

Financial Statements of

**EDUCATIONAL PROGRAM
INNOVATIONS CHARITY
SOCIETY**

Year ended June 30, 2017



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INDEPENDENT AUDITORS' REPORT

To the Directors of Educational Program Innovations Charity Society

We have audited the accompanying financial statements of Educational Program Innovations Charity Society which comprise the statement of financial position as at June 30, 2017 and the statements of operations and change 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 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Qualified Opinion

In common with many charitable organizations, the Society derives part of its revenues from 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 Society and we were not able to determine whether any adjustments might be necessary to assets, revenues and deficiency of revenues over expenses.



Independent Auditors' Report

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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 the revenues referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of Educational Program Innovations Charity Society as at June 30, 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.

MGM & Associates

Chartered Professional Accountants

Licensed Public Accountants

Sydney, Canada

September 19, 2017

EDUCATIONAL PROGRAM INNOVATIONS CHARITY SOCIETY

Statement of Financial Position

June 30, 2017, with comparative figures for 2016

	2017	2016
ASSETS		
Current assets		
Cash	\$ 15,574	\$ 11,793
Short-term investments (note 2)	55,115	57,518
Harmonized sales taxes recoverable	2,268	1,060
Prepaid expenses	852	852
	<u>\$ 73,809</u>	<u>\$ 71,223</u>

LIABILITIES

Current liabilities		
Accounts payable and accrued liabilities	\$ 4,100	\$ 4,100
Deferred revenue	31,750	19,665
	<u>35,850</u>	<u>23,765</u>

NET ASSETS

Unrestricted	37,959	47,458
	<u>\$ 73,809</u>	<u>\$ 71,223</u>

See accompanying notes to financial statements.

On behalf of the Board:

_____ Director

_____ Director

EDUCATIONAL PROGRAM INNOVATIONS CHARITY SOCIETY

Statement of Operations and Change in Net Assets

Year ended June 30, 2017, with comparative figures for 2016

	2017	2016
REVENUES		
Other contributions	\$ 57,329	\$ 34,667
Province of Nova Scotia	40,250	37,000
Law Foundation of Nova Scotia	38,745	44,280
Donations	21,635	10,120
Investment income	3,468	2,807
Municipal government	-	1,000
	<u>161,427</u>	<u>129,874</u>
EXPENSES		
Wages and benefits	134,426	116,097
Transportation	7,772	4,561
Program development	4,197	1,815
Professional fees	4,100	4,100
Scholarships	2,500	2,000
Nutrition	1,928	2,332
Insurance	1,656	1,637
Workshop and training	1,640	535
Donations	1,350	3,000
Unrecoverable HST	1,207	1,007
Office	1,189	1,260
Materials	1,035	1,187
Directors' travel	900	1,350
Telephone	897	852
Small equipment	135	240
Bank charges	91	2
Dues and fees	31	81
	<u>165,054</u>	<u>142,056</u>
Deficiency of revenues over expenses before the undernoted	(3,627)	(12,182)
Unrealized gain (loss) on change in fair market value of investments	(5,872)	1,592
DEFICIENCY OF REVENUES OVER EXPENSES	<u>(9,499)</u>	<u>(10,590)</u>
UNRESTRICTED NET ASSETS, BEGINNING OF YEAR	47,458	58,048
UNRESTRICTED NET ASSETS, END OF YEAR	<u>\$ 37,959</u>	<u>\$ 47,458</u>

See accompanying notes to financial statements.

EDUCATIONAL PROGRAM INNOVATIONS CHARITY SOCIETY

Statement of Cash Flows

Year ended June 30, 2017, with comparative figures for 2016

	2017	2016
CASH FLOWS FROM OPERATIONS		
Deficiency of revenues over expenses	\$ (9,499)	\$ (10,590)
Item not involving cash		
Unrealized loss (gain) from change in fair market value of investments	5,872	(1,592)
Change in non-cash operating working capital		
Decrease (increase) in harmonized sales taxes recoverable	(1,208)	286
Decrease in accounts payable and accrued liabilities	-	(1,384)
Increase (decrease) in deferred revenue	12,085	(9,500)
	7,250	(22,780)
CASH FLOWS FROM INVESTING ACTIVITIES		
Decrease (increase) in short-term investments, at cost	(3,469)	15,193
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	3,781	(7,587)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	11,793	19,380
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 15,574	\$ 11,793

See accompanying notes to financial statements.

EDUCATIONAL PROGRAM INNOVATIONS CHARITY SOCIETY

Notes to Financial Statements

Year ended June 30, 2017

Educational Program Innovations Charity Society (the "Society") is incorporated under the Nova Scotia Companies Act as a Company limited. The principal activity is to provide and promote educational advancement opportunities for the disadvantaged through new educational initiatives and the enhancements of currently successful educational programs. The Society is a registered charity and is exempt from income taxes.

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of presentation

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

(b) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and cash in bank accounts.

(c) Investments

Investments are carried at fair market value.

(d) Capital assets

Capital assets over \$2,000 are capitalized in the period of acquisition and amounts under \$2,000 are expensed in the period of acquisition.

(e) Revenue recognition

The Society follows the deferral method of accounting for contributions.

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.

Restricted contributions are recognized as revenue in the period in which the related expenses are recognized.

Investment income is recognized as revenue when earned.

EDUCATIONAL PROGRAM INNOVATIONS CHARITY SOCIETY

Notes to Financial Statements (continued)

Year ended June 30, 2017

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Financial instruments

Measurement of financial instruments

The Society initially measures its financial assets and financial liabilities at fair value and subsequently measures all its financial assets and financial liabilities at amortized cost, except short-term investments and marketable securities. These are subsequently measured at fair market value with any changes recorded on the statement of operations.

Financial assets measured at amortized cost include cash.

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

Impairment

Financial assets measured at cost or amortized cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in income. A previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no 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 income.

Unless otherwise noted, the Society is not exposed to significant credit, market or liquidity risk arising from these instruments.

(g) Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

EDUCATIONAL PROGRAM INNOVATIONS CHARITY SOCIETY

Notes to Financial Statements (continued)

Year ended June 30, 2017

2. SHORT-TERM INVESTMENTS

	2017		2016	
	Cost	Fair market value	Cost	Fair market value
Equity securities	\$ 148,704	\$ 53,813	\$ 146,167	\$ 57,148
Cash	1,302	1,302	370	370
	\$ 150,006	\$ 55,115	\$ 146,537	\$ 57,518

3. FINANCIAL INSTRUMENTS

The Society is exposed to various risks through its financial instruments and includes the following significant risk at June 30, 2017:

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Future cash flows of its marketable securities and investments are dependent on market interest rates. The value of the security itself could also fluctuate, resulting in gains or losses recognized in the statement of operations.

4. RELATED PARTY TRANSACTIONS

During the year \$5,000 (2016 - \$8,720) in donations were made by board members to the Society.