

SCEP CENTRE SOCIETY (REGINA)

FINANCIAL STATEMENTS

JULY 31, 2017

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

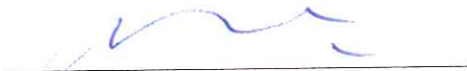
To the Members of
SCEP Centre Society (Regina)

Management has responsibility for preparing the accompanying financial statements and ensuring that all information on any related reports is consistent with the financial statements. This responsibility includes selecting appropriate accounting policies and making objective judgements and estimates in accordance with Canadian accounting standards for not-for-profit organizations.

In discharging its responsibilities for the integrity and fairness of the financial statements and for the accounting systems from which they are derived, management maintains the necessary system of internal controls designed to provide assurance that transactions are authorized, assets are safeguarded, and proper records maintained.

Ultimate responsibility for financial statements to members lies with the Board of Directors.

Marcia Herback Chartered Accountant Professional Corporation, an independent firm, has been appointed by the members to audit the financial statements and report to them; their report follows. The independent auditor has full and free access to the Board and management to discuss their audit findings as to the integrity of the organization's financial reporting and the adequacy of the system of internal controls.



President

Treasurer

November 23, 2017
Regina, Saskatchewan

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INDEPENDENT AUDITOR'S REPORT

To the Members of
SCEP Centre Society (Regina)

I have audited the accompanying financial statements of SCEP Centre Society (Regina), which comprise the statement of financial position as at July 31, 2017 and the statement of operations, change in net assets and cash flow statement 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.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.


Basis for Qualified Opinion

In common with many charitable organizations, SCEP Centre Society (Regina) derives part of its revenue from the general public, the completeness and classification of which are not susceptible to satisfactory audit verification. Accordingly my verification of these transactions was limited to accounting for the amounts recorded in the records of the organization and I was not able to determine whether any adjustments might be necessary to the revenues, statement of operations, assets and net assets.

Qualified Opinion

In my opinion, except for the effects, if any, of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of SCEP Centre Society (Regina) as at July 31, 2017 and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Regina, Saskatchewan
November 23, 2017


Marcia Herback
CPA, CA

SCEP CENTRE SOCIETY (REGINA)
STATEMENT OF FINANCIAL POSITION
AS AT JULY 31, 2017
(with comparative figures for 2016)

ASSETS					
	Operating Fund	Capital Fund	Reserve Fund	2017	2016
Current assets					
Cash	\$ -	-	160,195	\$ 160,195	\$ 177,138
Accounts receivable	29,190	-	-	29,190	47,064
Prepaid expenses	10,603	-	-	10,603	8,514
Due to/from funds	<u>(9,805)</u>	<u>-</u>	<u>9,805</u>	<u>-</u>	<u>-</u>
	29,988	-	170,000	199,988	232,716
Tangible capital assets (Note 3)					
	<u>-</u>	<u>32,154</u>	<u>-</u>	<u>32,154</u>	<u>14,402</u>
	<u>\$ 29,988</u>	<u>32,154</u>	<u>170,000</u>	<u>\$ 232,142</u>	<u>\$ 247,118</u>
LIABILITIES					
Current liabilities					
Accounts payable and accrued liabilities	\$ 4,172	-	-	\$ 4,172	\$ 8,005
Deferred revenue (Note 4)	<u>28,748</u>	<u>-</u>	<u>-</u>	<u>28,748</u>	<u>39,168</u>
	<u>32,920</u>	<u>-</u>	<u>-</u>	<u>32,920</u>	<u>47,173</u>
NET ASSETS					
Equity in capital assets	-	32,154	-	32,154	14,402
Appropriated surplus (Note 5)	-	-	170,000	170,000	170,000
Unappropriated surplus	<u>(2,932)</u>	<u>-</u>	<u>-</u>	<u>(2,932)</u>	<u>15,543</u>
	<u>(2,932)</u>	<u>32,154</u>	<u>170,000</u>	<u>199,222</u>	<u>199,945</u>
	<u>\$ 29,988</u>	<u>32,154</u>	<u>170,000</u>	<u>\$ 232,142</u>	<u>\$ 247,118</u>

See accompanying notes

Approved on Behalf of the Board

J. Mandiratta Director

[Signature] Director

SCEP CENTRE SOCIETY (REGINA)
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED JULY 31, 2017
(with comparative figures for 2016)

