

Financial Statements of

**POWER TO BE ADVENTURE
THERAPY SOCIETY**

Year ended December 31, 2014



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INDEPENDENT AUDITORS' REPORT

To the Members of Power To Be Adventure Therapy Society

Report on the Financial Statements

We have audited the accompanying financial statements of Power To Be Adventure Therapy Society, which comprise the statement of financial position as at December 31, 2014, the statements of operations, changes in net assets and cash flows for the year then ended, and notes, comprising 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 generally accepted 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 our 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, we consider 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 Power To Be Adventure Therapy Society as at December 31, 2014, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

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 the Canadian accounting standards for not-for-profit organizations have been applied on a basis consistent with that of the preceding year.

KPMG LLP

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slanted style. Below the signature is a long, horizontal, slightly curved line that extends to the right.

Chartered Accountants

May 11, 2015
Victoria, Canada

POWER TO BE ADVENTURE THERAPY SOCIETY

Financial Statements

Year ended December 31, 2014

Financial Statements

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POWER TO BE ADVENTURE THERAPY SOCIETY

Statement of Financial Position

December 31, 2014, with comparative information for 2013

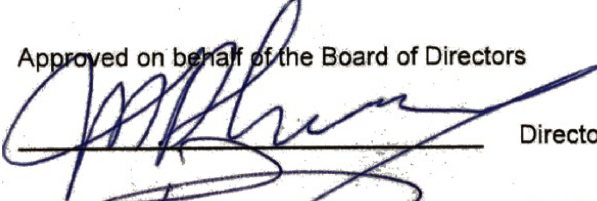
	2014	2013
Assets		
Current assets:		
Cash	\$ 407,590	\$ 185,771
Accounts receivable	3,219	2,643
Due from government agencies	16,851	6,116
Other receivables	14,986	-
Prepaid expenses and deposits	15,183	11,193
	<u>457,829</u>	<u>205,723</u>
Cash restricted for operating reserve (note 6)	179,157	157,409
Capital assets (note 2)	92,968	129,281
	<u>\$ 729,954</u>	<u>\$ 492,413</u>

Liabilities and Net Assets

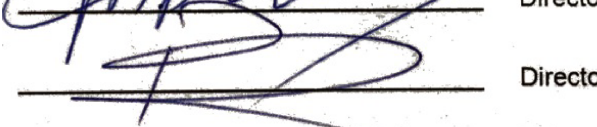
Current liabilities:		
Accounts payable and accrued liabilities	\$ 69,427	\$ 17,490
Due to government agencies	7,531	3,530
Deferred contributions related to operations (note 4)	28,814	27,500
	<u>105,772</u>	<u>48,520</u>
Deferred contributions related to capital assets (note 5)	35,241	41,842
	<u>141,013</u>	<u>90,362</u>
Net assets:		
Invested in capital assets	57,727	87,439
Internally restricted for operating reserve (note 6)	279,157	157,409
Unrestricted	252,057	157,203
	<u>588,941</u>	<u>402,051</u>
Commitments (note 9)		
	<u>\$ 729,954</u>	<u>\$ 492,413</u>

See accompanying notes to financial statements.

Approved on behalf of the Board of Directors



Director



Director

POWER TO BE ADVENTURE THERAPY SOCIETY

Statement of Operations

Year ended December 31, 2014, with comparative information for 2013

	2014	2013
Revenue:		
Fundraising	\$ 1,838,978	\$ 1,533,461
Program fees	23,713	28,224
Government funding	54,459	12,594
Amortization of deferred contributions	18,707	10,460
Interest	1,851	1,540
	<u>1,937,708</u>	<u>1,586,279</u>
Expenses: (note 7)		
Program costs	1,095,984	1,015,801
Fundraising	480,602	418,462
General and administrative	124,983	65,492
Amortization of capital assets	49,248	32,680
Loss on sale of capital assets	-	3,071
	<u>1,750,817</u>	<u>1,535,506</u>
Excess of revenue over expenses	\$ 186,891	\$ 50,773

See accompanying notes to financial statements.

POWER TO BE ADVENTURE THERAPY SOCIETY

Statement of Changes in Net Assets

Year ended December 31, 2014, with comparative information for 2013

	Invested in capital assets	Internally restricted for operating reserve	Unrestricted	2014 Total	2013 Total
Net assets, beginning of year	\$ 87,439	\$ 157,409	\$ 157,203	\$ 402,051	\$ 351,278
Excess (deficiency) of revenue over expenses	(30,541)	-	217,431	186,890	50,773
Investment in capital assets	829	-	(829)	-	-
Transfer from unrestricted to internally restricted (note 6)	-	120,000	(120,000)	-	-
Interest income	-	1,748	(1,748)	-	-
Net assets, end of year	\$ 57,727	\$ 279,157	\$ 252,057	\$ 588,941	\$ 402,051

See accompanying notes to financial statements.

