

**AUDITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2010**
[School Act, Sections 147(2)(a), 148, 151(1) and 276]

The FFCA Charter School Society

Legal Name of School Jurisdiction

240, 688 Heritage Drive SE, Calgary, AB T2H 1M6

Mailing Address

403-520-3206 and 403-520-3209

Telephone and Fax Numbers

SCHOOL JURISDICTION MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The financial statements of The FFCA Charter School 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

Bill McGregor

Name

"ORIGINAL SIGNED"

Signature

SUPERINTENDENT

Jay Pritchard

Name

"ORIGINAL SIGNED"

Signature

SECRETARY TREASURER OR TREASURER

Reta Morgan

Name

"ORIGINAL SIGNED"

Signature

November 17, 2010

Board-approved Release Date

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Auditors' Report

To the Members of
The FFCA Charter School Society

We have audited the statement of financial position of The FFCA Charter School Society as at August 31, 2010 and the statements of operations, changes in net assets 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, 2010 and the results of its operations, changes in net assets and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Collins Barrow Calgary LLP

CHARTERED ACCOUNTANTS

Calgary, Alberta
October 21, 2010

STATEMENT OF FINANCIAL POSITION
as at August 31, 2010

(in dollars)

	2010	2009 (Note)
ASSETS		
Current assets		
Cash and temporary investments (Note 4)	\$3,309,650	\$3,098,284
Accounts receivable (net after allowances) (Note 5)	\$433,127	\$476,132
Prepaid expenses	\$201,193	\$115,802
Other current assets	\$0	\$0
Total current assets	\$3,943,970	\$3,690,218
School generated assets		
Trust assets (Note 7)	\$47,960	\$37,277
Long term accounts receivable	\$0	\$0
Long term investments (Note 6)	\$14,265	\$8,045
Capital assets (Note 8)		
Land	\$0	\$0
Construction in Progress	\$0	\$0
Buildings	\$1,827,526	
Less: accumulated amortization	(\$1,023,422)	\$804,104
Equipment	\$3,214,500	
Less: accumulated amortization	(\$2,147,885)	\$1,066,615
Vehicles	\$0	
Less: accumulated amortization	\$0	\$0
Total capital assets	\$1,870,719	\$2,218,593
TOTAL ASSETS	\$6,015,169	\$6,057,385
LIABILITIES		
Current liabilities		
Bank indebtedness	\$0	\$0
Accounts payable and accrued liabilities (Note 9)	\$693,469	\$1,046,553
Deferred revenue (Note 10)	\$2,029,168	\$1,709,284
Deferred capital allocations	\$0	\$0
Current portion of long term debt (Note 11)	\$32,170	\$16,040
Total current liabilities	\$2,754,807	\$2,771,877
School generated liabilities		
Trust liabilities (Note 7)	\$138,255	\$103,252
Employee future benefit liabilities	\$47,960	\$37,277
Other long term 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 (Note 11)	\$125,001	\$66,754
Mortgages	\$0	\$0
Less: Current portion (Note 11)	(\$32,170)	(\$16,040)
Other long term liabilities	\$0	\$0
Unamortized capital allocations (Note 12)	\$443,470	\$499,370
Total long term liabilities	\$722,516	\$690,613
TOTAL LIABILITIES	\$3,477,323	\$3,462,490
NET ASSETS		
Unrestricted net assets	\$0	\$0
Operating Reserves	\$1,235,598	\$942,426
Accumulated Operating Surplus (Deficit)	\$1,235,598	\$942,426
Investment in capital assets	\$1,302,248	\$1,652,469
Capital Reserves	\$0	\$0
Total Capital Funds	\$1,302,248	\$1,652,469
Total net assets	\$2,537,846	\$2,594,895
TOTAL LIABILITIES AND NET ASSETS	\$6,015,169	\$6,057,385

Note: Please input "(Restated)" in 2009 column heading where comparatives are not taken from the finalized 2008-2009 Audited Financial Statements filed with Alberta Education.

STATEMENT OF REVENUES AND EXPENSES
for the Year Ended August 31, 2010
(in dollars)

