

# BURLINGTON CHRISTIAN ACADEMY

July 31, 2018

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# STEVENSON LEHOCKI LLP

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CHARTERED PROFESSIONAL ACCOUNTANTS

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## INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

To the Board of Directors of  
**Burlington Christian Academy**

We have reviewed the accompanying financial statements of Burlington Christian Academy that comprise the balance sheet as at **July 31, 2018** and the statements of revenue and expenditures, changes in net assets and cash flow 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.

### **Practitioner's Responsibility**

Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these financial statements.

### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the financial statements do not present fairly, in all material respects, the financial position of Burlington Christian Academy as at **July 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.

Burlington, Ontario  
January 31, 2019

*Stevenson Lehocki LLP*  
Chartered Professional Accountants  
Licensed Public Accountants

**BURLINGTON CHRISTIAN ACADEMY**

**BALANCE SHEET**

As at July 31

Unaudited

	2018	2017
<b>ASSETS</b>		
<b>Current assets</b>		
Bank - operating	\$ 269,252	\$ 508
Bank - equipment fund	0	1,680
Accounts receivable [Note 3]	164,351	98,787
Inventories	12,649	11,799
Prepaid expense	4,760	9,093
	<b>451,012</b>	<b>121,867</b>
<b>Property and equipment [Schedule B]</b>	<b>2,599,445</b>	<b>2,644,997</b>
<b>Other asset [Note 4]</b>	<b>25</b>	<b>25</b>
	<b>\$ 3,050,482</b>	<b>\$ 2,766,889</b>

**LIABILITIES AND NET ASSETS**

<b>Current liabilities</b>		
Bank indebtedness	\$ 0	\$ 21,791
Accounts payable and accrued liabilities	123,815	102,775
Government remittances payable	53,678	41,777
Prepaid tuition and registration	869,802	644,285
Current portion of long-term debt [Note 5]	676,185	706,185
Callable debt due within one year [Note 6]	57,055	63,000
	<b>1,780,535</b>	<b>1,579,813</b>
Callable debt due after one year [Note 6]	<b>1,448,313</b>	<b>1,504,677</b>
	<b>3,228,848</b>	<b>3,084,490</b>

**NET ASSETS [Page 4]**

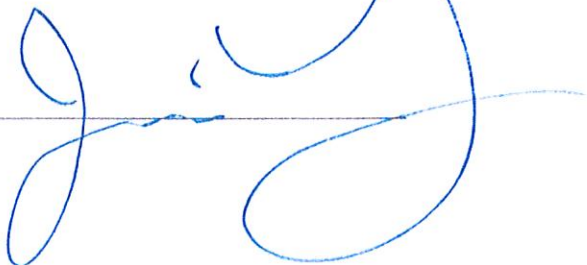
Invested in Capital assets	417,892	371,135
Unrestricted	(596,258)	(690,416)
Invested in Equipment fund	0	1,680
	<b>(178,366)</b>	<b>(317,601)</b>
	<b>\$ 3,050,482</b>	<b>\$ 2,766,889</b>

On behalf of the Board:

Director: \_\_\_\_\_



Director: \_\_\_\_\_



**BURLINGTON CHRISTIAN ACADEMY**

**STATEMENT OF REVENUE AND EXPENDITURES**

Year ended July 31		2018	Unaudited 2017
<b>REVENUE</b>			
Tuition and registration		\$ 1,498,414	\$ 1,258,398
Donations		37,776	100,427
Programs / Other	<i>[Note 7]</i>	484,368	374,516
		<b>2,020,558</b>	<b>1,733,341</b>
<b>EXPENDITURES</b>			
Staff costs	<i>[Schedule A]</i>	1,336,616	1,264,026
Building	<i>[Schedule A]</i>	304,815	298,080
Administration	<i>[Schedule A]</i>	123,116	142,162
Education	<i>[Schedule A]</i>	56,179	59,238
Programs / Other	<i>[Note 7]</i>	60,597	50,112
		<b>1,881,323</b>	<b>1,813,618</b>
<b>Excess (deficiency) of revenue over expenditures</b>		<b>139,235</b>	<b>(80,277)</b>
<b>Other (expense)</b>			
Settlement on prior year Marketing expenses		0	(46,294)
<b>Excess (deficiency) of revenue over expenditures</b>		<b>\$ 139,235</b>	<b>\$ (126,571)</b>

