

**ROCK SOLID FOUNDATION**

**FINANCIAL STATEMENTS**

**MARCH 31, 2015**





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## **INDEPENDENT AUDITOR'S REPORT**

### **To the Members of the Rock Solid Foundation:**

#### **Report on the Financial Statements**

We have audited the accompanying financial statements of Rock Solid Foundation, which comprise the statement of financial position as at March 31, 2015 and the statement of operations, change in net assets and cash flows for the year ended March 31, 2015, and a summary of significant accounting policies and other explanatory information.

#### *Management's Responsibility for the Financial Statements*

The Foundation's 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.

#### *Auditor's 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 the auditor's 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, the auditor considers 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 qualified audit opinion.

### *Basis for Qualified Opinion*

In common with many charitable organizations, the Foundation derives part of its revenue from donations and bequests, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Foundation, and we were not able to determine whether any adjustments might be necessary to donation and bequest revenue, total revenue, excess of revenue over expenses for the year, current assets or fund balances.

We were appointed as auditors for the foundation after March 31, 2014 and as such did not observe the counting of physical inventories at the beginning of the year. We were unable to satisfy ourselves by alternative means as to the quantities of inventory held at March 31, 2014 which is reported in the statement of financial position at \$116,800. As a result of this, we were unable to determine whether any adjustments maybe necessary in respect of recorded or unrecorded inventories and the elements making up the statement of comprehensive income, statement of changes in equity and statement of cash flows.

Part of the foundation's inventory is held in Stittsville, ON for which we were unable to attend the inventory count on March 31, 2015. We have made use of alternative means and audit procedures for this inventory, however our verification of the actual inventory balances was limited to the amounts recorded in the records of the Foundation, and we were not able to determine whether any adjustments might be necessary to the closing inventory balance of \$63,016 held at the Stittsville location on March 31, 2015.

### *Qualified Opinion*

In our opinion, except for the effects of the matters described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the Foundation as at March 31, 2015, and the results of its operations and its cash flows for the year ended March 31, 2015 in accordance with Canadian accounting standards for not-for-profit organizations.

### *Prior Year Financial Information*

The prior years financial information was not audited.



Chartered Professional Accountants LLP

Victoria, British Columbia  
July 22, 2015



**ROCK SOLID FOUNDATION**  
**Statement of Financial Position**  
**March 31, 2015**

	<b>2015</b>	<b>2014</b> <b>(unaudited)</b>
<b>ASSETS</b>		
<b>Current assets</b>		
Cash	\$ 76,776	\$ 108,332
Accounts receivable	5,591	3,868
Inventory (note 3)	153,247	116,800
	<u>235,614</u>	<u>229,000</u>
<b>Capital assets (note 4)</b>	368	885
<b>Goodwill and intangible assets</b>		
Intangible assets (note 5)	1,825	-
	<u>\$ 237,807</u>	<u>\$ 229,885</u>

**LIABILITIES AND NET ASSETS**

<b>Current liabilities</b>		
Accounts payable and accrued liabilities (note 6)	\$ 12,837	\$ 3,113
<b>Fund balance</b>	224,970	226,772
	<u>\$ 237,807</u>	<u>\$ 229,885</u>

Approved by the Directors

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(see accompanying notes)



**ROCK SOLID FOUNDATION****Statement of Operations****Year ended March 31, 2015**

	<b>2015</b>	<b>2014</b> <b>(unaudited)</b> <b>(restated)</b>
<b>Receipts</b>		
Grants and donations	\$ 95,406	\$ 137,792
Fundraising activities	25,000	29,327
Memberships	87,774	58,918
Interest income	57	102
	<b>208,237</b>	<b>226,139</b>
<b>Expenses</b>		
WITS program expenses (schedule "A")	162,043	166,426
Wages, benefits, and subcontracts	15,166	11,578
Accounting and legal	14,308	8,369
Fundraising expenses	7,650	3,040
Telephone and utilities	3,902	2,196
Office and supplies	2,577	2,824
Insurance	2,020	2,020
Bank charges and interest	1,857	206
Amortization	517	525
	<b>210,040</b>	<b>197,184</b>
<b>Income before the following:</b>	<b>(1,803)</b>	<b>28,955</b>
<b>Excess of (expenses) over receipts for the year</b>	<b>\$ (1,803)</b>	<b>\$ 28,955</b>

(see accompanying notes)



**ROCK SOLID FOUNDATION**

Expenses (schedule "A")

Year ended March 31, 2015

	<b>2015</b>	<b>2014</b> <b>(unaudited)</b> <b>(restated)</b>
<b>WITS program expenses</b>		
Books	\$ 24,488	\$ 28,596
School Supplies	60,635	73,691
Shipping	9,133	10,557
Printed Material	19,256	17,075
WITS Contest	1,030	-
Marketing	257	1,773
WITS Program Coordination (Note 1)	45,494	34,734
WITS Online Training	1,750	-
	<b>\$ 162,043</b>	<b>\$ 166,426</b>

