

Rainbow Youth Centre
Financial Statements
March 31, 2018

Management's Responsibility

To the Members of Rainbow Youth Centre:

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian accounting standards for not-for-profit organizations and ensuring that all information in the annual report is consistent with the statements. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Board of Directors and Audit Committee are composed entirely of Directors who are neither management nor employees of the Organization. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual report. The Board fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Committee is also responsible for recommending the appointment of the Organization's external auditors.

MNP LLP is appointed by the members to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Committee and management to discuss their audit findings.

June 20, 2018



Director of Finance

Independent Auditors' Report

To the of Rainbow Youth Centre:

We have audited the accompanying financial statements of Rainbow Youth Centre, which comprise the statement of financial position as at March 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 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.

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 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 not-for-profit organizations, the Centre derives part of its revenue from donations and fundraising, 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 the revenues mentioned above, surplus of revenues over expenses, assets and net assets.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Rainbow Youth Centre as at March 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.

Other Matter

The financial statements for the year ended March 31, 2017 were audited by another auditor who expressed a qualified audit opinion on the completeness of revenues dated June 7, 2017.

Regina, Saskatchewan
June 20, 2018



Chartered Professional Accountants



RAINBOW YOUTH CENTRE INC.
Statement of Financial Position
As at March 31, 2018

	<i>March 31</i> 2018	<i>March 31</i> 2017
ASSETS		
CURRENT		
Cash	\$ 100,619	\$ 305,735
Investments (Note 3)	171,524	300,000
Grants receivable	86,174	23,741
Accounts receivable	150	313
GST receivable	3,520	1,268
Interest receivable	6,289	9,440
Accounts receivable from employees	1,360	110
Prepaid expenses	11,925	11,837
Inventory (Note 4)	8,590	6,852
	390,151	659,296
TANGIBLE CAPITAL ASSETS (Note 6)	489,392	408,789
LONG TERM INVESTMENTS (Note 3)	400,000	21,734
	\$ 1,279,543	\$ 1,089,819
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable	\$ 14,294	\$ 7,905
Wages payable	69,111	79,731
Deferred revenue	99,697	82,775
Deferred capital contributions (Note 7)	126,903	-
	310,005	170,411
NET ASSETS	969,538	919,408
	\$ 1,279,543	\$ 1,089,819

APPROVED ON BEHALF OF THE BOARD:

 Director

 Director



RAINBOW YOUTH CENTRE INC.
Statement of Operations
Year Ended March 31, 2018

	2018	2017
REVENUE		
Grants <i>(Note 10)</i>	\$ 1,124,944	\$ 1,182,434
Donations	48,355	6,921
Fundraising	5,151	8,385
Other	5,683	29,125
Fees for service	-	300
Interest income	11,250	13,047
Donations in-kind	15,716	21,044
	<u>\$ 1,211,099</u>	<u>\$ 1,261,256</u>
EXPENSES		
Amortization	\$ 23,173	25,097
Building occupancy	78,034	50,361
Food	13,842	23,525
Fundraising and public relations	14,787	24,829
Miscellaneous <i>(Note 11)</i>	18,375	16,522
Programming <i>(Note 11)</i>	75,859	72,872
Staff salaries and benefits	899,830	1,011,069
Telephone	15,774	13,922
Transportation	20,782	24,364
	<u>1,160,456</u>	<u>1,262,561</u>
EXCESS OF REVENUE OVER EXPENSES FROM OPERATIONS	50,643	(1,305)
OTHER EXPENSES		
Loss on disposal of capital assets	(513)	(142)
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	<u>\$ 50,130</u>	<u>\$ (1,447)</u>



RAINBOW YOUTH CENTRE INC.
Statement of Changes in Net Assets
Year Ended March 31, 2018

	Operating Fund	Externally Restricted Funds - Note 8	Equity in Capital Assets	2018	2017
NET ASSETS -					
BEGINNING OF YEAR	\$ 364,246	146,373	408,789	919,408	920,855
Excess (deficiency) of revenue over expenses	50,130			50,130	(1,447)
Purchase of capital assets	(110,039)		110,039	-	-
Amortization of tangible capital assets	23,173		(23,173)	-	-
Loss on sale of capital assets	513		(513)	-	-
Proceeds on disposal of capital assets	5,750	-	(5,750)	-	-
Transfers	23,072	(23,072)	-	-	-
Capital contributions received	126,903	-	(126,903)	-	-
NET ASSETS -					
END OF YEAR	\$ 483,748	\$ 123,301	\$ 362,489	\$ 969,538	\$ 919,408