	Actual 2010	Budget 2010 (Note)	Actual 2009 (Note)
REVENUES			
Government of Alberta	\$24,689,753	\$24,371,055	\$22,236,741
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	\$353,305	\$356,725	\$429,203
Transportation fees	\$917,674	\$1,007,625	\$911,019
Other sales and services	\$12,227	\$0	\$23,348
Investment income	\$120,943	\$60,000	\$126,532
Gifts and donations	\$1,065	\$0	\$600
Rental of facilities	\$1,117	\$0	\$0
Gross school generated funds	\$732,183	\$555,048	\$824,234
Gains on disposal of capital assets	\$0	\$0	\$0
Amortization of capital allocations	\$320,430	\$248,954	\$165,611
Other revenue	\$0	\$0	\$0
Total Revenues	\$27,148,697	\$26,599,407	\$24,717,288
EXPENSES			
Certificated salaries (Note 20)	\$12,781,189	\$12,945,185	\$11,383,411
Certificated benefits (Note 20)	\$1,078,572	\$1,150,982	\$947,156
Non-certificated salaries and wages (Note 20)	\$2,760,811	\$2,843,295	\$2,163,556
Non-certificated benefits (Note 20)	\$612,832	\$575,560	\$485,997
Services, contracts and supplies	\$7,879,946	\$7,954,698	\$7,975,971
Gross school generated funds	\$732,183	\$555,048	\$824,234
Capital and debt services			
Amortization of capital assets			
Supported	\$320,430	\$248,954	\$142,098
Unsupported	\$993,534	\$420,785	\$887,578
Total Amortization of capital assets	\$1,313,964	\$669,739	\$1,029,676
Interest on capital debt			
Supported	\$0	\$0	\$0
Unsupported	\$0	\$0	\$0
Total Interest on capital debt	\$0	\$0	\$0
Other interest and charges	\$46,249	\$34,900	\$35,009
Losses on disposal of capital assets	\$0	\$0	\$0
Other expense	\$0	\$0	\$0
Total Expenses	\$27,205,746	\$26,729,407	\$24,845,010
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES BEFORE EXTRAORDINARY ITEM			
	(\$57,049)	(\$130,000)	(\$127,722)
Extraordinary Item	\$0	\$0	\$0
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	(\$57,049)	(\$130,000)	(\$127,722)

Note: Please input "(Restated)" where Actual 2009 comparatives are not as presented in the finalized 2008-2009 Audited Financial Statements filed with Alberta Education. Budget 2010 comparatives presented are final budget amounts formally approved by the Board.

STATEMENT OF CASH FLOWS
for the Year Ended August 31, 2010

(in dollars)

	2010	2009 (Note)
CASH FLOWS FROM:		
A. OPERATIONS		
Excess (deficiency) of revenues over expenses	(\$57,049)	(\$127,722)
Add (Deduct) items not affecting cash:		
Amortization of capital allocations revenue	(\$320,430)	(\$165,611)
Total amortization expense	\$1,313,964	\$1,029,676
Gains on disposal of capital assets	\$0	\$0
Losses on disposal of capital assets	\$0	\$0
Changes in:		
Accounts receivable	\$43,005	(\$83,863)
Prepays and other current assets	(\$85,391)	(\$33,095)
Long term accounts receivable	\$0	\$0
Long term investments	(\$6,220)	(\$2,756)
Accounts payable and accrued liabilities	(\$353,084)	(\$480)
Deferred revenue	\$319,884	(\$175,076)
Employee future benefit liabilities	\$0	\$0
Other (describe)	\$0	\$0
Total cash flows from Operations	\$854,679	\$441,073
B. INVESTING ACTIVITIES		
Purchases of capital assets		
Land	\$0	\$0
Buildings	(\$557,577)	(\$628,003)
Equipment	(\$408,513)	(\$979,034)
Vehicles	\$0	\$0
Net proceeds from disposal of capital assets	\$0	\$0
Other (describe)	\$0	\$0
Total cash flows from Investing activities	(\$966,090)	(\$1,607,037)
C. FINANCING ACTIVITIES		
Capital allocations	\$264,530	\$53,232
Issue of long term debt	\$89,780	\$0
Repayment of long term debt	(\$31,533)	(\$14,901)
Add back: supported portion	\$0	\$0
Other (describe)	\$0	\$0
Total cash flows from financing activities	\$322,777	\$38,331
Net cash flows from during the year	\$211,366	(\$1,127,633)
Cash and temporary investments, net of bank indebtedness, at Aug. 31/09	\$3,098,284	\$4,225,917
Cash and temporary investments, net of bank indebtedness, at Aug. 31/10	\$3,309,650	\$3,098,284

Note: Please input "(Restated)" where Actual 2009 comparatives are not as presented in the finalized 2008-2009 Audited Financial Statement filed with Alberta Education.

**STATEMENT OF CHANGES IN NET ASSETS
for the Year Ended August 31, 2010**

School Jurisdiction Code: 9

(in dollars)

	(1)	(2)	(3)	(4)		(5)		(6)		(7)	(8)		(9)	(10)		(11)	(12)		(13)	(14)		(15)	
	INTERNALLY RESTRICTED NET ASSETS																						
	TOTAL NET ASSETS Cols. 2+3+4+5	INVESTMENT IN CAPITAL ASSETS	UNRESTRICTED NET ASSETS	TOTAL OPERATING RESERVES Cols. 6+8+10+12+14	TOTAL CAPITAL RESERVES Cols. 7+9+11+13+15	School & Instruction Related		Operations & Maintenance		Board & System Admin.		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							
Balance at August 31, 2009	\$2,594,895	\$1,652,469	\$0	\$942,426	\$0	\$0	\$7,119	\$0	\$413,813	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Prior period adjustments (describe)																							
	\$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	\$0	\$0	
Adjusted Balance, Aug. 31, 2009	\$2,594,895	\$1,652,469	\$0	\$942,426	\$0	\$521,494	\$7,119	\$0	\$413,813	\$0	\$521,494	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Excess (deficiency) of revenues over expenses	(\$57,049)		(\$57,049)																				
Board funded capital additions		\$643,313	\$0	(\$643,313)	\$0	(\$350,266)	(\$293,047)	\$0	\$0	\$0	\$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	\$0	\$0	\$0	\$0	\$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	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Direct credits to net assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Amortization of capital assets		(\$1,313,964)	\$1,313,964																				
Amortization of capital allocations		\$320,430	(\$320,430)																				
Debt principal repayments (unsupported)		\$0	\$0																				
Net transfers to operating reserves			(\$1,057,608)	\$1,057,608	\$883,814	\$12,295	\$40,376	\$121,123	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Net transfers from operating reserves			\$121,123	(\$121,123)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Net transfers to capital reserves			\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Net transfers from capital reserves			\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$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	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Balance at August 31, 2010	\$2,537,846	\$1,302,248	\$0	\$1,235,598	\$0	\$1,055,042	(\$273,633)	\$0	\$454,189	\$0	\$454,189	\$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, 2010
 (in dollars)