POWER TO BE ADVENTURE THERAPY SOCIETY

Statement of Cash Flows

Year ended December 31, 2014, with comparative information for 2013

	2014	2013
Cash provided by (used in):		
Operations:		
Excess of revenue over expenses	\$ 186,891	\$ 50,773
Items not involving cash:		
Amortization of capital assets	49,248	32,680
Amortization of deferred contributions related to capital assets	(18,707)	(10,460)
Loss on disposal of capital assets	-	3,071
Recognition of deferred contributions related to operations	(48,280)	(10,000)
Changes in non-cash operating working capital:		
Accounts receivable	(576)	(307)
Due from government agencies	(10,735)	3,694
Other receivables	(14,986)	-
Prepaid expenses and deposits	(3,990)	4,715
Accounts payable and accrued liabilities	51,936	7,355
Due to government agencies	4,001	(1,871)
	25,650	13,586
<u>Contributions received related to operations</u>	<u>53,700</u>	<u>17,500</u>
	248,502	97,150
Investing:		
Purchases of capital assets	(12,935)	(21,174)
Financing:		
Increase in restricted cash for operating reserve	(21,748)	(32,409)
<u>Contributions received for capital assets</u>	<u>8,000</u>	<u>11,000</u>
	(13,748)	(21,409)
Increase in cash	221,819	54,567
Cash, beginning of year	185,771	131,204
<u>Cash, end of year</u>	<u>\$ 407,590</u>	<u>\$ 185,771</u>

See accompanying notes to financial statements.

POWER TO BE ADVENTURE THERAPY SOCIETY

Notes to Financial Statements

Year ended December 31, 2014

Power To Be Adventure Therapy Society ("Power To Be") inspires youth and families in need of support to discover their limitless abilities through nature-based programs. The Power To Be Adaptive Recreation program is a positive response to the community need for inclusive, nature-based recreation activities for people living with a barrier or disability. The Power To Be Wilderness School is a multi-year program for youth that fosters positive social and life skills development through outdoor adventure activities. Power To Be was incorporated under the B.C. Society Act, January 17, 2003, and is a registered charity under the Income Tax Act.

1. Significant accounting policies:

The financial statements of the Society have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. The following is a summary of the significant accounting policies used in the preparation of the financial statements.

(a) Revenue recognition:

Power To Be follows the deferral method of accounting for contributions:

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.

Restricted contributions related to expenses of future periods are deferred and recognized as revenue in the year in which the related expenses are incurred.

Restricted contributions for the purchase of capital assets that will be amortized are deferred and recognized as revenue on the same basis as the amortization expense related to the acquired capital assets.

Program fees are recognized in the year in which the services are rendered.

Donations of materials and services that would have otherwise been purchased are recorded at their fair value at the date of contribution.

(b) Allocation of expenses:

Power To Be engages in program and fundraising activities. The costs of each activity include the costs of personnel and other expenses that are directly related to the function.

Power To Be also incurs and attributes general support expenses that are common to the administration of the organization and each of its activities. The allocation is based on the relative time and distribution of staff across program fundraising and administration activities.

POWER TO BE ADVENTURE THERAPY SOCIETY

Notes to Financial Statements (continued)

Year ended December 31, 2014

1. Significant accounting policies (continued):

(c) Capital assets:

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Amortization is provided on a declining basis over the assets' estimated useful lives as follows:

Asset	Rate
Boat	20%
Computer equipment	30%
Furniture and fixtures	20%
Outdoor equipment	20%
Shed	10%
Vehicles	20%

When a capital asset no longer has any long-term service potential to Power To Be, the excess of its net carrying amount over any residual value is recognized as an expense in the statement of operations.

(d) Pledges and contributed services:

Pledges from donors are recorded when payment is received by Power To Be or the transfer of property is completed.

Power to Be acknowledges the substantial and significant services provided by its many volunteers. Because of the difficulty in determining fair value, contributed services are not recognized in the financial statements.

POWER TO BE ADVENTURE THERAPY SOCIETY

Notes to Financial Statements (continued)

Year ended December 31, 2014

1. Significant accounting policies (continued):

(e) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Investments that are quoted in an active market are subsequently measured at fair value and all changes in the fair value are recognized in net income in the period incurred. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. Power To Be 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, Power To Be 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 Power To Be 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.

(f) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

(g) Comparative figures:

Certain comparative information has been reclassified to conform with the financial statement presentation for the current year.

