

LAKESIDE CHILD CARE CENTRE
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016
(with comparative figures
for the four months ended December 31, 2015)

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INDEPENDENT AUDITOR'S REPORT

To: The Directors of Lakeside Child Care Centre:

Report on the Financial Statements

I have audited the accompanying financial statements of Lakeside Child Care Centre, a division of Lakeside Bible Church, which comprise the statement of financial position as at December 31, 2016 and the statements of changes in net assets, operations and changes in financial position 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 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 auditor's judgement, 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 in my audit is sufficient and appropriate to provide a basis for my audit opinion.

Basis for Qualified Opinion

As is common with many not-for-profit organizations, the entity derives revenue from cash, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, my verification of these revenues was limited to the amounts recorded in the records of the entity and I was not able to determine whether any adjustments might be necessary to revenues, revenues over expenditures for the year, assets and net assets.

Qualified Opinion

In my opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the statement of financial position of Lakeside Child Care Centre, a division of Lakeside Bible Church as at December 31, 2016 and 2015 and the results of operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.



B. D. Hawkins, CPA, CA
Licenced Public Accountant.

Guelph, Ontario.
March 30, 2017


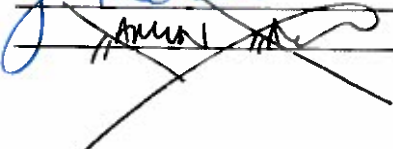
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B. D. Hawkins, Chartered Accountant

LAKESIDE CHILD CARE CENTRE
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2016

		Assets	
		2016	2015
Current	Bank	\$ -	\$ 5,888
	HST recoverable	390	-
		390	5,888
Capital assets (notes 1 and 2)		6,765	8,499
		\$ 7,155	\$ 14,387
Liabilities			
Current	Bank Overdrawn	\$ 2,985	\$ -
	Accounts payable and accrued liabilities	6,953	-
	Loan payable - due to Lakeside Bible Church	70,000	37,964
		79,938	37,964
Net Assets			
Net assets		(72,783)	(23,577)
		\$ 7,155	\$ 14,387

Approved by the Board of Directors

 Director
 Director

(see accompanying notes to financial statements)
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LAKESIDE CHILD CARE CENTRE
STATEMENT OF EQUITY (DEFICIT)
AS AT DECEMBER 31, 2016

	2016	2015
(Deficit), beginning of year/period	\$ (23,577)	\$ -
Net (loss) for the year/period	(49,206)	(23,577)
(Deficit), end of year/period	<u>\$ (72,783)</u>	<u>\$ (23,577)</u>

(see accompanying notes to financial statements)
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LAKESIDE CHILD CARE CENTRE
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2016

	2016	2015
Revenue		
Child care fees	\$ 159,837	\$ 29,755
Fundraising	6,873	1,910
Grants	608	-
	<u>167,318</u>	<u>31,665</u>
Expenditures		
Amortization	1,734	293
Bank charges & interest	815	447
Facilities & Equipment	351	1,943
Fundraising	3,251	1,507
Insurance	120	10
Meals & Snacks	11,533	3,159
Miscellaneous	40	265
Office supplies	352	417
Professional fees	2,400	-
Rent	28,000	-
Supplies and expenses	3,311	4,578
Telephone	-	57
Wages and benefits	164,617	42,566
	<u>216,524</u>	<u>54,949</u>
Net (loss) for the year/period	<u>\$ (49,206)</u>	<u>\$ (23,284)</u>

(see accompanying notes to financial statements)

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LAKESIDE CHILD CARE CENTRE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2016

	2016	2015
OPERATING ACTIVITIES		
Net (loss) for the year/period	\$ (49,206)	\$ (23,577)
Changes to earnings no involving cash:		
Amortization	1,734	293
	<u>(47,472)</u>	<u>(23,284)</u>
Changes in non-cash working		
(Increase) in HST recoverable	(390)	-
Increase in accounts payable & accrued liabilities	6,953	-
Cash and equivalents from operating activities	<u>(40,909)</u>	<u>(23,284)</u>
FINANCING ACTIVITIES		
Increase in loan payable - Due to Lakeside Bible Church	32,036	37,964
Cash and equivalents from investing activities	<u>32,036</u>	<u>37,964</u>
INVESTING ACTIVITIES		
(Purchase) of capital assets	-	(8,792)
Cash and equivalents from investing activities	<u>0</u>	<u>(8,792)</u>
Increase in cash and equivalents for the year/period	(8,873)	5,888
Cash and equivalents, beginning of year/period	5,888	-
Cash and equivalents, end of year/period	<u>\$ (2,985)</u>	<u>\$ 5,888</u>
Represented by:		
Cash and bank	(2,985)	5,888
	<u>\$ (2,985)</u>	<u>\$ 5,888</u>

(see accompanying notes to financial statements)

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B.D. Hawkins, CPA, CA

LAKESIDE CHILD CARE CENTRE
NOTES TO THE FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2016

1 Significant accounting policies

The financial statements are prepared in accordance with Canadian generally accepted accounting principles and include the following significant accounting policies.

a. Capital assets and amortization

The organization provides for amortization on its assets using a declining balance basis over the useful life of the assets at the following annual rates:

Furniture and fixtures	20%
Leasehold improvements (straight line)	5 years

b. Impairment of long lived assets

Long lived assets are tested for recoverability whenever events or changes in circumstances indicate that their carrying value may not be recoverable. An impairment loss is recognized when the carrying value exceeds the total undiscounted cash flows expected from their use and eventual disposition. The amount of the impairment loss is determined as the excess of the carrying value of the asset over its fair value.

c. Use of estimates

The preparation of financial statements, in conformity with Canadian generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

d. Financial instruments

Measurement of financial instruments

The organization initially measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions.

The organization subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in net surplus.

LAKESIDE CHILD CARE CENTRE
 NOTES TO THE FINANCIAL STATEMENTS
 AS AT DECEMBER 31, 2016

e. Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of impairment. If an impairment has occurred, the carrying amount of financial assets measured at amortized cost is reduced to the greater of the discounted future cash flows expected or the proceeds that could be realized from the sale of the financial asset. The amount of the write-down is recognized in net surplus. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is not greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in net surplus.

f. Transaction costs

The organization recognizes its transactions costs in net income in the period incurred. However, financial instruments that will not be subsequently measure at fair value are adjusted by the transaction costs that are directly attributable to their origination, issuance or assumption.

2 Capital assets and amortization

	Cost	Accumulated amortization	2016 Net book value	2015 Net book value
Furniture and fixtures	\$ 3,608	\$ 818	\$ 2,790	\$ 3,488
Leasehold Improvements	5,184	1,209	3,975	5,011
	<u>\$ 8,792</u>	<u>\$ 2,027</u>	<u>\$ 6,765</u>	<u>\$ 8,499</u>