	Deferred Capital Allocations	Unamortized Capital Allocations
Balance at August 31, 2009	\$0	\$499,370
Prior period adjustments	\$0	\$0
Adjusted balance, August 31, 2009	\$0	\$499,370
Add:		
Restricted capital allocations from:		
Alberta Education including school and modular projects	\$264,530	
Other Government of Alberta	\$0	
Federal Government and First Nations	\$0	
Other sources	\$0	
Interest earned on provincial government capital allocations	\$0	
Other capital grants and donations	\$0	
Net proceeds on disposal of supported capital assets	\$0	
Insurance proceeds (and related interest)	\$0	
Donated capital assets (amortizable, @ fair market value)		\$0
Transferred in capital assets (amortizable, @ net book value)		\$0
Current Year Debenture Principal Repayment		\$0
Expended capital allocations - current year	(\$264,530)	\$264,530
Deduct:		
Net book value of supported capital assets dispositions, write-offs, or transfer; Other	\$0	\$0
Capital allocations amortized to revenue		\$320,430
Balance at August 31, 2010	\$0	\$443,470

* Infrastructure Maintenance Renewal/Infrastructure Maintenance Program allocations are excluded from this Statement, since those contributions are not externally restricted to capital.

The FFCA Charter School Society

Notes to Financial Statements

August 31, 2010

1. Purpose of the Society

The Society delivers educational programs, operating as the The FFCA Charter School Society under the authority of the *School Act*, Chapter S-3, Status of Alberta, January 2000. The Society was incorporated on March 21, 1996 under the *Societies Act* of Alberta. Through a charter established with the Minister of Education, the Society operates a charter school from seven locations. The campuses provide education from kindergarten to Grade 12. The Charter was renewed for five years on August 31, 2007.

The Society receives block allocation 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 under the *Societies Act* of Alberta as a not-for-profit organization and is a registered charity and, as such, is exempt from income taxes.

2. Significant accounting policies

(a) Basis of accounting

The financial statements are prepared in accordance with Canadian generally accepted accounting principles using the deferral method of accounting for not-for-profit organizations.

(b) Amortization

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair market value at the date of contribution. Only capital assets with costs in excess of \$5,000 are capitalized.

Amortization on capital assets is provided on a straight-line basis over the following range of years:

Site improvements	3 to 5 years
Portable buildings	3 to 4 years
Other equipment	3 to 10 years
Computer equipment and software	2 to 5 years
Leasehold improvements	3 to 5 years
Leasehold improvements - North Middle Campus	2 years
Leasehold improvements - central office	5 years

(c) Cash and temporary investments

Cash and temporary investments consist of cash on hand, bank balances and investments in guaranteed investment certificates, two bearing interest at 1% and one bearing interest at 4.5%, all cashable on demand, as at August 31, 2010.

The FFCA Charter School Society

Notes to Financial Statements

August 31, 2010

(d) Long-term investments

Long-term investments are recorded at fair value. Income earned on investments is recognized as revenue when earned.

(e) School generated funds

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

(f) 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.

(g) 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.

Unrestricted donations are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. 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.

(h) Pensions

Pension costs included in these financial statements as part of salary and benefits comprise the cost of employer contributions for current service of support staff employees during the year.

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 FFCA Charter School Society does not make pension contributions for certificated staff.

The FFCA Charter School Society
Notes to Financial Statements
August 31, 2010

The FFCA Charter School Society participates in a multi-employer pension plan, the Local Authorities Pension (LAP) Plan, and does not report on any unfunded liabilities. The expense for this pension plan is equivalent to the annual contributions of \$415,125 for the year ended August 31, 2010 (2009 - \$289,743). At December 31, 2009, the Local Authorities Pension Plan reported a deficiency of \$3,998,614,000 (2008 - \$4,413,971,000). In 2010, the Province recorded a liability of \$314,000,000 (2009 - \$186,000,000) for its portion of the unfunded pension obligations related to organizations controlled by the Province.

(i) Vacation pay

Vacation pay is accrued in the period in which the employee earns the benefit.

(j) Financial instruments

Financial instruments are detailed in note 16. Unless otherwise noted, the fair values of these financial instruments approximate their carrying values. The Society has invested surplus funds in accordance with Section 60(2)(d) of the *School Act*.