RAINBOW YOUTH CENTRE INC.
Statement of Cash Flows
Year Ended March 31, 2018

	2018	2017
CASH FLOWS FROM (FOR) OPERATING ACTIVITIES		
Cash received from grants	\$ 1,079,433	\$ 1,242,546
Cash received from self generated sources	186,254	70,410
Cash paid to suppliers and employees	(1,131,125)	(1,239,690)
Interest received	14,401	8,486
Cash Flows From (For) Operating Activities	<u>148,963</u>	<u>81,752</u>
CASH FLOWS FROM (FOR) INVESTING ACTIVITIES		
Purchase of capital assets	(110,039)	(3,884)
Proceeds on disposal of capital assets	5,750	-
Purchase of investments	(249,790)	
Income reinvested	-	(678)
Cash Flows From (For) Investing Activities	<u>(354,079)</u>	<u>(4,562)</u>
(DECREASE) INCREASE IN CASH	(205,116)	77,190
CASH - BEGINNING OF YEAR	<u>305,735</u>	<u>228,545</u>
CASH - END OF YEAR	\$ 100,619	\$ 305,735



**RAINBOW YOUTH CENTRE INC.
Notes to Financial Statements
Year Ended March 31, 2018**

1. NATURE OF OPERATIONS

Rainbow Youth Centre Inc. (the "centre") is incorporated under the Non-Profit Corporations Act of Saskatchewan. It is a program-based organization that provides a comprehensive array of services and activities aimed at helping young people move from adolescence to a healthy and productive independent adult lifestyle.

The centre is a registered charity, as described in Section 149 of the *Income Tax Act*, and therefore is not subject to either federal or provincial income taxes.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenue recognition

- a) Grants – Revenues from grants and other sources that relate to specific projects are recognized as revenue when the related expenses are incurred.
- b) Donations and fundraising – Revenue is recognized when received.
- c) Other – This revenue represents revenue that is not grants, donations, or interest. It does not include administrative overhead that is allowed in certain program budgets. This administrative overhead revenue and the corresponding expense has been netted upon consolidation of the programs.
- d) Interest – Interest on fixed income investments is recognized over the terms of these investments using the effective interest method.

Fund accounting

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

The Operating Fund accounts for the organization's program delivery and administrative activities. This fund reports unrestricted resources and restricted operating grants.

The KidsFirst Reserve is comprised of KidsFirst Regina funding not utilized in the year, and expenses charged to or from this reserve must be approved by KidsFirst Regina.

The Health Reserve was set up based on guidelines provided by the Regina Qu'Appelle Health Region. It is comprised of the Health Region's Child & Youth Services funding not utilized in the year. Expenses charged to this reserve must be approved by Child & Youth Services.

Equity in capital assets represents the net book value of the centre's capital assets.



RAINBOW YOUTH CENTRE INC.
Notes to Financial Statements
Year Ended March 31, 2018

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

Financial instruments

- a) Measurement of financial instruments – The centre initially measures its financial assets and financial liabilities at fair value and subsequently measures them at amortized cost. Financial assets measured at amortized cost include cash, accounts receivable and investments. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.
- b) Impairment – At the end of each reporting period, the centre assesses whether there are any indications that a financial asset measured at amortized cost may be impaired. When there is an indication of impairment, the centre determines whether a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial asset. If identified, the centre reduces the carrying amount of the asset to the present value of cash flows expected to be received. The carrying amount of the asset is reduced directly or through the use of an allowance account. The amount of the reduction is recognized as a bad debt in the statement of operations. When the extent of impairment of a previously written-down asset decreases and the decrease can be related to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed to the extent of the improvement, directly or by adjusting the allowance account. The amount of the reversal is recognized in the statement of operations in the period the reversal occurs.

Capital assets

The costs of capital assets are capitalized upon meeting the criteria for recognition as a capital asset, otherwise, costs are expensed as incurred. The cost of a capital asset comprises its purchase price and any directly attributable cost of preparing the asset for its intended use.

