



Financial Statements

PEERS Victoria Resources Society

December 31, 2011

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Review engagement report

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To the members of
PEERS Victoria Resources Society

We have reviewed the statement of financial position of PEERS Victoria Resources Society as at December 31, 2011 and the statements of operations, changes in net assets, and cash flows for the year then ended. Our review was made in accordance with Canadian generally accepted standards for review engagements and accordingly consisted primarily of enquiry, analytical procedures and discussion related to information supplied to us by the Society.

A review does not constitute an audit and consequently we do not express an audit opinion on these financial statements.

Based on our review, nothing has come to our attention that causes us to believe that these financial statements are not, in all material respects, in accordance with Canadian generally accepted accounting principles.

Victoria, Canada
May 2, 2012



Chartered accountants

PEERS Victoria Resources Society

Statements of Operations

Year Ended December 31
(Unaudited)

2011

2010

	Core Operating Programs	Other Programs	Total	Total
Revenue				
Federal and provincial grants	\$ 164,719	\$ -	\$ 164,719	\$ 190,574
Other grants (Note 3)	110,223	27,145	137,368	261,607
Gaming	99,516	-	99,516	41,202
Donations	23,770	-	23,770	36,084
Donations in-kind	7,521	-	7,521	12,163
Fundraising	25,899	-	25,899	33,674
Other income	<u>4,737</u>	<u>-</u>	<u>4,737</u>	<u>605</u>
	<u>436,385</u>	<u>27,145</u>	<u>463,530</u>	<u>575,909</u>
Expenditures				
Amortization	9,233	-	9,233	12,127
Bank charges and interest	488	-	488	1,963
BC Housing subsidies	15,464	-	15,464	16,815
Client supports	29,999	3,198	33,197	56,837
Fundraising	7,383	-	7,383	12,139
Gifts	514	-	514	-
Insurance, licences and dues	8,718	-	8,718	8,480
Interest on long term debt	14,894	-	14,894	11,194
Materials and supplies	10,992	692	11,684	12,775
Office and sundry	3,067	-	3,067	2,895
Professional development	2,496	-	2,496	4,241
Professional fees	10,132	-	10,132	14,228
Public education	311	-	311	2,660
Rent	11,035	-	11,035	6,961
Repairs and maintenance	9,148	40	9,188	9,201
Subcontract and honorariums	44,264	-	44,264	121,931
Telephone and utilities	10,570	-	10,570	11,269
Travel and transportation	4,875	1,462	6,337	8,506
Wages and benefits	<u>244,982</u>	<u>21,753</u>	<u>266,735</u>	<u>269,816</u>
	<u>438,565</u>	<u>27,145</u>	<u>465,710</u>	<u>584,038</u>
Deficiency of revenue over expenses	\$ <u>(2,180)</u>	\$ <u>-</u>	\$ <u>(2,180)</u>	\$ <u>(8,129)</u>

See accompanying notes to the financial statements.

PEERS Victoria Resources Society
Statement of Changes in Net Assets

Year Ended December 31
(Unaudited)

2011

2010

	<u>Invested in Capital Assets</u>	<u>Unrestricted Net Assets</u>	<u>Total</u>	<u>Total</u>
Net assets, beginning of year	\$ 131,142	\$ 80,270	\$ 211,412	\$ 219,541
Deficiency of revenue over expenses	(9,233)	7,053	(2,180)	(8,129)
Net increase in mortgage	<u>(8,543)</u>	<u>8,543</u>	<u>-</u>	<u>-</u>
Net assets, end of year	\$ <u>113,366</u>	\$ <u>95,866</u>	\$ <u>209,232</u>	\$ <u>211,412</u>

See accompanying notes to the financial statements.

PEERS Victoria Resources Society

Statement of Financial Position

December 31
(Unaudited)

2011

2010

Assets

Current

Cash and cash equivalents	\$ 159,760	\$ 118,242
Receivables	39,032	24,741
Prepays	<u>2,481</u>	<u>7,103</u>
	201,273	150,086

Capital assets (Note 4)

<u>309,561</u>	<u>318,794</u>
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<u>\$ 510,834</u>	<u>\$ 468,880</u>
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Liabilities

Current

Payables and accruals	\$ 32,147	\$ 23,792
Deferred contributions (Note 5)	73,486	46,272
Current portion of long term debt (Note 7)	<u>4,518</u>	<u>5,460</u>
	110,151	75,524

Long term debt (Note 7)

<u>191,451</u>	<u>181,944</u>
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<u>301,602</u>	<u>257,468</u>
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Net Assets

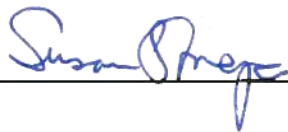
Invested in capital assets	113,366	131,142
Unrestricted	<u>95,866</u>	<u>80,270</u>

<u>209,232</u>	<u>211,412</u>
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<u>\$ 510,834</u>	<u>\$ 468,880</u>
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Contingency and economic dependence (Notes 9 and 10)

On behalf of the Board



Director



Director

See accompanying notes to the financial statements.

