

JANUS ACADEMY SOCIETY
Financial Statements
Year Ended August 31, 2018

JANUS ACADEMY SOCIETY
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Year Ended August 31, 2018

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BUCHANAN BARRY LLP
CHARTERED ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Members of Janus Academy Society

We have audited the accompanying financial statements of Janus Academy Society, which comprise the statement of financial position as at August 31, 2018 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 the 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 auditor considers internal control relevant to the entity's preparation 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 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.

Independent Auditors' Report to the Members of Janus Academy Society (*continued*)

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Janus Academy Society as at August 31, 2018, 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.

Buchanan Barry LLP

Calgary, Alberta
November 21, 2018

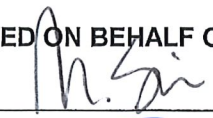
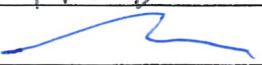
CHARTERED ACCOUNTANTS

JANUS ACADEMY SOCIETY
Statement of Financial Position
August 31, 2018

	2018	2017
ASSETS		
CURRENT		
Cash	\$ 999,443	\$ 1,400,276
Guaranteed investment certificate (Note 2)	583,377	-
Accounts receivable	55,079	52,770
Goods and services tax recoverable	15,682	10,124
Prepaid expenses	5,904	13,754
	1,659,485	1,476,924
CAPITAL ASSETS (Note 3)	57,880	71,723
	\$ 1,717,365	\$ 1,548,647
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 60,307	\$ 62,667
Deferred revenue (Note 4)	625,483	624,544
Deferred operating contributions (Note 5)	15,589	19,100
Deferred capital contributions (Note 6)	1,810	1,810
Unamortized capital contributions (Note 7)	57,880	71,723
	761,069	779,844
NET ASSETS		
UNRESTRICTED NET ASSETS	956,296	768,803
	\$ 1,717,365	\$ 1,548,647

COMMITMENTS (Note 11)

APPROVED ON BEHALF OF THE BOARD


 _____ Director

 _____ Director

JANUS ACADEMY SOCIETY
Statement of Operations
Year Ended August 31, 2018

	2018	2017
REVENUE		
Adult day program	\$ 668,154	\$ 503,662
Alberta Education	1,316,815	1,384,693
Amortization of capital contributions	13,843	13,843
Casino fundraiser	70,351	69,157
Gifts and donations	133,567	93,356
Interest and other	9,813	3,305
Operating contributions	44,100	42,940
Skeet shooting tournament	27,049	-
Spring gala	223,539	227,202
Summer camp	66,785	65,519
Tuition	783,200	825,130
	<u>3,357,216</u>	<u>3,228,807</u>
EXPENSES		
Adult day program	668,154	503,662
Amortization of capital assets	13,843	13,843
Consulting fees	126,735	24,714
Field trips and activities	677	4,694
Insurance	15,142	15,944
Interest and bank charges	12,110	10,497
Office	54,498	47,848
Professional development	390	13,349
Professional fees	26,673	27,523
Rent (Note 10)	106,833	101,586
Salaries and wages	1,876,520	2,154,843
Skeet shooting expenditures	17,816	-
Spring gala expenditures	89,723	114,726
Summer camp	66,785	65,519
Supplies	84,112	96,207
Telephone and utilities	4,750	5,804
Travel	4,962	8,217
	<u>3,169,723</u>	<u>3,208,976</u>
EXCESS OF REVENUE OVER EXPENSES	<u>\$ 187,493</u>	<u>\$ 19,831</u>

JANUS ACADEMY SOCIETY
Statement of Changes in Net Assets
Year Ended August 31, 2018

	2018	2017
NET ASSETS - BEGINNING OF YEAR	\$ 768,803	\$ 748,972
Excess of revenue over expenses	<u>187,493</u>	<u>19,831</u>
NET ASSETS - END OF YEAR	<u>\$ 956,296</u>	<u>\$ 768,803</u>

JANUS ACADEMY SOCIETY
Statement of Cash Flows
Year Ended August 31, 2018

	2018	2017
OPERATING ACTIVITIES		
Excess of revenue over expenses	\$ 187,493	\$ 19,831
Items not affecting cash:		
Amortization of capital contributions	(13,843)	(13,843)
Amortization of capital assets	13,843	13,843
Accrued interest	(6,674)	-
	<u>180,819</u>	<u>19,831</u>
Changes in non-cash working capital:		
Accounts receivable	(2,309)	(12,651)
Goods and services tax recoverable	(5,558)	(2,487)
Prepaid expenses	7,850	(1,748)
Accounts payable and accrued liabilities	(2,360)	18,111
Deferred revenue	939	(102,890)
Deferred operating contributions	(3,511)	(34,208)
Unamortized capital contributions	-	72,350
Deferred capital contributions	-	(72,350)
	<u>(4,949)</u>	<u>(135,873)</u>
	<u>175,870</u>	<u>(116,042)</u>
INVESTING ACTIVITIES		
Purchase of capital assets	-	(72,350)
Purchase of guaranteed investment certificate	(576,703)	-
	<u>(576,703)</u>	<u>(72,350)</u>
DECREASE IN CASH	(400,833)	(188,392)
CASH - Beginning of year	<u>1,400,276</u>	<u>1,588,668</u>
CASH - End of year	<u>\$ 999,443</u>	<u>\$ 1,400,276</u>

JANUS ACADEMY SOCIETY
Notes to Financial Statements
Year Ended August 31, 2018

Janus Academy Society (the "Society") is a registered not-for-profit Society under the Alberta Societies Act. The Society provides education, therapy and treatment for children who have autism under the authority of the School Act, Chapter S-3, Revised Statutes of Alberta, 2000.

