

E.C.E.B.C. - EARLY CHILDHOOD EDUCATORS OF BRITISH COLUMBIA
Financial Statements
December 31, 2018

E.C.E.B.C. - EARLY CHILDHOOD EDUCATORS OF BRITISH COLUMBIA
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Year Ended December 31, 2018

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INDEPENDENT AUDITOR'S REPORT

To the Members of E.C.E.B.C. - Early Childhood Educators of British Columbia

Report on the Financial Statements

Opinion

We have audited the financial statements of E.C.E.B.C. - Early Childhood Educators of British Columbia (the "Society"), which comprise the statement of financial position as at December 31, 2018, and the statements of changes in fund balances, operations and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Society as at December 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.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Society in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Report on Other Legal and Regulatory Requirements

As required by the Societies Act of British Columbia, we report that, in our opinion, these standards have been applied on a basis consistent with that of the preceding year.

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 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.

In preparing the financial statements, management is responsible for assessing the Society'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 the Society or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Society's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our 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 our 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, we exercise professional judgment and maintain professional skepticism throughout the audit. We 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 omissions, misrepresentations, or the 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 the Society's 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 conditions that may cast significant doubt on the Society's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Society 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.

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

Burnaby, British Columbia
June 13, 2019



Chartered Professional Accountants

E.C.E.B.C. - EARLY CHILDHOOD EDUCATORS OF BRITISH COLUMBIA
Statement of Financial Position
December 31, 2018

	General Fund	Internally Restricted Fund	Externally Restricted Fund	2018	2017 (Note 2, 12)
ASSETS					
CURRENT					
Cash	\$ 219,806	\$ 17,796	\$ 7,177,042	\$ 7,414,644	\$ 36,579
Investments	-	-	590,848	590,848	1,167,236
Recoverable from government authorities - GST	13,576	-	-	13,576	2,938
Inventory	15,098	-	-	15,098	7,704
Prepaid expenses	31,425	-	-	31,425	12,425
	279,905	17,796	7,767,890	8,065,591	1,226,882
CAPITAL ASSETS (Note 5)	95,833	-	-	95,833	-
	\$ 375,738	\$ 17,796	\$ 7,767,890	\$ 8,161,424	\$ 1,226,882
LIABILITIES AND FUND BALANCES					
CURRENT					
Accounts payable and accrued liabilities	\$ 40,422	\$ -	\$ -	\$ 40,422	\$ 7,445
Unearned revenue	34,266	-	-	34,266	46,961
	74,688	-	-	74,688	54,406
FUND BALANCES - page 4					
Unrestricted	301,050	-	-	301,050	90,412
Internally restricted (Note 6)	-	17,796	-	17,796	5,547
Externally restricted (Note 7)	-	-	7,767,890	7,767,890	1,076,517
	301,050	17,796	7,767,890	8,086,736	1,172,476
	\$ 375,738	\$ 17,796	\$ 7,767,890	\$ 8,161,424	\$ 1,226,882

COMMITMENTS (Note 8)

APPROVED BY THE DIRECTORS

_____ Director

_____ Director

See notes to financial statements

E.C.E.B.C. - EARLY CHILDHOOD EDUCATORS OF BRITISH COLUMBIA
Statement of Changes in Fund Balances
Year Ended December 31, 2018

	General Fund	Internally Restricted Fund	Externally Restricted Fund	2018	2017 (Note 2)
FUND BALANCES - BEGINNING OF YEAR					
As previously reported	\$ 90,412	\$ 5,547	\$ 1,076,517	\$ 1,172,476	\$ 939,041
Correction of an error (Note 2)	-	-	-	-	23,182
As restated	90,412	5,547	1,076,517	1,172,476	962,223
Excess (deficiency) of revenue over expenses - page 5	(119,384)	(16,766)	7,050,410	6,914,260	210,253
Interfund transfers (Note 9)	330,022	29,015	(359,037)	-	-
FUND BALANCES - END OF YEAR - page 3	\$ 301,050	\$ 17,796	\$ 7,767,890	\$ 8,086,736	\$ 1,172,476

