

**TERRA CENTRE FOR TEEN PARENTS**  
**Financial Statements**  
**Year Ended December 31, 2017**

**TERRA CENTRE FOR TEEN PARENTS**  
**Index to Financial Statements**  
**Year Ended December 31, 2017**

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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, 2017 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, 2017 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 21, 2018

The logo for Peterson Walker LLP, featuring the company name in a stylized, cursive script.

CHARTERED ACCOUNTANTS

**TERRA CENTRE FOR TEEN PARENTS**  
**Statement of Financial Position**  
**December 31, 2017**

	2017	2016
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash and short-term investments (Note 3)	\$ 5,143,312	\$ 5,495,984
Accounts receivable (Note 4)	47,941	51,382
Prepaid expenses	27,295	24,261
	<u>5,218,548</u>	<u>5,571,627</u>
PROPERTY AND EQUIPMENT (Note 5)	183,045	179,452
	<u>\$ 5,401,593</u>	<u>\$ 5,751,079</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT</b>		
Line of credit	\$ -	\$ 5,000
Accounts payable and accrued liabilities	316,963	411,404
Deferred contributions (Note 6)	4,178,411	4,523,196
	<u>4,495,374</u>	<u>4,939,600</u>
DEFERRED CONTRIBUTIONS RELATED TO PROPERTY AND EQUIPMENT (Note 7)	21,449	19,901
	<u>4,516,823</u>	<u>4,959,501</u>
<b>NET ASSETS</b>		
Invested in property and equipment	161,596	159,551
Internally restricted (Note 8)	143,414	79,800
Unrestricted	579,760	552,227
	<u>884,770</u>	<u>791,578</u>
	<u>\$ 5,401,593</u>	<u>\$ 5,751,079</u>

**APPROVED BY THE BOARD**

 Director  
 Director

# **TERRA CENTRE FOR TEEN PARENTS**

## **Statement of Operations**

**Year Ended December 31, 2017**

	2017	2016
<b>REVENUE</b>		
Government of Alberta - bursary program	\$ 1,059,943	\$ 1,774,840
Edmonton and Area Child and Family Services Authority	782,252	782,252
Edmonton and Area Day Care subsidy	769,016	704,559
Day care parent fees	510,229	453,686
Other	452,922	360,256
Health Canada	425,975	425,975
Fundraising and donations	377,721	399,708
City of Edmonton - F.C.S.S. grant	279,276	185,276
United Way	266,834	261,602
Other grants (Note 9)	101,407	74,575
Bingo and casino revenue	64,740	99,146
Capital campaign	29,319	433,561
Amortization of deferred contributions related to property and equipment	3,399	2,905
	<b>5,123,033</b>	<b>5,958,341</b>
<b>EXPENSES</b>		
Salaries and benefits	3,588,804	3,260,057
Bursary payments	742,250	1,505,166
Program	187,974	128,670
Occupancy costs and insurance	130,392	115,281
Recruitment, staff development and travel	119,987	130,839
Office supplies and professional fees	116,255	139,475
Fundraising (Note 11)	96,398	119,718
Capital campaign	29,319	433,561
Resource development	14,693	21,348
Amortization	3,769	3,033
	<b>5,029,841</b>	<b>5,857,148</b>
<b>REVENUE OVER EXPENSES</b>	<b>\$ 93,192</b>	<b>\$ 101,193</b>

**TERRA CENTRE FOR TEEN PARENTS**  
**Statement of Changes in Net Assets**  
**Year Ended December 31, 2017**

	Invested In Property and Equipment	Internally Restricted	Unrestricted	2017	2016
<b>NET ASSETS - BEGINNING OF YEAR</b>	\$ 159,551	\$ 79,800	\$ 552,227	\$ <b>791,578</b>	\$ 690,385
Purchase of property and equipment	2,415	-	(2,415)	-	-
Transfer (Note 8)	-	106,707	(106,707)	-	-
Transfer (Note 8)	-	(43,093)	43,093	-	-
Revenue over (under) expenses	(370)	-	93,562	<b>93,192</b>	101,193
<b>NET ASSETS - END OF YEAR</b>	\$ 161,596	\$ 143,414	\$ 579,760	\$ <b>884,770</b>	\$ 791,578

