

Regina Early Learning Centre Inc.

Financial Statements

August 31, 2017

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Financial Statements

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Independent Auditors' Report

To the Directors of Regina Early Learning Centre Inc.

We have audited the accompanying financial statements of Regina Early Learning Centre Inc., which comprise the statement of financial position as at August 31, 2017, and the statements of operations, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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.

Auditors' 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 auditors' 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 auditors consider internal control relevant to the organization'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 organization'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 audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Regina Early Learning Centre Inc. as at August 31, 2017, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.



Regina, Canada
November 20, 2017

Chartered Professional Accountants

Regina Early Learning Centre Inc.**Statement of Operations**

For the year ended August 31,	2017	Restated 2016 (note 9)
Revenues		
Government funding (schedule 1)	\$ 1,370,344	\$ 1,417,201
Early Years Family Centre (schedule 2)	534,999	572,491
Contributions from others (schedule 3)	177,672	193,042
Self-generated revenue (schedule 4)	93,745	77,654
Amortization of capital contributions	71,219	78,199
Investment income	6,070	17,016
Miscellaneous income	976	1,995
	<hr/>	<hr/>
	2,255,025	2,357,598
Expenses		
Administration (schedule 5)	62,271	82,761
Amortization	71,219	78,199
Early Years Family Centre (schedule 2)	564,429	513,316
Gifts-in-kind	7,204	7,320
Occupancy (schedule 6)	87,196	97,233
Programs and services (schedule 7)	83,010	96,123
Salaries and benefits - administration	140,667	122,290
Salaries and benefits - programs	1,220,515	1,192,788
Transportation	44,065	40,380
	<hr/>	<hr/>
	2,280,576	2,230,410
Excess (deficiency) of revenues over expenses	\$ (25,551)	\$ 127,188

Regina Early Learning Centre Inc.

Statement of Changes in Net Assets

	Balance, beginning of year, as previously stated	Prior period adjustment	Balance, beginning of year, as restated	Transfer	Deficiency of revenues over expenses	2017 Balance, end of year
Unrestricted (note 9)	\$ 1,047,011	\$ (285,224)	\$ 761,787	\$ (133,445)	\$ (25,551)	\$ 602,791
Investment in property and equipment	141,568	-	141,568	133,445	-	275,013
	\$ 1,188,579	\$ (285,224)	\$ 903,355	\$ -	\$ (25,551)	\$ 877,804

	Balance, beginning of year, as previously stated	Prior period adjustment	Balance, beginning of year, as restated	Transfer	Excess of revenues over expenses	Restated 2016 (note 9) Balance, end of year
Unrestricted (note 9)	\$ 881,648	\$ (232,072)	\$ 649,576	\$ (14,977)	\$ 127,188	\$ 761,787
Investment in property and equipment	126,591	-	126,591	14,977	-	141,568
	\$ 1,008,239	\$ (232,072)	\$ 776,167	\$ -	\$ 127,188	\$ 903,355

Regina Early Learning Centre Inc.**Statement of Financial Position**

August 31, **2017** **2016**

Assets**Current**

Cash (note 3)	\$ 140,909	\$ 116,956
Marketable securities (note 4)	880,745	875,006
Accounts receivable	78,881	93,109
Prepaid expenses	37,900	32,530

1,138,435 1,117,601

Property and equipment (note 5) **1,095,071** **1,163,975**

\$ 2,233,506 **\$ 2,281,576**

Liabilities**Current**

Accounts payable and accrued liabilities	\$ 25,222	\$ 22,430
Deferred revenue (note 6)	382,292	333,384
Current portion of mortgage payable (note 7)	3,000	3,000

410,514 358,814

Mortgage payable (note 7) **34,500** **37,500**
Deferred capital contributions (note 8) **910,688** **981,907**

1,355,702 1,378,221

Net assets

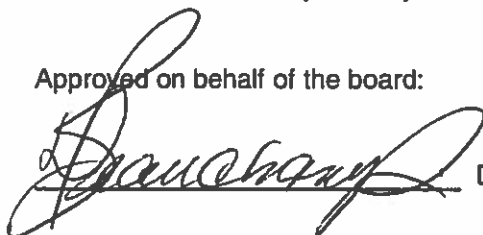
Unrestricted (note 9) **602,791** **761,787**
Investment in property and equipment **275,013** **141,568**

