



Financial Statements

(Unaudited)

PEERS Victoria Resources Society

December 31, 2012

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Grant Thornton

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, 2012 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 accounting standards for not-for-profit organizations.

We draw attention to Note 3 to the financial statements which describes that PEERS Victoria Resources Society adopted Canadian accounting standards for not-for-profit organizations on January 1, 2012 with a transition date of January 1, 2011. These standards were applied retrospectively by management to the comparative information in these financial statements, including the statement of financial position as at December 31, 2011 and January 1, 2011, and the statements of operations and changes in net assets and cash flows for the year then ended. We were not engaged to report on the restated comparative information, and as such, it is neither audited nor reviewed.

Victoria, Canada
June 18, 2013

Grant Thornton LLP

Chartered accountants

PEERS Victoria Resources Society

Statements of Operations

(Unaudited)

Year ended December 31

2012

2011

	Core Operations	Other Programs	Total	Total
Revenue				
Federal and provincial grants	\$ 104,391	\$ -	\$ 104,391	\$ 164,719
Other grants (Note 4)	200,071	12,855	212,926	137,368
Gaming	129,242	-	129,242	99,516
Donations	40,524	-	40,524	23,770
Donations in-kind	32,457	-	32,457	7,521
Fundraising	3,387	-	3,387	25,899
Other income	4,368	-	4,368	4,737
	<u>514,440</u>	<u>12,855</u>	<u>527,295</u>	<u>463,530</u>
Expenditures				
Amortization	7,025	-	7,025	9,233
Bank charges and interest	939	-	939	488
BC Housing subsidies	15,855	-	15,855	15,464
Client supports	34,930	2,664	37,594	33,197
Fundraising	7,626	-	7,626	7,383
Gain/loss on asset disposal	1,892	-	1,892	-
Gifts	379	-	379	514
Insurance, licences and dues	6,652	-	6,652	9,631
Interest on long term debt	8,618	-	8,618	14,894
Materials and supplies	7,656	1,516	9,172	11,684
Office and sundry	6,197	-	6,197	3,067
Professional development	4,147	-	4,147	1,583
Professional fees	8,545	-	8,545	10,132
Public education	659	-	659	311
Rent	6,052	-	6,052	11,035
Repairs and maintenance	22,054	-	22,054	9,188
Subcontract and honorariums	36,673	-	36,673	44,264
Telephone and utilities	11,407	-	11,407	10,570
Travel and transportation	8,678	-	8,678	6,337
Wages and benefits	313,346	8,675	322,021	266,735
	<u>509,330</u>	<u>12,855</u>	<u>522,185</u>	<u>465,710</u>
Excess (deficiency) of revenue over expenditures	<u>\$ 5,110</u>	<u>\$ -</u>	<u>\$ 5,110</u>	<u>\$ (2,180)</u>

See accompanying notes to the financial statements.

PEERS Victoria Resources Society
Statement of Changes in Net Assets

(Unaudited)

Year ended December 31

2012

2011

	<u>Invested in Capital Assets</u>	<u>Unrestricted Net Assets</u>	Total	Total
Net assets, beginning of year	\$ 113,366	\$ 95,866	\$ 209,232	\$ 211,412
Excess (deficiency) of revenue over expenditures	16,309	(11,199)	5,110	(2,180)
Purchase of capital assets	1,119	(1,119)	-	-
Net decrease in mortgage	<u>4,584</u>	<u>(4,584)</u>	<u>-</u>	<u>-</u>
Net assets, end of year	<u>\$ 135,378</u>	<u>\$ 78,964</u>	<u>\$ 214,342</u>	<u>\$ 209,232</u>

See accompanying notes to the financial statements.

PEERS Victoria Resources Society

Statement of Financial Position

(Unaudited) December 31	2012	2011	January 1 2011
Assets			
Current			
Cash and cash equivalents	\$ 114,401	\$ 159,760	\$ 118,242
Receivables	28,861	39,032	24,741
Prepays	3,606	2,481	7,103
	<u>146,868</u>	<u>201,273</u>	<u>150,086</u>
Capital assets (Note 5)	<u>326,763</u>	<u>309,561</u>	<u>318,794</u>
	<u>\$ 473,631</u>	<u>\$ 510,834</u>	<u>\$ 468,880</u>
Liabilities			
Current			
Payables and accruals	\$ 36,181	\$ 23,077	\$ 17,463
Government remittances payable	6,089	9,070	6,329
Deferred contributions (Note 6)	25,634	73,486	46,272
Current portion of long term debt (Note 8)	4,849	4,518	5,460
	<u>72,753</u>	<u>110,151</u>	<u>75,524</u>
Long term debt (Note 8)	<u>186,536</u>	<u>191,451</u>	<u>181,944</u>
	<u>259,289</u>	<u>301,602</u>	<u>257,468</u>
Net Assets			
Invested in capital assets	135,378	113,366	131,142
Unrestricted	78,964	95,866	80,270
	<u>214,342</u>	<u>209,232</u>	<u>211,412</u>
	<u>\$ 473,631</u>	<u>\$ 510,834</u>	<u>\$ 468,880</u>

Contingency and economic dependence (Notes 10 and 11)

On behalf of the Board

_____ Director _____ Director

See accompanying notes to the financial statements.

