

**AUDITED  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2011**  
[School Act, Sections 147(2)(a), 148, 151(1) and 276]

**Calgary Arts Academy Society**

Legal Name of School Jurisdiction

**4931 Grove Hill Road SW, Calgary, Alberta, T3E 4G4**

Mailing Address

**ph:403-532-3020 fax:403-217-0965**

Telephone and Fax Numbers

**SCHOOL JURISDICTION MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING**

The financial statements of **Calgary Arts Academy Society** presented to Alberta Education have been prepared by school jurisdiction management which has responsibility for their preparation, integrity and objectivity. The financial statements, including notes, have been prepared in accordance with generally accepted accounting principles and follow format prescribed by Alberta Education.

In fulfilling its reporting responsibilities, management has maintained internal control systems and procedures designed to provide reasonable assurance that the school jurisdiction's assets are safeguarded, that transactions are executed in accordance with appropriate authorization and that accounting records may be relied upon to properly reflect the school jurisdiction's transactions. The effectiveness of the control systems is supported by the selection and training of qualified personnel, an organizational structure that provides an appropriate division of responsibility and a strong system of budgetary control.

***Board of Trustees Responsibility***

The ultimate responsibility for the financial statements lies with the Board of Trustees. The Board reviewed the audited financial statements with management in detail and approved the financial statements for release.

***External Auditors***

The Board appoints external auditors to audit the financial statements and meets with the auditors to review their findings. The external auditors were given full access to school jurisdiction records.

***Declaration of Management and Board Chairman***

To the best of our knowledge and belief, these financial statements reflect, in all material respects, the financial position and results of operations and cash flows for the year in accordance with generally accepted accounting principles and follow the financial reporting requirements prescribed by Alberta Education.

**BOARD CHAIR**

**Todd Hirsch**

Name

**"Original Signed"**

Signature

**SUPERINTENDENT**

**Dale D. Erickson**

Name

**"Original Signed"**

Signature

**SECRETARY TREASURER OR TREASURER**

**Wende Dummer, CGA**

Name

**"Original Signed"**

Signature

**22-Nov-11**

Board-approved Release Date

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To the Members of Calgary Arts Academy Society:

We have audited the accompanying consolidated financial statements of Calgary Arts Academy Society and its controlled entity Calgary Arts Academy School Council Society, which comprise the consolidated statement of financial position as at August 31, 2011, and the consolidated statements of revenues and expenses, cash flows, changes in net assets, and capital allocations for the year then ended, and a summary of significant accounting policies and other explanatory information.

*Management's Responsibility for the Consolidated Financial Statements*

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian generally accepted accounting principles, 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

*Basis for Qualified Opinion*

In common with many not-for-profit organizations, the Society derives a significant portion of its revenue from gifts and donations and gross school generated funds, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Society and we were not able to determine whether any adjustments might be necessary to gifts and donations and gross school generated funds, excess of revenue over expenses, assets and net assets.

*Qualified Opinion*

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the consolidated financial statements present fairly in all material respects the consolidated financial position of the Calgary Arts Academy Society as at August 31, 2011 and the results of its operations, changes in net assets, cash flows and capital allocations for the year then ended in accordance with Canadian generally accepted accounting principles.

Calgary, Alberta

November 22, 2011

*MNP LLP*  
Chartered Accountants

**STATEMENT OF FINANCIAL POSITION**  
as at August 31, 2011

(in dollars)