Program	Summer Friends	Ministry of Social Services	Fundraising Events	2017	2016
Revenue					
Fees					
Ministry of Social Services	\$ -	3,000	154,219	-	\$ 157,219
Regina Public School Board	122,784	-	-	-	\$ 122,784
Brandt scholarship	6,656	-	-	-	6,656
Provincial Cognitive Disability Strategy	-	1,000	-	-	1,000
	<u>129,440</u>	<u>4,000</u>	<u>154,219</u>	<u>-</u>	<u>287,659</u>
Grants					
Access Communications	-	4,000	-	-	4,000
Community Initiatives Fund	25,000	5,000	-	-	30,000
Conexus Credit Union	-	10,000	-	-	10,000
City of Regina	17,500	-	-	-	17,500
Ministry of Social Services (MSS)	-	-	197,379	-	197,379
MSS - Transportation	-	-	21,240	-	21,240
Human Resources Development Canada	-	8,058	-	-	8,058
L&E Johnson Foundation	-	5,000	-	-	5,000
Student Summer Works	-	3,500	-	-	3,500
Sask Lotteries	-	15,000	-	-	15,000
United Way Research	1,645	-	-	-	1,645
Allocations					
Donations	7,798	-	-	-	7,798
REACH - snack program	1,580	219	-	-	1,799
United Way of Regina	87,618	-	-	-	87,618
Investment income	713	-	-	-	713
Brighter futures	-	-	-	41,508	41,508
Other income	3,090	250	-	-	3,340
	<u>274,384</u>	<u>55,027</u>	<u>372,838</u>	<u>41,508</u>	<u>743,757</u>
Expenditures					
Accounting and legal	7,342	-	2,625	-	9,967
Amortization	4,889	-	3,382	-	8,271
Bank charges	206	-	-	-	206
Consulting fees	14,201	-	-	-	14,201
Food	3,489	196	116	-	3,801
Insurance	17,766	-	-	-	17,766
Miscellaneous	4,618	490	51	-	5,159
Moving expenses	3,992	-	-	-	3,992
Publicity and promotion	777	-	-	-	777
Recreation and education supplies	4,104	2,146	1,444	-	7,694
Rent and caretaking	5,181	-	-	-	5,181
Research and evaluation	1,250	-	-	-	1,250
Salaries and employee benefits	199,535	59,278	340,125	-	598,938
Salaries and benefits - City of Regina	17,500	-	-	-	17,500
Staff development	5,607	-	-	-	5,607
Office equipment rental	1,084	-	-	-	1,084
Office supplies	3,169	-	105	-	3,274
Telephone	2,271	-	2,523	-	4,794
Transportation	3,070	3,824	25,205	-	32,099
Workers' compensation	2,919	-	-	-	2,919
	<u>302,970</u>	<u>65,934</u>	<u>375,576</u>	<u>-</u>	<u>744,480</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (28,586)</u>	<u>(10,907)</u>	<u>(2,738)</u>	<u>41,508</u>	<u>\$ (723)</u>
				<u>\$</u>	<u>\$</u>

See accompanying notes

MARCIA HERBACK
Chartered Accountant
Professional Corporation

SCEP CENTRE SOCIETY (REGINA)
 STATEMENT OF CHANGES IN NET ASSETS
 FOR THE YEAR ENDED JULY 31, 2017
 (with comparative figures for 2016)

	<u>Invested in Capital assets</u>	<u>Appropriated Surplus</u>	<u>Unappropriated Surplus</u>	<u>2017</u>	<u>2016</u>
Net Assets					
Balance, beginning of year	\$ 14,402	170,000	15,543	\$ 199,945	\$ 177,398
Excess (deficiency) of revenues over expenditures	(8,271)	-	7,548	(723)	22,547
Investment in capital assets	<u>26,023</u>	<u>-</u>	<u>(26,023)</u>	<u>-</u>	<u>-</u>
Balance, end of year	<u>\$ 32,154</u>	<u>170,000</u>	<u>(2,932)</u>	<u>\$ 199,222</u>	<u>\$ 199,945</u>

See accompanying notes

SCEP CENTRE SOCIETY (REGINA)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JULY 31, 2017
(with comparative figures for 2016)

