

**School District No. 73
Business Company
Financial Statements
For the year ended March 31, 2013**

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Independent Auditor's Report

To the Shareholder of
School District No. 73 Business Company

which comprise the balance sheet as at March 31, 2013, and the statements of operations and retained earnings, and cash flows for the years ended March 31, 2013, and a summary of significant accounting policies and other explanatory information. The financial statements have been prepared by



Basis of Accounting and Restriction on Use

Without modifying our opinion, we draw attention to Note 1 to the financial statements, which describes the basis of accounting. The financial statements are prepared to assist School District No. 73

Balance Sheet

Signature on File

Signature on File

Assets

Current

Cash	\$ 419,360	\$ 7,600
Accounts receivable	182,067	41,382
Prepaid expenses	11,415	1,867
	<u>612,842</u>	<u>50,849</u>

School District No. 73 Business Company
Statement of Operations and Retained Earnings

For the year ended March 31	2013	2012
Revenue		
LearnNowBC	\$ 1,210,977	\$ -
Course fees	184,294	73,605
Interest revenue	2,443	210
Other revenue	125,953	-
	<u>1,523,667</u>	<u>73,815</u>
Expenses		
Amortization	51,930	-
Bank charges and interest	-	-

School District No. 73 Business Company
Notes to Financial Statements

March 31, 2013

1. Significant Accounting Policies

Basis of Accounting As a government business enterprise, Canadian public sector accounting standards require School District No. 73 Business Company (the "Business Company") to adhere to the standards



School District No. 73 Business Company
Notes to Financial Statements

March 31, 2013

1. Significant Accounting Policies - continued

Use of Estimates

The preparation of financial statements in accordance with Canadian accounting standards requires management to make assumptions and estimates that have an effect on the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the

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School District No. 73 Business Company
Notes to Financial Statements

March 31, 2013

3. Related Party Transactions

During the year, the Company charged School District No. 73 (Kamloops/Thompson) an administration fee in the amount of \$76,183 (2012 - \$Nil). This fee represents administrative and other support provided by the School District. This amount is included in accounts payable and accrued liabilities at year end.

4. Share Capital

Authorized:

1 Class A, common share without par value

Class A Share

\$	1	\$	1
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5. Contributed Surplus

During the year, the Virtual School Society transferred the operations and assets of LearnNowBC to the School District No.73 Business Company (SD73BC). As a result of the transfer of operations, the Business Company acquired the infrastructure and working capital relating to this contract from the Virtual School Society (VSS). The Business Company (SD73BC) has recorded the contributed surplus of \$1,000,000.

School District No. 73 Business Company
Notes to Financial Statements

March 31, 2013

6. Property, Plant and Equipment

	2013		2012	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Computer equipment	\$ 2,603	\$ 141	\$ -	\$ -
Furniture and equipment	4,422	521	-	-
Computer software	256,345	51,269	-	-

Net book value	\$ 211,439	\$ -	
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7. Financial Instruments

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Business Company is exposed to credit risk resulting from the possibility that a customer or counterparty to a financial instrument defaults on their financial