

**THE LEARNING ENRICHMENT FOUNDATION
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
DECEMBER 31, 2015**

THE LEARNING ENRICHMENT FOUNDATION

Financial Statements December 31, 2015

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of The Learning Enrichment Foundation

We have audited the accompanying financial statements of The Learning Enrichment Foundation, which comprise the statement of financial position as at December 31, 2015 and the statements of operations and 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.

Auditor's 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 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 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 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 in our audit 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 Learning Enrichment Foundation derives revenue from donations and fundraising activities 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 Learning Enrichment Foundation and we were not able to determine whether any adjustments might be necessary to donations and fundraising revenue, excess of revenues over expenditures, and cash flows from operations for the years ended December 31, 2015, current assets and net assets as at December 31, 2015.

INDEPENDENT AUDITOR'S REPORT, continued

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, these financial statements present fairly, in all material respects, the financial position of The Learning Enrichment Foundation as at December 31, 2015 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.

*Akler, Browning, Frimet
& Landzberg LLP*

Chartered Accountants
Licensed Public Accountants
Toronto, Ontario
April 19, 2016

THE LEARNING ENRICHMENT FOUNDATION
Statement of Financial Position
December 31, 2015

	2015	2014
Assets		
Current		
Cash and cash equivalents (Note 2)	\$ 910,337	\$ 904,606
Accounts receivable	358,244	233,792
Grants and subsidies receivable	420,585	383,587
HST rebate receivable	53,524	71,990
Prepays and deposits	112,005	51,331
Total current assets	1,854,695	1,645,306
Property and equipment (Note 3)	1,459,798	1,518,457
Total Assets	\$ 3,314,493	\$ 3,163,763
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 783,041	\$ 774,799
Current portion of mortgage payable (Note 5)	49,542	47,410
Deferred contributions (Note 7)	875,280	686,470
Total current liabilities	1,707,863	1,508,679
Mortgage payable (Note 5)	608,370	657,876
Deferred revenue related to property and equipment (Note 6)	21,411	42,843
Deferred contributions related to property and equipment (Note 8)	50,563	124,233
Total Liabilities	2,388,207	2,333,631
Fund Balances		
Net assets	926,286	830,132
Total Liabilities and Net Assets	\$ 3,314,493	\$ 3,163,763

Approved on behalf of the board

Director 

Director 

Date: 19 April 2016

The Learning Enrichment Foundation
Statement of Operations and Changes in Net Assets
Year ended December 31, 2015

	2015	2014
Revenues		
Subsidy fees	\$ 8,721,233	\$ 7,777,278
Grants and contribution agreements (Schedule)	6,098,842	5,962,917
Client fees	2,993,169	2,208,093
Fundraising, donations and other	624,674	314,512
Fee for service	247,362	244,050
Rental and interest	143,200	109,054
Enterprise	60,834	35,810
Vocational training	4,650	3,616
	18,893,964	16,655,330
Expenditures		
Wages and benefits	14,653,215	12,861,240
Program related	1,461,679	1,337,897
Rent	468,516	493,599
Repairs and maintenance	311,693	278,260
Office and general	264,561	257,175
Amortization	258,634	246,794
Utilities	240,324	209,851
Business travel	201,734	195,547
Training and development	151,254	85,300
Consulting	123,083	130,625
Professional fees	114,863	65,494
Telephone	111,661	112,803
Property taxes	100,789	104,604
Food prepared on premises	93,372	109,175
Insurance	89,970	79,848
Legal fees	56,434	57,850
Fundraising	38,419	122,453
Mortgage interest	34,333	36,544
Advertising and promotion	18,124	15,953
Bad debts	3,364	(6,963)
Conference	1,788	16,398
	18,797,810	16,810,447
Excess (deficiency) of revenues over expenditures	96,154	(155,117)
Net assets, beginning of year	830,132	985,249
Net assets, end of year	\$ 926,286	\$ 830,132

The Learning Enrichment Foundation
Schedule of Administration Revenues, Expenditures and Allocations
Year ended December 31, 2015