	2017	2016
Operating activities		
Excess (deficiency) of revenues over expenditures	\$ (723)	\$ 22,547
Items not involving an outlay (receipt) of cash		
Amortization	<u>8,271</u>	<u>3,817</u>
	7,548	26,364
Net change in non-cash operating working capital balances		
Accounts receivable	17,874	(13,547)
Prepaid expenses	(2,089)	1,500
Accounts payable and accrued liabilities	(3,833)	2,407
Deferred revenue	<u>(10,420)</u>	<u>6,594</u>
Cash provided by operating activities	<u>9,080</u>	<u>23,318</u>
Investing activities		
Additions to tangible capital assets	<u>(26,023)</u>	<u>(10,197)</u>
Cash used in investing activities	<u>(26,023)</u>	<u>(10,197)</u>
Increase (decrease) in cash	(16,943)	13,121
Cash position, beginning of year	<u>177,138</u>	<u>164,017</u>
Cash position, end of year	<u>\$ 160,195</u>	<u>\$ 177,138</u>

See accompanying notes

SCEP CENTRE SOCIETY (REGINA)
NOTES TO THE FINANCIAL STATEMENTS
JULY 31, 2017

1. Status and nature of activities

SCEP Centre Society (Regina) is incorporated under the Non-Profit Corporations Act of Saskatchewan. SCEP Centre Society (Regina) is an intensive early intervention preschool program supporting the development of children with complex needs and offering guidance and support for their parents.

Under present legislation, no income taxes are payable on the reported income of such operations.

2. Summary of significant accounting policies

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies.

Cash and cash equivalents

The Organization's policy is to disclose bank balances under cash and cash equivalents, including bank overdrafts with balances that fluctuate frequently from being positive to overdrawn and term deposits with a maturity of three months or less from the date of acquisition.

Tangible capital assets

Tangible capital assets are recorded at cost. Amortization is provided on a diminishing balance method at 20% for equipment, 55% for computers, and 30% for vehicles.

Revenue recognition

SCEP Centre Society (Regina) 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 they are received or receivable if the amount can be reasonably estimated and collection is reasonably assured. Interest is recognized as revenue when it is earned.

Fund accounting

Revenues and expenses related to program delivery and administrative activities are reported in the Operating Fund.

The Capital Asset Fund reports the assets, liabilities, revenues and expenses related to SCEP Centre Society (Regina) capital assets.

The Reserve fund is restricted funds that have been set aside for specific purpose such as program continuance. The assets include cash and investments that have been accumulated from fund-raising, donations and investment income. These assets are accounted for separately and the use of the assets is subject to restrictions set out in the Organization's reserve policy.

Financial instruments

The SCEP Centre Society (Regina) initially measures its financial assets and financial liabilities at fair value. It subsequently measures all its financial assets and financial liabilities at amortized cost.

Financial assets subsequently measured at amortized cost include cash and accounts receivable. Financial liabilities subsequently measured at amortized cost include accounts payable and accrued liabilities.

Management estimates

The preparation of the 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 at the date of the financial statements and the reported amount of revenues and expenditures during the reporting period. 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.

SCEP CENTRE SOCIETY (REGINA)
NOTES TO THE FINANCIAL STATEMENTS
JULY 31, 2017

3. Tangible capital assets

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>2017 Net Book Value</u>	<u>2016 Net Book Value</u>
Computer	\$ 17,533	\$ 13,656	\$ 3,877	\$ 3,010
Equipment	21,213	12,100	9,113	11,392
Vehicle	<u>22,546</u>	<u>3,382</u>	<u>19,164</u>	<u>-</u>
	<u>\$ 61,292</u>	<u>\$ 29,138</u>	<u>\$ 32,154</u>	<u>\$ 14,402</u>

4. Deferred revenue

Funding received that has been externally restricted to specific projects has been deferred and will be recognized as revenue in the year the related project or event occurs.