See notes to financial statements

E.C.E.B.C. - EARLY CHILDHOOD EDUCATORS OF BRITISH COLUMBIA

Statement of Operations

Year Ended December 31, 2018

	General Fund	Internally Restricted Fund	Externally Restricted Fund	2018	2017
REVENUE					
Government grants	\$ 113,823	\$ -	\$ 10,169,909	\$ 10,283,732	\$ 1,343,008
Conferences	185,486	-	-	185,486	124,714
Membership fees	124,240	-	-	124,240	106,369
Interest and other	109,882	-	-	109,882	7,905
Workshops	31,322	-	-	31,322	13,350
Contributions	13,297	-	-	13,297	2,624
Journal	6,718	-	-	6,718	5,659
Merchandise	3,642	-	-	3,642	10,258
	588,410	-	10,169,909	10,758,319	1,613,887
EXPENSES					
Bursaries	-	-	3,005,502	3,005,502	768,691
Staffing costs	339,949	-	86,592	426,541	297,480
Program expenses	155,614	14,966	4,217	174,797	157,423
Administrative costs	130,177	1,800	22,896	154,873	95,090
Occupancy costs	52,886	-	292	53,178	56,116
Board costs	28,943	-	-	28,943	28,834
Amortization	225	-	-	225	-
	707,794	16,766	3,119,499	3,844,059	1,403,634
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES - page 4	\$ (119,384)	\$ (16,766)	\$ 7,050,410	\$ 6,914,260	\$ 210,253

See notes to financial statements

E.C.E.B.C. - EARLY CHILDHOOD EDUCATORS OF BRITISH COLUMBIA
Statement of Cash Flows
Year Ended December 31, 2018

	General Fund	Internally Restricted Fund	Externally Restricted Fund	2018	2017
OPERATING ACTIVITIES					
Excess (deficiency) of revenue over expenses - page 5	\$ (119,384)	\$ (16,766)	\$ 7,050,410	\$ 6,914,260	\$ 210,253
Item not affecting cash:					
Amortization	225	-	-	225	-
	(119,159)	(16,766)	7,050,410	6,914,485	210,253
Changes in non-cash working capital:					
Accounts receivable	-	-	-	-	24,253
Recoverable from government authorities - GST	(10,638)	-	-	(10,638)	(11)
Inventory	(7,394)	-	-	(7,394)	-
Prepaid expenses	(19,000)	-	-	(19,000)	(6,759)
Accounts payable and accrued liabilities	32,976	-	-	32,976	(32,279)
Unearned revenue	(12,695)	-	-	(12,695)	2,557
	(16,751)	-	-	(16,751)	(12,239)
Cash flow from (used by) operating activities	(135,910)	(16,766)	7,050,410	6,897,734	198,014
INVESTING ACTIVITIES					
Decrease (increase) in investments	85,173	5,547	485,669	576,389	(250,092)
Purchase of capital assets	(96,058)	-	-	(96,058)	-
Cash flow from (used by) investing activities	(10,885)	5,547	485,669	480,331	(250,092)
OTHER CASH FLOW ITEM					
Interfund transfers (Note 9)	330,022	29,015	(359,037)	-	-
INCREASE (DECREASE) IN CASH FLOW					
Cash - beginning of year	183,227	17,796	7,177,042	7,378,065	(52,078)
	36,579	-	-	36,579	88,657
CASH - END OF YEAR	\$ 219,806	\$ 17,796	\$ 7,177,042	\$ 7,414,644	\$ 36,579
CASH CONSISTS OF:					
Unrestricted cash	\$ 219,806	\$ -	\$ -	\$ 219,806	\$ 36,579
Internally restricted cash	-	17,796	-	17,796	-
Externally restricted cash	-	-	7,177,042	7,177,042	-
	\$ 219,806	\$ 17,796	\$ 7,177,042	\$ 7,414,644	\$ 36,579

See notes to financial statements

E.C.E.B.C. - EARLY CHILDHOOD EDUCATORS OF BRITISH COLUMBIA

Notes to Financial Statements

Year Ended December 31, 2018

1. PURPOSE OF THE SOCIETY

The purposes of the E.C.E.B.C. – Early Childhood Educators of British Columbia (the “Society”) are:

- a) To advance education by providing scholarships, bursaries, awards and other forms of financial assistance to students undertaking post-secondary studies in early childhood education and care.
- b) To advance and provide professional development opportunities in early childhood education across the province of British Columbia through workshops, conferences and seminars.
- c) To educate and inform the public about early childhood education and care.
- d) To engage in the research, development and dissemination of education resources in early childhood education.

