

BOYLE STREET EDUCATION CENTRE
Financial Statements
For The Year Ended August 31, 2011

Hawkings Epp Dumont LLP

Chartered Accountants

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INDEPENDENT AUDITOR'S REPORT

To the Directors of Boyle Street Education Centre

We have audited the accompanying financial statements of Boyle Street Education Centre, which comprise the statement of financial position as at August 31, 2011, 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 generally accepted accounting principles, 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.

Auditor's 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.

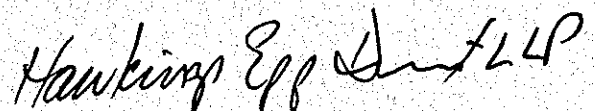
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or 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 Boyle Street Education Centre as at August 31, 2011, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Edmonton, Alberta
November 17, 2011



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**Boyle Street
Education
Centre**

**MANAGEMENT'S RESPONSIBILITY
FOR FINANCIAL REPORTING**

To the Directors of Boyle Street Education Centre
Edmonton, Alberta

The management of the Boyle Street Education Centre prepared these financial statements and is responsible for their reliability, completeness and integrity. They conform, in all material respects, with the accounting principles for chartered schools established by the Canadian Institute of Chartered Accountants.

Management maintains the necessary accounting and internal control systems designed to ensure: the timely production of reliable and accurate financial information, the protection of assets (to a reasonable extent) against loss or unauthorized use, and the promotion of operational efficiency. The Directors oversee management's responsibilities for the financial reporting and internal control systems.

The external auditors, appointed by the Directors, conducted an audit of these financial statements in accordance with Canadian generally accepted auditing standards. The Treasurer reviewed these financial statements with the auditors in detail before recommending their approval to the Board.

Edmonton, Alberta
November 17, 2011

sd/

Bill Potvin, Secretary/Treasurer

BOYLE STREET EDUCATION CENTRE
Statement of Financial Position
As At August 31, 2011

	2011	2010
ASSETS		
CURRENT		
Cash and cash equivalents <i>(Notes 3, 5)</i>	\$ 1,652,669	\$ 1,186,074
Accounts receivable <i>(Note 4)</i>	23,639	69,078
Accrued interest receivable	3,782	-
Prepaid expenses	45,697	8,190
	<u>1,725,787</u>	<u>1,263,342</u>
EQUIPMENT <i>(Note 6)</i>	<u>19,872</u>	<u>31,373</u>
	<u>\$ 1,745,659</u>	<u>\$ 1,294,715</u>
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities	\$ 11,971	\$ 11,486
Scholarship trust funds <i>(Notes 2, 5)</i>	31,159	31,159
Deferred revenue <i>(Note 7)</i>	187,370	-
	<u>230,500</u>	<u>42,645</u>
NET ASSETS		
Invested in equipment	19,872	31,373
Unrestricted net assets	1,495,287	1,220,697
	<u>1,515,159</u>	<u>1,252,070</u>
	<u>\$ 1,745,659</u>	<u>\$ 1,294,715</u>

ON BEHALF OF THE BOARD:

_____ *Owner*

_____ *Owner*

The accompanying notes are an integral part of these financial statements.

BOYLE STREET EDUCATION CENTRE
Statement of Operations
For The Year Ended August 31, 2011