POWER TO BE ADVENTURE THERAPY SOCIETY

Notes to Financial Statements (continued)

Year ended December 31, 2014

2. Capital assets:

December 31, 2014	Cost	Accumulated amortization	Net book value
Boats	\$ 115,198	\$ 84,062	\$ 31,136
Computer equipment	25,286	13,934	11,352
Furniture and fixtures	18,209	15,054	3,155
Outdoor equipment	49,955	41,715	8,240
Shed	11,831	6,172	5,659
Vehicles	99,436	66,010	33,426
	\$ 319,915	\$ 226,947	\$ 92,968

December 31, 2013	Cost	Accumulated amortization	Net book value
Boats	\$ 113,552	\$ 76,278	\$ 37,274
Computer equipment	18,105	9,069	9,036
Furniture and fixtures	18,209	14,646	3,563
Outdoor equipment	75,100	39,655	35,445
Shed	11,831	5,543	6,288
Vehicles	95,329	57,654	37,675
	\$ 332,126	\$ 202,845	\$ 129,281

During the year outdoor equipment with a net book value of \$25,146 was written off through amortization expense.

3. Bank indebtedness:

Power To Be has an undrawn business line of credit, with an authorized amount of \$75,000, bearing interest at 2.0% over the bank prime rate and due on demand.

POWER TO BE ADVENTURE THERAPY SOCIETY

Notes to Financial Statements (continued)

Year ended December 31, 2014

4. Deferred contributions related to operations:

Deferred contributions related to operations represent unspent externally restricted resources received that will be expended in a subsequent year. Changes in the deferred contributions balance are as follows:

	2014	2013
Balance, beginning of year	\$ 27,500	\$ 23,120
Amount recognized as revenue	(48,280)	(10,000)
Amount transferred to deferred contributions related to capital assets	(4,106)	(3,120)
Current year contributions received	53,700	17,500
Balance, end of year	\$ 28,814	\$ 27,500

5. Deferred contributions related to capital assets:

Deferred contributions related to capital assets represent externally restricted contributions for acquisition of tangible capital assets that will be recognized as revenue in future periods over the remaining useful life of the assets. Changes in the deferred contributions balance for the year are as follows:

	2014	2013
Balance, beginning of year	\$ 41,842	\$ 38,182
Current year contributions received	8,000	11,000
Amount transferred from deferred contributions related to operations	4,106	3,120
Amounts amortized to revenue	(18,707)	(10,460)
Balance, end of year	\$ 35,241	\$ 41,842

6. Internally restricted net assets:

Power To Be's Board of Directors have internally restricted \$279,157 (2013 - \$157,409) of unrestricted net assets to be held for the purpose of providing an operating reserve. Interest earned on internally restricted assets is restricted for the same purpose and added to the reserve as earned. This internally restricted amount is not available for use without approval of the Board of Directors. The board approved a transfer of \$20,000 in the prior fiscal year and \$100,000 of the 2014 surplus to the internally restricted reserve. A cash transfer \$100,000 is outstanding from cash to restricted for operating reserve as at December 31, 2014.

POWER TO BE ADVENTURE THERAPY SOCIETY

Notes to Financial Statements (continued)

Year ended December 31, 2014

7. Allocation of expenses:

As described in note 1(b) Power To Be attributes certain common expenses to its activities. Total personnel, marketing and general and administration costs attributed during the year are as follows:

December 31, 2014	Program costs	Fundraising	General and administration	Total
Personnel	\$ 854,884	\$ 202,473	\$ 67,491	\$ 1,124,848
Marketing	15,898	10,599	-	26,497
General and administration	93,014	22,030	-	115,044
	963,796	235,102	67,491	1,266,389
Direct expenses	132,188	245,500	57,492	435,180
	\$ 1,095,984	\$ 480,602	\$ 124,983	\$ 1,701,569

December 31, 2013	Program costs	Fundraising	General and administration	Total
Personnel	\$ 753,818	\$ 154,629	\$ 57,986	\$ 966,433
Marketing	12,882	8,588	-	21,470
General and administration	118,601	24,020	-	142,621
	885,301	187,237	57,986	1,130,524
Direct expenses	130,500	231,225	7,506	433,152
	\$ 1,015,801	\$ 418,462	\$ 65,492	\$ 1,563,676

8. Financial instruments and concentration of credit risk:

Power To Be's financial instruments include cash, investments, accounts receivable, other receivable, cash restricted for operating reserve, due to/from government agencies and accounts payable and accrued liabilities.

It is management's opinion that the organization is not exposed to significant interest, currency, liquidity or credit risk arising from its financial instruments. The Company manages its liquidity risk by monitoring its operating requirements. The Company prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations. There has been no change to the risk exposures from 2013.

POWER TO BE ADVENTURE THERAPY SOCIETY

Notes to Financial Statements (continued)

Year ended December 31, 2014

9. Commitments:

Power To Be leases premises in Victoria and Vancouver pursuant to long-term leases. The leases expire November 30, 2017 and June 30, 2017 respectively with an option to renew for five years. Future annual minimum lease payments are \$32,160 and \$25,713 respectively plus proportionate share of operating and tax costs.