	2015	2014
Revenues		
Fundraising, donations and other	\$ 535,730	\$ 185,157
Grant and contribution agreements	183,034	134,577
Enterprise	12,071	19,012
Interest	2,419	5,246
	733,254	343,992
Expenditures		
Wages and benefits	1,916,274	1,416,114
Office and general	146,119	145,863
Professional fees	103,468	61,920
Consulting	95,051	51,246
Insurance	84,281	71,113
Training and development	76,622	42,497
Telephone	43,522	43,225
Fundraising	38,279	121,980
Program related	38,038	106,928
Mortgage interest	34,333	36,544
Legal fees	21,387	50,440
Advertising and promotion	11,053	5,789
Amortization	8,390	16,362
Repairs and maintenance	7,929	549
Business travel	3,743	11,841
Bad debts	480	1,347
	2,628,969	2,183,758
Deficiency of revenues over expenditures before allocations	(1,895,715)	(1,839,766)
Allocation of expenditures		
Childcare	2,221,380	1,857,353
Other projects	177,519	201,278
Food services	(108,021)	(5,612)
Building	(180,062)	(16,853)
	2,110,816	2,036,166
Excess of revenues over expenditures	\$ 215,101	\$ 196,400

The Learning Enrichment Foundation
Schedule of Childcare Revenues, Expenditures and Allocations
Year ended December 31, 2015

Revenues		
Subsidy fees	\$ 8,721,233	\$ 7,777,278
Client fees	2,993,169	2,208,093
Grant and contribution agreements	2,151,258	1,694,613
Fundraising, donations and other	1,585	6,379
	13,867,245	11,686,363
Expenditures		
Wages and benefits	9,533,392	7,814,123
Program related	207,419	198,681
Repairs and maintenance	127,370	92,680
Food prepared on premises	93,372	109,175
Rent	80,675	93,389
Training and development	67,012	32,922
Office and general	65,857	75,233
Amortization	57,907	53,118
Telephone	55,699	47,900
Business travel	11,284	4,690
Utilities	9,880	6,608
Professional fees	9,648	1,970
Bad debts	2,884	9,805
Advertising and promotion	931	1,081
Legal fees	525	589
Fundraising	140	473
	10,323,995	8,542,437
Excess of revenues over expenditures before allocations	3,543,250	3,143,926
Allocation of expenditures		
Building	(294,792)	(256,027)
Food services	(1,211,514)	(1,023,121)
Administration	(2,221,380)	(1,857,353)
	(3,727,686)	(3,136,501)
(Deficiency) excess of revenues over expenditures	\$ (184,436)	\$ 7,425

The Learning Enrichment Foundation
Schedule of Building Revenues, Expenditures and Allocations
Year ended December 31, 2015

Revenues			
Rental and interest	\$	140,781	\$ 103,808
Fundraising, donations and other		67,104	60,620
Grant and contribution agreements		44,874	145,514
Enterprise		56	-
		252,815	309,942
Expenditures			
Rent		371,593	363,171
Utilities		225,767	196,019
Wages and benefits		118,747	227,696
Repairs and maintenance		147,614	168,959
Amortization		132,474	122,151
Property taxes		100,789	104,604
Telephone		4,251	4,640
Legal		4,196	448
Insurance		3,221	6,251
Office and general		3,070	2,761
Consulting		-	9,197
Program related		-	196
		1,111,722	1,206,093
Deficiency of revenues over expenditures before allocations		(858,907)	(896,151)
Allocation of expenditures			
Other projects		377,169	406,927
Childcare		294,792	256,027
Food services		78,300	78,300
Administration		180,062	16,853
		930,323	758,107
Excess (deficiency) of revenues over expenditures	\$	71,416	\$ (138,044)

The Learning Enrichment Foundation
Schedule of Food Services Revenues, Expenditures and Allocations
Year ended December 31, 2015