The Society receives allocations for instruction purposes under the Private Schools Regulations (Alberta Regulation 190/2000).

The Society is a registered charity as defined in section 149(1)(f) of the Income Tax Act and is exempt from income tax.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Society have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO"). The financial statements have, in management's opinion, been properly prepared using careful judgment with reasonable limits of materiality and within the framework of the significant accounting policies summarized below.

Cash and cash equivalents

Cash consists of cash on hand and bank deposits. Highly liquid investments with maturities of three months or less at date of purchase are considered to be cash equivalents.

Guaranteed investment certificates

Guaranteed investment certificates (GIC's) are valued at cost plus accrued interest.

Prepaid expenses

Certain expenditures incurred before the close of the school year are for school supplies that will be consumed after the year-end, and are accordingly recorded as prepaid expenses. Certain insurance expenses, deposits and programs fall into this category.

Capital assets

Purchased capital assets are stated at cost less accumulated amortization. Contributed capital assets are stated at the fair value at the date of contribution less any accumulated amortization. Capital assets are amortized over their estimated useful lives using the following rate and method:

School bus	10%	straight-line method
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Capital assets with costs in excess of \$5,000 are capitalized. The Society regularly reviews its capital assets to eliminate obsolete items.

External service programs

Funds generated from external service programs are included as assets, liabilities, revenues and expenses of the society because the accountability and control or ownership of these funds rests with the Society's officials or their appointee.

(continues)

JANUS ACADEMY SOCIETY
Notes to Financial Statements
Year Ended August 31, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Contributed goods and services

The Society receives a number of donated goods for use in its fundraising events. Volunteers contribute a significant amount of their time each year. Because of the difficulty in determining their fair value, contributed services are not recognized in the financial statements. Contributed goods are recognized in the financial statements where the fair value can be reasonably estimated.

Revenue recognition

The Society follows the deferral method of accounting for contributions.

Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. 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. Endowment contributions are recognized as direct increases in net assets.

Restricted contributions for the purchase of capital assets are deferred and recognized as revenue on the same basis as the amortization expense related to the acquired capital assets.

Fundraising event revenues are recognized when the event has occurred.

Fees for services related to courses and programs are recognized as revenues when such courses and programs are delivered.

Revenue from external service programs are recognized as revenue when the related expenses for which the funds were received are incurred.

Interest income is recognized when it is earned.

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JANUS ACADEMY SOCIETY
Notes to Financial Statements
Year Ended August 31, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments policy

Measurement

The Society initially measures its financial assets and liabilities at fair value. The Society subsequently measures all financial assets and financial liabilities at amortized cost.

Financial assets subsequently measured at amortized cost include cash, GIC's and accounts receivable.

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

Impairment

Financial assets subsequently measured at amortized cost are tested for impairment when there are indications that an impairment exists. The amount of write-down is recognized as an impairment loss in excess of revenue over expenses. A previously recognized impairment loss may be reversed to the extent of an improvement, 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 excess of revenue over expenses in the period the reversal occurs.

Transaction costs

Financial instruments subsequently measured at amortized cost are adjusted for financing fees and transaction costs which are directly attributable to the origination and acquisition of the financial instrument.

Measurement uncertainty

The preparation of financial statements in conformity with ASNPO requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Estimates and assumptions include the estimated useful life of capital assets for amortization purposes and related deferred contributions for capital assets and the net recoverable amount of accounts receivable. By their nature, these estimates are subject to measurement uncertainty, and the effect on the financial statements of changes in such estimates in future periods could be significant.

2. GUARANTEED INVESTMENT CERTIFICATE

The Society holds a Royal Bank of Canada GIC in the amount of \$583,377 (2017 - \$Nil), including \$6,674 of accrued interest income. The GIC was purchased on September 13, 2017, bears interest at a rate of 1.2% per annum and matures on September 13, 2018.

JANUS ACADEMY SOCIETY
Notes to Financial Statements
Year Ended August 31, 2018

3. CAPITAL ASSETS

	Cost	Accumulated amortization	2018 Net book value	2017 Net book value
School bus	\$ 138,431	\$ 80,551	\$ 57,880	\$ 71,723

4. DEFERRED REVENUE

Deferred revenue represents tuition fees for the school year commencing September 4, 2018 and deferred external service program revenues.