	2011	2010
REVENUE		
Severe disabilities	\$ 954,970	\$ 831,482
Basic instruction	752,348	880,624
Lease subsidies	257,759	232,410
Plant operations and maintenance	204,187	187,113
System administration	190,036	190,036
Native education delivery	150,150	169,785
Enrolment decline	94,896	25,775
Urban transportation	66,300	58,104
Socio-economic status	64,680	76,230
Relative cost of purchasing	23,031	22,207
Career and Technology Services - Evergreening	15,927	67,410
Career and Technology Services - Bridge to Teacher	13,752	-
Alberta Initiative for School Improvement (AISi)	10,338	-
Stabilization	7,159	8,438
Innovative Technology	4,810	4,810
Small class size (Note 8)	-	16,287
TOTAL GOVERNMENT REVENUE BEFORE INTEREST AND OTHER REVENUE	2,810,343	2,770,711
Other grants (Note 9)	49,823	143,954
Interest and others	34,784	37,658
School generated funds (Note 10)	3,347	4,185
	87,954	185,797
EXPENSES		
Salaries and benefits (certificated and non-certificated) (Note 16)	1,584,676	1,713,077
Operations and maintenance	530,592	483,300
School administration and instructional support	182,585	156,096
Board and system administration	173,547	193,310
Classroom expenses	110,684	211,028
Transportation	38,276	48,113
Amortization	11,501	18,831
School generated funds	3,347	4,185
Funding reduction (Note 11)	-	155,654
	2,635,208	2,983,594
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	\$ 263,089	\$ (27,086)

The accompanying notes are an integral part of these financial statements.

BOYLE STREET EDUCATION CENTRE
Statement of Changes in Net Assets
For The Year Ended August 31, 2011

	Unrestricted Net Assets	Invested In Equipment	2011	2010
NET ASSETS - BEGINNING OF YEAR	\$ 1,220,697	\$ 31,373	\$ 1,252,070	\$ 1,279,156
Excess of revenue over expenses	274,590	(11,501)	263,089	(27,086)
NET ASSETS - END OF YEAR	\$ 1,495,287	\$ 19,872	\$ 1,515,159	\$ 1,252,070

The accompanying notes are an integral part of these financial statements.

BOYLE STREET EDUCATION CENTRE
Statement of Cash Flows
For The Year Ended August 31, 2011

	2011	2010
OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenses	\$ 263,089	\$ (27,086)
Item not affecting cash:		
Amortization of equipment	11,501	18,831
	<u>274,590</u>	<u>(8,255)</u>
Changes in non-cash working capital:		
Accounts receivable	45,439	(34,721)
Accrued interest receivable	(3,782)	16,940
Accounts payable and accrued liabilities	485	(47,147)
Deferred revenue	187,370	(94,131)
Prepaid expenses	(37,507)	83
Scholarship trust funds	-	(1,019)
	<u>192,005</u>	<u>(159,995)</u>
Cash flow from (used by) operating activities	<u>466,595</u>	<u>(168,250)</u>
INVESTING ACTIVITY		
Purchase of equipment	-	(33,120)
INCREASE (DECREASE) IN CASH FLOW	466,595	(201,370)
CASH - BEGINNING OF YEAR	<u>1,186,074</u>	<u>1,387,444</u>
CASH - END OF YEAR <i>(Note 3)</i>	<u>\$ 1,652,669</u>	<u>\$ 1,186,074</u>
CASH FLOWS SUPPLEMENTARY INFORMATION		
Interest received	<u>\$ 24,842</u>	<u>\$ 36,553</u>

The accompanying notes are an integral part of these financial statements.

BOYLE STREET EDUCATION CENTRE

Notes to Financial Statements

August 31, 2011

1. NATURE OF OPERATIONS

The Boyle Street Education Centre (the "Centre") was incorporated on August 16, 2000 pursuant to the *Alberta Companies Act*. The Centre is established to maintain a Charter School within the meaning of the *Alberta School Act*. The income and property of the Centre must be applied solely towards the promotion of this objective.

The Centre delivers education programs under the authority of the *Alberta School Act*, Revised Statutes of Alberta, 2000, Chapter S-3.

The Centre receives instruction and support allocations under Regulation 77/2003 from the Government of Alberta. The regulation allows for the setting of conditions and use of grant monies. The Centre is limited on certain funding allocations and administration expenses.

