

CORNWALL ALTERNATIVE SCHOOL INC.

REGINA, SASKATCHEWAN

**FINANCIAL STATEMENTS
AS AT MARCH 31, 2015**

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

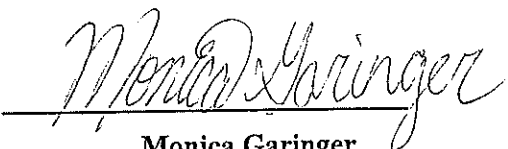
The accompanying financial statements of **Cornwall Alternative School Inc.** have been prepared by the Organization's management in accordance with Canadian accounting standards for non-for-profit organizations and necessarily include some amounts based on informed judgement and management estimates.

To assist management in fulfilling its responsibilities, a system of internal controls has been established to provide reasonable assurance that the financial statements are accurate and reliable and that assets are safeguarded.

The board of directors has reviewed and approved these financial statements.

These financial statements have been examined by the independent auditors, **Virtus Group LLP**, and their report is presented separately.

David Halvorsen
Chairperson



Monica Garinger
Principal/CEO

INDEPENDENT AUDITORS' REPORT



To the Board of Directors,
Cornwall Alternative School Inc.

We have audited the accompanying financial statements of Cornwall Alternative School Inc. which comprise the statement of financial position as at March 31, 2015 and the statements of operations, changes in fund balances 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 risk 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 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 qualified audit opinion.

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Organization derives a portion of its revenue in the form of cash donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Organization and we are not able to determine whether any adjustments might be necessary to revenues, assets or net assets.

Qualified Opinion

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of donations referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the organization as at March 31, 2015 and the results of its operations and its cash flows for the years then ended in accordance with Canadian accounting standards for not-for-profit organizations.

June 10, 2015
Regina, Saskatchewan

VIRTUS GROUP LLP
Chartered Professional Accountants

CORNWALL ALTERNATIVE SCHOOL INC.
STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2015
(with comparative figures for 2014)

ASSETS

	<u>Operating Fund</u>	<u>Capital Fund</u>	<u>Total 2015</u>	<u>Total 2014</u>
Current assets				
Cash	\$ 132,578	\$ -	\$ 132,578	\$ 174,791
Term deposits	406,545	-	406,545	403,321
Accounts receivable	5,657	-	5,657	7,854
Interfund receivable (payable)	(82,362)	82,362	-	-
Prepaid expenses	13,976	-	13,976	12,509
	<u>476,394</u>	<u>82,362</u>	<u>558,756</u>	<u>598,475</u>
Tangible capital assets (Note 3)	-	403,710	403,710	394,885
	<u>\$ 476,394</u>	<u>\$ 486,072</u>	<u>\$ 962,466</u>	<u>\$ 993,360</u>

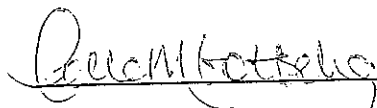
LIABILITIES

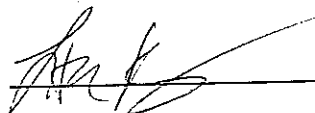
Current liabilities				
Accounts payable	\$ 23,466	\$ -	\$ 23,466	\$ 25,032
Deferred revenue	352	-	352	10,000
	<u>23,818</u>	<u>-</u>	<u>23,818</u>	<u>35,032</u>

FUND BALANCES

Unrestricted	44,531	-	44,531	68,434
Invested in tangible capital assets	-	403,710	403,710	394,885
Internally restricted (Note 5)	408,045	82,362	490,407	495,009
	<u>452,576</u>	<u>486,072</u>	<u>938,648</u>	<u>958,328</u>
	<u>\$ 476,394</u>	<u>\$ 486,072</u>	<u>\$ 962,466</u>	<u>\$ 993,360</u>

APPROVED ON BEHALF OF THE BOARD:

 Director

 Director

CORNWALL ALTERNATIVE SCHOOL INC.
STATEMENT OF FUND BALANCES
FOR THE YEAR ENDED MARCH 31, 2015
(with comparative figures for the year ended March 31, 2014)