The Society is incorporated under the Societies Act of British Columbia and is a registered charity under the Income Tax Act and as such is exempt from income taxes.

2. CORRECTION OF AN ERROR

The Society has corrected its financial statements for an error in the prior years. Previously the Society did not include the activity from the branches operating under its control. To correct for this error in the prior year, opening cash increased by \$23,182, and opening General Fund balance increased by \$23,182. No change to the excess of revenue over expenses occurred in the prior year as a result of the correction. To correct for the error in the current year, opening fund balances increased by \$23,182.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

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

Fund Accounting

The Society follows the restricted fund method of accounting for contributions.

The General Fund accounts for the Society's program delivery and administrative activities. This fund reports unrestricted resources.

The Internally Restricted Fund reports funds internally restricted by the board to be used by the Society for identified programs.

The Externally Restricted Fund reports externally restricted revenue received for specific Society programs, as well as the related expenses.

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E.C.E.B.C. - EARLY CHILDHOOD EDUCATORS OF BRITISH COLUMBIA

Notes to Financial Statements

Year Ended December 31, 2018

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

Revenue Recognition

Externally restricted grants and contributions related to general operations are recognized as revenue in the General Fund in the year in which the related expenses are incurred. Externally restricted amounts can only be used for purposes designated by the contributor. All other externally restricted grants and contributions are recognized as revenue of the appropriate restricted fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Unrestricted grants and contributions are recognized as revenue of the General Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Conference and workshop revenue is recognized as revenue in the General Fund when the related event is held.

Membership fees are recognized as revenue in the General Fund over the annual term to which the membership applies.

Interest income is recognized as revenue of the General Fund when earned on an accrual basis.

Cash and Cash Equivalents

Any term deposits or similar contractual instruments that are cashable and have a maturity term of three months or less are classified as cash equivalents.

Investments

Investments include term deposits that have a maturity term of more than three months. These investments have been classified as current assets as they are capable of prompt liquidation and will mature within the next fiscal year. The value of the term deposits includes the interest accrued to December 31, 2018.

The investments have interest rates varying from 0.90% – 2.00% per annum (2017: 0.90% – 1.05%) and maturity dates up to July 17, 2019.

Inventory

Inventory consists of finished goods recognized at shipping point and is valued at the lower of cost and net realizable value with the cost being determined on a specific item basis. Inventory held for distribution at no charge is valued at the lower of cost and current replacement cost.

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E.C.E.B.C. - EARLY CHILDHOOD EDUCATORS OF BRITISH COLUMBIA

Notes to Financial Statements

Year Ended December 31, 2018

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

Capital Assets

Capital assets are stated at cost or deemed cost less accumulated amortization. Capital assets are amortized over their estimated useful lives on a straight-line basis at the following rates and methods:

Computer software	10 years	straight-line method
Furniture and fixtures	5 years	straight-line method
Computer equipment	4 years	straight-line method

The Society regularly reviews its capital assets to eliminate obsolete items.

Capital assets acquired during the year but not placed into use are not amortized until they are placed into use.

Contributed Services and Materials

Volunteers assist the Society in carrying out its programs. Due to the difficulty in determining their fair value, contributed services are not recognized in the financial statements.

Contributed materials or gifts-in-kind are only recognized when their fair value is reasonably determinable and significant, with such items recorded at fair value on the date of the contribution.

4. LINE OF CREDIT

The Society has a credit facility available of up to \$20,000 with Vancouver City Savings Credit Union. It is in the form of an operating loan line of credit, which bears interest at the bank's prime rate. The facility is secured by a term deposit held at the bank.

The outstanding balance of the credit facility as at December 31, 2018 was \$NIL (2017 - \$NIL).