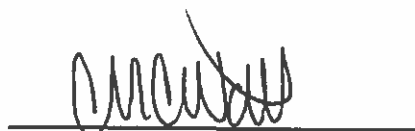
877,804 903,355

\$ 2,233,506 **\$ 2,281,576**

Lease commitments (note 11)

Approved on behalf of the board:

 Director

 Director

Regina Early Learning Centre Inc.**Statement of Cash Flows**

For the year ended August 31,	2017	Restated 2016 (note 9)
Cash provided by (used for)		
Operating activities		
Excess (deficiency) of revenues over expenses	\$ (25,551)	\$ 127,188
Item not affecting cash		
Amortization	71,219	78,199
	45,668	205,387
Change in non-cash working capital items		
Accounts receivable	14,228	(41,163)
Prepaid expenses	(5,370)	1,722
Accounts payable and accrued liabilities	2,792	7,092
Deferred revenue	48,908	(337,200)
	106,226	(164,162)
Financing activities		
Repayment of mortgage payable	(3,000)	(3,000)
Deferred capital contributions	(71,219)	(78,199)
	(74,219)	(81,199)
Investing activities		
Purchase of marketable securities	(5,739)	(17,383)
Purchase of property and equipment	(2,315)	(11,977)
	(8,054)	(29,360)
Increase (decrease) in cash	23,953	(274,721)
Cash, beginning of year	116,956	391,677
Cash, end of year	\$ 140,909	\$ 116,956

Regina Early Learning Centre Inc.

Notes to the Financial Statements

August 31, 2017

1. Nature of operations

Regina Early Learning Centre Inc. is a non-profit Saskatchewan corporation and is primarily engaged in working co-operatively with low income families to provide programs that foster the healthy development of children from birth to five years of age.

2. Significant accounting policies

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations. The significant policies are detailed as follows:

(a) Revenue recognition

The organization follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the 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. Endowment contributions are recognized as direct increases in net assets.

Restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Unrestricted investment income is recognized as revenue when earned.

Investment income includes dividends and interest income recorded on the accrual basis, as well as realized investment gains and losses and unrealized gains and losses on financial instruments subsequently measured at fair value. Investment income is included in the statement of operations, deferred or reported directly in net assets depending on the nature of any external restrictions imposed on the investment income.

(b) Property and equipment

Property and equipment are recorded at cost. The organization provides for amortization using the straight-line method at rates designed to amortize the cost of the assets over their estimated useful lives, as set out in note 5.

A full year's amortization is recorded in the year of acquisition. No amortization is recorded in the year of disposal.

(c) Donated material and services

Donated materials and services are not recorded because their fair market value is not readily determinable. With the exception of volunteer time, such material and services are not considered significant.

(d) Government assistance

Government assistance and other grants relating to capital expenditures are deferred and amortized on the same basis as the related assets.

Regina Early Learning Centre Inc.

Notes to the Financial Statements

August 31, 2017

2. Significant accounting policies (continued)

(e) Financial Instruments

Financial assets originated or acquired or financial liabilities issued or assumed in an arm's length transaction are initially measured at their fair value. In the case of a financial asset or financial liability not subsequently measured at its fair value, the initial fair value is adjusted for financing fees and transaction costs that are directly attributable to its origination, acquisition, issuance or assumption. Such fees and costs in respect of financial assets and liabilities subsequently measured at fair value are expensed.

Subsequent measurement:

Financial assets measured at amortized cost include cash and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities and mortgage payable.

The organization subsequently measures marketable securities at fair value, without adjustment for transaction costs and with changes in fair value recognized in operations in the period in which they occur.

At the end of each reporting period, management assesses whether there are any indications that financial assets measured at cost or amortized cost may be impaired. If there is an indication of impairment, management determines whether a significant adverse change has occurred in the expected timing or the amount of future cash flows from the asset, in which case the asset's carrying amount is reduced to the highest expected value that is recoverable by either holding the asset, selling the asset or by exercising the right to any collateral. The carrying amount of the asset is reduced directly or through the use of an allowance account and the amount of the reduction is recognized as an impairment loss in operations. Previously recognized impairment losses may be reversed to the extent of any improvement. The amount of the reversal, to a maximum of the related accumulated impairment charges recorded in respect of the particular asset, is recognized in operations.