(k) Contributed materials and services

Contributed materials and services which are used in the normal course of the Society's operations and would otherwise have been purchased are recorded at their fair value at the date of contribution if fair value can be reasonably estimated.

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.

(l) Operating and capital reserves

Reserves are established at the discretion of the Board of Directors of the Society, to set aside funds for operating and capital purposes. Such reserves are appropriations of unrestricted net assets.

(m) Changes in accounting policies

Effective September 1, 2009, the Society adopted the revised CICA Handbook Section 4400 – *“Financial Statement Presentation by Not-for-Profit Organizations”*. Under the revised standards, not-for-profit organizations are no longer required to report net assets invested in capital assets as a separate component of net assets. Instead, the revised standard permits a not-for-profit organization to present such an amount as a category of internally restricted net assets. Revenues and expenses must now be recognized and presented on a gross basis when a not-for-profit organization is acting as a principal in transactions. Not-for-profit organizations will also be required to apply the same standards as profit-oriented enterprises with respect to interim financial statements and statements of cash flows. The amendments to this standard did not have an impact on the financial statements.

The FFCA Charter School Society

Notes to Financial Statements

August 31, 2010

Effective September 1, 2009, the Society adopted the revised CICA Handbook Section 4430 – *“Capital Assets Held by Not-for-Profit Organizations”*. Under the revised standards, not-for-profit organizations that capitalize their capital assets must do so for all classes of capital assets and must consistently follow guidance for amortization and impairment losses. The amendments to this standard did not have an impact on the financial statements.

Effective September 1, 2009, the Society adopted CICA Handbook Section 4470 – *“Disclosure of Allocated Expenses by Not-for-Profit Organizations”*, which will require not-for-profit organizations that make allocations of general support and fundraising costs to other functions to disclose the policies adopted for the allocation of expenses among functions, the nature of the expenses being allocated, the basis on which allocations have been made and the functions to which they have been allocated. This new standard did not have an impact on the financial statements.

In January 2009, the Emerging Issues Committee (“EIC”) of the CICA approved an abstract EIC 173, *“Credit Risk and the Fair Value of Financial Assets and Financial Liabilities”* which provides further information on the determination of the fair value of financial assets and financial liabilities under Section 3855, entitled *“Financial Instruments - Recognition and Measurement”*. This EIC states that an entity's own credit risk and the credit risk of the counterparty should be taken into account in determining the fair value of financial assets and financial liabilities, including derivative instruments. EIC 173 is to be applied retrospectively without restatement of prior periods to all financial assets and liabilities measured at fair value in interim and annual financial statements for periods ending on or after the date of issuance of this Abstract. The Society incorporated the provisions of EIC 173 in its fair value determinations as at August 31, 2010; however, there was no impact on the financial statements.

The FFCA Charter School Society

Notes to Financial Statements

August 31, 2010

(n) Future accounting pronouncements

In February 2008, the CICA Accounting Standards Board confirmed that the changeover to International Financial Reporting Standards ("IFRS") from Canadian GAAP will be required for publicly accountable entities effective for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. Non-publicly accountable enterprises will not be required to adopt IFRS. Instead, the CICA has developed a new GAAP framework for private enterprises. The accounting standards for private enterprises were issued December 15, 2009 and will be effective for years beginning on or after January 1, 2011. In March 2010, the Accounting Standards Board issued an Exposure Draft - "Accounting Standards for Not-for-Profit Organizations". Not-for-profit organizations in the private sector can choose to apply IFRS or the proposed Part III of the CICA Handbook. Initially, Part III will comprise: the existing 4400 series of standards for not-for-profit organizations, the additional standards and amendment proposal, and the standards included in Private Enterprise GAAP to the extent that they would apply to not-for-profit organizations. The AcSB notes that the standards themselves are not substantially changing and the options proposed in the Exposure Draft are not likely to result in a significant change in many not-for-profit organizations. The AcSB expects that the final standards will be issued late in 2010 and would be applicable to fiscal years beginning on or after January 1, 2012 with earlier application permitted.

3. Measurement uncertainty

The valuation of accounts receivable is based on management's best estimate of the provision for doubtful accounts.

The valuation of capital assets is based on management's best estimates of the future recoverability of these assets and the determination of costs subject to classification as capital assets. The amounts recorded for amortization of the capital assets are based on management's best estimates of the remaining useful lives and period of future benefit of the related assets.

By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant.

4. Cash and temporary investments

	2010			2009		
	Effective (Market) Yield	Cost	Fair Value	Effective (Market) Yield	Cost	Fair Value
Cash		\$ 468,646	\$ 468,646		\$ 71,013	\$ 71,013
Guaranteed Investment Certificates	1.00% - 4.50%	<u>2,841,004</u>	<u>2,841,004</u>	0.15% to 3.50%	<u>3,027,271</u>	<u>3,027,271</u>
		<u>\$ 3,309,650</u>	<u>\$ 3,309,650</u>		<u>\$ 3,098,284</u>	<u>\$ 3,098,284</u>

The FFCA Charter School Society

Notes to Financial Statements

August 31, 2010

5. Accounts receivable

	2010	2009
Alberta Education	\$ 231,791	\$ 231,791
Federal Government	91,901	129,616
First Calgary - GIC Interest	87,957	80,738
Other receivables	<u>21,478</u>	<u>33,987</u>
	<u>\$ 433,127</u>	<u>\$ 476,132</u>

6. Long-term investments

The long-term investments consist of First Calgary common shares of \$10,824 (2009 - \$8,045) and a non-redeemable guaranteed investment certificate of \$3,441 (2009 - \$NIL), bearing interest at 1.75% per annum and maturing June 2013. The fair value of these investments approximates carrying value.

