

**Calgary Arts Academy Society
Financial Statements
August 31, 2005**

Contents

Auditors' Report	2
Financial Statements	
Balance Sheet	3
Statement of Net Assets	4
Statement of Revenue and Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements	7 - 9



Driving growth

BDO Dunwoody LLP
Chartered Accountants
and Advisors

1900, 801 - 6 Avenue S.W.
Calgary Alberta Canada T2P 3W2
Telephone: (403) 266-5608
Fax: (403) 233-7833
www.bdo.ca

Auditors' Report

To the Members Calgary Arts Academy Society

We have audited the balance sheet of Calgary Arts Academy Society as at August 31, 2005 and the statements of net assets, revenue and expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Society's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Society as at August 31, 2005 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Chartered Accountants

Calgary, Alberta
November 21, 2005

**Calgary Arts Academy Society
Balance Sheet**

August 31, 2005

2005

14 months
2004

Assets

Current

Cash	\$	115,470	\$	58,902
Short term investment (Note 3)		153,490		70,775
Accounts receivable		73,397		70,363
Prepaid expenses		<u>31,158</u>		<u>21,173</u>
	\$	373,515	\$	221,213

Liabilities and Net Assets

Current

Accounts payable and accrued liabilities	\$	69,911	\$	30,283
Deferred revenue (Note 4)		<u>94,317</u>		<u>61,524</u>
		164,228		91,807

Net Assets

Restricted enhancement reserves

Instruction	188,979	86,043
Operations and Maintenance	19,704	41,258
Governance and System Administration	-	2,105
Transportation	<u>604</u>	<u>-</u>
	209,287	129,406

\$ 373,515 \$ 221,213

On behalf of the Board:

_____ Director

_____ Director

**Calgary Arts Academy Society
Statement of Net Assets**

August 31, 2005

	Net Assets	Enhancement Reserves			2005 Total	
		Instruction	Operations and Maintenance	Governance and System Administration		Transportation
Balance, beginning of year	\$ -	\$ 86,043	\$ 41,258	\$ 2,105	\$ -	\$ 129,406
Excess of revenue over expenses	79,881	-	-	-	-	79,881
Transfer to (from) enhancement reserves	(79,881)	67,001	(21,554)	(2,105)	36,539	-
Transfer to (from) enhancement reserves (Note 8)	-	35,935	-	-	(35,935)	-
Balance, end of year	\$ -	\$ 188,979	\$ 19,704	\$ -	\$ 604	\$ 209,287

Calgary Arts Academy Society
Statement of Revenue and Expenses

For the year ended August 31, 2005	(unaudited) 2005 Budget	2005 Actual	14 months 2004 Actual
Revenue			
Province of Alberta			
Instruction grants	\$ 1,320,779	\$ 1,340,599	\$ 1,107,678
Other grants	-	-	8,765
Start up grants	-	58,911	168,367
Support grants	<u>510,345</u>	<u>595,561</u>	<u>536,366</u>
	<u>1,831,124</u>	<u>1,995,071</u>	<u>1,821,176</u>
Other			
Other revenue	-	24,289	12,426
Resource and transportation fees	<u>126,100</u>	<u>112,554</u>	<u>46,674</u>
	<u>126,100</u>	<u>136,843</u>	<u>59,100</u>
	<u>1,957,224</u>	<u>2,131,914</u>	<u>1,880,276</u>
Expenses			
Alberta Initiative for School Improvement	25,523	28,577	11,842
Board directed contingency	88,666	-	312
Classroom resources	80,000	115,183	56,586
Contracted services	81,000	78,475	65,741
Facility operations	144,593	162,034	107,920
Facility rental	244,252	284,822	257,887
Facility start-up	-	65,441	168,368
Instructional resources and enrichment	75,300	43,089	20,407
Library	20,000	15,397	19,994
Professional development	10,000	8,951	11,323
Salaries and benefits			
Certificated	769,640	775,536	618,820
Uncertified	238,050	260,051	217,844
School office expenses and supplies	35,000	34,574	26,226
System Administration and Board costs	4,000	6,283	7,395
Technology	25,000	71,902	29,418
Transportation	<u>116,200</u>	<u>101,718</u>	<u>130,787</u>
	<u>1,957,224</u>	<u>2,052,033</u>	<u>1,750,870</u>
Excess of revenue over expenses for the year	\$ -	\$ 79,881	\$ 129,406

