

**TERRA CENTRE FOR TEEN PARENTS**  
**Financial Statements**  
**Year Ended December 31, 2015**

**TERRA CENTRE FOR TEEN PARENTS**  
**Index to Financial Statements**  
**Year Ended December 31, 2015**

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**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of  
Terra Centre for Teen Parents

**Report on the Financial Statements**

We have audited the accompanying financial statements of Terra Centre for Teen Parents, which comprise the statement of financial position as at December 31, 2015 and the statements of operations, 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 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 qualified audit opinion.

**Basis for Qualified Opinion**

In common with many charitable organizations, the Centre derives revenue from fundraising and 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 Centre and we were not able to determine whether any adjustments might be necessary to operations, assets or net assets.

**Qualified Opinion**

In our opinion, except for the effect 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 Centre 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.

Edmonton, Alberta  
March 23, 2016



CHARTERED ACCOUNTANTS

**TERRA CENTRE FOR TEEN PARENTS**  
**Statement of Financial Position**  
**December 31, 2015**

	2015	2014
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash and short-term investments <i>(Note 3)</i>	\$ 4,593,167	\$ 4,133,887
Accounts receivable	46,551	69,795
Prepaid expenses	43,446	30,694
	<u>4,683,164</u>	<u>4,234,376</u>
<b>PROPERTY AND EQUIPMENT <i>(Note 4)</i></b>	<u>182,485</u>	<u>190,444</u>
	<u>\$ 4,865,649</u>	<u>\$ 4,424,820</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT</b>		
Line of credit <i>(Note 5)</i>	\$ 5,000	\$ 5,000
Accounts payable and accrued liabilities <i>(Note 6)</i>	306,743	317,872
Deferred contributions <i>(Note 7)</i>	3,840,715	3,485,367
	<u>4,152,458</u>	<u>3,808,239</u>
<b>DEFERRED CONTRIBUTIONS RELATED TO PROPERTY AND EQUIPMENT <i>(Note 8)</i></b>	<u>22,806</u>	<u>29,125</u>
	<u>4,175,264</u>	<u>3,837,364</u>
<b>NET ASSETS</b>		
Invested in property and equipment	159,679	161,319
Unrestricted	530,706	426,137
	<u>690,385</u>	<u>587,456</u>
	<u>\$ 4,865,649</u>	<u>\$ 4,424,820</u>

**APPROVED BY THE BOARD**

  
 \_\_\_\_\_ Director

  
 \_\_\_\_\_ Director

**TERRA CENTRE FOR TEEN PARENTS**  
**Statement of Operations**  
**Year Ended December 31, 2015**

	2015	2014
<b>REVENUE</b>		
Government of Alberta - bursary program	\$ 1,765,441	\$ 1,622,593
Edmonton and Area Child and Family Services Authority	780,255	773,629
Edmonton and Area Day Care subsidy	701,400	709,991
Fundraising and donations	446,077	419,868
Health Canada	426,781	428,634
Day care parent fees	399,854	336,370
Capital campaign (Note 10)	381,231	104,953
United Way	257,736	257,736
City of Edmonton - F.C.S.S. grant	185,276	171,552
Other	153,799	206,974
Other grants (Note 9)	121,581	120,902
Bingo and casino revenue	71,583	42,363
Amortization of deferred contributions related to property and equipment	6,319	6,319
Hope Terrace rent recovery	-	80,223
	<u>5,697,333</u>	<u>5,282,107</u>
<b>EXPENSES</b>		
Salaries and benefits	3,021,908	2,931,603
Bursary payments	1,589,442	1,454,051
Capital campaign (Note 10)	381,231	104,953
Recruitment, staff development and travel	123,629	104,074
Program	117,376	130,021
Fundraising (Note 11)	102,054	75,924
Office supplies and professional fees	101,031	105,656
Occupancy costs and insurance	97,284	110,232
Resource development	49,865	27,809
Amortization	7,959	24,811
Hope Terrace and emergency apartment rent	2,625	125,439
	<u>5,594,404</u>	<u>5,194,573</u>
<b>REVENUE OVER EXPENSES</b>	<u>\$ 102,929</u>	<u>\$ 87,534</u>

**TERRA CENTRE FOR TEEN PARENTS**  
**Statement of Changes in Net Assets**  
**Year Ended December 31, 2015**

	Invested In Property and Equipment	Unrestricted	2015	2014
<b>NET ASSETS - BEGINNING OF YEAR</b>	\$ 161,319	\$ 426,137	\$ 587,456	\$ 499,922
Revenue over (under) expenses	(1,640)	104,569	102,929	87,534
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 159,679</b>	<b>\$ 530,706</b>	<b>\$ 690,385</b>	<b>\$ 587,456</b>