**BURLINGTON CHRISTIAN ACADEMY**

**STATEMENT OF CHANGES IN NET ASSETS**

Year ended July 31	Unaudited				
	Invested in Capital assets	Unrestricted	Equipment Fund	2018	2017
Net assets, beginning	\$ 371,135	\$(690,416)	\$ 1,680	\$(317,601)	\$(191,026)
Excess (deficiency) of revenues over expenditures	(74,114)*	213,349	0	139,235	(126,575)
Change in investment in capital assets [Note 1, (e)]	120,871	(120,871)	0	0	0
Appropriations to (from) other funds	0	1,680	(1,680)	0	0
<b>Net assets, ending</b>	<b>\$ 417,892</b>	<b>\$(596,258)</b>	<b>\$ 0</b>	<b>\$(178,366)</b>	<b>\$(317,601)</b>

\* Consists of  
Amortization      \$ (74,114)

**BURLINGTON CHRISTIAN ACADEMY**

**CASH FLOW STATEMENT**

Year ended July 31	Unaudited	
	2018	2017
<b>CASH FROM (TO) OPERATIONS</b>		
Current tuitions and registrations	\$ 788,565	\$ 686,872
Next year's tuitions and registrations	869,802	644,285
Donations	37,776	100,427
Fundraising - net	26,148	28,201
Programs and miscellaneous - net	322,323	247,112
Gym rental	85,667	48,975
General supplies and services	(119,521)	(171,952)
Wages and benefits	(1,322,431)	(1,262,357)
Interest paid	(93,596)	(87,999)
Building premises	(160,644)	(155,463)
Memberships and professional development	(24,363)	(16,979)
	<b>409,726</b>	<b>61,122</b>
<b>CASH FROM (TO) INVESTING ACTIVITIES</b>		
(Additions) to property and equipment	(28,562)	(29,174)
Proceeds on disposal of property and equipment	0	19,169
	<b>(28,562)</b>	<b>(10,005)</b>
<b>CASH FROM (TO) FINANCING ACTIVITIES</b>		
(Decrease) in long-term and callable debt	(92,309)	(174,562)
<b>Changes in cash and equivalents during the year</b>	<b>288,855</b>	<b>(123,445)</b>
(Deficiency) cash and equivalents, beginning	(19,603)	103,842
<b>Cash and equivalents (deficiency), ending</b>	<b>\$ 269,252</b>	<b>\$ (19,603)</b>
<b>Represented by:</b>		
Bank - operating	\$ 269,252	\$ (21,283)
Bank - equipment fund	0	1,680
	<b>\$ 269,252</b>	<b>\$ (19,603)</b>

NOTES TO THE FINANCIAL STATEMENTS

July 31, 2018

Unaudited

**(e) Property and Equipment**

Property and equipment are recorded at cost. Amortization is provided annually at rates calculated to write-off the assets over their estimated useful lives as follows: (1/2 regular rates in year of acquisition).

Building	3 %
Furniture and equipment	20 %
Computer hardware	30 %
Computer software	100 %

Property and equipment balances are presented in Schedule B.

Investment in capital assets consist of the following:

	2018	2017
Property and equipment	\$ 2,599,445	\$ 2,644,997
Less: amounts financed:		
Current portion of long-term debt	(676,185)	(706,185)
Callable debt due within one year	(57,055)	(63,000)
Callable debt due after one year	(1,448,313)	(1,504,677)
<b>Fund balance, end of year</b>	<b>\$ 417,892</b>	<b>\$ 371,135</b>

The change in investment in capital assets is as follows:

	2018	2017
Purchase of capital assets	\$ 28,562	\$ 29,174
Decrease in long-term debt	30,000	110,710
Decrease (increase) in callable debt	62,309	61,642
Donations	0	(100,427)
	<b>\$ 120,871</b>	<b>\$ 101,099</b>

**(f) Prepaid Tuition and Registration**

Registration fees and prepaid tuition fees for the coming year are set up as deferred revenue on the balance sheet.

**(g) Use of Estimates**

The preparation of financial statements in conformity with Canadian generally accepted accounting principles for not-for-profit organizations requires that management make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, accompanying notes and the reported amounts of revenue and expenses during the period. Such estimates include the useful lives of property and equipment, allowances for inventory obsolescence and allowances for doubtful accounts. Actual results could differ from these estimates.

**(h) Revenue Recognition**

Tuition and registration fees are recognized in the year they pertain to. The Academy uses the deferral method of accounting for restricted contributions. The Academy has not received any restricted contributions to date. The Academy maintains internally restricted funds as disclosed in the statement of changes in net assets.

Donations and fund raising are recognized in the year they are received.

**(i) Gifts in Kind**

The school occasionally receives gifts in kind. Gifts in kind are measured at fair value, considering the quality and quantity of the gift and on appraisal where possible. Gifts in kind are received annually.