The Centre is considered a non-profit organization within the meaning of the *Income Tax Act* (Canada) and is exempt from income taxes.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles. The preparation of financial statements in conformity with such principles requires management to make estimates and assumptions that affect the reported assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates and approximations. The financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the accounting policies summarized below:

Revenue Recognition

Revenue is recognized as follows:

Instruction and support allocations are recognized in the year to which they relate.

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

Unrestricted contributions are recognized as revenue when received or receivable. Donations in-kind are recorded at fair market value when reasonably determinable.

Externally restricted contributions are deferred and recognized as revenue in the period in which the restriction is complied with.

Scholarship trust funds are recognized as direct increases in trust assets and liabilities in the period in which they are received or receivable.

Investment income is recognized as revenue on an accrual basis.

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BOYLE STREET EDUCATION CENTRE

Notes to Financial Statements

August 31, 2011

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

Equipment

Equipment is stated at cost less accumulated amortization. Amortization is taken for a full year in the year of purchase and only property and equipment with costs in excess of \$5,000 are capitalized. No amortization is charged in the year of disposal. Equipment is amortized over their estimated useful lives at the following rates and methods:

Leasehold improvements	20%	straight-line method
Equipment	20%	straight-line method
Vehicle	40%	straight-line method

The Centre regularly reviews its equipment to eliminate obsolete items.

School Generated Funds

Funds generated from school-based activities are included as assets, liabilities, revenue and expenses of the Centre when accountability and responsibility for control of these funds rests with school principals or their appointee(s). In accordance with CICA Handbook 4400(.37), school generated fund revenue and expenses are presented on a gross basis.

Contributed Services

Volunteer contribute a considerable number of hours per year to the Centre. Because of the difficulty of compiling these hours and the fact that these services are not otherwise purchased, contributed services are not recognized in the financial statements.

Financial Instruments

The Centre's financial instruments consist of cash and cash equivalents, scholarship trust funds, investments, accounts receivable, and accounts payable and accrued liabilities. It is management's opinion that the Centre is not exposed to significant interest rate, liquidity, cash flow or credit risk arising from these financial instruments. Unless otherwise noted, the fair values of these financial instruments approximate their carrying values. The Centre has invested surplus funds in accordance with Section 60 of the *Alberta School Act* and Section 5 of the *Trustees Act*.

Trust Assets and Liabilities

The Centre received \$25,000 from Canative Housing in the year of the Centre's incorporation for the establishment of a scholarship trust fund. These funds are intended for scholarships for Metis and non-status aboriginals who meet certain criteria as set by Canative Housing. These scholarships are available only to students enrolled at the Boyle Street Education Centre and the students must demonstrate a commitment for furthering their education or pursuing career related goals. The amount has been recorded in the scholarship trust funds (Note 5) and is to be used for future scholarship payments, the eligibility for which is to be determined by the Scholarship Committee.

Operating and Capital Reserves

Reserves can be established by external mandates or at the discretion of the Board of Directors for the purpose of funding future operations, capital expenditures or other purposes. Such reserves are appropriations of accumulated net assets. As at August 31, 2011, the Centre had not established any such reserves.

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BOYLE STREET EDUCATION CENTRE
Notes to Financial Statements
August 31, 2011

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

Surplus Repayment and Deficit Recoveries

The Centre receives most of its revenue from the Alberta government and any current year's surplus or deficit may be repayable to, or recoverable from, the original funder. The conditions and timing of repayment or recovery are indeterminate and no provision for these amounts is recorded until the funds are returned to the original funder. Surplus repayment and revenue recoveries related to a prior year are not recorded in the current year's transactions but rather are charged or credited to the Centre's accumulated net assets. Details of the repayments and recoveries for the current year are described in Note 11.

3. CASH AND CASH EQUIVALENTS

	2011	2010
Guaranteed investment certificates	\$ 1,324,750	\$ 1,100,000
General account	296,760	54,915
Scholarship trust fund	31,159	31,159
	\$ 1,652,669	\$ 1,186,074

Interest rates on guaranteed investment certificates range from 2.25% to 2.5% and mature at various dates during the 2012 fiscal year.