(see accompanying notes)



**ROCK SOLID FOUNDATION**  
**Statement of Change in Net Assets**  
**Year ended March 31, 2015**

	<b>2015</b>	<b>2014</b> <b>(unaudited)</b> <b>(restated)</b>
<b>Net assets, beginning of year</b>	\$ 226,772	\$ 197,817
<b>Excess of (expenses) over receipts for the year</b>	(1,803)	28,955
<b>Net assets, end of year</b>	<b>\$ 224,969</b>	<b>\$ 226,772</b>

(see accompanying notes)



**ROCK SOLID FOUNDATION****Statement of Cash Flows****Year ended March 31, 2015**

	<b>2015</b>	<b>2014</b> <b>(unaudited)</b>
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Excess of (expenses) over receipts for the year	\$ (1,893)	\$ 28,955
Adjustment for:		
Amortization	517	525
Changes in non-cash operating working capital:		
Change in trade accounts receivable	(1,635)	2,405
Change in inventory	(36,447)	(17,075)
Change in accounts payable	9,727	(9,817)
	<u>(29,731)</u>	<u>4,993</u>
<b>Investing activities</b>		
Purchase of capital assets	-	(992)
Purchase of intangible assets	(1,825)	-
	<u>(1,825)</u>	<u>(992)</u>
<b>(Decrease) increase in cash during the year</b>	(31,556)	4,001
<b>Cash and cash equivalents, beginning of year</b>	108,332	104,331
<b>Cash and cash equivalents, end of year</b>	<u>\$ 76,776</u>	<u>\$ 108,332</u>

(see accompanying notes)





## **Purpose of the Foundation**

The Rock Solid Foundation was incorporated under the British Columbia Society Act on May 6, 1998 as a non-profit organization and is a registered charitable organization under the Income Tax Act.

The Foundation was established to promote an atmosphere of non-violence in society through innovative programs and initiatives. A particular emphasis is placed on youth with targeted specific programs in the community.

## **1. Summary of Significant Accounting Policies**

A summary of other significant accounting policies is presented below to assist the reader in evaluating the Foundation's financial statements:

### **(a) Revenue recognition**

The Foundation follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which 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.

### **(b) Capital assets and amortization**

Capital assets are recorded at cost and are being amortized over their estimated useful lives using the declining balance method at the following rates:

Furniture and equipment	-	20%
Computer hardware	-	55%

### **(c) Management estimates**

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management 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 the reported amounts of revenues and expenses during the current period. Actual results could differ from these estimates.

### **(d) Contributed services**

Volunteers and other organizations have contributed significant time and resources to assist the Foundation in carrying out its programs and activities. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.



**1. Summary of Significant Accounting Policies (cont'd)**

**(e) Allocation of WITS program expenses**

The foundation has determined the allocation for direct WITS program expenses based on resources used and estimated time spent directly on the program. The allocation of time spent on the program is estimated to be 75% by management. While the direct costs of the program to the foundation have been audited the allocation of time on the WITS program has not been audited.

**2. Financial instruments**

The Foundation's financial instruments consist of cash, accounts receivable and accounts payable. It is the Board of Director's opinion that the Foundation is not exposed to significant interest, currency, or credit risks arising from these financial instruments. Fair value of these financial instruments approximates cost due to their near term to maturity.

**3. Inventory**

Inventory consists of books, school supplies, and resources to be sold to the members of the Foundation. The Foundation measures its inventory at the lower of cost and current replacement value.

**4. Capital assets**

	Cost	Accumulated Amortization	Net Book Value	
			2015	2014
Furniture and equipment	\$ 1,869	\$ 1,794	\$ 75	\$ 93
Computer hardware	1,635	1,342	293	651
Computer software	282	282	-	141
	<b>\$ 3,786</b>	<b>\$ 3,418</b>	<b>\$ 368</b>	<b>\$ 885</b>

**5. Intangible assets**

The Foundation purchased the patents to the WITS name in multiple jurisdictions during the year. The Foundation evaluates the carrying value of intangible assets for potential impairment through ongoing review and analysis of fair market value and expected future goodwill. A permanent impairment in the value of intangible assets is written off against earnings in the year such impairment is recognized. No impairments have been identified in the current year.



**ROCK SOLID FOUNDATION**  
**Notes to the Financial Statements**  
**March 31, 2015**

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**6. Accounts payable and accrued liabilities**

Included in accounts payable and accrued liabilities are amounts payable to government agencies as follows:

	<b>2015</b>	<b>2014</b>
Payroll source deductions payable	<b>\$ 1,683</b>	<b>\$ 743</b>

**7. Comparative figures**

Based on allocations provided by management for the WITS program expenses in the prior year, the allocation of expenses relating directly to the program have been restated for the presentation of comparative figures in the current year.