**TERRA CENTRE FOR TEEN PARENTS**  
**Statement of Cash Flows**  
**Year Ended December 31, 2015**

	2015	2014
<b>OPERATING ACTIVITIES</b>		
Revenue over expenses	\$ 102,929	\$ 87,534
Items not affecting cash:		
Amortization of deferred contributions related to property and equipment	(6,319)	(6,319)
Amortization	7,959	24,812
	<u>104,569</u>	<u>106,027</u>
Changes in non-cash working capital items:		
Accounts receivable	23,244	(28,563)
Prepaid expenses	(12,752)	1,521
Accounts payable and accrued liabilities	(11,129)	64,662
Deferred contributions	355,348	222,210
	<u>354,711</u>	<u>259,830</u>
	<u>459,280</u>	<u>365,857</u>
<b>INVESTING ACTIVITY</b>		
Redemption of long term investments	-	1,500,000
<b>FINANCING ACTIVITY</b>		
Advance from operating loan	-	5,000
<b>INCREASE IN CASH</b>	<b>459,280</b>	<b>1,870,857</b>
Cash and short-term investments - beginning of year	<u>4,133,887</u>	<u>2,263,030</u>
<b>CASH AND SHORT-TERM INVESTMENTS - END OF YEAR</b>	<b>\$ 4,593,167</b>	<b>\$ 4,133,887</b>
<b>CASH FLOWS SUPPLEMENTARY INFORMATION</b>		
Interest paid	<u>\$ 228</u>	<u>\$ -</u>
Interest income received	<u>\$ 8,405</u>	<u>\$ 33,932</u>

**TERRA CENTRE FOR TEEN PARENTS**  
**Notes to Financial Statements**  
**Year Ended December 31, 2015**

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1. NATURE OF OPERATIONS

Terra Centre for Teen Parents is a charitable organization incorporated under the Societies Act (Alberta) and is exempt from income taxes. The Centre is a community based service, providing a range of supports and services to pregnant and parenting teens including young fathers. A holistic approach is used recognizing the complex needs and issues that impact on the life of the parent and child. The Centre provides opportunities for parents to increase their ability to respond to the needs of their children more effectively, return to school, secure employment, to have healthier relationships and connect with other community services. The Centre strives to provide the supports necessary to improve outcomes for both child and parent, helping to build promising futures where the potential of both is more fully realized.

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2. SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

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

Cash and short-term investments

Cash and short-term investments are defined as cash on hand and cash on deposit, net of cheques issued and outstanding at the reporting date and short-term deposits with maturity dates of less than six months.

Property and equipment

Property and equipment are stated at cost less accumulated amortization. Property and equipment are amortized over their estimated useful lives on the straight-line method at the following rates:

Building	20 years
Equipment	5 years
Leasehold improvements	5 years
Computer equipment	2 years

Contributed goods and services

Volunteers contribute time to assist the Centre in carrying out its services. Due to the difficulty in determining their fair value, the contribution of time is not recognized in the financial statements.

The Centre recognizes donated goods and services when an amount can be reasonably determined and a donation receipt is issued.

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## TERRA CENTRE FOR TEEN PARENTS

### Notes to Financial Statements

Year Ended December 31, 2015

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#### 2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

##### Revenue recognition

The Centre follows the deferral method of accounting for contributions. Contributions, including operating grants, are included in revenue in the year in which they are received or receivable, with the exception that contributions to fund a specific future period's expenses are included in revenue in that later period. Grants received for the acquisition of property and equipment are deferred and amortized to revenue on the same basis as the related property and equipment.

Day care parent fees are recognized as revenue during the period to which they apply.

##### Financial instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost and tested for impairment at each reporting date.

##### Use of estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the amounts reported in the financial statements. Significant estimates include amortization, accrued liabilities and deferred contributions. By their nature, these estimates are subject to measurement uncertainty and actual results could differ.

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#### 3. RESTRICTED CASH

Cash and short-term investments include \$113,352 (2014--\$158,942) in casino and bingo proceeds which can only be used in accordance with the licensing agreement with the Alberta Gaming and Liquor Commission.

Cash and short-term investments also include \$1,066,612 (2014--\$1,504,780) in childcare subsidy which can only be used for childcare subsidy claims approved by the Government of Alberta.