**BURLINGTON CHRISTIAN ACADEMY**  
**NOTES TO THE FINANCIAL STATEMENTS**

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July 31, 2018

Unaudited

**2. FINANCIAL INSTRUMENTS RISK EXPOSURE**

The Academy is exposed to various risks through its financial instruments, without being exposed to concentrations of risk. The following analysis provides a measure of the Academy's risk exposure at the balance sheet date.

**Liquidity Risk**

Liquidity risk is the risk that the academy will encounter difficulty in meeting obligations associated with financial liabilities. The academy is exposed to this risk mainly in respect of its accounts payable, accrued liabilities and private loans.

**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 Academy's main credit risks relate to its accounts receivable. The Academy provides credit to its clients in the normal course of its operations.

**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 risk and other price risk. The Academy is mainly exposed to interest rate risk.

**Interest Rate Risk**

A portion of the Academy's long-term debt has a variable interest rate. Changes in the bank's prime lending rate can cause fluctuations in interest payments and cash flows. The Academy does not use derivative financial instruments to alter the effects of this risk.

There has been no significant change to the risk exposure from the prior year for any of the above risks.

**3. ACCOUNTS RECEIVABLE**

	2018	2017
Accounts receivable	\$ 139,746	\$ 84,015
Government remittance receivable - GST/HST	24,605	41,139
Allowance for doubtful accounts	0	(26,366)
	<b>\$ 164,351</b>	<b>\$ 98,788</b>

**4. OTHER ASSET**

	2018	2017
1 Share in Meridian Credit Union	\$ 25	\$ 25



**BURLINGTON CHRISTIAN ACADEMY**

**NOTES TO THE FINANCIAL STATEMENTS**

**July 31, 2018**

**Unaudited**

<b>5. LONG - TERM DEBT</b>	<b>2018</b>	<b>2017</b>
<b>Loan -</b> Unsecured, non-interest bearing and with no set terms of repayment.	\$ 0	\$ 5,000
<b>Loan -</b> 5% Annual Interest, payable quarterly. No set terms of principal repayment. See details below regarding security.	<b>100,000</b>	100,000
<b>Loan -</b> 5% Annual Interest, payable quarterly. No set terms of principal repayment. Interest has been waived.	<b>10,000</b>	35,000
<b>Loan -</b> 5% Annual Interest, payable quarterly. No set terms of principal repayment. See details below regarding security.	<b>234,500</b>	234,500
<b>Loan -</b> 5% Annual interest, payable quarterly. No set terms of principal repayment. See details below regarding security.	<b>281,685</b>	281,685
<b>Loan -</b> 5% Annual interest, payable quarterly. No set terms of principal repayment. Interest has been waived.	<b>30,000</b>	30,000
<b>Loan -</b> 5% Annual interest, payable quarterly. No set terms of principal repayment. Interest has been waived.	<b>20,000</b>	20,000
	<b>676,185</b>	706,185
Less: current portion	<b>676,185</b>	706,185
	<b>\$ 0</b>	\$ 0

The above stated loans have been secured by a Second Mortgage Participation Agreement (maximum of \$600,000) with \_\_\_\_\_ in trust", on the property at 521 North Service Road in Burlington, ON. Under the Participation Agreement, each lender can participate in the agreement to a maximum \$50,000. Loans are subsequent in priority to that of the first mortgage. Loans renew automatically for 2 year increments, and pay additional interest at a rate of 4% at the original maturity date.

**BURLINGTON CHRISTIAN ACADEMY**  
**NOTES TO THE FINANCIAL STATEMENTS**

July 31, 2018

Unaudited

**6. CALLABLE DEBT**

**2018**

**2017**

**Loan - Meridian Credit Union Limited**

**\$ 0**

**\$ 1,567,677**

Monthly payments of \$9,394.00 principal and interest at Meridian fixed rate of 3.25%. Secured by G.S.A., assignment of fire and liability insurance, assignment of life insurance policy on \_\_\_\_\_ and collateral mortgage on school property. Due January 2036.

**Loan - Meridian Credit Union Limited**

**1,505,368**

**0**

Monthly payments of \$10,606.00 principal and interest at Meridian fixed rate of 4.74% for a 5 year term ending March 22, 2023. Secured by G.S.A., assignment of fire and liability insurance, and collateral mortgage on school property (net book value of \$2,599,445). Due January 2036.