A capital asset is tested for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. An impairment loss is recognized in the statement of operations when the carrying amount of the capital asset exceeds its fair value.

An impairment loss is not reversed if the fair value of the capital asset subsequently increases.



RAINBOW YOUTH CENTRE INC.
Notes to Financial Statements
Year Ended March 31, 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Tangible capital assets, consisting of land, building, vehicles, and office furnishing and equipment, are measured at cost less accumulated amortization.

Amortization is provided for on a declining balance basis over their estimated useful lives. Amortization commences in the year the capital asset is placed into use.

Land	n/a
Building	4%
Vehicles	20%
Furniture and fixtures	20%
Computers and equipment	30%

Management estimates

The preparation of these financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the current period. Significant estimates include those used when accounting for amortization and the impairment of financial assets. All estimates are reviewed periodically and adjustments are made to the statement of operations as appropriate in the year they become known.

Donated goods

Donated goods, except for used clothing, are recorded at their fair market value at the time of the donation. During the year \$15,716 in goods were donated (2017 - \$21,044). The donation and corresponding expense are shown on the statement of operations.



RAINBOW YOUTH CENTRE INC.
Notes to Financial Statements
Year Ended March 31, 2018

3. INVESTMENTS

	2018	2017
CURRENT		
Guaranteed investment certificates	\$ 171,524	\$ 300,000
 LONG TERM		
Credit union membership equity	-	210
Guaranteed investment certificates	400,000	21,524
	400,000	21,734
	\$ 571,524	\$ 321,734

Investments consist of fixed income investments measured at amortized cost with maturity dates of 12 months or greater from date of acquisition. Those maturing within 12 months from the year-end date are classified as current.

Investments have effective interest rates ranging from 0.65% to 1.65% (2017 – 0.65% to 4.80%) with maturity dates ranging from three months to seventeen months.

4. INVENTORY

Inventory consists of seasonal project items to be distributed at no charge.

5. FINANCIAL INSTRUMENTS

The centre is exposed to various risks through its financial instruments and has a risk management framework to monitor, evaluate and manage these risks on an annual basis. The following analysis provides information about the centre's risk exposure and concentration as of March 31, 2018.

Credit risk

Credit risk arises from the possibility that parties may default on their financial obligations, or if there is a concentration of transactions carried out with the same party, or if there is a concentration of financial obligations which have similar economic characteristics that could be similarly affected by changes in economic conditions, such that the centre could incur a financial loss. The centre is exposed to credit risk from its customers. In order to reduce its credit risk,



RAINBOW YOUTH CENTRE INC.
Notes to Financial Statements
Year Ended March 31, 2018

5. FINANCIAL INSTRUMENTS *(continued)*

the centre reviews a new customer's credit history before extending credit and conducts regular reviews of its existing customers' credit performance. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information. The centre has a significant number of customers which minimizes concentration of credit risk.

The maximum exposure of the centre to credit risk is represented by the balance as shown on the balance sheet for cash, investments and accounts receivable.

Cash and investments: Credit risk associated with cash and fixed income investments is minimized substantially by ensuring that these assets are invested in major financial institutions.

Accounts receivable: Credit risk associated with trade accounts receivable is minimized by the centre's diverse customer base. The centre monitors the amount of credit extended when deemed necessary. Management assesses annually whether potential credit losses should be recognized based on existing factors.

Grants receivable: At March 31, 2018, two funding agencies accounted for 83% (2017 – 2 agencies accounted for 59%) of the total grants receivable.

Liquidity risk

Liquidity risk is the risk that the centre will not be able to meet a demand for cash or fund its obligations as they come due. The centre is exposed to this risk on accounts payable.

The centre meets its liquidity requirements by monitoring cash flows from operations and holding assets that can be readily converted into cash.

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 current risk, interest rate risk and other price risk.

The centre is exposed to market risk on its cash and investments.



RAINBOW YOUTH CENTRE INC.
Notes to Financial Statements
Year Ended March 31, 2018

5. FINANCIAL INSTRUMENTS *(continued)*

Interest rate risk

Interest rate risk refers to the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate due to changes in market interest rates. In seeking to minimize the risks from interest rate fluctuations, the centre manages exposure through its normal operating and financing activities.

