COLLEGE OF EARLY CHILDHOOD EDUCATORS

FINANCIAL STATEMENTS

JUNE 30, 2016

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Crowe Soberman™

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INDEPENDENT AUDITORS' REPORT

To the Council of
College of Early Childhood Educators

We have audited the accompanying financial statements of College of Early Childhood Educators, which comprise the statements of financial position as at June 30, 2016 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 audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of College of Early Childhood Educators as at June 30, 2016, and the results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Crowe Soberman LLP

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Canada
October 20, 2016

COLLEGE OF EARLY CHILDHOOD EDUCATORS
STATEMENT OF FINANCIAL POSITION

At June 30	2016	2015
ASSETS		
Current		
Cash and cash equivalents	**$ 8,588,203**	$ 7,866,536
Members' dues receivable	**46,030**	41,170
Prepaid expenses and sundry	**122,577**	127,907
	8,756,810	8,035,613
Equipment and leaseholds *(Note 4)*	**930,314**	1,041,318
	$ 9,687,124	$ 9,076,931
LIABILITIES		
Current		
Accounts payable and accrued charges	**$ 617,698**	$ 400,809
Deferred revenue	**4,224,122**	4,066,660
	4,841,820	4,467,469
Deferred tenant inducement *(Note 5)*	**22,549**	29,985
	4,864,369	4,497,454
Commitments *(Note 7)*		
NET ASSETS		
Net assets invested in equipment and leaseholds	**930,314**	1,041,318
Unrestricted net assets	**3,892,441**	3,538,159
	4,822,755	4,579,477
	$ 9,687,124	$ 9,076,931

The accompanying notes are an integral part of the financial statements

On behalf of the Board

Member

Member

COLLEGE OF EARLY CHILDHOOD EDUCATORS
STATEMENT OF CHANGES IN NET ASSETS
Year ended June 30

	Net assets invested in equipment and leaseholds	Unrestricted	**2016**	2015
Net assets, beginning of year	$ 1,041,318	$ 3,538,159	**$ 4,579,477**	$ 3,654,968
Excess (deficiency) of revenues over expenses	(182,546)	425,824	**243,278**	924,509
Interfund transfers - invested in equipment and leaseholds	71,542	(71,542)	**-**	-
Net assets, end of year	$ 930,314	$ 3,892,441	**$ 4,822,755**	$ 4,579,477

The accompanying notes are an integral part of the financial statements

COLLEGE OF EARLY CHILDHOOD EDUCATORS
STATEMENT OF OPERATIONS

Year ended June 30	2016	2015
Revenue		
Registration and application fees	**$ 7,749,355**	$ 7,251,125
Other income	**62,036**	9,280
Interest income	**56,317**	64,013
	7,867,708	7,324,418
Expenses		
Salaries and benefits	**3,868,583**	3,522,063
Rent	**785,788**	719,674
Consulting services	**510,110**	286,169
Hearings legal	**460,417**	141,559
Professional fees	**325,677**	228,427
Courier and postage	**288,792**	244,082
Computer supplies	**182,573**	141,808
Printing and graphic design	**181,281**	202,403
Projects	**148,008**	21,390
Credit card fees	**136,799**	133,795
Committee meetings	**120,213**	117,991
Council meetings	**110,769**	96,955
Communication and marketing	**83,982**	79,314
Office equipment	**56,018**	34,950
Office and general	**52,420**	47,525
Telephone	**43,013**	40,263
Translation	**37,541**	52,209
Bank charges	**19,852**	13,148
Insurance	**15,039**	14,988
Repairs and maintenance	**15,009**	13,492
Loss on sale of equipment	**307**	6,160
Amortization	**182,239**	241,544
	7,624,430	6,399,909
Excess of revenues over expenses	**$ 243,278**	$ 924,509

The accompanying notes are an integral part of the financial statements

COLLEGE OF EARLY CHILDHOOD EDUCATORS
STATEMENT OF CASH FLOWS

Year ended June 30	2016	2015
SOURCES (USES) OF CASH		
Operating activities		
Excess of revenues over expenses	**$ 243,278**	$ 924,509
Items not involving cash		
Amortization	**182,239**	241,544
Amortization of tenant inducement	**(7,436)**	(7,436)
Loss on sale of equipment	**307**	6,160
	418,388	1,164,777
Changes in non-cash working capital items		
Members' dues receivable	**(4,860)**	6,720
Prepaid expenses and sundry	**5,330**	(11,522)
Accounts payable and accrued charges	**216,889**	59,432
Deferred revenue	**157,462**	360,388
Cash provided by operating activities	**793,209**	1,579,795
Investing activities		
Acquisition of equipment and leaseholds	**(71,581)**	(470,229)
Proceeds on sale of equipment	**39**	574
Cash used in investing activities	**(71,542)**	(469,655)
Net increase in cash	**721,667**	1,110,140
Cash and cash equivalents, beginning of year	**7,866,536**	6,756,396
Cash and cash equivalents, end of year	**$ 8,588,203**	$ 7,866,536
Represented by:		
Cash	**$ 963,302**	$ 1,298,706
Term deposits	**7,624,901**	6,567,830
	$ 8,588,203	$ 7,866,536

The accompanying notes are an integral part of the financial statements

1. Purpose of the organization and income tax status

College of Early Childhood Educators was created on June 15, 2007 pursuant to the Early Childhood Educators Act, 2007. The College is a non-profit organization whose objectives are to regulate the practice of early childhood education in Ontario, to govern its members and protect the public interest. The College is exempt from income tax under Section 149(1)(l) of the Income Tax Act.