	Operating fund	Capital fund	Total 2015	Total 2014
Balance - beginning of year	\$ 471,757	\$ 486,571	\$ 958,328	\$ 916,859
Investment in tangible capital assets	(37,531)	37,531	-	-
Amortization	28,706	(28,706)	-	-
Transfers	9,324	(9,324)	-	-
Excess of revenue (expenses)	(19,680)	-	(19,680)	41,469
Balance - end of year	<u>\$ 452,576</u>	<u>\$ 486,072</u>	<u>\$ 938,648</u>	<u>\$ 958,328</u>

CORNWALL ALTERNATIVE SCHOOL INC.
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 2015
(with comparative figures for the year ended March 31, 2014)

	<u>Operating Fund</u>	<u>Capital Fund</u>	<u>Total 2015</u>	<u>Total 2014</u>
Revenue				
Grants				
Sask Learning	\$ 754,000	-	\$ 754,000	\$ 746,500
United Way	128,786	-	128,786	132,226
Donations and fundraising	31,674	-	31,674	67,661
Other	9,344	-	9,344	8,717
	<u>923,804</u>	<u>-</u>	<u>923,804</u>	<u>955,104</u>
Expenses				
Advertising and promotion	411	-	411	557
Amortization of equipment	-	28,706	28,706	25,892
Automotive	13,815	-	13,815	11,847
Bank charges and interest	940	-	940	810
Building supplies and repairs	14,529	-	14,529	35,198
Education	59,206	-	59,206	60,083
Equipment repairs	6,529	-	6,529	7,098
Food services	23,261	-	23,261	28,917
Insurance	10,087	-	10,087	8,980
Office and general	6,934	-	6,934	6,835
Professional fees	11,798	-	11,798	10,974
Staff development	18,961	-	18,961	13,453
Utilities	31,129	-	31,129	27,691
Wages and benefits	720,402	-	720,402	679,487
	<u>918,002</u>	<u>28,706</u>	<u>946,708</u>	<u>917,822</u>
Net operating revenue (expense)	<u>5,802</u>	<u>(28,706)</u>	<u>(22,904)</u>	<u>37,282</u>
Other income (expenses)				
Gain on sale of tangible capital assets	-	-	-	933
Interest earned	3,224	-	3,224	3,254
	<u>3,224</u>	<u>-</u>	<u>3,224</u>	<u>4,187</u>
Excess revenue (expenses)	<u>\$ 9,026</u>	<u>(28,706)\$</u>	<u>(19,680)\$</u>	<u>41,469</u>

CORNWALL ALTERNATIVE SCHOOL INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2015
(with comparative figures for the year ended 2014)

	<u>2015</u>	<u>2014</u>
Cash provided by (used in) operating activities:		
Excess revenue (expense) for the year	\$ (19,680)	\$ 41,469
Items not affecting cash:		
- Amortization of equipment	28,706	25,892
- Gain on sale of tangible capital assets	-	(933)
	<u>9,026</u>	<u>66,428</u>
Non-cash operating working capital:		
Accounts receivable	2,197	1,153
Prepaid expenses	(1,467)	(1,997)
Accounts payable	(1,566)	11,302
Deferred revenue	(9,648)	10,000
	<u>(1,458)</u>	<u>86,886</u>
Cash provided by (used in) investing activities:		
Additions to tangible capital assets	(37,531)	(51,509)
Proceeds on disposal of tangible capital assets	-	1,100
	<u>(37,531)</u>	<u>(50,409)</u>
Increase (Decrease) in cash during the year	(38,989)	36,477
Cash position - beginning of year	<u>578,112</u>	<u>541,635</u>
Cash position - end of year	<u>\$ 539,123</u>	<u>\$ 578,112</u>

CORNWALL ALTERNATIVE SCHOOL INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2015
(with comparative figures for the year ended 2014)

1. Description of operations

The organization is a non-profit organization which provides education services to special students. The organization is exempt from income tax.

2. Summary of significant accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. Management makes estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the period. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the period in which they become known. The financial statements reflect the following policies:

Fund accounting

The organization follows the restricted fund method of accounting.

Revenues and expenses related to the operating, managing, maintaining and administration of the school are reported in the Operating Fund.

The Capital Fund reports the revenues and expenses related to funding the school's investment in tangible capital assets.

Financial instruments - recognition and measurement

Financial assets and financial liabilities are recorded on the statement of financial position when the Organization becomes party to the contractual provisions of the financial instrument. All financial instruments are required to be recognized at fair value upon initial recognition, except for certain related party transactions. Measurement in subsequent periods of equity instruments is at fair value. All other financial assets and financial liabilities are subsequently measured at amortized cost adjusted by transaction costs, which are amortized over the expected life of the instrument.