	2018	2017
Deferred tuition fees	\$ 567,000	\$ 581,200
Deferred skeet shooting revenue	-	1,500
Deferred external service program revenue	58,483	41,844
	\$ 625,483	\$ 624,544

5. DEFERRED OPERATING CONTRIBUTIONS

Deferred operating contributions represent unspent grants and donations that are restricted for the purchase of furniture, equipment, computers, salaries, training, office supplies and specified programs, excluding any expenditures in excess of the \$5,000 per item threshold for capitalization as per the Alberta Learning Guidelines, which have been included in deferred capital contributions. Changes to the deferred operating contributions balance are as follows:

	2018	2017
Balance - Beginning of year	\$ 19,100	\$ 53,308
Restricted operating contributions received in the year	40,589	9,600
Amount recognized as revenue in the year	(44,100)	(43,808)
Balance - End of year	\$ 15,589	\$ 19,100

JANUS ACADEMY SOCIETY
Notes to Financial Statements
Year Ended August 31, 2018

6. DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions represent unspent grants and donations that are restricted for the purchase of capital assets. Changes to the deferred capital contributions balance are as follows:

	2018	2017
Balance - Beginning of year	\$ 1,810	\$ 74,160
Capital contributions used in the current year	-	(72,350)
Restricted capital contributions received in the year	-	-
	\$ 1,810	\$ 1,810

7. UNAMORTIZED CAPITAL CONTRIBUTIONS

Unamortized capital contributions represent externally restricted supported capital funds that have been spent, but have yet to be amortized over the useful life of the applicable capital asset to which the restricted capital allocation applies. The unamortized capital contributions account balance is increased by transfers of previously deferred capital allocations now spent, and decreased as it is brought into revenue (amortization of capital contributions).

	2018	2017
Balance - Beginning of year	\$ 71,723	\$ 13,216
Capital contributions added during the year	-	72,350
Amortization of capital contributions	(13,843)	(13,843)
	\$ 57,880	\$ 71,723

8. EMPLOYEE REGISTERED RETIREMENT SAVINGS PLAN

The Society has an employee registered retirement savings plan available to all employees on a voluntary basis. Under the plan, employees are able to contribute 3% to 5% of their annual salaries, based on years of service. The Society contributes on a matching basis. Included in salaries and benefits are \$33,443 (2017 - \$35,391) of contributions made on behalf of the Society employees.

JANUS ACADEMY SOCIETY
Notes to Financial Statements
Year Ended August 31, 2018

9. REMUNERATION AND MONETARY INCENTIVES

	Full time equivalent	Remuneration	Benefits/ Allowance
Principal: Stacey Oliver	\$ 0.05	\$ 3,657	\$ 354
Chair: Mona Johnson	0.14	-	-
Vice President: Nick Heffernan	0.01	-	-
Secretary: Pat Gartner	0.01	-	-
Treasurer: Bill de Jong	0.01	-	-
Board member: Raj Bal	0.01	-	-
Subtotal		3,657	354
Certificated teachers	-	114,097	21,720
Non-certificated - other employees	-	2,128,336	272,910
Subtotal		2,242,433	294,630
Total	\$ -	\$ 2,246,090	\$ 294,984

The Principal is also a certificated teacher with most of her time spent on her duties as a teacher. Non-certificated employees includes remuneration and benefits/allowances expensed within adult day program and summer camp of \$605,188 and \$59,367, respectively.

10. RELATED PARTY TRANSACTIONS

Included in rent expense are rental fees in the amount of \$5,600 (2017- \$Nil) paid to a relative of the program director. The transaction is in the normal course of operations and measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

11. LEASE COMMITMENTS

The Society's minimum obligations before occupancy operating costs under operating leases for occupied premises are as follows:

2019	\$ <u>116,255</u>
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12. ECONOMIC DEPENDENCE

The Society's primary source of income is from Alberta Education. The Society's ability to continue viable operations is dependent on this funding.

JANUS ACADEMY SOCIETY
Notes to Financial Statements
Year Ended August 31, 2018

13. FINANCIAL INSTRUMENTS

The Society is exposed to various risks through its financial instruments. The following analysis provides a measure of the entity's risk exposure and concentrations at the statement of financial position date.

Credit risk

Credit risk arises from the possibility that third parties may default on their financial obligations. The Society is exposed to credit risk on cash, GIC's and accounts receivable. The Society's credit risk exposure on cash and GIC's is minimized substantially by ensuring that amounts are held with credible financial institutions.

The Society's accounts receivable are due from a diverse group of customers and as such are subject to normal credit risks.

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 is comprised of currency risk, interest rate risk, and other price risk as further described below.

Currency risk

Currency risk is the risk that the value of financial instruments denominated in currencies other than the reporting currency of the Society will fluctuate due to changes in foreign exchange rates. The Society is not exposed to foreign currency exchange risk.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. The Society is exposed to interest rate risk primarily through its fixed interest rate GIC.

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Society is not exposed to other price risk.

Liquidity risk

Liquidity risk is the risk that the Society will encounter difficulty in meeting obligations associated with financial liabilities. The Society is not significantly exposed to liquidity risk due to its positive working capital.