7. Trust assets and liabilities

At the end of the current fiscal year, the Society held funds in trust as detailed below:

	2010	2009
School Council Character Fund	\$ 25,690	\$ 24,512
Charter Schools Conference Fund	-	1,810
Scholarship trusts	22,270	2,056
Uniform Committee Fund	<u>-</u>	<u>8,899</u>
	<u>\$ 47,960</u>	<u>\$ 37,277</u>

The FFCA Charter School Society
Notes to Financial Statements
August 31, 2010

8. Capital assets

	Portable Buildings, Site Improvements and Leasehold Improvements	Computer Hardware and Software	Other Equipment	Total 2010	Total 2009
Estimated useful life	2-5 years	2-5 years	3-10 years		
Historical cost					
September 1, 2009	\$ 1,269,950	\$ 2,131,314	\$ 674,671	\$ 4,075,935	\$ 2,468,899
Additions	<u>557,577</u>	<u>277,981</u>	<u>130,532</u>	<u>966,090</u>	<u>1,607,036</u>
August 31, 2010	<u>1,827,527</u>	<u>2,409,295</u>	<u>805,203</u>	<u>5,042,025</u>	<u>4,075,935</u>
Accumulated amortization					
September 1, 2009	552,203	1,075,140	229,999	1,857,342	827,666
Amortization expense	<u>471,219</u>	<u>712,499</u>	<u>130,246</u>	<u>1,313,964</u>	<u>1,029,676</u>
August 31, 2010	<u>1,023,422</u>	<u>1,787,639</u>	<u>360,245</u>	<u>3,171,306</u>	<u>1,857,342</u>
Net book value	<u>\$ 804,105</u>	<u>\$ 621,656</u>	<u>\$ 444,958</u>	<u>\$ 1,870,719</u>	<u>\$ 2,218,593</u>

Included in furniture and equipment are assets under capital lease with a net book value of \$106,542 (2009 - \$52,077).

Amortization of assets under capital lease is \$35,315 (2009 - \$17,359) and is included in amortization expense.

Amortization expense for the year is \$1,313,964 (2009 - \$1,029,676) and this amount has been allocated to technology, facilities, general and administrative and campus resources expenses.

The FFCA Charter School Society
Notes to Financial Statements
August 31, 2010

9. Accounts payable and accrued liabilities

	2010	2009
Calgary Board of Education	\$ 192,785	\$ 192,785
Alberta Education (LRC)	-	22,580
Alberta Teachers' Retirement Fund	-	72,128
Chisholm	104,279	-
McGraw Hill	-	30,937
Payroll	206,329	169,865
TriCon Technical	-	26,744
Receiver General	2,423	47,709
Sun Life	42,051	37,375
Other payables	<u>145,602</u>	<u>446,430</u>
	<u>\$ 693,469</u>	<u>\$ 1,046,553</u>

10. Deferred revenue

	August 31, 2009	Add: 2009/2010 Restricted Funds Received	Deduct: 2009/2010 Restricted Funds Expended	August 31, 2010
Alberta Education Restricted Operational Funding:				
Alberta Initiative for School Improvement	\$ -	\$ 338,603	\$ 305,705	\$ 32,898
Other Alberta Education deferred revenue	79,226	72,882	42,278	109,830
Other deferred revenue:				
Parent fees received in advance	1,141,569	1,329,690	1,141,569	1,329,690
Campus based revenue	<u>488,489</u>	<u>556,750</u>	<u>488,489</u>	<u>556,750</u>
	<u>\$ 1,709,284</u>	<u>\$ 2,297,925</u>	<u>\$ 1,978,041</u>	<u>\$ 2,029,168</u>

11. Obligations under capital lease

	2010	2009
Two obligations under capital lease, each repayable in twenty quarterly instalments of \$2,570, including interest at 7.43%, secured by specific office equipment, due May 2013	\$ 50,714	\$ 66,754

The FFCA Charter School Society

Notes to Financial Statements

August 31, 2010

Obligation under capital lease, repayable in twenty-two quarterly instalments of \$5,025, including interest at 7.55%, secured by specific office equipment, due February 2015	<u>74,287</u>	<u>-</u>
	125,001	66,754
Less: Portion due within one year	<u>32,170</u>	<u>16,040</u>
	<u>\$ 92,831</u>	<u>\$ 50,714</u>

Payments due on obligations under capital lease are as follows:

2011	\$ 40,660
2012	40,660
2013	35,520
2014	20,100
2015	<u>10,050</u>
	146,990
Payments representing interest	<u>21,989</u>
	<u>\$ 125,001</u>

12. Deferred capital allocations

Deferred capital allocations represent the unamortized portion of restricted contributions received.