	<u>2017</u>	<u>2016</u>
City of Regina	\$ 7,000	\$ 7,000
Community Initiatives Fund	20,000	20,000
Conexus Credit Union	-	10,000
REACH	587	448
Fallows	1,161	-
United Way - Research grant	<u>-</u>	<u>1,720</u>
	<u>\$ 28,748</u>	<u>\$ 39,168</u>

5. Appropriated surplus

The Board of Directors of the SCEP Centre Society (Regina) internally restricts resources as illustrated in the statement of changes in net assets. The appropriated surplus is comprised of the following amounts:

	<u>2017</u>	<u>2016</u>
Appropriated for future operating expenses	\$ 135,000	\$ 135,000
Appropriated for designated scholarships	<u>35,000</u>	<u>35,000</u>
Total appropriated surplus	<u>\$ 170,000</u>	<u>\$ 170,000</u>

SCEP CENTRE SOCIETY (REGINA)
NOTES TO THE FINANCIAL STATEMENTS
JULY 31, 2017

6. Financial instruments

SCEP Centre Society (Regina) is exposed to various risks through its financial instruments. The following analysis provides a measure of the SCEP Centre Society (Regina)'s exposure and concentrations at July 31, 2017:

Credit risk

Credit risk arises from the potential that a party may default on their financial obligations, or if there is a concentration of financial obligations which have similar economic characteristics that could be similarly affected by changes in economic conditions, such that the Organization could incur a financial loss. The Organization is exposed to credit risk with respect to cash and accounts receivable. The Organization manages its credit risk by placing cash with major financial institutions. Credit risk for accounts receivable is managed by the credit quality and diverse debtor base and creating an allowance for bad debts where applicable. There has been no change from credit risk exposure from 2016.

Liquidity risk

Liquidity risk is the risk that the Organization may not be able to meet a demand for cash or fund its obligations as they come due or not being able to liquidate assets in a timely manner at a reasonable price. The Organization is exposed to liquidity risk with respect to its accounts payable and accrued liabilities but manages its liquidity risk by holding assets that can be readily converted into cash. There has been no change from liquidity risk exposure from 2016.

Interest rate risk

Interest rate risk is a type of market risk that refers to the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate due to changes in market interest rates. The Organization is exposed to interest rate risk with respect to its cash and its effect on interest income. Fluctuations in interest rates do not have a significant effect on cash due to the fact that interest income is not a major percentage of total revenue. There has been no change from interest risk exposure from 2016.

7. Economic dependence

SCEP Centre Society (Regina) receives significant revenue in grants from Saskatchewan Ministry of Social Services. As a result, the Organization is dependent upon continuance of these grants to maintain operations at their current level.

8. Comparative figures

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

SCEP CENTRE SOCIETY (REGINA)
SCHEDULES TO FINANCIAL STATEMENTS
INTENSIVE DIRECT SERVICES (In Home Support - Coming Together) IDS107
FOR THE YEAR ENDED JULY 31, 2017
 (with comparative figures for 2016)

	2017	2016
	Schedule 1	
Revenue		
Funding	\$ 70,104	\$ 70,100
Expenditures		
Salary		
Program staff	51,999	51,403
Benefits	8,966	8,843
	<u>60,965</u>	<u>60,246</u>
Non-salary		
Office supplies	105	43
Food	116	42
Telephone	550	500
Staff development	852	808
Miscellaneous	51	376
Accounting and legal	1,060	1,050
Recreation and education	592	656
Transportation	5,410	5,436
	<u>8,736</u>	<u>8,911</u>
	<u>69,701</u>	<u>69,157</u>
Excess (deficiency) of revenues over expenditures	\$ 403	\$ 943

SCEP CENTRE SOCIETY (REGINA)
SCHEDULES TO FINANCIAL STATEMENTS
INTENSIVE DIRECT SERVICES IDS04
FOR THE YEAR ENDED JULY 31, 2017
(with comparative figures for 2016)

	2017	2016
	Schedule 2	
Revenue		
Funding	\$ 302,734	\$ 310,807
Expenditures		
Salary		
Administration	64,057	62,741
Program staff	85,774	83,061
Benefits	14,872	14,464
	<u>164,703</u>	<u>160,266</u>
Non-salary		
Purchased services	114,458	136,023
Accounting and legal	1,590	1,575
Amortization	3,382	-
Staff development	65	-
Telephone	1,973	2,301
Transportation	19,795	24,989
	<u>141,263</u>	<u>164,888</u>
	<u>305,966</u>	<u>325,154</u>
Excess (deficiency) of revenues over expenditures	\$ (3,232)	\$ (14,347)