	2011	2010 Restated - Note 16
<b>ASSETS</b>		
Current assets		
Cash and temporary investments (Note 4)	\$307,493	\$456,705
Accounts receivable (net after allowances) (Note 5)	\$55,385	\$21,369
Prepaid expenses	\$124,010	\$151,580
Other current assets	\$0	\$7,392
<b>Total current assets</b>	\$486,888	\$637,046
School generated assets	\$13,554	\$78,210
Trust assets	\$0	\$0
Long term accounts receivable	\$0	
Long term investments	\$0	\$502
Capital assets (Note 6)		
Land	\$0	\$0
Construction in progress	\$0	\$0
Buildings	\$271,734	
Less: accumulated amortization	(\$104,833)	\$166,901
Equipment	\$793,245	
Less: accumulated amortization	(\$466,046)	\$327,199
Vehicles	\$28,150	
Less: accumulated amortization	(\$14,075)	\$14,075
<b>Total capital assets</b>	\$508,175	\$417,072
<b>TOTAL ASSETS</b>	\$1,008,617	\$1,132,830
<b>LIABILITIES</b>		
Current liabilities		
Bank indebtedness	\$0	\$0
Accounts payable and accrued liabilities	\$117,544	\$175,998
Deferred revenue (Note 7)	\$255,889	\$243,808
Deferred capital allocations (Note 8)	\$0	\$0
Current portion of long term debt	\$0	\$0
<b>Total current liabilities</b>	\$373,433	\$419,806
School generated liabilities	\$13,554	\$78,210
Trust liabilities	\$0	\$0
Employee future benefit liabilities	\$0	\$0
Long term debt		
Supported: Debentures and other supported debt	\$0	\$0
Less: Current portion	\$0	\$0
Unsupported: Debentures and capital loans	\$0	\$0
Capital leases	\$0	\$0
Mortgages	\$0	\$0
Less: Current portion	\$0	\$0
Other long term liabilities	\$0	\$0
Unamortized capital allocations (Note 9)	\$164,273	\$175,153
<b>Total long term liabilities</b>	\$177,827	\$253,363
<b>TOTAL LIABILITIES</b>	\$551,260	\$673,169
<b>NET ASSETS</b>		
Unrestricted net assets	\$113,455	\$217,744
Operating reserves	\$0	\$0
Accumulated operating surplus (deficit)	\$113,455	\$217,744
Investment in capital assets	\$343,902	\$241,917
Capital reserves	\$0	\$0
Total capital funds	\$343,902	\$241,917
<b>Total net assets</b>	\$457,357	\$459,661
<b>TOTAL LIABILITIES AND NET ASSETS</b>	\$1,008,617	\$1,132,830

**Note:** Please input "(Restated)" in 2010 column heading where comparatives are not taken from the finalized 2009/2010 Audited Financial Statements filed with Alberta Education.

**STATEMENT OF REVENUES AND EXPENSES**

for the Year Ended August 31, 2011

(in dollars)

	Actual 2011	Budget 2011 (Note 15)	Actual 2010
<b>REVENUES</b>			
Government of Alberta	\$4,615,012	\$4,580,437	\$4,323,405
Federal Government and First Nations	\$0	\$0	\$0
Other Alberta school authorities	\$0	\$0	\$0
Out of province authorities	\$0	\$0	\$0
Alberta Municipalities-special tax levies	\$0	\$0	\$0
Instruction resource fees	\$72,311	\$71,693	\$63,284
Transportation fees	\$105,263	\$126,300	\$93,937
Other sales and services	\$0	\$0	\$0
Investment income	\$4,922	\$4,000	\$1,669
Gifts and donations	\$10,158	\$0	\$0
Rental of facilities	\$13,736	\$12,000	\$10,156
Gross school generated funds	\$238,884	\$152,150	\$140,179
Gains on disposal of capital assets	\$0	\$0	\$0
Amortization of capital allocations	\$74,662	\$66,393	\$66,041
Other revenue	\$1,848	\$0	\$0
<b>Total Revenues</b>	<b>\$5,136,796</b>	<b>\$5,012,973</b>	<b>\$4,698,671</b>
<b>EXPENSES</b>			
Certificated salaries (Note 17)	\$1,847,073	\$1,820,435	\$1,601,997
Certificated benefits (Note 17)	\$177,022	\$169,265	\$163,985
Non-certificated salaries and wages (Note 17)	\$816,988	\$838,191	\$751,605
Non-certificated benefits (Note 17)	\$126,374	\$120,069	\$76,937
Services, contracts and supplies	\$1,751,855	\$1,740,423	\$1,677,803
Gross school generated funds	\$238,884	\$152,150	\$140,179
Capital and debt services			
Amortization of capital assets			
Supported	\$0	\$0	\$0
Unsupported	\$180,904	\$149,116	\$168,509
Total Amortization of capital assets	\$180,904	\$149,116	\$168,509
Interest on capital debt			
Supported	\$0	\$0	\$0
Unsupported	\$0	\$0	\$0
Total Interest on capital debt	\$0	\$0	\$0
Other interest and charges	\$0	\$0	\$0
Losses on disposal of capital assets	\$0	\$0	\$0
Other expense	\$0	\$0	\$0
<b>Total Expenses</b>	<b>\$5,139,100</b>	<b>\$4,989,649</b>	<b>\$4,581,015</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES BEFORE EXTRAORDINARY ITEM</b>	<b>(\$2,304)</b>	<b>\$23,324</b>	<b>\$117,656</b>
Extraordinary Item	\$0	\$0	\$0
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES</b>	<b>(\$2,304)</b>	<b>\$23,324</b>	<b>\$117,656</b>