PEERS Victoria Resources Society

Statement of Cash Flows

Year Ended December 31
(Unaudited)

2011

2010

Cash from operating activities

Sources of cash inflows

Federal and provincial grants	\$ 149,808	\$ 214,401
Other grants	157,042	278,503
Gaming	100,000	-
Donations	30,017	26,974
Fundraising	25,899	33,674
Other income	<u>6,308</u>	<u>359</u>
	<u>469,074</u>	<u>553,911</u>

Use of cash inflows

Payment of wages and benefits	262,805	282,158
Purchase of goods and services	<u>162,892</u>	<u>295,977</u>
	<u>425,697</u>	<u>578,135</u>

Total cash flows from operations 43,377 (24,224)

Cash flows from financing and investing activities

Purchase of capital assets	-	(13,293)
Mortgage interest paid	(10,425)	(11,194)
Increase in (repayment of) long term debt	<u>8,565</u>	<u>(5,460)</u>
	<u>(1,860)</u>	<u>(29,947)</u>

Net increase in cash and cash equivalents 41,517 (54,171)

Cash and cash equivalents, beginning of year 118,242 172,413

Cash and cash equivalents, end of year \$ 159,759 \$ 118,242

See accompanying notes to the financial statements.

PEERS Victoria Resources Society

Notes to the Financial Statements

December 31, 2011
(Unaudited)

1. Purpose of the Society

The PEERS Victoria Resources Society (the Society) is incorporated under the Society Act of British Columbia and is a registered charity within the meaning of the Income Tax Act of Canada. Its principal activity is the provision of counselling, support, resources and education to sex trade workers in the Victoria area.

The Society is registered with the Canada Revenue Agency as a charitable organization and accordingly is exempt from income tax. Tax receipts are issued for eligible donations.

2. Summary of significant accounting policies

Revenue recognition

The Society uses the deferral method of accounting for grants and contributions. Restricted contributions are recognized as revenue of the appropriate program in the year in which the 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. Fundraising revenues are recognized when collected. Investment income is recognized as earned.

Programs

The Society accounts for its revenue and expenses on a program by program basis, allocating expenses to each program based on actual or estimated use. The statement of operations classifies these programs as follows:

Core operating programs: Administration, Fundraising, Victoria Idol, Element, and Outreach

Other programs: Catherine Donnelly Foundation, City of Victoria

Cash and cash equivalents

Cash and cash equivalents include cash on hand and balances with banks, net of bank overdrafts.

Capital assets

Capital assets are recorded at cost in the year of purchase. Amortization is provided based on the estimated useful life of the assets as follows:

Building	25 years, straight line basis
Building improvements	5 years, straight line basis
Furniture and equipment	3 years, straight line basis
Vehicle	5 years, straight line basis

Impairment of long-lived assets

The Society regularly reviews the carrying value of long-lived property and equipment and continually makes estimates regarding future cash flows, and other factors to determine the fair value of the respective assets. If these estimates or their related assumptions change in the future, the Society may be required to record impairment changes for these assets.

PEERS Victoria Resources Society

Notes to the Financial Statements

December 31, 2011
(Unaudited)

2. Summary of significant accounting policies (continued)

Contributed goods and services

In common with many charitable organizations, the society receives goods and services contributed by way of donation or volunteer work. It is the policy of the society to record, at fair value, contributed tangible goods when the value of those goods can be reasonably estimated.

Use of estimates

In preparing the Society's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenue and expenses during the period. Actual results could differ from these estimates.

Financial instruments

The Society's financial instruments consist of cash and cash equivalents, receivables, payables and accruals and term debt. It is management's opinion that the Society is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximate their carrying values, unless otherwise noted.