The exposure of the centre to interest rate risk arises from its interest bearing assets. As a result, the centre holds investments with varying terms to maturity. Fluctuations in market rates of interest on investments do not have a significant impact on the centre's results of operations.

Changes in risk

There have been no changes in the centre's risk exposures from the prior year.

6. CAPITAL ASSETS

	Cost	Accumulated amortization	2018 Net book value	2017 Net book value
Land	\$ 7,519	\$ -	\$ 7,519	\$ 7,519
Building	598,406	169,252	429,154	365,560
Vehicles	73,815	58,126	15,689	24,109
Furniture and fixtures	46,414	14,433	31,981	3,631
Computers and equipment	103,770	98,721	5,049	7,970
	<u>\$ 829,924</u>	<u>\$ 340,532</u>	<u>\$ 489,392</u>	<u>\$ 408,789</u>

Building includes additions of \$78,216 (2017 - \$nil) and furniture and fixtures include additions of \$23,584 (2017 - \$nil) for which no amortization has been recorded as these assets were not ready for use at March 31, 2018. These assets are expected to be completed and in use in fiscal 2019. During the year, capital assets were purchased for \$110,039 (2017 - \$3,884).



RAINBOW YOUTH CENTRE INC.
Notes to Financial Statements
Year Ended March 31, 2018

7. DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions represent the unamortized amount of contributions received for the purchase or development of capital assets. Deferred capital contributions are amortized on the same basis as the related capital assets.

	2018	2017
Balance, beginning of year	\$ -	\$ -
Add: Amounts contributed during the year	126,903	-
Less: Amounts recognized as revenue during the year	-	-
Balance, end of year	\$ 126,903	\$ -

8. EXTERNALLY RESTRICTED FUNDS

	KidsFirst Reserve	Health Reserve	Total
Balance, beginning of year	\$ 103,532	\$ 42,841	\$ 146,373
Less: transfer out to Operating Fund	(59,755)	-	(59,755)
Add: transfer in from Operating Fund	36,683	-	36,683
Balance, end of year	\$ 80,460	\$ 42,841	\$ 123,301

9. ECONOMIC DEPENDENCE

The centre receives the majority of its funding from various grants and is therefore economically dependent on them.



RAINBOW YOUTH CENTRE INC.
Notes to Financial Statements
Year Ended March 31, 2018

10. GRANT REVENUE

	2018	2017
City of Regina - YOLO Program	\$ 11,480	\$ 11,480
City of Regina - Sport and Recreation Program	10,000	9,000
K & S Potash	-	5,000
KidsFirst Regina - current year grants	374,894	416,079
KidsFirst Regina - prior year grants	66,683	-
Other	1,573	7,641
Public Health Agency of Canada	106,846	109,493
Regina Education and Action on Child Hunger	8,727	16,000
Regina Qu'Appelle Health Region	216,009	216,009
Saskatchewan Community Initiatives Fund - Sport and Recreation	-	25,000
Saskatchewan Ministry of Economy Labour Market Services	131,372	131,621
Saskatchewan Ministry of Justice Corrections and Policing	71,776	80,300
Saskatchewan Ministry of Justice and Attorney General	83,300	83,300
Saskatchewan Ministry of Justice - Prior Year Payments	-	9,930
Service Canada	1,972	3,993
United Way of Regina	40,312	57,588
	\$ 1,124,944	\$ 1,182,434



RAINBOW YOUTH CENTRE INC.
Notes to Financial Statements
Year Ended March 31, 2018

11. EXPENSES

	2018	2017
PROGRAMMING		
Equipment rentals and repairs	\$ 4,497	548
Insurance	11,918	11,699
Materials and supplies	16,381	19,334
Office	6,468	9,100
Professional fees	16,384	13,222
Programs	19,645	18,450
Shipping and postage	566	519
	\$ 75,859	\$ 72,872
 MISCELLANEOUS		
Bank charges	\$ 299	1,237
Computer support	7,831	5,365
Honoraria and volunteer gratuities	933	1,284
Staff development and recruitment	9,108	8,494
Advertising and promotion	204	142
	\$ 18,375	\$ 16,522

12. EMPLOYEE BENEFITS

The centre has a defined contribution pension plan to which contributions totalling \$31,976 (2017 - \$29,861) were made.

13. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with current year presentation.