(f) Use of 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 and disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. Actual results could differ from those estimates.

3. Cash

Included in cash is \$25,000 (2016 - \$133,745) which is limited to use in programs of the Early Years Family Centre and \$35,701 (2016 - \$33,694) internally restricted for the purchase of property and equipment.

Regina Early Learning Centre Inc.**Notes to the Financial Statements**

August 31, 2017

4. Marketable securities

	2017	2016
Investors Income Plus Portfolio	\$ 388,969	\$ 381,594
Canadian MM Fund Premium Series B	301,672	300,729
Investors Canadian Bond Fund	100,709	102,849
Investors Mortgage and Short Term Income Fund	89,395	89,834
	\$ 880,745	\$ 875,006

	2017	2016
Capital Expenditures	\$ 92,429	\$ 94,436
Preschool and Family Support	579,870	583,201
Early Years Family Centre	208,446	197,369
	\$ 880,745	\$ 875,006

5. Property and equipment

			2017	2016	
	Rate	Cost	Accumulated amortization	Net book value	Net book value
Land	-	\$ 152,148	\$ -	\$ 152,148	\$ 152,148
Computer software	2 SL	10,454	10,454	-	-
Office equipment	5 SL	280,915	267,702	13,213	20,245
Vehicles	7 SL	130,708	112,035	18,673	37,345
Buildings	30 SL	1,293,137	382,100	911,037	954,237
		\$ 1,867,362	\$ 772,291	\$ 1,095,071	\$ 1,163,975

SL = Straight-line method

Regina Early Learning Centre Inc.

Notes to the Financial Statements

August 31, 2017

6. Deferred revenue

	2017	2016
Regina Qu'Appelle Health Region	\$ 99,217	\$ 96,053
Province of Saskatchewan	89,536	68,588
Province of Saskatchewan - EYFC	104,759	105,091
Community Initiatives Fund - EYFC	12,466	20,000
City of Regina	26,188	18,900
City of Regina - EYFC	20,876	22,752
Other	4,250	-
Other - EYFC	25,000	2,000
	\$ 382,292	\$ 333,384

7. Mortgage payable

	2017	2016
The Muttart Foundation mortgage payable is non-interest bearing, repayable in semi-annual payments of \$1,500, due October 2029, and is secured by the land and building at 3528 13th Avenue with a net book value of \$146,645 (2016 - \$152,160)	\$ 37,500	\$ 40,500
Less current portion	3,000	3,000
	\$ 34,500	\$ 37,500
Estimated principal repayments are as follows:		
2018	\$ 3,000	
2019	3,000	
2020	3,000	
2021	3,000	
2022	3,000	
Subsequent years	22,500	
	\$ 37,500	

Regina Early Learning Centre Inc.

Notes to the Financial Statements

August 31, 2017

8. Deferred capital contributions

Changes during the year in deferred capital contributions are as follows:

	2017	2016
Balance, beginning of year	\$ 981,907	\$ 1,060,106
Amount amortized to revenue	(71,219)	(78,199)
	\$ 910,688	\$ 981,907
	2017	2016
Contributions disbursed, subject to amortization	\$ 782,558	\$ 853,777
Unspent contributions	128,130	128,130
	\$ 910,688	\$ 981,907

9. Prior period adjustment

Management reviewed the Organization's policies for recognizing revenue and determined that they were not correctly deferring certain program funding in accordance with funding agreements in place. As a result of this error, prior period figures have been restated to defer funding previously recognized in the statement of operations as revenue. In addition, receivables booked in relation to programs which had excess funding during the year were reduced accordingly.

Funding of \$232,072 previously recognized as revenue in the statement of operations prior to September 1, 2015 has been moved to deferred revenue on the statement of financial position. Accordingly, this correction resulted in a decrease of the same amount in the 2016 opening unrestricted net asset balance.

Funding of \$15,150 received in excess of program expenses in the fiscal year was applied to deferred revenue and \$38,002 of funding receivable in excess of program expenses has been removed from accounts receivable. These changes resulted in a decrease in revenue and unrestricted net assets as at August 31, 2016 of \$53,152.