3. Other grants	<u>2011</u>	<u>2010</u>
Other grants consist of:		
BC Housing	\$ 15,464	\$ 16,561
Catherine Donnelly	25,125	-
Chemistry Consulting Group	-	2,000
City of Victoria	2,020	-
Family Court Committee	-	2,000
Norlien Foundation	-	40,000
The McLean Foundation	-	2,000
Township of Esquimalt	2,000	2,000
United Way	29,612	52,578
Vancity Community Fund	-	2,000
Vancouver Island Health Authority	63,147	63,149
Victoria Foundation	-	47,833
Anonymous donor	-	31,486
	<u>\$ 137,368</u>	<u>\$ 261,607</u>

PEERS Victoria Resources Society

Notes to the Financial Statements

December 31, 2011
(Unaudited)

4. Capital assets	<u>2011</u>			<u>2010</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Land	\$ 255,723	\$ -	\$ 255,723	\$ 255,723
Buildings	86,593	35,296	51,296	57,044
Furniture and equipment	14,626	14,626	-	943
Vehicle	<u>25,328</u>	<u>22,786</u>	<u>2,542</u>	<u>5,084</u>
	<u>\$ 382,270</u>	<u>\$ 72,709</u>	<u>\$ 309,561</u>	<u>\$ 318,794</u>

5. Deferred contributions

Revenue received during the year for specific projects are deferred and recognized into income in the period in which they are earned. During the year, the following contributions have been deferred:

BC Gaming, Outreach	\$ 36,081	\$ 35,597
BC Housing, rental subsidies	1,631	1,631
Catherine Donnelly Foundation	1,875	-
City of Victoria	7,980	-
Federal and provincial grants	17,000	-
Fundraising proceeds	2,185	-
Spedding bursary donations	3,042	2,942
Unspecified donations	3,692	-
Victoria Idol, specified donations	<u>-</u>	<u>4,000</u>
	<u>\$ 73,486</u>	<u>\$ 46,272</u>

6. Credit facility

The Society has an authorized business operating loan/revolving line of credit account with Vancouver City Saving Credit Union of \$100,000 bearing interest at prime plus 2%. At year end \$0 was used. This facility is secured by a general security agreement with Vancity.

PEERS Victoria Resources Society

Notes to the Financial Statements

December 31, 2011
(Unaudited)

7. Long term debt	<u>2011</u>	<u>2010</u>
Mortgage, secured by a first mortgage over real property, amortized over a 25 year repayment period, repayable in monthly installments of \$1,158 including interest calculated at 4.85% per annum, due January 26, 2016	\$ 191,451	\$ 187,404
Less: current portion	<u>4,518</u>	<u>5,460</u>
	<u>\$ 195,969</u>	<u>\$ 187,404</u>

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

2012	\$ 4,623
2013	4,849
2014	5,086
2015	5,335
2016	5,596
Thereafter	<u>170,480</u>
	<u>\$ 195,969</u>

8. Related party transactions	<u>2011</u>	<u>2010</u>
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The following is a summary of the Society's related party transactions. Members of the Board of Directors were not remunerated for their activities as directors. These transactions are for work performed for the Society, are in the normal course of operations, and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Transactions included in wages and benefits:

T. Riggs, former member of the Board of Directors	\$ 30,425	\$ 35,478
T. Cunningham, member of the Board of Directors	-	28,016
M. Mrnka, former member of the Board of Directors	<u>36,622</u>	<u>36,094</u>
	<u>67,047</u>	<u>99,588</u>

Transactions included in subcontracts and honorariums:

Creative Human Services, owned by former member of the Board of Directors	-	27,175
T. Cunningham, member of the Board of Directors	<u>-</u>	<u>396</u>
	<u>-</u>	<u>27,571</u>
	<u>\$ 67,047</u>	<u>\$ 127,159</u>

In November 2011, Theresa Riggs resigned from the Board of Directors.

PEERS Victoria Resources Society

Notes to the Financial Statements

December 31, 2011
(Unaudited)

9. Capital management

The capital structure of the Society consists of net assets invested in capital assets, internally restricted net assets, and unrestricted net assets. The primary objective of the Society's capital management is to provide for the future of the Society and its clients.

Net assets invested in capital assets represents the amount of net assets that are not available for other purposes because they have been invested.

Internally restricted net assets and unrestricted net assets are funds available for future operations and are preserved so the Society can have financial flexibility should opportunities arise in the future.

10. Contingency

During the year, contributions were received from British Columbia Housing. In accordance with the contribution agreement, any contribution that was not used for house subsidies during the year is contingently repayable to BC Housing at year end.

In the year, the total amount repayable was \$4,108 (2010: \$3,010). At year end, PEERS recognized an amount included in payables and accruals to British Columbia Housing in the amount of \$4,108.

11. Economic dependence

The Society derives a significant amount of its revenue from contracts with various ministries of the provincial and federal governments. The Society is dependent on these contracts to operate many of its programs. Should these contracts fail to be renewed, management is of the opinion that the related programs would need to be significantly curtailed.