The change in deferred contributions balance for the year is as follows:

	2010	2009
Balance, beginning of year	\$ 499,370	\$ 611,749
Add: Contributions received	264,530	53,232
Less: Amounts amortized to revenue during the year	<u>(320,430)</u>	<u>(165,611)</u>
Balance, end of year	<u>\$ 443,470</u>	<u>\$ 499,370</u>

The FFCA Charter School Society
Notes to Financial Statements
August 31, 2010

13. Commitment

The Society leases eight locations; seven of these are for campuses and one is for its head office. Two campuses are leased from the Calgary Catholic School Board and both expire June 30, 2012. The other five campuses are leased from the Calgary Board of Education and the leases expire July 31 or August 31, 2012. The Society's head office location is leased until March 31, 2012. The Society's minimum annual lease payments, exclusive of occupancy costs, for the next two years are as follows:

2011	\$ 2,829,454
2012	<u>2,569,546</u>
	<u>\$ 5,399,000</u>

14. Non-cash transaction

During the year, the acquisition of equipment was directly financed through an obligation under capital lease in the amount of \$89,780. As this transaction was non-cash in nature, it has been excluded from the statement of cash flows.

15. 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.

16. Financial instruments

The Society uses CICA Handbook Section 3861 when determining disclosures for financial instruments.

(a) Fair values

The fair values of the Society's cash and temporary investments, accounts receivable, accounts payable and accrued liabilities, and school council funds approximate their carrying values because of their short-term nature. The fair value of the long-term investments approximates their carrying value. The fair value of the obligations under capital lease approximates book value because the capital leases bear interest at market rates.

(b) Credit risk

The financial instruments that potentially subject the company to a significant concentration of credit risk consist primarily of cash and temporary investments as well as accounts receivable. Cash and temporary investments are held with one Canadian financial institution.

The Society has a concentration of credit risk with respect to accounts receivable in that 54% (2009 - 49%) of its accounts receivable is due from the Alberta government.

The FFCA Charter School Society
Notes to Financial Statements
August 31, 2010

The Society mitigates its exposure to credit loss by placing cash and temporary investments with major financial institutions.

(c) Interest rate risk

The Society is exposed to interest rate price risk to the extent that the obligations under capital lease and the temporary investments bear interest at a fixed rate.

17. Contingency

The Society is a member of a reciprocal insurance exchange called Jubilee Reciprocal. A portion of the premiums paid each year represents equity contributions to the insurance fund. These payments have been recorded as expenses in the financial statements, as the value of the equity is subject to liability claims.

18. Budget amounts

The 2010 budget for the Society was approved by the Board and has been reported in the financial statements for information purposes only. These budgeted amounts have not been audited.

19. 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 now related parties of school jurisdictions. These include government departments, health authorities, post-secondary institutions and other school jurisdictions in Alberta. The FFCA Charter School Society has related party transactions for the year ended August 31, 2010 with Calgary Board of Education, Calgary Catholic Board of Education recorded on the statement of revenues and expenses and statement of financial position, at the amount of consideration agreed upon between the related parties.

	Balances		Transactions	
	Assets	Liabilities	Revenues	Expenses
Government of Alberta Education	\$ 242,734	\$ 146,044	\$ 24,376,656	\$ 53,339
Other Other Alberta school jurisdictions	<u>-</u>	<u>199,765</u>	<u>-</u>	<u>2,819,762</u>
Total 2009 - 2010	<u>\$ 242,734</u>	<u>\$ 345,809</u>	<u>\$ 24,376,656</u>	<u>\$ 2,873,101</u>
Total 2008 - 2009	<u>\$ 231,791</u>	<u>\$ 339,281</u>	<u>\$ 22,186,559</u>	<u>\$ 2,549,629</u>

Expenses paid to Calgary Board of Education for leases and maintenance amount to \$2,330,558 and Calgary Catholic Board of Education for leases amount to \$476,517. These amounts are included in facilities expense on the statement of operations.

The FFCA Charter School Society
Notes to Financial Statements
August 31, 2010

20. Remuneration and monetary incentives

The Society paid or accrued expenses for the year ended August 31, 2010 to or on behalf of the following positions and persons in groups as follows:

Board Members	FTE	Remuneration	Benefits	Performance Bonuses	ERIPs/ Other	Expenses
B. McGregor, Chair		\$ 16,356	\$ 606	\$ -	\$ -	\$ 9,822
C. Best		2,400	61	-	-	213
S. Chu		2,625	87	-	-	1,479
J. Cox		3,375	109	-	-	837
C. Higa		975	34	-	-	228
D. Martin		375	4	-	-	67
D. McElhanney		525	12	-	-	125
D. Whitbread		450	-	-	-	118
B. Menghi		2,325	72	-	-	511
M. Wilson		3,600	73	-	-	1,483
S. Schroh		4,575	183	-	-	2,464
G. Schuster		8,400	276	-	-	2,309
Subtotal		45,981	1,517	-	-	19,656
Superintendent	1.0	172,829	31,200	6,000	32,098	4,660
Secretary treasurer	1.0	127,853	22,131	-	-	2,393
Certificated Teachers	160.4	12,570,262	1,047,372	-	-	-
Non-certificated	54.2	2,632,958	590,701	-	-	-
		<u>\$ 15,549,883</u>	<u>\$ 1,692,921</u>	<u>\$ 6,000</u>	<u>\$ 32,098</u>	<u>\$ 26,709</u>

These expenses are recorded on the statement of operations as salaries, Alberta Initiative for School Improvement, professional development and board costs.