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

Calgary Arts Academy Society
Statement of Cash Flows

For the year ended August 31, 2005	2005	14 months 2004
Cash flows from operating activities		
Excess of revenue over expenses for the year	\$ 79,881	\$ 129,406
Net change in non-cash working capital balances		
Accounts receivable	(3,034)	(70,363)
Prepaid expenses	(9,985)	(21,173)
Accounts payable and accrued liabilities	39,628	30,283
Deferred revenue	<u>32,794</u>	<u>61,524</u>
Increase in cash	139,284	129,677
Cash, beginning of year	<u>129,677</u>	<u>-</u>
Cash, end of year	\$ 268,961	\$ 129,677
Represented by:		
Cash	\$ 115,471	\$ 58,902
Short term investment	<u>153,490</u>	<u>70,775</u>
	\$ 268,961	\$ 129,677

August 31, 2005

1. Authority and Purpose of the Society

The Society delivers educational programs, operating as the Calgary Arts Academy and Research Center under the authority of the School Act, Chapter S-3, Statutes of Alberta, January 2002. The Society was incorporated on May 1, 2001 under the Societies Act of Alberta. Through a charter established with the Minister of Learning the Society operates a charter school from a single location. The school provides education from Early Childhood Services to Grade 9. The Charter is up for renewal on August 31, 2008.

The Society receives block allocation for instruction and support under Regulation 72/95. The regulation limits funding and expenses for administration. It permits the Society, within specified limits, to reallocate funding between the instruction and support blocks.

The Society is incorporated under the Societies Act of Alberta as a not-for-profit organization and as such is exempt from income taxes.

2. Significant Accounting Policies

The financial statements of the Society have been prepared by management in accordance with Canadian generally accepted accounting principles. The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates. The financial statements have, in management's opinion, been properly prepared using careful judgment with reasonable limits of materiality and within the framework of the significant accounting policies summarized below:

(a) Revenue Recognition

Revenue is recognized as follows:

Instruction and support allocations are recognized in the year to which they relate.

Fees for services related to courses and programs are recognized as revenue when such courses and programs are delivered.

(b) School Generated Funds

Funds generated from school based activities are included as assets, liabilities, revenues and expenses of the school authority because the accountability and control/ownership of these funds rests with school authority officials or their appointee. Revenue from school generated funds is recognized as the related expenses are incurred.

(c) Prepaid Expenses

Certain expenditures incurred and paid before the close of the school year are for specific school supplies, which will be consumed subsequent to the year-end, and are accordingly recorded as prepaid expenses.

August 31, 2005

2. Significant Accounting Policies - Continued

(d) Pensions

The current service and past service costs of the Alberta Teacher Retirement Fund are met by contributions by active members and the Government of Alberta. Under the terms of the Teachers Pension Plan Act, the Calgary Arts Academy Society does not make pension contributions for certificated staff.

(e) Contributed Services

Volunteers assist the school in carrying out certain activities. Because of the difficulty of determining their fair market value and of the fact that such assistance is generally not otherwise purchased, contributed services of this nature are not recognized in the financial statements.

(f) Financial Instruments

The Society's financial instruments consist of various assets and liabilities. Except for the fact that a large concentration of cash is deposited with a single financial institution, 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. The Society has invested surplus funds in accordance with section 60 of the School Act and Section 5 of the Trustees Act.

3. Short-term Investment

The Society has a twelve month, non-redeemable term deposit with First Calgary Savings and Credit Union, earning interest at 3% per annum, and maturing September 24, 2005.

4. Deferred Revenue

	2005	2004
Province of Alberta		
Alberta Learning funding	\$ -	\$ 12,098
Alberta Infrastructure funding	-	3,058
Calgary Board of Education Lease Commitments	8,229	-
AISI Project	<u>9,044</u>	<u>-</u>
	17,273	15,156
 Parent fees received in advance	 <u>77,044</u>	 <u>46,368</u>
	<u>\$ 94,317</u>	<u>\$ 61,524</u>

August 31, 2005

5. Commitment

The Society leases one school and six portables from the Calgary Board of Education. The lease expires July 31, 2008. The Society's minimum annual lease payments for the next three years are as follows:

2006	\$	307,736
2007	\$	307,736
2008	\$	281,668

6. Economic Dependence on Related Third Party

The Society's primary source of income is from the Alberta Government. The Society's ability to continue viable operations is dependent on this funding.

7. Budget Amounts

The 2005 Budget for the Society was approved by the Board and has been reported in the financial statements for information purposes only. These budget amounts have not been audited.

8. Transportation

During the year, a one time transportation grant of \$47, 000 was received. Of this amount \$35,935 was related to the prior years transportation deficit, and this amount was repaid by the transportation reserve to the instruction enhancement reserve during the 2004-2005 school year.

9. Comparative Amounts

The comparative figures for 2004 reflect financial activities for the 14 month period from July 1, 2003 through August 31, 2004. The 2004 Provincial grants were allocated over the 14 month period to allow for the preparation of school opening.