Note: Please input "(Restated)" where Actual 2010 comparatives are not as presented in the finalized 2009/2010 Audited Financial Statements filed with Alberta Education. Budget 2011 comparatives presented are final budget amounts formally approved by the Board.

## STATEMENT OF CASH FLOWS

for the Year Ended August 31, 2011

(in dollars)

	2011	2010 Restated - Note 16
<b>CASH FLOWS FROM:</b>		
<b>A. OPERATIONS</b>		
Excess (deficiency) of revenues over expenses	(\$2,304)	\$117,656
Add (Deduct) items not affecting cash:		
Amortization of capital allocations revenue	(\$74,662)	(\$66,041)
Total amortization expense	\$180,904	\$168,509
Gains on disposal of capital assets	\$0	\$0
Losses on disposal of capital assets	\$0	\$0
Changes in:		
Accounts receivable	(\$34,016)	\$18,649
Prepays and other current assets	\$34,962	(\$18,489)
Long term accounts receivable	\$0	\$0
Long term investments	\$502	(\$63)
Accounts payable and accrued liabilities	(\$58,454)	\$40,664
Deferred revenue	\$12,081	\$58,818
Employee future benefit liabilities	\$0	\$0
Other (describe)     Transfer remaining Casino proceeds to School Council		(\$6,417)
<b>Total cash flows from Operations</b>	<b>\$59,013</b>	<b>\$313,286</b>
<b>B. INVESTING ACTIVITIES</b>		
Purchases of capital assets		
Land	\$0	\$0
Buildings	(\$137,260)	\$0
Equipment	(\$134,747)	(\$152,305)
Vehicles	\$0	\$0
Net proceeds from disposal of capital assets	\$0	\$0
Other (describe)	\$0	\$0
<b>Total cash flows from Investing activities</b>	<b>(\$272,007)</b>	<b>(\$152,305)</b>
<b>C. FINANCING ACTIVITIES</b>		
Capital allocations	\$63,782	\$0
Issue of long term debt	\$0	\$0
Repayment of long term debt	\$0	\$0
Add back: supported portion	\$0	\$0
Other (describe)	\$0	\$0
<b>Total cash flows from financing activities</b>	<b>\$63,782</b>	<b>\$0</b>
<b>Net cash flows from during the year</b>	<b>(\$149,212)</b>	<b>\$160,981</b>
<b>Cash and temporary investments, net of bank indebtedness, at Aug. 31/10</b>	<b>\$456,705</b>	<b>\$295,724</b>
<b>Cash and temporary investments, net of bank indebtedness, at Aug. 31/11</b>	<b>\$307,493</b>	<b>\$456,705</b>

**Note:** Please input "(Restated)" where Actual 2010 comparatives are not as presented in the finalized 2009/2010 Audited Financial Statements filed with Alberta Education.

**STATEMENT OF CHANGES IN NET ASSETS  
for the Year Ended August 31, 2011**

School Jurisdiction Code: 151

(in dollars)