21. Capital disclosures

The Society defines its capital as the amounts included in its net assets.

The Society's objective when managing capital is to safeguard its ability to continue as a going concern so that it can continue to provide the appropriate level of services to its beneficiaries and its stakeholders.

22. Comparative figures

Certain comparative figures have been reclassified to conform with the current year's presentation.

UNAUDITED SCHEDULES
TO THE
FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2010
[School Act, Section 276]

The FFCA Charter School Society

Legal Name of School Jurisdiction

240, 688 Heritage Drive SE, Calgary, AB T2H 1M6

Mailing Address

403-520-3206 and 403-520-3209

Telephone and Fax Numbers

Declaration of Secretary-Treasurer / Chief Financial Officer

To the best of my knowledge and belief, these unaudited schedules have been prepared following Alberta Education's reporting requirements for Alberta school jurisdictions. These schedules were submitted to the board for information purposes.

SECRETARY TREASURER OR TREASURER

Reta Morgan

Name

"ORIGINAL SIGNED"

Signature

November 17, 2010

Dated

c.c. ALBERTA EDUCATION, Financial Reporting & Accountability Branch,
8th Floor Commerce Place, 10155-102 Street, Edmonton AB T5J 4L5
EMAIL: Cindy.Wang@gov.ab.ca
PHONE: (780) 644-5672 FAX: (780) 422-6996

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SCHEDULE A

School Jurisdiction Code: _____

9

ALLOCATION OF REVENUES AND EXPENSES TO PROGRAMS - 2009-2010

REVENUES	ECS Instruction	Grades 1-12 Instruction	Operations and Maintenance of Schools & Maintenance Shops	Transportation	Board & System Administration	External Services	TOTAL
(1) Alberta Education	\$935,666	\$17,181,753	\$4,521,996	\$1,002,797	\$1,047,541	\$0	\$24,689,753
(2) Other - Government of Alberta	\$0	\$0	\$0	\$0	\$0	\$0	\$0
(3) Federal Government and First Nations	\$0	\$0	\$0	\$0	\$0	\$0	\$0
(4) Other Alberta school authorities	\$0	\$0	\$0	\$0	\$0	\$0	\$0
(5) Out of province authorities	\$0	\$0	\$0	\$0	\$0	\$0	\$0
(6) Alberta Municipalities-special tax levies	\$0	\$0	\$0	\$0	\$0	\$0	\$0
(7) Instruction resource fees	\$26,928	\$326,377					\$353,305
(8) Transportation fees-ECS				\$68,958			\$68,958
(9) Transportation fees-Grades 1-12				\$848,716			\$848,716
(10) Other sales and services	\$0	\$0	\$7,347	\$0	\$4,880	\$0	\$12,227
(11) Investment income	\$2,430	\$64,509	\$913	\$0	\$53,090	\$0	\$120,942
(12) Gifts and donations	\$0	\$0	\$0	\$0	\$1,065	\$0	\$1,065
(13) Rental of facilities	\$0	\$0	\$1,117	\$0	\$0	\$0	\$1,117
(14) Gross school generated funds	\$37,814	\$694,369	\$0	\$0	\$0	\$0	\$732,183
(15) Gains on disposal of capital assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0
(16) Amortization of capital allocations	\$0	\$90,714	\$229,716	\$0	\$0	\$0	\$320,430
(17) Other revenue	\$0	\$0	\$0	\$0	\$0	\$0	\$0
(18) TOTAL REVENUES	\$1,002,838	\$18,357,722	\$4,761,089	\$1,920,471	\$1,106,576	\$0	\$27,148,696
EXPENSES							
(19) Certificated salaries	\$579,601	\$11,990,661			\$210,927	\$0	\$12,781,189
(20) Certificated benefits	\$50,742	\$996,630			\$31,200	\$0	\$1,078,572
(21) Non-certificated salaries and wages	\$79,319	\$1,699,917	\$635,399	\$0	\$346,176	\$0	\$2,760,811
(22) Non-certificated benefits	\$18,858	\$406,956	\$122,993	\$0	\$64,025	\$0	\$612,832
(23) SUB - TOTAL	\$728,520	\$15,094,164	\$758,392	\$0	\$652,328	\$0	\$17,233,404
(24) Services, contracts and supplies	\$87,269	\$1,597,763	\$3,760,686	\$2,041,594	\$392,633	\$0	\$7,879,945
(25) Gross school generated funds	\$37,814	\$694,369					\$732,183
(26) Amortization of capital assets	\$43,834	\$806,049	\$444,044	\$4,163	\$15,874	\$0	\$1,313,964
(27) Interest and charges	\$1,251	\$23,759	\$0	\$0	\$21,239	\$0	\$46,249
(28) Losses on disposal of capital assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0
(29) Other expense	\$0	\$0	\$0	\$0	\$0	\$0	\$0
(30) TOTAL EXPENSES	\$898,688	\$18,216,104	\$4,963,122	\$2,045,757	\$1,082,074	\$0	\$27,205,745
(31) EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	\$104,150	\$141,618	(\$202,033)	(\$125,286)	\$24,502	\$0	(\$57,049)