Revenues			
Enterprise	\$	18,564	\$ 16,799
Fundraising, donations and other		386	460
		18,950	17,259
Expenditures			
Program related		694,855	591,467
Wages and benefits		372,890	301,466
Business travel		133,574	124,371
Amortization		34,029	28,016
Repairs and maintenance		28,780	16,072
Insurance		2,241	-
Office and general		408	289
Professional fees		310	303
Advertising and promotion		20	-
Consulting		-	10,573
Training and development		-	30
		1,267,107	1,072,587
Deficiency of revenues over expenditures before allocations		(1,248,157)	(1,055,328)
Allocation of expenditures			
Childcare		1,211,514	1,023,121
Other projects		21,935	15,987
Administration		108,021	5,612
Building		(78,300)	(78,300)
		1,263,170	966,420
Excess (deficiency) of revenues over expenditures	\$	15,013	\$ (88,908)

The Learning Enrichment Foundation
Schedule of Other Projects Revenues, Expenditures and Allocations
Year ended December 31, 2015

Revenues		
Grants and contribution agreements	\$ 3,719,676	\$ 3,988,213
Fee for service	247,362	244,050
Enterprise	30,143	-
Fundraising, donations and other	19,869	61,896
Vocational training	4,650	3,616
	4,021,700	4,297,775
Expenditures		
Wages and benefits	2,711,912	3,101,841
Program related	521,367	440,626
Business travel	53,133	54,645
Office and general	49,107	33,026
Legal fees	30,326	6,374
Consulting	28,032	59,609
Amortization	25,834	27,146
Rent	16,248	37,039
Telephone	8,189	17,038
Training and development	7,620	9,851
Advertising and promotion	6,120	9,083
Utilities	4,677	7,228
Conference	1,788	16,398
Professional fees	1,437	1,300
Insurance	227	2,484
Bad debts	-	(18,115)
	3,466,017	3,805,573
Excess of revenues over expenditures before allocations	555,683	492,202
Allocation of expenditures		
Food services	(21,935)	(15,987)
Administration	(177,519)	(201,278)
Building	(377,169)	(406,927)
	(576,623)	(624,192)
Deficiency of revenues over expenditures	\$ (20,940)	\$ (131,990)

The Learning Enrichment Foundation

Schedule of Grant and Contribution Agreements

Year ended December 31, 2015

Federal

Citizenship and Immigration Canada	\$ 1,938,684	\$ 2,035,744
Service Canada	23,141	106,934
	<hr/> 1,961,825	<hr/> 2,142,678

Provincial

Ministry of Training, Colleges and Universities	1,347,527	1,225,448
Ministry of Economic Development, Employment Infrastructure	200,714	233,800
Ministry of Community and Social Services	76,662	76,662
	<hr/> 1,624,903	<hr/> 1,535,910

Municipal

City of Toronto - (Wage Grants) (Note 7)	1,598,372	1,549,640
City of Toronto - (Provincial Wage Enhancement Grants) (Note 10)	344,000	-
City of Toronto - (Other Grants) (Note 11)	179,043	134,597
City of Toronto - (Investment in Neighbourhood)	74,246	43,032
	<hr/> 2,195,661	<hr/> 1,727,269

Other

United Way of Greater Toronto	192,671	430,619
Miscellaneous	123,782	126,441
	<hr/> 316,453	<hr/> 557,060

Total	<hr/> \$ 6,098,842	<hr/> \$ 5,962,917
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The Learning Enrichment Foundation
Statement of Cash Flows
Year ended December 31, 2015

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess revenues over expenditures	\$ 96,154	\$ (155,117)
Items not involving cash		
Amortization	258,634	246,794
Amortization of deferred revenue related to property and equipment	(21,432)	(21,432)
Amortization of deferred contributions related to property and equipment	(73,670)	(48,463)
	259,686	21,782
Change in non-cash working capital items		
Accounts receivable	(124,452)	5,150
Grants and subsidies receivable	(36,998)	(49,097)
HST rebate receivable	18,466	(21,730)
Prepays and deposits	(60,674)	11,707
Accounts payable and accrued liabilities	8,243	241,231
Deferred contributions	188,810	146,930
Cash Provided by Operating Activities	253,081	355,973
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment (net)	(199,976)	(197,360)
Cash Used in Investing Activities	(199,976)	(197,360)
CASH FLOWS FROM FINANCING ACTIVITIES		
Mortgage payable	(47,374)	(45,099)
Cash Used in Financing Activities	(47,374)	(45,099)
Increase in cash and cash equivalents	5,731	113,514
Cash and cash equivalents, beginning of year	904,606	791,092
Cash and cash equivalents, end of year	\$ 910,337	\$ 904,606