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
	TOTAL NET ASSETS  <small>Cols. 2+3+4+5</small>	INVESTMENT IN CAPITAL ASSETS	UNRESTRICTED NET ASSETS	INTERNALLY RESTRICTED NET ASSETS											
				TOTAL OPERATING RESERVES  <small>Cols. 6+8+10+12+14</small>	TOTAL CAPITAL RESERVES  <small>Cols. 7+9+11+13+15</small>	School & Instruction Related		Operations & Maintenance		Board & System Administration		Transportation		External Services	
				Operating Reserves	Capital Reserves	Operating Reserves	Capital Reserves	Operating Reserves	Capital Reserves	Operating Reserves	Capital Reserves	Operating Reserves	Capital Reserves	Operating Reserves	Capital Reserves
<b>Balance at August 31, 2010</b>	\$459,661	\$192,478	\$267,183	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<u>Prior period adjustments</u> (describe)															
Note 16	\$0	\$49,439	(\$49,439)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Adjusted Balance, Aug. 31, 2010</b>	\$459,661	\$241,917	\$217,744	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Excess (deficiency) of revenues over expenses	(\$2,304)		(\$2,304)												
Board funded capital additions		\$208,227	(\$208,227)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Disposal of unsupported capital assets	\$0	\$0	\$0		\$0		\$0		\$0		\$0		\$0		\$0
Disposal of supported capital assets (board funded portion)	\$0	\$0	\$0		\$0		\$0		\$0		\$0		\$0		\$0
Direct credits to net assets	\$0	\$0	\$0												
Amortization of capital assets		(\$180,904)	\$180,904												
Amortization of capital allocations		\$74,662	(\$74,662)												
Debt principal repayments (unsupported)		\$0	\$0												
Net transfers to operating reserves			\$0	\$0		\$0		\$0		\$0		\$0		\$0	
Net transfers from operating reserves			\$0	\$0		\$0		\$0		\$0		\$0		\$0	
Net transfers to capital reserves			\$0		\$0		\$0		\$0		\$0		\$0		\$0
Net transfers from capital reserves			\$0		\$0		\$0		\$0		\$0		\$0		\$0
Assumption/transfer of other operations' net assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Balance at August 31, 2011</b>	\$457,357	\$343,902	\$113,455	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

**STATEMENT OF CAPITAL ALLOCATIONS**  
**(EXTERNALLY RESTRICTED CAPITAL CONTRIBUTIONS ONLY)**  
 for the Year Ended August 31, 2011  
 (in dollars)

	Deferred Capital Allocations	Unamortized Capital Allocations
<b>Balance at August 31, 2010</b>	\$0	\$224,592
<b>Prior period adjustments</b>	\$0	(\$49,439)
<b>Adjusted balance, August 31, 2010</b>	\$0	\$175,153
<b>Add:</b>		
<b>Restricted capital allocations from:</b>		
Alberta Education school building and modular projects	\$0	
Other Government of Alberta	\$63,782	
Federal Government and First Nations	\$0	
Other sources	\$0	
<b>Interest earned on provincial government capital allocations</b>	\$0	
<b>Other capital grants and donations</b>	\$0	
<b>Net proceeds on disposal of supported capital assets</b>	\$0	
<b>Insurance proceeds (and related interest)</b>	\$0	
<b>Donated capital assets</b> (amortizable, @ fair market value)		\$0
<b>P3, other ASAP and Alberta Infrastructure managed projects</b>		\$0
<b>Transferred in capital assets</b> (amortizable, @ net book value)		\$0
<b>Current year supported debenture principal repayment</b>		\$0
<b>Expended capital allocations - current year</b>	(\$63,782)	\$63,782
<b>Deduct:</b>		
<b>Net book value of supported capital assets dispositions, write-offs, or transfer; Other</b>	\$0	\$0
<b>Capital allocations amortized to revenue</b>		\$74,662
<b>Balance at August 31, 2011</b>	\$0	\$164,273

\* Infrastructure Maintenance Renewal (IMR) Program allocations are excluded from this Statement, since those allocations are not externally restricted to capital.



# Calgary Arts Academy Society

## Notes to the Consolidated Financial Statements

For the year ended August 31, 2011

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### 1. Incorporation and commencement of operations

The Calgary Arts Academy Society ("the Society") delivers educational programs, operating as the Calgary Arts Academy under the authority of the School Act, Chapter S-3, Statutes of Alberta, January 2002. The Society was incorporated on May 1, 2003 under the Societies Act of Alberta. Through a charter established with the Minister of Learning, the Society operates a charter school from two locations. The school provides education from Kindergarten to Grade 9.