**SCHEDULE B
SCHOOL GENERATED FUNDS (SGF) - 2009-2010**

Unexpended SGF - Opening Balance August 31, 2009 (Note 1)			\$103,252
Sources of School Generated Funds:	Gross SGF	Related Expenses	Net SGF
Fundraising activities	\$152,924	\$113,432	\$39,492
Student fees (Non-Instructional) (Note 1)	\$475,833	\$189,335	\$286,498
Donations and grants to schools	\$103,426	\$64,471	\$38,955
Other (describe): School Council	\$35,003	\$0	\$35,003
Net Additions to SGF	\$767,186	\$367,238	\$399,948
Net SGF Available			\$503,200
Uses of Net School Generated Funds:			
Extra-curricular activities			\$135,126
Field Trips			\$229,819
Other (describe):			\$0
Total Uses of Net SGF (Note 2)			\$364,945
Unexpended SGF - Closing Balance August 31, 2010 (Note 3)			\$138,255

School Generated Funds (SGF) are funds raised in the community for student activities that come under the control and responsibility of school management. These funds are usually collected and retained at the school for expenditures paid at the school level. SGF does not include any other funds collected at the school but remitted to central office and accounted for by central office (facility rentals, capital assets purchases, etc.)

Notes:

- 1 Excludes fees collected pursuant to Section 60(2)(j) of the School Act (fees related to instructional supplies or materials - essentially textbooks, resource materials in lieu of textbooks, media, software, and materials for classrooms). Fees charged for CEU-related activities are recorded as instruction resource fees, not SGF.
- 2 The sum of "total related expenses" and "total uses of net SGF" is reported as "gross school generated funds" in the Statement of Revenues & Expenses.
- 3 Unexpended SGF is reported as SGF assets and SGF liabilities in the Statement of Financial Position.

**SCHEDULE C
Operations and Maintenance of Schools & Maintenance Shops Program Expense Details - 2009-2010**

EXPENSES	Custodial	Maintenance	Utilities and Telecommunications	Expensed IMR and Modular Unit Relocations	Facility Planning & Operations Administration	Unsupported Amortization & Other Expenses	SUB-TOTAL Operations & Maintenance	Supported Capital & Debt Services	TOTAL Operations and Maintenance
Uncertificated salaries and wages	\$364,758	\$270,641	\$0	\$0	\$0		\$635,399		\$635,399
Uncertificated benefits	\$78,907	\$44,086	\$0	\$0	\$0		\$122,993		\$122,993
Sub-total Remuneration	\$443,665	\$314,727	\$0	\$0	\$0		\$758,392		\$758,392
Supplies and services	\$237,620	\$344,608	\$0	\$0	\$2,789,200		\$3,371,428		\$3,371,428
Electricity			\$145,556				\$145,556		\$145,556
Natural Gas/Heating Fuel			\$151,864				\$151,864		\$151,864
Sewer and Water			\$31,608				\$31,608		\$31,608
Telecommunications			\$0				\$0		\$0
Insurance					\$60,230		\$60,230		\$60,230
Amortization of capital assets									
Supported								\$0	\$0
Unsupported						\$444,044	\$444,044	\$0	\$444,044
Total Amortization						\$444,044	\$444,044	\$0	\$444,044
Interest on capital debt									
Supported								\$0	\$0
Unsupported								\$0	\$0
Other interest charges								\$0	\$0
Losses on disposal of capital assets								\$0	\$0
TOTAL EXPENSES	\$681,285	\$659,335	\$329,028	\$0	\$2,849,430	\$444,044	\$4,963,122	\$0	\$4,963,122
SQUARE METRES									
School Buildings									26,282.0
Non School Buildings									4,792.0

Note:

Custodial: All expenses related to activities undertaken to keep the school environment and maintenance shops clean and safe.

Maintenance: All expenses associated with the repair, replacement, enhancement and minor construction of buildings, grounds and equipment components. This includes regular and preventative maintenance undertaken to ensure components reach or exceed their life cycle and the repair of broken components. Maintenance expenses exclude operational costs related to expensed IMR & Modular Unit relocations, as they are reported on separately.

Utilities & Telecommunications: All expenses related to electricity, natural gas and other heating fuels, sewer and water and all forms of telecommunications.

Expensed IMR & Modular Unit Relocations: All operational expenses associated with non-capitalized Infrastructure Maintenance Renewal projects (AKA IMP and BQRP) and modular unit (portable) relocations.

Facility Planning & Operations Administration: All expenses related to the administration of operations and maintenance including (but not limited to) contract administration, clerical functions, negotiations, supervision of employees & contractors, school facility planning & project administration, administration of joint-use agreements, and all expenses related to ensuring compliance with health and safety standards, codes and government regulations.

Supported Capital & Debt Services: All expenses related to supported capital assets amortization and interest on supported capital debt.