Fair value is the amount at which a financial instrument could be exchanged at arm's length between willing, unrelated parties in an open market. Changes in fair values of financial assets and financial liabilities measured at fair value are recognized in excess of revenues over expenses.

When there is an indication of impairment and such impairment is determined to have occurred, the carrying amount of financial assets measured at amortized cost is reduced to the greater of the discounted cash flows expected or the proceeds that could be realized from sale of the financial asset. Such impairments can be subsequently reversed if the value improves.

CORNWALL ALTERNATIVE SCHOOL INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2015
(with comparative figures for the year ended 2014)

2. Significant accounting policies (continued)

Tangible capital assets

Tangible assets are recorded at cost less accumulated amortization. Amortization is provided on the diminishing balance basis over the estimated useful life of the assets at the following annual rates:

Buildings	4 %
Equipment	20 %
Automotive equipment	30 %
Computer equipment	30 %

Reserves and allocations for future costs

Under the terms of arrangements with the Province of Saskatchewan, the organization is required to use reserves as a means of stabilizing operations. The amounts allocated from operations are recorded as internally restricted reserves for future costs as outlined in Note 5. When actual expenditures occur, they are deducted from the reserve accounts.

Revenue recognition

Grants received from funding organizations are recognized in the period for which the funding is intended as indicated by the granting organization.

Donation, fundraising and other revenue are recognized when services are provided or funds are received.

Donations in kind

Donations of materials and services are recorded at fair market value when received if the amount can be reasonably estimated.

CORNWALL ALTERNATIVE SCHOOL INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2015
(with comparative figures for the year ended 2014)

3. Tangible capital assets

	2015			2014
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	\$ 30,000	\$ -	\$ 30,000	\$ 30,000
Buildings	518,598	192,259	326,339	306,996
Equipment	126,099	104,467	21,632	21,119
Automotive equipment	85,248	59,934	25,314	36,163
Computer equipment	18,097	17,672	425	607
	<u>\$ 778,042</u>	<u>\$ 374,332</u>	<u>\$ 403,710</u>	<u>\$ 394,885</u>

4. Credit facilities

The organization has an authorized line of credit of \$25,000 bearing interest at prime plus 2%. A general security agreement covering land and buildings is pledged as collateral. At year end, the amount outstanding was nil (2014 - nil).

5. Internally restricted fund

The internally restricted capital fund consists of amounts set aside for vehicle replacement, building repairs and equipment.

The internally restricted operating fund consists of term deposits held at year-end. These funds have been set aside by the organization as a contingency fund against any future funding shortfalls. It is the intention of management to set aside enough funds to cover up to six months of operations.

CORNWALL ALTERNATIVE SCHOOL INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2015
(with comparative figures for the year ended 2014)

5. Internally restricted fund continued

	Balance beginning of year	Transfer from unrestricted fund	Transfer to unrestricted fund	Balance end of year
Operating contingency fund	\$ 403,321	\$ 3,224	\$ -	\$ 406,545
Professional development fund	-	1,500	-	1,500
Total operating internally restricted fund	<u>\$ 403,321</u>	<u>\$ 4,724</u>	<u>\$ -</u>	<u>\$ 408,045</u>
Vehicle replacement fund	\$ -	\$ 10,849	\$ -	\$ 10,849
Building repair fund	33,986	12,925	(7,681)	39,230
Computer replacement fund	25,000	-	-	25,000
Asphalt	21,700	-	(21,700)	-
Sports equipment	4,000	-	(3,717)	283
Other equipment	7,000	-	-	7,000
Total capital internally restricted fund	<u>\$ 58,986</u>	<u>\$ 23,774</u>	<u>\$ (33,098)</u>	<u>\$ 82,362</u>

6. Donations in kind

During the year, the organization received donations in kind totaling \$4,879 which have been recognized in the financial statements.

7. Financial risk management

The Organization has a risk management framework to monitor, evaluate and manage the principal risks assumed with financial instruments. The significant financial risk to which the Organization is exposed is:

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Organization's exposure to liquidity risk is dependent on the receipt of funds from its operations, and funding grants from United Way and Sask Learning. Funds from these sources are primarily used to finance working capital and capital expenditure requirements, and are considered adequate to meet the Organizations financial obligations. The Organization has funding agreements in place for the next three years.