The Society receives block allocations for instruction and support under Regulation 77/2003. 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 as a not-for-profit organization and, as such, is exempt from taxes. In order to maintain its status as a registered not-for-profit organization under the Income Tax Act ("the Act"), the Society must meet certain requirements within the Act. In the opinion of management, these requirements have been met. As of February 18, 2010, Calgary Arts Academy Society qualifies for tax-exempt status as a registered charity under paragraph 149(1)(f) of the Income Tax Act.

The consolidated financial statements include the financial activities of the Society and the Calgary Arts Academy School Council Society ("the School Council Society"). The School Council Society is made up of teachers and parents with an objective of increasing parent and community involvement in the education of the Society's students.

The School Council Society was incorporated in the Province of Alberta as a corporation without share capital and has been granted tax exempt status as a not-for-profit under the Income Tax Act.

### 2. Going concern

These consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern which assumes the Society will realize the carrying value of its assets and satisfy its obligations as they become due in the normal course of operations.

### 3. Significant accounting policies

The consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles as issued by the Accounting Standards Board in Canada using the following significant accounting policies:

#### ***Basis of presentation***

The consolidated financial statements include the financial activities of the Society and the School Council Society. All transactions between these Societies have been eliminated.

#### ***Cash and temporary investments***

Cash and temporary investments include balances with banks, cash, and term deposits. Cash subject to restrictions that prevent its use for current purposes is included in school generated assets.

#### ***Prepaid expenses***

Certain expenditures incurred before the close of the school year are for school supplies which will be consumed subsequent to the year end, and are, accordingly, recorded as prepaid expenses. Certain insurance expenses also fall into this category.

#### ***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.

3. **Significant accounting policies** (Continued from previous page)

**Capital assets**

Capital assets are recorded at cost. Amortization commences, subsequent to the period of purchase, over their estimated useful lives on a straight line basis at the following rates:

	<b>Rate</b>
Buildings	10 %
Vehicles	10 %
Computer equipment	20 %
Furniture and fixtures	20 %
Leasehold improvements	20 %
Sound system	20 %
Non-computer technology	20 %
Library resources	100 %
Music equipment	100 %

Computer software is amortized over the life of its related license.

Capital assets acquired with a cost in excess of \$5,000 are capitalized and amortized over their useful lives. Items below that threshold are expensed unless they have a useful life in excess of a year, in which case they are fully amortized in the year of acquisition due to their immaterial nature. This provides for better visibility of assets under management.

**Vacation pay**

Vacation pay is accrued in the period in which employees earn the benefit.

**Pensions**

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

**Revenue recognition**

The Society recognizes revenue when the goods or services have been delivered and uses the deferral method for recognizing contributions and fund raising revenues. Deferred amounts are reported as income in the year the related expenses are incurred. Instruction and support allocations are recognized in the year to which they relate. Unrestricted donations are recognized as revenue when received. Donations in-kind are recorded at fair market value when reasonably determinable. Externally restricted contributions are deferred and recognized as revenue in the period in which the related expenses are incurred.

Contributions received which are restricted in use to the acquisition of capital assets are recognized as revenue over the estimated useful life of the asset at the same rate as the related capital asset is amortized for accounting purposes. The unamortized balance of the contribution is described in the statement of financial position as "unamortized capital".

**Contributed services**

Volunteers contribute a considerable number of hours per year to schools to ensure that certain programs are delivered, such as sporting events and the raising of school generated funds. Because of the difficulty of compiling these hours and the fact that these services are not otherwise purchased, contributed services are not recognized in the financial statements.

**Reserves for future expenditures**

Reserves are established at the discretion of the Board of Directors for future operating and capital expenditures. Transfers to or from operating and capital reserves are shown as adjustments to the net assets.

**Calgary Arts Academy Society**  
**Notes to the Consolidated Financial Statements**  
*For the year ended August 31, 2011*

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**3. Significant accounting policies** (Continued from previous page)

**Financial instruments**

The Society has classified the following financial assets and liabilities as held for trading: cash and temporary investments, accounts receivable, school generated assets, long-term investments and accounts payable and accrued liabilities. Transactions to purchase or sell these items are recorded on the trade date, and transaction costs are immediately recognized in the statement of revenues and expenses. Financial instruments held for trading are initially and subsequently measured at their fair value, without any deduction for transaction costs incurred on sale or other disposal. Gains and losses arising from changes in fair value are recognized immediately in the statement of operations. The fair value of financial instruments held for trading approximates their carrying value due to their short-term nature.