4. ACCOUNTS RECEIVABLE

	2011	2010
Goods and Services Tax rebate	\$ 23,639	\$ 28,557
Alberta Education	-	32,521
Edmonton Student Health Integrated Partnership (ESHIP)	-	8,000
	\$ 23,639	\$ 69,078

5. SCHOLARSHIP TRUST FUNDS

	2011	2010
Balance, beginning of year	\$ 31,159	\$ 32,178
Interest earned	-	981
Scholarship payout	-	(2,000)
Balance, end of year	\$ 31,159	\$ 31,159

BOYLE STREET EDUCATION CENTRE
Notes to Financial Statements
August 31, 2011

6. EQUIPMENT

	Cost	Accumulated amortization	2011 Net book value	2010 Net book value
Leasehold improvements	\$ 118,925	\$ 118,925	\$ -	\$ -
Equipment	94,093	74,221	19,872	26,496
Vehicle	12,192	12,192	-	4,877
	\$ 225,210	\$ 205,338	\$ 19,872	\$ 31,373

7. DEFERRED REVENUE

	2011	2010
Career and Technology Services - Bridge to Teacher	\$ 122,248	\$ -
Career and Technology Services - Evergreening	51,483	-
Alberta Initiative for School Improvement (AISI)	13,639	-
	\$ 187,370	\$ -

Career and Technology Studies (CTS) - Bridge to Teacher program is for Career and Technology Studies instructors that will support them in achieving teacher certification and employment. During the year, the Centre incurred costs of \$13,752 (2010 - \$NIL). This program is new and will be finished by August 31, 2013.

Career and Technology Studies (CTS) Evergreening funding is provided for the development of relevant learning opportunities to students. Initially this was a three year project from 2008/2009 to 2010/2011 school year. However, it will be extended beyond the 2010/2011 school year. During the year, the Centre incurred costs of \$15,926 (2010 - \$67,359) related to this program. This program was finished in the current fiscal year and the unspent grant may be retained by the Centre depending on Alberta Education's decision.

Alberta Initiative for School Improvement (AISI) grant is also new in the current fiscal year. This project will be built around the framework of tapping into right brain thinking in order to promote higher level thinking, creativity and student engagement. During the year, the Centre incurred costs of \$10,338 (2010 - \$NIL) related to this program. The unspent grant will be carried forward to next year.

8. TARGETED FUNDING FOR PROVINCIAL INITIATIVES

The Centre received additional funding in the amount of \$NIL (2010 - \$16,287) which was related to certain provincial initiatives. These funds were used to purchase supplies and services to assist in the small size initiatives as targeted by the Government of Alberta.

BOYLE STREET EDUCATION CENTRE
Notes to Financial Statements
August 31, 2011

9. OTHER GRANTS

	2011	2010
Edmonton Student Health Integrated Partnership (ESHIP)	\$ 49,823	\$ 49,823
Creative Teaching Sustained	-	86,285
Alberta Education - VITAL	-	7,846
	\$ 49,823	\$ 143,954

10. SCHOOL GENERATED FUNDS

	2011	2010
Balance, beginning of year	\$ -	\$ -
Source of school generated funds (SGF)		
Student council	3,347	4,185
Less SGF expended for the year		
Donation	(1,300)	(4,000)
Supplies	(2,047)	(185)
Balance, end of year	\$ -	\$ -

11. PRIOR YEAR FUNDING REDUCTION

As part of the Alberta government's fiscal correction in the 2009/2010 government fiscal year ending March 31, 2010, a reduction in General Revenue grant funding for Operating Support to School Boards was applied to the seven month period of September 2009 through to March 2010, as calculated below:

(A) = Total Accumulated Operating Surplus (excluding capital reserves) as reported in the 2007/2008 Audited Financial Statements

(B) = Total Expense as reported in the 2007/2008 Audited Financial Statements X 3.25%

(C) = Total Funding Reduction for the 7 month period = [(A) minus (B)] X 12.6485%

(D) = Monthly funding reduction amount applied to September 2009 through to March 2010 = (C) divided by 7

This funding reduction resulted in a monthly clawback of \$22,236 of the monthly grant funding from Alberta Education for a total of \$155,654 (7 month period) to the Centre.