THE LEARNING ENRICHMENT FOUNDATION

Notes to the Financial Statements

December 31, 2015

NATURE OF OPERATIONS

The Learning Enrichment Foundation ("the Foundation") is a non-profit organization incorporated without share capital and is registered with the Canada Revenue Agency as a charity, within the meaning of the Income Tax Act. The principal activities of the Foundation include the operation of child care centres, before and after school programs, employment training and counselling services and other employment development projects.

1. 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) Cash and Cash Equivalents

Bank balances, including bank overdrafts with balances that fluctuate from positive to overdrawn, are presented under cash and cash equivalents. Cash equivalents include highly liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in value. An investment normally qualifies as a cash equivalent when it has a short maturity of approximately three months or less from the date of acquisition.

(b) Property and equipment

Property and equipment are accounted for at cost and amortized over their estimated useful life using the following methods and rates or duration:

Building	4% Declining balance
Equipment and fixtures	5 years Straight-line
Computer equipment and software	3 years Straight-line
Leasehold improvements	5 years Straight-line

(c) Impairment of long-lived assets

Property and equipment subject to amortization are tested for recoverability whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. An impairment loss is recognized when the carrying amount of the asset exceeds the sum of the undiscounted cash flows resulting from its use and eventual disposition. The impairment loss is measured as the amount by which the carrying amount of the long-lived asset exceeds its fair value.

(d) Revenue recognition

The Foundation follows the deferral method of accounting for contributions. Restricted contributions are deferred and recognized as revenue in the year in which the related expenditures are incurred. Unrestricted contributions are recognized as revenue when received or receivable when the amount to be received can be reasonably estimated and collection is reasonably assured.

Client fees, fee for service, vocational training, rental and investment income and enterprise revenues are recognized on the accrual basis as earned.

THE LEARNING ENRICHMENT FOUNDATION

Notes to the Financial Statements

December 31, 2015

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(e) Deferred revenue and contributions related to property and equipment

Deferred revenue and contributions related to property and equipment represent restricted revenue and contributions for the purchase of equipment and fixtures, computer hardware and leaseholds. Deferred revenue and contributions are recognized as revenue on the same basis as the related property and equipment is being amortized.

(f) Contributed Materials and Services

Volunteers contribute time and the use of their vehicles in support of programs. The organization would not be able to carry out its activities without the services of the many volunteers who donate a considerable number of hours. Due to the difficulty of compiling these hours, contributed services are not recognized in the financial statements. The fair market value of donated property and equipment is recognized as donation revenue in the year the property and equipment are donated, if the fair market value can be reasonably estimated.

Rent not charged for certain facilities used by the Foundation has not been recognized in the financial statements as it is impractical to determine the fair market value of these amounts.

(g) Financial instruments

Measurement of financial instruments

The Foundation initially measures its financial assets and liabilities at fair value.

The Foundation 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 the statement of operations in the period incurred.

Financial assets measured at amortized cost include cash and cash equivalents, HST rebate receivable, accounts receivable and grants and subsidies receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities, current portion of mortgage payable and mortgage payable.

The Foundation has not designated any financial asset or financial liability to be measured at fair value.

Impairment

For financial assets measured at amortized cost, the Foundation determines whether there are indications of possible impairment. When there is an indication of impairment, and the Foundation determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows, a write-down is recognized in excess of revenues over expenditures. A previously recognized impairment loss may be reversed to the extent of the improvement. The carrying amount of the financial asset may not be 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 excess of revenues over expenditures.

THE LEARNING ENRICHMENT FOUNDATION
Notes to the Financial Statements
December 31, 2015

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(h) Use of estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, revenues and expenditures for the period covered. The main estimates relate to the impairment of financial assets, the useful life of property and equipment and allowance for doubtful accounts.