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#### 4. PROPERTY AND EQUIPMENT

	Cost	Accumulated amortization	2015 Net book value	2014 Net book value
Land	\$ 157,500	\$ -	\$ 157,500	\$ 157,500
Building	346,166	322,094	24,072	27,222
Equipment	129,951	129,038	913	3,048
Leasehold improvements	62,131	62,131	-	2,674
	<u>\$ 695,748</u>	<u>\$ 513,263</u>	<u>\$ 182,485</u>	<u>\$ 190,444</u>

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## TERRA CENTRE FOR TEEN PARENTS

### Notes to Financial Statements

Year Ended December 31, 2015

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#### 5. LINE OF CREDIT

The Centre has an authorized line of credit which provides for maximum borrowings of \$400,000. The line of credit is payable on demand, bears interest at 4.2% and is secured by a general security agreement. Interest paid on the line of credit totalled \$228.

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#### 6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Included in accounts payable and accrued liabilities is the following government remittance:

	<u>2015</u>	<u>2014</u>
Payroll deductions	\$ -	\$ 61,797

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#### 7. DEFERRED CONTRIBUTIONS

A portion of receipts received in the year are deferred to be recognized as revenue in future years as the related expenses are incurred. Deferred contributions consist of the following:

	<u>2015</u>	<u>2014</u>
Capital campaign	\$ 1,941,549	\$ 711,726
Government of Alberta - child care subsidy	1,066,612	1,504,780
Government of Alberta - bursary program	324,001	734,905
Bingo and casino revenue	122,419	168,042
Health Canada	121,905	122,711
Other	107,607	89,458
Government of Alberta - mental health	73,167	55,566
Edmonton Community Foundation	25,000	25,000
Alberta Innovation & Advanced Education	18,954	37,623
City of Edmonton - F.C.S.S. grant	15,440	14,296
Alberta Education	13,485	21,260
Government of Alberta - FIND project	10,576	-
	<u>\$ 3,840,715</u>	<u>\$ 3,485,367</u>

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## TERRA CENTRE FOR TEEN PARENTS

### Notes to Financial Statements

Year Ended December 31, 2015

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#### 8. DEFERRED CONTRIBUTIONS RELATED TO PROPERTY AND EQUIPMENT

Deferred contributions related to property and equipment represent contributions received to fund the cost of property and equipment additions. The changes in deferred contributions related to property and equipment for the year are as follows:

	2015	2014
Balance at beginning of year	\$ 29,125	\$ 35,444
Less amounts amortized	(6,319)	(6,319)
Balance at end of year	<u>\$ 22,806</u>	<u>\$ 29,125</u>

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#### 9. OTHER GRANTS

	2015	2014
Government of Alberta - mental health	\$ 72,516	\$ 74,064
Alberta Innovation & Advanced Education	49,065	46,838
	<u>\$ 121,581</u>	<u>\$ 120,902</u>

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#### 10. CAPITAL CAMPAIGN

In 2012, the Centre initiated a capital campaign in order to build a community hub in partnership with Alberta Tai Association and Prince Rupert Community League. This community hub will support the Centre in more effectively serving clients. It will be anchored by a new Early Learning and Care Centre and provide opportunities and programs for young parents to pursue their goals. The revenue and expenses are related to the development and creation of this \$11.5 million capital campaign. The campaign is expected to run until 2017.

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#### 11. CHARITABLE FUNDRAISING ACT AND REGULATION DISCLOSURE

Included in fundraising costs are salaries and benefits of \$55,756 (2014--\$48,111) related to fundraising activities for the current year.

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#### 12. ENDOWMENT CONTRIBUTION

The Centre established a permanent endowment with the Edmonton Community Foundation in 2007. The endowment is held and administered by the Edmonton Community Foundation. The Centre is the specified recipient of the income earned on this fund, but has no access to the principal amount of the investment.

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**TERRA CENTRE FOR TEEN PARENTS**  
**Notes to Financial Statements**  
**Year Ended December 31, 2015**

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**13. FINANCIAL INSTRUMENTS**

The Centre's financial instruments consist of cash and short-term investments, accounts receivable and accounts payable and accrued liabilities.

The Centre is exposed to the following risks through its financial instruments:

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Accounts receivable are generally the result of fees charged to a large number of clients and amounts due from government agencies. The Centre's clients are numerous which reduces the concentration of credit risk. It is management's opinion that there is no significant credit risk as of December 31, 2015.

Liquidity risk

Liquidity risk arises from the possibility that the Centre might encounter difficulty in settling its debts or in meeting its obligations related to financial liabilities. It is management's opinion that there is no significant liquidity risk as of December 31, 2015.

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. The Centre is exposed to interest rate risk arising on its interest bearing assets.

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