2. Significant accounting policies

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

Use of estimates

The preparation of financial statements in accordance 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 and disclosure of contingent assets and liabilities at the statement of financial position date and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Revenue recognition

Application fees are non-refundable and therefore recognized as revenue when received. Registration fees are recognized as revenue in the fiscal year to which they relate.

Financial instruments

The College initially measures its financial assets and liabilities at fair value.

The College subsequently measures all its financial instruments at amortized cost using the straight line method.

Transaction costs are recognized in the statement of operations in the period incurred.

Cash equivalents

Investments in highly liquid securities with original maturities of 90 days or less are included in cash and cash equivalents.

Equipment and leaseholds

Capital assets are recorded at cost less accumulated amortization. Amortization is provided annually on bases designed to amortize the assets over their estimated useful lives, as follows:

Furniture and fixtures	-	10% straight line
Computer equipment	-	20% straight line
Computer software	-	20% straight line
Leasehold improvements	-	straight-line over 15 years

2. Significant accounting policies *(continued)*

Deferred tenant inducement

Deferred tenant inducement includes reduced rent benefits and tenant inducements received in cash.

The College recognizes rental expenses using the straight-line method whereby any contractual rents over the term of a lease are recognized into income evenly over that term. The difference between the rental expense recognized and rental payments made is included in accounts payable and accrued charges. Lease incentives received in connection with leasehold improvements are amortized to income on a straight-line basis over the terms of the leases.

3. Bank indebtedness

The College has a line of credit with The Toronto-Dominion Bank that provides for a revolving loan of $1,000,000. The interest rate on borrowing under the facility is at the bank's prime rate plus 0.5% per annum, payable monthly. The line of credit is secured by a general security agreement on all the College's assets.

At June 30, 2016, there was $Nil (2015 - $Nil) owing under the facility.

4. Equipment and leaseholds

	Cost	Accumulated Amortization	**2016 Net Carrying Amount**	2015 Net Carrying Amount
Furniture and fixtures	$ 425,940	$ 258,972	**$ 166,968**	$ 204,781
Computer equipment	197,186	120,270	**76,916**	21,815
Computer software	524,045	332,793	**191,252**	254,246
Leasehold improvements	1,118,330	623,152	**495,178**	560,476
	$ 2,265,501	$ 1,335,187	**$ 930,314**	$ 1,041,318

5. Deferred tenant inducement

	2016	2015
Balance, beginning of year	**$ 29,985**	$ 37,421
Amortization	**(7,436)**	(7,436)
	$ 22,549	$ 29,985

6. Financial instruments

The College regularly evaluates and manages the principal risks assumed with its financial instruments. The risks that arise from transacting in financial instruments include liquidity risk, credit risk, market risk, interest rate risk, and foreign currency risk. The following analysis provides a measure of the College's risk exposure and concentrations. There are no significant changes in the risk exposures from the prior period.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with its financial liabilities as they come due. The College is exposed to this risk mainly in respect of its accounts payable. Accounts payable are generally repaid within the credit terms.

Credit risk

The College assesses, on a continuous basis, members' dues receivable on the basis of amounts for which ultimate collection is reasonably assured based on their estimated realizable value.

The College is exposed to credit risk in the event of non-performance by counterparties in connection with its members' dues receivable. The College does not obtain collateral or other security to support the members' dues receivable subject to credit risk but mitigates this risk by dealing only with what management believes to be financially sound counterparties and, accordingly, does not anticipate significant loss for non-performance.

The College is not exposed to any significant market risk, interest rate risk, and foreign currency risk at the statement of financial position date.

7. Commitments

The College is committed under operating leases for equipment and premises which expire between 2017 and 2024. Minimum annual rentals (exclusive of requirement to pay taxes, insurance and maintenance costs) for each of the next five years and thereafter are approximately as follows:

Year ending June 30, 2017	$ 375,000
2018	368,000
2019	345,000
2020	343,000
2021	351,000
Thereafter	948,000

The College is also committed to pay $71,000 during fiscal 2017 in connection with a research project which expires in March 2017.

8. Comparative figures

Certain reclassifications for the year ended June 30, 2015 have been made for the purpose of comparability.