	50,000	-	-
Interfund transfer - staff retirement	-	50,000	(50,000)	-	-
Balance, end of year	14,868	300,000	95,280	410,148	418,997

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## Artemis Place Society

### Cash Flow Statement

Year ended August 31, 2014 with comparative figures for 2013	2014 \$	2013 \$
Cash flows from operating activities:		
Excess (deficiency) of revenues over expenses	(8,849)	10,059
Amortization of equipment	4,549	4,986
Amortization of deferred capital contributions	(667)	(833)
Loss on disposal of equipment	-	567
Decrease in receivables	4,887	10,892
(Increase) in prepaid expenses	(564)	(21)
Increase (decrease) in accounts payable and accrued liabilities	609	(8,730)
Increase in deferred revenue	49,882	20,000
Total cash flows from operating activities	49,847	36,920
Cash flows from investing activities:		
Purchase of equipment	(1,562)	(4,742)
<b>Net increase in cash and term deposits</b>	<b>48,285</b>	<b>32,178</b>
Cash and term deposits, beginning of year	411,738	379,560
<b>Cash and term deposits, end of year</b>	<b>460,023</b>	<b>411,738</b>

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# Artemis Place Society

## Notes to the Financial Statements

Year ended August 31, 2014 with comparative figures for 2013

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### 1. Purpose of the Organization

Artemis Place Society (the "Society") is a local organization which operates Artemis Place, providing counseling, life skills and academic support to at-risk teen girls. The Society also operates Artemis Young Parent Program, which provides counseling, life skills support, and daycare services for pregnant and parenting teens.

In September 2010 the Society was granted independent school status for Artemis Place Secondary and began directly offering onsite education programs to program participants.

Artemis Place Society is incorporated under the Society Act of British Columbia and is a registered charity under the Income Tax Act and is therefore exempt from income tax.

### 2. Summary of Significant Accounting Policies

The financial statements of the Society have been prepared in accordance with Canadian 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 in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount can be reasonably estimated and collection is reasonably assured.

#### Equipment

Equipment is stated at cost. Amortization is based on the estimated useful life of each asset using the following methods and annual rates:

Computer equipment	30 %	Declining balance
Fencing	10 %	Declining balance
Furniture and equipment	20 %	Declining balance

In the year of acquisition only one-half the normal rate is applied.

#### Use of estimates

The preparation of the financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. These estimates are reviewed periodically and adjustments are made to income as appropriate in the year they become known. Actual results may vary from the current estimates.

#### Financial instruments

The Society initially measures its financial assets and financial liabilities at fair value. The Society subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in the statement of operations.

Financial assets measured at amortized cost include cash and term deposits, accounts receivable and government remittances receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.



# Artemis Place Society

## Notes to the Financial Statements

Year ended August 31, 2014 with comparative figures for 2013

### 2. Summary of Significant Accounting Policies (continued)

#### Government assistance

Capital asset grants are accounted for in reduction of their cost. Operational grants are accounted for in reduction of operating expenses.

### 3. Equipment

	2014		2013	
	Cost \$	Accumulated Amortization \$	Cost \$	Accumulated Amortization \$
Computer equipment	12,721	8,631	11,159	7,213
Fencing	3,660	1,997	3,660	1,812
Furniture and equipment	30,464	18,681	30,464	15,735
	46,845	29,309	45,283	24,760
Less: Accumulated amortization	29,309		24,760	
Net Book Value	17,536		20,523	

### 4. Deferred Contributions

Deferred contributions consist of funding received in the current year that is related to the subsequent year. This revenue will be recognized in the period in which it is earned. The balance is comprised of:

	2014 \$	2013 \$
TELUS Victoria Community Board	-	20,000
Federation of Independent School Associations in British Columbia	69,882	-
	69,882	20,000

### 5. Deferred Capital Contributions

Deferred capital contributions represent contributions restricted to acquiring equipment and are amortized on the same basis as the related equipment. The changes in the deferred capital contributions balance for the year are as follows:

	2014 \$	2013 \$
Balance, beginning of year	3,335	4,168
Less: Amortization of deferred contributions	(667)	(833)
Balance, end of year	2,668	3,335

## Artemis Place Society

### Notes to the Financial Statements

Year ended August 31, 2014 with comparative figures for 2013

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#### 6. Internally Restricted Net Assets

Internally restricted net assets include \$250,000 for facility relocation and \$50,000 for staff retirement. Internally restricted amounts are not available for other purposes without approval of the Board of Directors.

#### 7. Commitment

The Society has entered into a premise lease for a term of five years ending July 31, 2019. Minimum lease payments are \$7,500 per month plus operating expenses.

#### 8. Financial Risks and Concentration of Risks

The Society has a comprehensive risk management framework to monitor, evaluate and manage the principal risks assumed with financial instruments. The risks that arise from transacting financial instruments include credit risk, currency risk, interest rate risk, liquidity risk and other price risk. There have been no significant changes in the Society's risk exposure from the prior year.

##### Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Society does not face significant credit risk exposure.

##### Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Society does not face significant currency risk exposure.

##### Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Society does not face significant interest rate risk exposure.

##### Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Society does not face significant liquidity risk exposure.

##### Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate or foreign currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Society is not exposed to significant other price risk.