LAKESIDE CHILD CARE CENTRE

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2018

(with comparative figures
for the year ended December 31, 2017)

B.D. Hawkins, CPA, CA

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INDEPENDENT AUDITOR'S REPORT

To: The Directors of Lakeside Child Care Centre:

Qualified Opinion

I have audited the accompanying financial statements of Lakeside Child Care Centre, which comprise the statement of financial position as at December 31, 2018, and the statement of operations, statement of changes in net assets and statement of cash flows for the year ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, except for the effects of the matter described in the *Basis for Qualified Opinion* section of my report, the accompanying financial statements present fairly, in all material respects, the financial position of Lakeside Child Care Centre, as at December 31, 2018, and the results of its operation and its cash flows for the year then ended in accordance with Canadian accounting standards for non-for-profit organization.

Basis for Qualified Opinion

In common with many charitable organizations, Lakeside Child Care Centre derives revenue from donations, the completeness of which is not susceptible to satisfactory audit certification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of Lakeside Child Care Centre. Therefore, I was not able to determine whether any adjustments might be necessary to recorded donation, excess of revenues over expenses, cash flows from operations for the years ended December 31, 2018 and 2017, current assets as at December 31, 2018 and 2017, and net assets as at January 1 and December 31 for both the 2018 and 2017 years. My audit opinion on the financial statements for the year ended December 31, 2018 and 2017 was modified accordingly because of the possible effect of this scope limitation.

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. I am independent of Lakeside Child Care Centre, in accordance with the ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for qualified audit opinion.

I have planned the audit to provide reasonable assurance that Lakeside Child Care Centre, complied with the following:
Funding was applied to only those sites identified on the Wellington General Operating Grant Agreement and;
Funding was distributed according to the Admissible Use of Funds section of the County of Wellington – Wellington General Operating Grant Guidelines.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for non-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.

In preparing the financial statements, management is responsible for assessing Lakeside Child Care Centre's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting, unless management either intends to liquidate Lakeside Child Care Centre, or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing Lakeside Child Care Centre's financial reporting process.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the organization's Annual Report, but does not include the financial statements and my auditor's report thereon.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information; I am required to report that fact. I have nothing to report in regard.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentations, or to override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Lakeside Child Care Centre, internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or condition that may cast significant doubt on Lakeside Child Care Centre's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained to the date of our auditor's report. However, future events or conditions may cause to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant findings, including any significant deficiencies in internal control that I identify during my audit.

B.D Hawkins

Guelph, Ontario.
June 11, 2019

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

LAKESIDE CHILD CARE CENTRE
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2018

	2018	2017
Assets		
Current		
Bank	$ 18,426	$ -
HST recoverable	773	322
Accounts receivable	11,944	-
	31,143	322
Capital assets (notes 1 and 2)	3,687	5,170
	$ 34,830	$ 5,492
Liabilities		
Current		
Bank Overdrawn	$ -	$ 4,560
Accounts payable and accrued liabilities	19,391	21,595
Deferred revenue	21,621	-
Loan payable - due to Lakeside Bible Church due 7 days after demand, no interest nor repayment terms	70,000	70,000
	111,012	96,155
Net Assets		
Net assets	(76,182)	(90,663)
	$ 34,830	$ 5,492

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, 2018

		2018		2017
(Deficit), beginning of year	$	(90,663)	$	(72,783)
Net income for the year		14,481		(17,880)
(Deficit), end of year	$	(76,182)	$	(90,663)

(see accompanying notes to financial statements)

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LAKESIDE CHILD CARE CENTRE
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2018

	2018	2017
Revenue		
Child care fees	$ 277,796	$ 223,741
Fundraising	-	6,396
Grants	73,046	37,043
	350,842	267,180
Expenditures		
Amortization	1,483	1,595
Bank charges & interest	2,359	690
Facilities & Equipment	336	-
Fundraising	-	4,419
Insurance	120	-
Meals & Snacks	12,068	11,239
Miscellaneous	1,986	456
Office supplies	1,142	107
Professional fees	1,875	1,400
Rent	2,000	12,000
Supplies and expenses	7,348	4,570
Wages and benefits	305,644	248,584
	336,361	285,060
Net income (loss) for the year	$ 14,481	$ (17,880)

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LAKESIDE CHILD CARE CENTRE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2018

		2018		2017
OPERATING ACTIVITIES				
Net income (loss) for the year	$	14,481	$	(17,880)
Changes to earnings no involving cash:				
Amortization		1,483		1,595
		15,964		(16,285)
Changes in non-cash working				
(Increase) decrease in HST recoverable		(451)		68
(Increase) in accounts receivable		(11,944)		
(Decrease) increase in accounts payable & accrued liabilities		(2,204)		14,642
Increase in deferred revenue		21,621		
Cash and equivalents from operating activities		22,986		(1,575)
FINANCING ACTIVITIES				
Increase in loan payable - Due to Lakeside Bible Church		-		32,036
Cash and equivalents from investing activities		-		32,036
INVESTING ACTIVITIES				
(Purchase) of capital assets		-		-
Cash and equivalents from investing activities		-		-
Increase (decrease) in cash and equivalents for the year		22,986		(1,575)
Cash and equivalents, beginning of year		(4,560)		(2,985)
Cash and equivalents, end of year	$	18,426	$	(4,560)
Represented by:				
Cash and bank		18,426		(4,560)
	$	18,426	$	(4,560)

(see accompanying notes to financial statements)

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1 Significant accounting policies

Lakeside Child Day Care is a division of Lakeside Bible Church . Lakeside Child Day Care provides quality child care to infant, toddler and preschool children.

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 undisclosed 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.

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.

g. Revenue recognition

The organization receives day care fees and the revenue is recognized in the year received or receivable if the amount can be reasonably estimated and collection is reasonable assured.

2 Capital assets and amortization

	Cost	Accumulated amortization	2018 Net book value	2017 Net book value
Furniture and fixtures	$ 3,608	$ 1,822	$ 1,786	$ 2,232
Leasehold Improvements	5,184	3,283	1,901	2,938
	$ 8,792	$ 5,105	$ 3,687	$ 5,170