5. CAPITAL ASSETS

	Cost	Accumulated amortization	2018 Net book value	2017 Net book value
Computer software	\$ 91,832	\$ -	\$ 91,832	\$ -
Furniture and fixtures	1,851	126	1,725	-
Computer equipment	2,375	99	2,276	-
	<u>\$ 96,058</u>	<u>\$ 225</u>	<u>\$ 95,833</u>	<u>\$ -</u>

The computer software is not being amortized as it is incomplete and not yet in operational use.

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Notes to Financial Statements

Year Ended December 31, 2018

6. INTERNALLY RESTRICTED FUND

Internally restricted funds consist of:

	Opening Balance	Expenses	Interfund Transfers	Closing Balance
Best Choices Training	\$ 4,422	\$ (10,203)	\$ 23,577	\$ 17,796
Let's Talk About Touching ("LTAT")	1,125	(6,563)	5,438	-
	<u>\$ 5,547</u>	<u>\$ (16,766)</u>	<u>\$ 29,015</u>	<u>\$ 17,796</u>

7. EXTERNALLY RESTRICTED FUND

Externally restricted funds consist of:

	Opening Balance	Revenue	Expenses	Interfund Transfers	2018
Bursary Program	\$ 1,056,607	\$ 10,000,000	\$ (3,012,415)	\$ (375,000)	\$ 7,669,192
Professional Development Fund	524	90,000	(21,905)	-	68,619
Sector Labour Market Fund	-	79,909	(56,491)	-	23,418
Early Care and Learning Fund	8,414	-	(1,753)	-	6,661
Leadership Fund	10,972	-	(26,935)	15,963	-
	<u>\$ 1,076,517</u>	<u>\$ 10,169,909</u>	<u>\$ (3,119,499)</u>	<u>\$ (359,037)</u>	<u>\$ 7,767,890</u>

The Bursary Program funding is per the Society's agreement with the Province of British Columbia under the Ministry of Children and Family Development, which expires on March 31, 2020. Funds must be spent for the specified purpose and activities in the agreement, with any unspent amounts subject to repayment to the Ministry.

8. COMMITMENTS

The Society has leases with respect to its premises and photocopier equipment. The operating lease for the premises unit #309 is \$1,050 per month under a lease expiring October 31, 2019, and unit #310 is \$1,000 per month until February 28, 2019 at which point the monthly payments increase to \$1,100 per month under a lease expiring March 31, 2020. The operating lease for photocopier equipment is \$850 per quarter under a lease expiring January 2, 2023. Future minimum lease payments for all the above are as follows:

2019	\$ 26,800
2020	6,700
2021	3,400
2022	3,400

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Notes to Financial Statements

Year Ended December 31, 2018

9. INTERFUND TRANSFERS

During the year, the following interfund transfers occurred:

\$23,577 was transferred from the General Fund to the Internally Restricted Fund - Best Choices Training for workshops revenue related to the program.

\$1,574 was transferred from the General Fund to the Internally Restricted Fund - Let's Talk About Touching for revenue related to the program.

\$375,000 was transferred from the Externally Restricted Fund - Bursary Program to the General Fund for expenses eligible to be used for program administration expenses.

\$3,864 was transferred from the General Fund to the Internally Restricted Fund - Let's Talk About Touching to cover the net deficiency in the fund.

\$15,963 was transferred from the General Fund to the Externally Restricted Fund - Leadership Fund to cover the net deficiency in the fund.

10. FINANCIAL INSTRUMENTS

All financial instruments are initially recorded at their fair market value. Publicly traded equity instruments quoted in an active market are subsequently measured at fair value with any unrealized gains or losses and transaction costs recognized in net excess (deficiency) of revenue over expenses. All other financial instruments are adjusted for any transaction costs incurred on acquisition and are subsequently measured at their amortized cost. Financial instrument impairments and impairment reversals are recognized when incurred in net excess (deficiency) of revenue over expenses.

11. ECONOMIC DEPENDENCE

The Society is dependent on the Province of BC to fund a significant portion of its operations. During the year the Society received grants equal to 95% (2017 – 76%) of its revenue.

12. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation. Specifically, investment of \$20,542 presented as a non-current asset in the prior year is now presented as a current asset.