# **TERRA CENTRE FOR TEEN PARENTS**

## **Statement of Cash Flows**

**Year Ended December 31, 2017**

	2017	2016
<b>OPERATING ACTIVITIES</b>		
Revenue over expenses	\$ 93,192	\$ 101,193
Items not affecting cash:		
Amortization of deferred contributions related to property and equipment	(3,399)	(2,905)
Amortization	3,769	3,033
	<u>93,562</u>	<u>101,321</u>
Changes in non-cash working capital items:		
Accounts receivable	3,441	(4,831)
Prepaid expenses	(3,034)	19,185
Accounts payable and accrued liabilities	(94,441)	104,661
Deferred contributions	(344,785)	682,481
	<u>(438,819)</u>	<u>801,496</u>
	<u>(345,257)</u>	<u>902,817</u>
<b>INVESTING ACTIVITY</b>		
Purchase of equipment	<u>(7,362)</u>	<u>-</u>
<b>FINANCING ACTIVITIES</b>		
Repayment of line of credit	(5,000)	-
Deferred contributions received for property and equipment	4,947	-
	<u>(53)</u>	<u>-</u>
<b>(DECREASE) INCREASE IN CASH</b>	<u>(352,672)</u>	<u>902,817</u>
Cash and short-term investments - beginning of year	<u>5,495,984</u>	<u>4,593,167</u>
<b>CASH AND SHORT-TERM INVESTMENTS - END OF YEAR</b>	<u>\$ 5,143,312</u>	<u>\$ 5,495,984</u>
<b>CASH FLOWS SUPPLEMENTARY INFORMATION</b>		
Interest income received	\$ 8,472	\$ 10,242

## TERRA CENTRE FOR TEEN PARENTS

### Notes to Financial Statements

Year Ended December 31, 2017

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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

##### 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, 2017

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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 collectibility of receivables, amortization, accrued liabilities, deferred contributions and deferred contributions related to property and equipment. 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 \$84,524 (2016--\$126,957) 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 \$132,687 (2016--\$618,238) in childcare subsidy which can only be used for childcare subsidy claims approved by the Government of Alberta.

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# **TERRA CENTRE FOR TEEN PARENTS**

## **Notes to Financial Statements**

**Year Ended December 31, 2017**

### **4. ACCOUNTS RECEIVABLE**

Accounts receivable consists of the following:

	<b>2017</b>	2016
Accounts receivable	\$ 48,299	\$ 53,769
Allowance for doubtful accounts	(358)	(2,387)
	<b>\$ 47,941</b>	<b>\$ 51,382</b>

During the year, the Centre recorded bad debts of \$265 (2016--\$2,387). This amount is included in office supplies and professional fees expense.

### **5. PROPERTY AND EQUIPMENT**

	Cost	Accumulated amortization	<b>2017 Net book value</b>	2016 Net book value
Land	\$ 157,500	\$ -	\$ 157,500	\$ 157,500
Building	346,166	327,247	18,919	21,495
Equipment	137,313	130,687	6,626	457
Leasehold improvements	62,131	62,131	-	-
	<b>\$ 703,110</b>	<b>\$ 520,065</b>	<b>\$ 183,045</b>	<b>\$ 179,452</b>

## TERRA CENTRE FOR TEEN PARENTS

### Notes to Financial Statements

Year Ended December 31, 2017

#### 6. 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:

	2017	2016
Capital campaign	\$ 2,768,525	\$ 2,779,281
Government of Alberta - bursary program	659,550	452,873
Other	193,072	173,446
Government of Alberta - child care subsidy	132,687	618,238
Health Canada	121,749	96,190
Bingo and casino revenue	88,800	132,472
Stollery Foundation	50,475	-
Government of Alberta - mental health	48,010	107,696
EPCOR	35,000	35,000
Alberta Innovation & Advanced Education	34,936	27,663
Government of Canada	19,185	-
City of Edmonton - F.C.S.S. grant	15,440	15,440
Alberta Education	10,982	11,747
Community Initiatives Program	-	48,150
Edmonton Community Foundation	-	25,000
	<u>\$ 4,178,411</u>	<u>\$ 4,523,196</u>

#### 7. 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:

	2017	2016
Balance at beginning of year	\$ 19,901	\$ 22,806
Contributions	4,947	-
Less amounts recognized as revenue	(3,399)	(2,905)
Balance at end of year	<u>\$ 21,449</u>	<u>\$ 19,901</u>

#### 8. INTERNALLY RESTRICTED

In the current year, the Board of Directors internally restricted \$106,707 from unrestricted net assets to fund future years' unbudgeted expenses and future special projects. The Board also authorized the use of \$43,093 of restricted funds for current year projects. The use of internally restricted funds must be approved by the Board of Directors.

**TERRA CENTRE FOR TEEN PARENTS**  
**Notes to Financial Statements**  
**Year Ended December 31, 2017**

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9. OTHER GRANTS

	2017	2016
Government of Alberta - mental health	\$ 60,083	\$ 42,230
Alberta Innovation & Advanced Education	41,324	32,345
	<u>\$ 101,407</u>	<u>\$ 74,575</u>

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10. FACILITY PROJECT

Terra is planning to build a community centre to more effectively serve participants. The goal is to have an Early Learning and Child Care Centre and provide opportunities and programs for young parents to pursue their educational and career goals. The 2017 vision has been under discussion to determine what best meets the needs of our parents.

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11. CHARITABLE FUNDRAISING ACT AND REGULATION DISCLOSURE

Included in fundraising costs are salaries and benefits of \$70,029 (2016--\$61,679) 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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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. The Centre's main credit risk relates to accounts receivable. Accounts receivable are generally the result of fees charged to 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, 2017.

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## TERRA CENTRE FOR TEEN PARENTS

### Notes to Financial Statements

Year Ended December 31, 2017

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#### 13. FINANCIAL INSTRUMENTS (*continued*)

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

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