(i) Allocation of Expenditures

The Foundation engages in various programs and services. The costs of each program includes the cost of personnel and other expenditures that are directly related to providing the services. The Foundation also incurs other expenditures that are common to the management and operations of the Foundation and each of its programs.

The Foundation allocates certain of its administration expenditures, wages and benefits, professional fees, legal fees, insurance, rent, telephone, food costs and advertising by identifying the appropriate basis of allocating each component expenditure, and applies the basis consistently each year according to contracts with the Federal, Provincial and Municipal governments. These costs are included in the expenditures and/or recoveries between programs per the schedules attached to the financial statements.

2. CASH AND CASH EQUIVALENTS

Cash	\$	910,337	\$	604,384
Term deposit		-		300,222
	\$	910,337	\$	904,606

3. PROPERTY AND EQUIPMENT

	Cost	Accumulated amortization	Net 2015	Net 2014
Land	\$ 426,343	\$ -	\$ 426,343	\$ 426,343
Building	875,673	197,034	678,639	706,915
Equipment and fixtures	348,386	287,699	60,687	122,492
Computer equipment and software	218,017	203,095	14,922	22,531
Leasehold improvements	904,111	624,904	279,207	240,176
	\$ 2,772,530	\$ 1,312,732	\$ 1,459,798	\$ 1,518,457

THE LEARNING ENRICHMENT FOUNDATION

Notes to the Financial Statements

December 31, 2015

4. BANK OPERATING LOAN

A demand operating loan to a maximum of \$650,000 is available to the Foundation. The operating loan bears interest at a rate of prime plus 1% per annum and is secured by a general security agreement covering all assets of the Foundation. As at December 31, 2015 the loan balance amounted to \$Nil (2014 - \$Nil).

5. MORTGAGE PAYABLE

	2015	2014
Subsequent to the end of the year the mortgage was renewed. The mortgage is secured by the property at 1267 & 1269 Weston Road, with a net book value of \$1,104,982 and a general security agreement on all assets of the Foundation. The renewed mortgage is repayable in blended monthly payments of \$6,065, bearing interest at 3.70%, due April 1, 2021.	\$ 657,912	\$ 705,286
Less current portion	49,542	47,410
Due beyond one year	\$ 608,370	\$ 657,876

Estimated principal repayments are as follows:

2016	\$ 49,542
2017	51,300
2018	53,215
2019	55,202
2020	57,264
Subsequent year	391,389
	\$ 657,912

6. DEFERRED REVENUE RELATED TO PROPERTY AND EQUIPMENT

The deferred revenue represents a tenant inducement of \$150,000 received from the landlord in 2010 for the leased premises. The tenant inducement is being amortized over the term of the lease. The amount of the tenant inducement recognized as revenue in the current year is \$21,432 (2014 - \$21,432). The balance of the tenant inducement as at December 31, 2015 is \$21,411 (2014 - \$42,843).

THE LEARNING ENRICHMENT FOUNDATION

Notes to the Financial Statements

December 31, 2015

7. DEFERRED CONTRIBUTIONS

Deferred contributions represent unspent resources externally restricted by funding agencies plus restricted operation funding received in the current or a prior period that is related to a period subsequent to the year end.

Included in the year end balance is \$242,602 (2014 - \$410,105) in wage subsidies received from the City of Toronto, Children's Services Division to be spent in a subsequent period. The analysis of the combined wage subsidies for the year is as follows:

	Wage Subsidy	Pay Equity Cost Shared	Pay Equity Provincial	Wage Improvement
Received/receivable in the fiscal year	\$ 1,285,285	\$ 77,576	\$ 198,356	\$ 279,756
Recognized in the fiscal year	1,042,683	77,576	198,356	279,756
Wage subsidies deferred to future years	\$ 242,602	\$ -	\$ -	\$ -

8. DEFERRED CONTRIBUTIONS RELATED TO PROPERTY AND EQUIPMENT

Deferred contributions related to property and equipment represent restricted contributions for the purchase of specific equipment and fixtures, computer hardware and leaseholds. The changes in the deferred contributions balance for the period are as follows:

	2015	2014
Opening balance	\$ 124,233	\$ 172,696
Add: Contributions received and spent on property and equipment	-	2,009
	124,233	174,705
Less: Amounts amortized to revenue	(73,670)	(50,472)
Closing balance	\$ 50,563	\$ 124,233

9. EMPLOYEE FUTURE BENEFITS

The Foundation has a defined-contribution pension plan. The Foundation contributes to the plan at the rate of 4% of employees salaries. The expenditure and payments for the year were \$318,035 (2014 - \$293,657). Full-time and part-time employees that meet certain earning and hour requirements are eligible to become members of the plan.