**1,505,368**

**1,567,677**

Callable debt due within one year

**57,055**

**63,000**

Callable debt due after one year

**\$ 1,448,313**

**\$ 1,504,677**

Estimated principal payments for the next 5 years are scheduled as follows:

2019	\$	56,137
2020		59,718
2021		53,797
2022		65,840
2023		45,705

**BURLINGTON CHRISTIAN ACADEMY**  
**NOTES TO THE FINANCIAL STATEMENTS**

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Unaudited

7. PROGRAMS / OTHER	2018	2017
<b>Revenue</b>		
ALPA program	\$ 42,180	\$ 17,875
After school program	18,440	11,364
Bus charter income	0	(468)
Ed Venture -Registration	10,590	17,539
Fundraising	26,148	28,201
Facility rental and catering	85,667	48,975
Miscellaneous	196,645	135,464
SOTA program	72,975	73,932
Student activities	31,010	24,175
Uniform revenue	713	500
Gain on disposal of assets	0	16,959
	<b>484,368</b>	<b>374,516</b>
<b>Expenditures</b>		
ALPA program	\$ 22,630	\$ 14,246
After school program	2,519	4,762
Bus charter expenses	9,834	5,934
Discovery Centre	0	129
Ed Venture	4,343	7,550
LEAP costs	0	20
SOTA costs	10,191	11,399
Student activities	11,080	6,072
	<b>60,597</b>	<b>50,112</b>
	<b>\$ 423,771</b>	<b>\$ 324,404</b>

**8. GOING CONCERN**

These financial statements have been prepared on the going concern basis which assumes the Academy will continue in operation for the foreseeable future and be able to realize its assets and discharge its liabilities in the normal course of business. As a result of prior losses and cash flow, the continuation of the Academy as a going concern is dependent on it successfully obtaining additional loans, increased donations, and / or significant improvement in operating results.

**9. COMPARATIVE FIGURES**

The comparative figures have been reclassified where necessary to conform to the presentation adopted in the current year.

**BURLINGTON CHRISTIAN ACADEMY**

**SCHEDULE OF EXPENDITURES**

Year ended **July 31**

**Unaudited**

**Schedule A**

	2018	2017
<b>STAFF COSTS</b>		
Salaries and benefits	\$ 1,232,895	\$ 1,181,093
Superannuation	89,537	81,264
Professional development	14,184	1,669
	<b>\$ 1,336,616</b>	<b>\$ 1,264,026</b>
<b>BUILDING</b>		
Amortization - building	\$ 50,964	\$ 61,217
Cleaning contract	62,068	55,868
Insurance	21,031	23,204
Mortgage and loan interest	86,602	81,400
Professional and refinancing	8,098	10,597
Repairs to building and yard upkeep	35,752	15,734
Utilities	40,300	50,060
	<b>\$ 304,815</b>	<b>\$ 298,080</b>
<b>ADMINISTRATION</b>		
Advertising and promotion	\$ 16,790	\$ 9,363
Amortization - equipment	23,150	12,541
Bad debts (recovery)	(9,154)	35,845
Bank charges and interest	6,993	6,599
Bookkeeping	31,138	34,059
Repairs to equipment	1,827	2,053
Office	23,970	12,933
Equipment rentals	13,563	15,545
Telephone	14,839	13,224
	<b>\$ 123,116</b>	<b>\$ 142,162</b>
<b>EDUCATION</b>		
Memberships and associations	\$ 10,179	\$ 15,310
Supplies and texts	46,000	43,928
	<b>\$ 56,179</b>	<b>\$ 59,238</b>

## PROPERTY AND EQUIPMENT

Year ended July 31

Unaudited

## Schedule B

## PROPERTY AND EQUIPMENT

	Asset Cost Aug. 1/17	Additions	Disposals	Asset Cost Jul. 31/18
Land	\$ 861,200	0	0	\$ 861,200
Building	2,670,020	0	0	2,670,020
Furniture and equipment	388,985	409	0	389,394
Computer hardware	149,263	18,192	0	167,455
Computer software	0	9,961	0	9,961
	\$ 4,069,468	28,562	0	\$ 4,098,030

## ACCUMULATED AMORTIZATION

	% Rate	Accumulated Amortization Aug. 1/17	Adjustments	2018 Amortization	Accumulated Amortization Jul. 31/18
Building	3	\$ 971,219	0	50,964	\$ 1,022,183
Furniture and equipment	20	327,835	0	12,271	340,106
Computer hardware	30	125,417	0	9,883	135,300
Fencing	8	0	0	996	996
		\$ 1,424,471	0	74,114	\$ 1,498,585

Net Book Value

\$ 2,644,997

\$ 2,599,445