PEERS Victoria Resources Society

Statement of Cash Flows

(Unaudited)

Year ended December 31

2012

2011

Cash from operating activities

Sources of cash inflows

Federal and provincial grants	\$	119,444	\$	149,808
Other grants		187,671		157,042
Gaming		100,000		100,000
Donations		49,205		30,017
Fundraising		3,387		25,899
Other income		4,907		6,308

464,614	469,074
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Use of cash inflows

Payment of wages and benefits	324,466	262,805
Purchase of goods and services	171,186	162,892

495,652	425,697
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Total cash flows from operations

(31,038)	43,377
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Cash flows from financing and investing activities

Purchase of capital assets	(1,769)	-
Proceeds on disposal of capital assets	650	-
Mortgage interest paid	(8,618)	(10,424)
(Repayment of) increase in long term debt	(4,584)	8,565

(14,321)	(1,859)
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Net (decrease) increase in cash and cash equivalents

(45,359)	41,518
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Cash and cash equivalents, beginning of year

159,760	118,242
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Cash and cash equivalents, end of year

\$ 114,401	\$ 159,760
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See accompanying notes to the financial statements.

PEERS Victoria Resources Society

Notes to the Financial Statements

(Unaudited)
December 31, 2012

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

Basis of presentation

The Society has prepared these financial statements in accordance with Canadian Accounting Standards for Not-for-Profit Organizations ("ASNPO").

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, 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

PEERS Victoria Resources Society

Notes to the Financial Statements

(Unaudited)
December 31, 2012

2. Summary of significant accounting policies (continued)

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.

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 government remittances payable.

Financial instruments are recorded at fair value on initial recognition. Investments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Society has not elected to carry any such financial instruments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Society determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Society expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

PEERS Victoria Resources Society

Notes to the Financial Statements

(Unaudited)
December 31, 2012

3. First-time adoption of Canadian accounting standards for not-for-profit organizations

These financial statements are the first financial statements for which the Society has applied accounting standards for not-for-profit organizations ("ASNPO"). The financial statements for the period ended December 31, 2012 were prepared in accordance with ASNPO. Comparative period information presented for the year ended December 31, 2011 was prepared in accordance with ASNPO and the provisions set out in Section 1501 First-time adoption.

The date of transition to ASNPO is January 1, 2011. The Society's transition to ASNPO has had no material impacts upon transition to the opening net assets as at January 1, 2011 or the statements of financial position or the statement of cash flows for the year ended December 31, 2011.

As a result, the reconciliations and disclosures required by Section 1501 First-time adoption, for the net assets at the transition date, the comparative period net surplus and the cash flow statement have not been presented in these financial statement notes.

4. Other grants	<u>2012</u>	<u>2011</u>
Other grants consist of:		
BC Housing	\$ 15,855	\$ 15,464
Beacon Community Services	4,638	-
Catherine Donnelly	4,875	25,125
City of Victoria	7,980	2,020
GT Hiring	56,972	-
Township of Esquimalt	1,000	2,000
United Way	45,459	29,612
Vancouver Island Health Authority	63,147	63,147
Victoria Foundation	1,000	-
Worklink	12,000	-
	<u>\$ 212,926</u>	<u>\$ 137,368</u>

PEERS Victoria Resources Society

Notes to the Financial Statements

(Unaudited)
December 31, 2012

5. Capital assets				<u>2012</u>	<u>2011</u>	January 1 <u>2011</u>
		<u>Cost</u>	Accumulated <u>Amortization</u>	<u>Net Book Value</u>	Net <u>Book Value</u>	Net <u>Book Value</u>
Land	\$ 255,723	\$ -	\$ 255,723	\$ 255,723	\$ 255,723	
Buildings	86,593	(41,027)	45,566	51,296	57,987	
Furniture and equipment	14,103	(12,629)	1,474	-	-	
Vehicle	25,000	(1,000)	24,000	2,542	5,084	
	<u>\$ 381,419</u>	<u>\$ (54,656)</u>	<u>\$ 326,763</u>	<u>\$ 309,561</u>	<u>\$ 318,794</u>	

6. Deferred contributions		<u>2012</u>	<u>2011</u>	January 1 <u>2011</u>
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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	\$ 6,839	\$ 36,081	\$ 35,597
BC Housing, rental subsidies	1,631	1,631	1,631
Catherine Donnelly Foundation	-	1,875	-
City of Victoria	-	7,980	-
Federal and provincial grants	-	17,000	-
Fundraising proceeds	7,750	2,185	-
Spending bursary donations	2,873	3,042	2,942
Unspecified donations	-	3,692	-
United Way	6,541	-	2,102
	<u>-</u>	<u>-</u>	<u>4,000</u>
	<u>\$ 25,634</u>	<u>\$ 73,486</u>	<u>\$ 46,272</u>

7. 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

(Unaudited)
December 31, 2012

8. Long term debt	<u>2012</u>	<u>2011</u>	January 1 <u>2011</u>
Mortgage, secured by a first mortgage over real property, amortized over a 25 year repayment period, repayable in monthly instalments of \$1,158 including interest calculated at 4.85% per annum, due January 26, 2016	\$ 191,385	\$ 195,969	\$ 187,404
Less: current portion	<u>4,849</u>	<u>4,518</u>	<u>5,460</u>
	<u>\$ 186,536</u>	<u>\$ 191,451</u>	<u>\$ 181,944</u>

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

2013	\$ 4,849
2014	5,086
2015	5,335
2016	<u>176,115</u>
	<u>\$ 191,385</u>

9. Related party transactions

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.

	<u>2012</u>	<u>2011</u>
Transactions included in wages and benefits:		
T. Riggs, former member of the Board of Directors	\$ -	\$ 30,425
T. Cunningham, member of the Board of Directors	-	-
M. Mrnka, former member of the Board of Directors	<u>-</u>	<u>36,622</u>
	<u>\$ -</u>	<u>\$ 67,047</u>

PEERS Victoria Resources Society

Notes to the Financial Statements

(Unaudited)
December 31, 2012

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 \$3,716 (2011: \$4,108). At year end, PEERS recognized an amount in payables and accruals to British Columbia Housing in the amount of \$3,716.

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.