**Measurement uncertainty**

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of capital assets.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in excess of revenues and expenses in the periods in which they become known.

**Recent Accounting Pronouncements**

Due to Alberta Education reporting requirements, the Society expects to adopt the Public Sector Accounting Handbook in place of the CICA Handbook as its new reporting standards for its financial statements dated August 31, 2013. The Society has not yet determined the impact of the adoption of the Public Sector Accounting Handbook on its financial statements.

**4. Cash and temporary investments**

The Society maintains a number of bank accounts and had maintained separate bank accounts for gaming fund activities. During 2010, the gaming license was transferred to the the School Council Society and remaining gaming funds were transferred to the School Council Society casino account.

	<b>2011</b>	2010
Cash	<b>257,253</b>	284,859
Temporary investments	<b>50,240</b>	171,846
	<b>307,493</b>	456,705

The temporary investments are GIC's redeemable without penalty, earning interest at a rate of 1.37% (2010 - 0.50% for the first 6 months and 1.0% in the last 6 months) with a maturity date of Feb 23, 2012.

**5. Accounts receivable**

	<b>2011</b>	2010
Government of Canada	<b>46,845</b>	14,297
Other	<b>8,540</b>	7,072
	<b>55,385</b>	21,369

**Calgary Arts Academy Society**  
**Notes to the Consolidated Financial Statements**  
*For the year ended August 31, 2011*

**6. Capital assets**

	<i>Cost</i>	<i>Accumulated amortization</i>	<i>2011 Net book value</i>	<i>2010 Net book value</i>
Buildings	137,260	-	137,260	-
Vehicles	28,150	14,075	14,075	16,890
Computer equipment	470,864	235,295	235,569	251,242
Computer software	47,111	17,529	29,582	29,643
Furniture and fixtures	110,198	68,251	41,947	36,766
Leasehold improvements	134,474	104,833	29,641	59,282
Sound system	19,500	11,505	7,995	11,895
Non-computer technology	22,978	10,872	12,106	11,354
Library resources	94,135	94,135	-	-
Music equipment	28,459	28,459	-	-
	<b>1,093,129</b>	<b>584,954</b>	<b>508,175</b>	<b>417,072</b>

**7. Deferred revenue**

Deferred revenue represents funds which were received during the school year but have not yet been earned in accordance with the Society's revenue recognition policies. These funds will be recognized as income as they are expended on approved projects. Deferred revenues are as follows:

	<i>2011</i>	<i>2010</i>
Alberta Education	68,146	66,681
Resource fees	127,654	129,100
Transportation fees	60,089	48,027
	<b>255,889</b>	<b>243,808</b>

**8. Deferred capital allocations**

Deferred capital allocations represent externally-restricted capital funds provided, received or receivable by the Society for a specific capital purpose, but for which the related expenditure had not been made at year-end. When expended, these deferred capital allocations are transferred to unamortized capital allocations. At the end of August 2011, all deferred capital allocations had been expended.

**9. Unamortized capital allocations**

Unamortized capital allocations represent externally-restricted capital funds that have been expended, and are being amortized over the useful life of the related capital assets. The unamortized capital allocations account balance is increased by transfers of deferred capital allocations expended, as well as fully-supported debenture principal repayments

**10. Commitments**

The Society leases two schools and six portables from the Calgary Board of Education. Leases for the Glenmeadows School and portables expire July 31, 2013, and the Knob Hill School lease expires June 30, 2012. The Society's minimum annual lease payments for the next two years are as follows:

2012	553,655
2013	309,339
	<b>862,994</b>

**Calgary Arts Academy Society**  
**Notes to the Consolidated Financial Statements**  
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**11. Related party transactions**

Effective 2005/2006, school jurisdictions are controlled by the Government of Alberta according to criteria set out in PSAB 1300. All entities consolidated or accounted for on a modified equity basis in the accounts of the Government of Alberta are considered to be related parties of school jurisdictions. These include government departments, health authorities, post-secondary institutions and other school jurisdictions in Alberta.