THE LEARNING ENRICHMENT FOUNDATION
Notes to the Financial Statements
December 31, 2015

10. PROVINCIAL WAGE ENHANCEMENT GRANT

	Provincial wage enhancement received	Provincial wage enhancement expensed	Provincial wage enhancement returned to the City of Toronto Children's Services	Total
Provincial wage enhancement grant	\$ 344,000	\$ (344,000)	\$ -	\$ -

The Provincial Wage Enhancement Funding supports wage enhancement for child care workers in the licensed child care sector.

The Foundation applied for the Provincial Wage Enhancement Funding on behalf of their child care staff for the 2015 calendar year, and the funds were fully disbursed to staff who were in eligible positions.

11. INFANT AND TODDLER TRANSITIONAL GRANT

In 2015 the Foundation received \$113,796 (2014 - \$42,552) from Toronto Children's Services for the Infant & Toddler Transitional Grant.

The following centres were eligible for the Infant Grant:

York Humber Child Care
 Vaughan Road Infant & Toddler Centre

The following centres were eligible for the Toddler Grant:

J.R. Wilcox Day Care Centre
 St. Dorothy Child Care Centre
 St. Jude Early Learning Centre

The following centres were eligible for both the Infant and Toddler Grants:

Silverthorn Day Care
 Donald C. Macdonald Child Care Centre
 Romero Bears Child Care Centre
 George Harvey Child Care Centre
 St. Andrew Child Care Centre

In accordance with the terms and conditions for the funding, the Foundation provided eligible parents with credits to reduce their fees. The total fee reduction provided to eligible parents was \$1,092 for infants and \$8,328 for toddlers.

Revenue from parent fees is presented net of the \$9,420 in fee credits provided to eligible parents.

THE LEARNING ENRICHMENT FOUNDATION
Notes to the Financial Statements
December 31, 2015

12. CONTRACTUAL OBLIGATIONS

The Foundation's total obligation under various operating leases and property lease agreement, exclusive of occupancy costs, is as follows:

Leased Premises

The Foundation is obligated under a premises lease to minimum rentals (excluding certain occupancy charges and property taxes) as follows:

2016	\$	341,900
2017		348,967
2018		347,700
2019		356,850
2020		366,000
Subsequent years		2,141,100
		<hr/>
		\$ 3,902,517

Equipment and Vehicles

The Foundation is obligated to minimum rentals under various operating leases for its existing equipment and vehicles as follows:

2016	\$	5,045
2017		5,045
2018		5,045
2019		841
		<hr/>
		\$ 15,976

13. 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) Credit risk

Credit risk is the risk that one party to a financial transaction will cause a financial loss for the other party by failing to discharge an obligation. The Foundation's main credit risk relates to its accounts receivable, grants and subsidies receivable and HST rebate receivable.

(b) Liquidity risk

Liquidity risk is the risk that the Foundation will encounter difficulty in meeting obligations associated with financial liabilities. The Foundation's exposure is dependent on its ability to repay trade creditors and long term debt as they become due. The Foundation expects to meet these obligations as they come due by generating sufficient cash flow from operations combined with the receipt of subsidies and grants from its funders and its available line of credit.

13. FINANCIAL INSTRUMENTS, continued

(c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The Foundation is mainly exposed to interest rate risk.

(d) 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. Fixed rate instruments subject the Foundation to a fair value risk while the floating rate instruments subject the Foundation to cash flow risk. The Foundation is exposed to this type of risk as a result of its variable rate line of credit and mortgage payable. The exposure to these risks also fluctuates as the debts change from year to year.
