

Victoria Free-Net Association

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14 Months Ended December, 2014
(Unaudited)

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Victoria Free-Net Association

ENGAGEMENT REPORT

Notice to Reader

We have prepared the accompanying Statement of Financial Position of the Victoria Free-Net Association as at December 31, 2014 and the accompanying Statement of Operations for the 14 months to the year then ended, from information provided by the management. We have not audited, reviewed or otherwise attempted to verify the accuracy or completeness of this information nor have we attempted to determine whether these documents contain departures from generally accepted accounting principles. Accordingly, readers are cautioned that these statements may not necessarily be appropriate for their particular purposes.

Victoria, British Columbia
September 24, 2015

For and on behalf of The Counting Cottage Ltd

Victoria Free-Net Association

STATEMENT OF FINANCIAL POSITION

	Dec 31	Oct 31
	<u>2014</u>	<u>2013</u>
ASSETS		
CURRENT		
Bank and Other Cash Balances	54,535	26,905
Accounts Receivable	2,029	0
Other Current Assets - Prepaid Expenses	<u>2,360</u>	<u>0</u>
Total Current Assets	58,924	26,905
	<u>58,924</u>	<u>26,905</u>
LIABILITIES & NET ASSETS		
CURRENT		
Accounts Payable	3,443	0
Credit Cards	78	0
Accrued Expenses	4,048	0
GST, PST and WCB Liabilities	<u>100</u>	<u>0</u>
Total Current Liabilities	7,669	0
LONG TERM		
Project Balances (see note 3)	14,521	6,142
Total Liabilities	22,190	6,142
Statement of Changes in Net Assets		
Opening Balance of Net Assets	20,763	77,590
Excess (Shortfall) of Revenues over Expenditures	<u>15,971</u>	<u>(56,827)</u>
Closing Balance of Net Assets	36,734	20,763
TOTAL LIABILITIES & EQUITY	<u>58,924</u>	<u>26,905</u>

ON BEHALF OF THE BOARD

_____ Director

_____ Director

Victoria Free-Net Association

STATEMENT OF OPERATIONS

	14 months to December 31 2014	12 months to October 31 2013
INCOME		
Commercial		
Mail Hosting	606	
Domain Services	44,450	
Web Hosting	4,704	
Server Hosting	3,180	
Web Steaming	905	
Total Commercial	53,845	0
Residential		
Dialup	3,956	
Total Residential	3,956	0
Agency		
Memberships	1,115	
Donations	608	15,280
Online Ad Sales	2,982	2,237
Grants	0	0
Interest & Other Income	151	69
Total Agency	4,856	17,586
Total Income	62,657	17,586
COST OF SALES		
Connectivity		
VITP	683	0
BC Net	11,200	3,920
Access Data Group/Quicksilver	14,263	11,500
Bell	1,089	6,598
Shaw	0	4,744
Total Connectivity	27,235	26,761
Domain Registry & Security Certificates	766	0
Total Cost of Sales	28,001	26,761
Gross Margin (Deficit)	34,656	(9,175)

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	14 months to December 31 2014	12 months to October 31 2013
Gross Margin (Deficit) brought forward	34,656	(9,175)
EXPENSES		
Payroll and Contractors		
Contractors and Payroll	0	13,343
WCB Expense	48	
Benefits and Other	0	2,666
Total Payroll and Contractors	48	16,009
Occupancy		
Rent	8,190	24,038
Utilities / Hydro	2,048	
Total Occupancy	10,238	24,038
Office and Administration		
Bank and Service Fees	702	1,248
Telephone	135	2,409
Small Furniture & Equipment	84	68
Insurance	1,156	1,535
Parking	662	301
Office Expenses	1,343	776
Professional Fees	4,000	
Total Office and Administration	8,082	6,337
Operations		
Projects Expenses	100	81
Memberships and Dues	170	1,188
Miscellaneous Expenses	47	
Total Operations	317	1,268
Total Expense	18,684	34,309 47,652
Excess Income (Shortfall) over Expenses	15,971	(56,827)

Victoria Free-Net Association

NOTES TO THE FINANCIAL STATEMENTS:

1. PURPOSE OF THE ORGANIZATION

Victoria Free-Net Association is a not-for-profit Internet service and systems provider. It supports people in using the Internet to improve their lives through operating publicly accessible computer networks and services. It encourages organizations to apply the changing practices, tools and skills they will need to move from using the Internet in the delivery of community-based services to consciously and actively making their community work better for everyone.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

These financial statements, with some exceptions, have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

Contributed Services

Volunteers assist the Victoria Free-net Association in carrying out its operations. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

Currency Exchange

Bank Balances during the period under review included certain US Dollars amounts which, not being material, were converted to Canadian Dollars at the approximate exchange rates prevailing at that time.

Revenue Recognition

Unrestricted contributions and earned revenues are recognized as income to the organization, whereas income or grants with project restrictions attached are shown as liabilities which are offset by expenses incurred relative to each project.

Change in the Basis of Accounting

Certain intermediate comparatives are missing. In certain circumstances this is due to a change in the basis of accounting from the prior year; in other circumstances this is the result of incomplete records in prior periods.

Fund Accounting is utilized from this fiscal period forward and replaces the Restricted Net Funds in the Equity section of the Balance Sheet. Project administration may result in potential residual or percentage income to the Association. Because of its uncertainty, no such income has been included in the 14 months under review.

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Statement of Changes in Net Assets and Cash Flow

No statement of changes in net assets or a cash flow statement is included for the period under review due to changes in the basis of accounting.

Change in Year End

The fiscal period under review is extended to 14 months due to the change in year end from October 31st to December 31st. Prior year income and expenses are consequently not directly comparable.

3. RESTRICTED PROJECT FUNDS

Two project funds are currently administered:

A) CAP YI (Community Access Program – Youth Initiative)

Funds available current fiscal period	\$38,162
Less Project Expenses this Fiscal Period	<u>\$24,246</u>
Balance carried forward	<u>\$13,916</u>

B) Art Commons

Funds available current fiscal period	\$ 2,000
Less Project Expenses in this Fiscal Period	<u>\$ 1,395</u>
Balance carried forward	<u>\$ 605</u>

Total project expenses carried forward (Balance Sheet) \$14,521

4. ONE-TIME WINDFALL INCOME

Domain Services income of \$44,450 includes a one-time windfall income of approximately \$44,000 as a result of a sale of a domain registration. Ownership of domain properties may result in future income, but this is not assured.