BOYLE STREET EDUCATION CENTRE

Notes to Financial Statements

August 31, 2011

12. RELATED PARTY TRANSACTIONS

Various Government of Alberta departments are involved with administering education, district facilities, and the various school boards in the province and are considered to be related parties. The Boyle Street Education Centre school division had related party transactions for the year ended August 31, 2011 with Alberta Education recorded on the Statement of Revenue and Expenses and the Statement of Financial Position, at the amount of consideration agreed upon between the related parties.

	Balance		Transactions	
	Assets	Liabilities	Revenue	Expenses
<u>2010 - 2011</u>				
Government of Alberta	\$ -	\$ 187,370	\$ 2,810,343	\$ -
<u>2009 - 2010</u>				
Government of Alberta	\$ 32,521	\$ -	\$ 2,770,711	\$ -

13. ECONOMIC DEPENDENCE

The Centre's primary source of revenue is received from the Government of Alberta. The Centre's ability to continue viable operations is dependent on this funding.

14. BUDGET AMOUNTS

The notes to the financial statements are included in these audited financial statements as well as the Alberta Education audited financial statements prepared on the prescribed forms. The Alberta Education financial statements include budgeted amounts. The budget was prepared by the Centre and approved by the Board of Directors and is presented for information purposes only and has not been audited.

15. LEASE COMMITMENT

The Centre rents its premises for \$47,903 per month plus common area costs and GST effectively on September 1, 2011. The lease expires on August 31, 2016.

BOYLE STREET EDUCATION CENTRE
Notes to Financial Statements
August 31, 2011

16. REMUNERATION AND MONETARY INCENTIVES

Remuneration paid or accrued on behalf of the following positions for the year ended August 31, 2011 was as follows:

	Remuneration	Benefits	Other Expenses	2011	2010
Board Members					
Leane Anderson	\$ -	\$ -	\$ 1,061	\$ 1,061	\$ 2,077
Merle Kennedy	-	-	194	194	1,210
Karen Erickson	-	-	968	968	1,168
Dennis Callihoo	-	-	968	968	1,168
Marvin Foulkes	-	-	968	968	968
Victoria Molnar	-	-	968	968	290
	-	-	5,127	5,127	6,881
Superintendent					
John Brosseau	65,513	-	364	65,877	54,471
Secretary / Treasurer					
Bill Potvin	40,867	-	-	40,867	31,978
Certificated Salaries					
	1,092,925	91,762	-	1,184,687	1,306,925
Non-certified Salaries					
	336,649	63,340	-	399,989	406,152
	\$ 1,535,954	\$ 155,102	\$ 5,491	\$ 1,696,547	\$ 1,806,407

In the current year, the full time equivalents (FTE) for each position are as follows:

Superintendent:	0.2
Secretary/Treasurer:	0.3
Certificated Salaries:	13
Non-certified Salaries:	9

17. CAPITAL DISCLOSURE

The Centre receives its principal source of capital through funding received from the Province of Alberta. The Centre defines capital to be fund balances.

The Centre's objective to managing capital is to fund its operations and equipment additions. Currently, the Centre's strategy is to monitor expenses to preserve capital in accordance with budgeted funding and grants.

The Centre is not subject to debt covenants or any other external capital requirements with respect to operating funding. Funding received for designated purposes must be used for the purposes outlined in the funding letter. The Centre has complied with the external restrictions on the funding provided.

BOYLE STREET EDUCATION CENTRE
Notes to Financial Statements
August 31, 2011

18. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.