Regina Early Learning Centre Inc.

Notes to the Financial Statements

August 31, 2017

10. Financial instruments

Transactions in financial instruments may result in an entity assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of financial statements in assessing the extent of risk related to financial instruments.

(a) Market risk

Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether the factors are specific to the instrument or all instruments traded in the market. The organization has market risk due to holding marketable securities. The organization reduces its exposure to market risk by maintaining an investment policy and investing in relatively low risk investments. The investment portfolio is reviewed regularly by the finance committee. In the opinion of management the market risk exposure to the organization is low.

(b) Credit risk

Credit risk is the risk that one party to a transaction will fail to discharge an obligation and cause the other party to incur a financial loss. The organization does have credit risk in accounts receivable. The organization reduces its exposure to credit risk by dealing primarily with government agencies and reputable organizations and creating an allowance for bad debts when applicable. The organization maintains strict credit policies and limits in respect to counterparties. In the opinion of management the credit risk exposure to the organization is low.

11. Lease commitments

The Organization is committed to two operating leases for photocopy equipment that cease in 2021. The future payments under these lease agreements are as follows

2018	\$	5,929
2019		5,929
2020		5,929
2021		3,363
		<hr/>
		\$ 21,150

12. Internally restricted

Included in the unrestricted fund balance is \$168,013 (2016 - \$138,584) of funds internally restricted for the use of the Early Year's Family Centre program.

Regina Early Learning Centre Inc.**Schedules to the Financial Statements**

For the year ended August 31,

Schedule of government funding**Schedule 1**

	2017	Restated 2016 (note 9)
Regina Qu'Appelle Health Region	\$ 747,044	\$ 769,537
Province of Saskatchewan	623,300	647,664
	\$ 1,370,344	\$ 1,417,201

Schedule of Early Years Family Centre**Schedule 2**

	2017	Restated 2016 (note 9)
Revenue		
Government funding	\$ 383,280	\$ 388,251
Contributions from Others	150,424	179,160
Investment income	1,295	5,080
	534,999	572,491
Expenditures		
Equipment and materials	103	109
Insurance	2,215	1,634
Office expenses	4,389	5,395
Programs	190,041	127,662
Rental	7,931	842
Salaries and benefits - programs	347,750	357,674
Transportation	12,000	20,000
	564,429	513,316
Excess (deficiency) of revenues over expenses	\$ (29,430)	\$ 59,175

Regina Early Learning Centre Inc.

Schedules to the Financial Statements

For the year ended August 31,

Schedule of contributions from others

Schedule 3

	2017	2016
United Way of Regina	\$ 127,672	\$ 137,763
City of Regina	27,000	32,279
REACH	17,000	17,000
The Muttart Foundation	6,000	6,000
	\$ 177,672	\$ 193,042

Schedule of self-generated revenue

Schedule 4

	2017	2016
Fundraising	\$ 40,490	\$ 34,063
Donations - private citizens	24,137	17,834
Donations - community organizations	22,200	17,821
Donations - church organizations	4,925	6,091
Parent fees	1,993	1,845
	\$ 93,745	\$ 77,654

Schedule of administration

Schedule 5

	2017	2016
Computer Software	\$ -	\$ 383
Office expenses	18,647	27,293
Photocopier	6,033	6,899
Professional fees	18,919	32,143
Public relations	834	793
Telephone	17,838	15,250
	\$ 62,271	\$ 82,761

Regina Early Learning Centre Inc.**Schedules to the Financial Statements**

For the year ended August 31,

Schedule of occupancy**Schedule 6**

	2017	2016
Cleaning	\$ 23,026	\$ 29,366
Insurance	10,420	11,917
Property taxes	26,578	25,958
Repairs and maintenance	8,317	10,466
Utilities	18,855	19,526
	\$ 87,196	\$ 97,233

Schedule of programs and services**Schedule 7**

	2017	2016
Family Outreach	\$ 38,682	\$ 49,259
Meetings and workshops	18,666	21,536
Music therapy	396	228
Nutrition	18,923	19,658
Program supplies	6,343	5,442
	\$ 83,010	\$ 96,123