Calgary Arts Academy Society is related to Calgary Arts Academy Foundation ("the Foundation") and has significant influence over the operations of the Foundation. The Foundation is a registered charity and has tax-exempt status under paragraph 149(1)(f) of the Income Tax Act. The Foundation has a purpose of promoting arts in Calgary and does this in part by supporting the Society through fundraising and other activities. During the 2011 year, the Society absorbed expenses of the Foundation in the amount of \$473.

	2011	2010
<b>Government of Alberta</b>		
Education funding	4,061,357	3,769,750
Infrastructure funding	553,655	553,655
	4,615,012	4,323,405
<b>Calgary Board of Education</b>		
Lease payments	(553,655)	(553,655)
	4,061,357	3,769,750

**12. Economic dependence**

The Society's primary source of revenue is the Government of Alberta. The Society's ability to continue viable operations is dependent upon this continued funding.

**13. Financial instruments**

The Society's financial instruments consist of cash and temporary investments, accounts receivable, school generated assets, long term investments and accounts payable and accrued liabilities. It is management's opinion that the Society is not exposed to significant interest rate, currency or credit risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying values, unless otherwise noted.

**14. Capital management**

The Society considers its capital to be its restricted and unrestricted net assets, with restricted assets consisting of amounts invested in capital assets. The Society's objectives in managing its capital are to safeguard its ability to continue as a going concern so that it can provide services to its clients. Annual budgets are developed and monitored to ensure the Society's capital is maintained at an appropriate level.

**15. Budgeted amounts**

The budget was prepared by the school jurisdiction and approved by the Board on November 23, 2010. It is presented for information purposes only and has not been audited.

**16. Correction of an error**

During the 2011 year, the Society determined that accounts receivable and unamortized capital allocations on the statement of financial position in 2010 included a duplicated amount. While the assets and liabilities of the School Council Society were consolidated into the financial statements, there was a receivable and an unamortized capital allocation from the School Council Society included in the financial statements. The correction has been applied retroactively, resulting in the following adjustments as at August 31, 2010: a decrease to accounts receivable of \$49,439 and a decrease to unamortized capital allocations of \$49,439.

**Calgary Arts Academy Society**  
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**17. Remuneration and monetary incentives**

The Society has paid or accrued expenses for the year ended August 31, 2011 to or on behalf of the following positions and persons in groups as follows:

Board Members:	FTE	Remuneration	Benefits	Negotiated Allowances	Performance Bonuses	ERIP's / Other	Expenses
<b>Co-Chairs:</b>							
Todd Hirsch	1.0	\$0	\$0	\$0			\$0
Patricia Cavill	1.0	\$0	\$0	\$0			\$382
<b>Other Board Members:</b>							
Rob Roach vice Chair	1.0	\$0	\$0	\$0			\$0
Teri Basi, Board Secretary	1.0	\$0	\$0	\$0			\$0
Karie Wylie, Board Treasurer	1.0	\$0	\$0	\$0			\$0
Joyce Buzath, School Council	1.0	\$0	\$0	\$0			\$0
Mark Bellamy	1.0	\$0	\$0	\$0			\$592
Emily Forrest	1.0	\$0	\$0	\$0			\$0
Ken McNeill	1.0	\$0	\$0	\$0			\$0
Frankie Thomas	1.0	\$0	\$0	\$0			\$0
Al Wahlstrom	1.0	\$0	\$0	\$0			\$0
<b>Subtotal</b>	<b>11.0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$974</b>
Dale Erickson, Superintendent	0.6	\$113,100	\$5,438	\$0	\$0	\$0	\$3,550
Garry Schock, Secretary-Treasurer	1.0	\$85,992	\$7,754	\$0	\$0	\$0	\$1,917
Certificated Teachers	23.4	\$1,705,373	\$171,584	\$28,600	\$0	\$0	
Non-certificated - Other	14.9	\$728,696	\$118,620	\$2,000	\$300	\$0	
<b>TOTALS</b>		<b>\$2,633,161</b>	<b>\$303,396</b>	<b>\$30,600</b>	<b>\$300</b>	<b>\$0</b>	<b>\$6,441</b>