
CONNECT CHARTER SCHOOL SOCIETY

Financial Statements

For the year ended August 31, 2018

**AUDITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2018**
[School Act, Sections 147(2)(a), 148, 151(1) and 276]

Connect Charter School Society

Legal Name of School Jurisdiction

5915 Lewis Drive S.W. Calgary AB T3E 5Z4

Mailing Address

(403) 282-2890 Ext 121 (403) 282-2896 myra.p@connectcharter.ca

Contact Numbers and Email Address

SCHOOL JURISDICTION MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The financial statements of Connect Charter School Society presented to Alberta Education have been prepared by school jurisdiction management which has responsibility for their preparation, integrity and objectivity. The financial statements, including notes, have been prepared in accordance with Canadian Public Sector Accounting Standards and follow format prescribed by Alberta Education.

In fulfilling its reporting responsibilities, management has maintained internal control systems and procedures designed to provide reasonable assurance that the school jurisdiction's assets are safeguarded, that transactions are executed in accordance with appropriate authorization and that accounting records may be relied upon to properly reflect the school jurisdiction's transactions. The effectiveness of the control systems is supported by the selection and training of qualified personnel, an organizational structure that provides an appropriate division of responsibility and a strong system of budgetary control.

Board of Trustees Responsibility

The ultimate responsibility for the financial statements lies with the Board of Trustees. The Board reviewed the audited financial statements with management in detail and approved the financial statements for release.

External Auditors

The Board appoints external auditors to audit the financial statements and meets with the auditors to review their findings. The external auditors were given full access to school jurisdiction records.

Declaration of Management and Board Chair

To the best of our knowledge and belief, these financial statements reflect, in all material respects, the financial position, results of operations, remeasurement gains and losses, changes in net financial assets (debt), and cash flows for the year in accordance with Canadian Public Sector Accounting Standards.

BOARD CHAIR

Dave Robinson

Name

Signature

SUPERINTENDENT

Chris Gilmour

Name

Signature

SECRETARY-TREASURER OR TREASURER

Myra Penberthy

Name

Signature

November 27, 2018

Board-approved Release Date

c.c. ALBERTA EDUCATION, Financial Reporting & Accountability Branch
8th Floor Commerce Place, 10155-102 Street, Edmonton AB T5J 4L5
EMAIL: EDC.FRA@gov.ab.ca
PHONE: Ash: (780) 415-8940; Robert: (780) 427-3855 FAX: (780) 422-6996

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Independent Auditor's Report

To the Members of
Connect Charter School Society

Grant Thornton LLP
Suite 1100
332 - 6th Avenue SW
Calgary, AB
T2P 0B2
T +1 403 260 2500
F +1 403 260 2571
www.GrantThornton.ca

We have audited the accompanying financial statements of Connect Charter School Society (the "Society"), which comprise the statement of financial position as at August 31, 2018, and the statements of operations, cash flows, change in net financial assets and re-measurement gains and losses 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 CPA Canada Public Sector Accounting Standards, 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 Connect Charter School Society as at August 31, 2018, and its financial performance and its cash flows for the year then ended in accordance with CPA Canada Public Sector Accounting Standards.

Calgary, Canada
November 27, 2018



Chartered Public Accountants

STATEMENT OF FINANCIAL POSITION
As at August 31, 2018 (in dollars)

		2018	2017
FINANCIAL ASSETS			
Cash and cash equivalents	(Schedule 5; Note 3)	\$ 801,934	\$ 678,223
Accounts receivable (net after allowances)	(Note 4)	\$ 37,497	\$ 43,855
Portfolio investments	(Schedule 5; Note 5)	\$ 605,683	\$ 608,599
Other financial assets		\$ -	\$ -
Total financial assets		\$ 1,445,114	\$ 1,330,677
LIABILITIES			
Bank indebtedness		\$ -	\$ -
Accounts payable and accrued liabilities	(Note 6)	\$ 90,158	\$ 51,115
Deferred revenue	(Note 7)	\$ 890,429	\$ 860,401
Employee future benefits liabilities		\$ -	\$ -
Liability for contaminated sites		\$ -	\$ -
Other liabilities		\$ -	\$ -
Debt			
Supported: Debentures and other supported debt		\$ -	\$ -
Unsupported: Debentures and capital loans		\$ -	\$ -
Mortgages		\$ -	\$ -
Capital leases		\$ -	\$ -
Total liabilities		\$ 980,587	\$ 911,516
Net debt		\$ 464,527	\$ 419,161
NON-FINANCIAL ASSETS			
Tangible capital assets	(Schedule 6; Note 8)		
Land		\$ -	\$ -
Construction in progress		\$ -	\$ -
Buildings		\$ 982,370	
Less: Accumulated amortization		\$ (973,552)	\$ 8,818
Equipment		\$ 105,301	
Less: Accumulated amortization		\$ (93,350)	\$ 11,951
Vehicles		\$ 77,803	
Less: Accumulated amortization		\$ (71,138)	\$ 6,665
Computer Equipment		\$ 577,683	
Less: Accumulated amortization		\$ (212,955)	\$ 364,728
Total tangible capital assets		\$ 392,162	\$ 452,639
Prepaid expenses	(Note 9)	\$ 113,176	\$ 95,700
Other non-financial assets		\$ -	\$ -
Total non-financial assets		\$ 505,338	\$ 548,339
Accumulated surplus	(Schedule 1; Note 10)	\$ 969,865	\$ 967,500
Accumulating surplus / (deficit) is comprised of:			
Accumulated operating surplus (deficit)		\$ 969,865	\$ 967,500
Accumulated remeasurement gains (losses)		\$ -	\$ -
		\$ 969,865	\$ 967,500
Contractual rights			
Contingent assets			
Contractual obligations	(Note 11)		
Contingent liabilities			

The accompanying notes and schedules are part of these financial statements.

STATEMENT OF OPERATIONS
For the Year Ended August 31, 2018 (in dollars)

	Budget 2018	Actual 2018	Actual 2017
REVENUES			
Alberta Education	\$ 5,628,605	\$ 5,614,223	\$ 5,602,695
Other - Government of Alberta	\$ -	\$ -	\$ -
Federal Government and First Nations	\$ -	\$ 2,782	\$ -
Other Alberta school authorities	\$ -	\$ -	\$ -
Out of province authorities	\$ -	\$ -	\$ -
Alberta municipalities-special tax levies	\$ -	\$ -	\$ -
Property taxes	\$ -	\$ -	\$ -
Fees (Schedule 3; Schedule 8; Note 12)	\$ 866,940	\$ 866,678	\$ 817,880
Other sales and services (Schedule 3)	\$ 171,600	\$ 178,787	\$ 160,422
Investment income (Schedule 3)	\$ 10,000	\$ 20,408	\$ 12,175
Gifts and donations (Schedule 3)	\$ 45,000	\$ 103,483	\$ 47,478
Rental of facilities (Schedule 3)	\$ 6,500	\$ 4,025	\$ 9,695
Fundraising (Schedule 3)	\$ 80,000	\$ 69,379	\$ 82,598
Gains on disposal of capital assets (Schedule 3; Note 8)	\$ -	\$ 27,328	\$ 21,391
Other revenue	\$ -	\$ -	\$ -
Total revenues	\$ 6,808,645	\$ 6,887,093	\$ 6,754,334
EXPENSES			
Instruction - ECS	\$ -	\$ -	\$ -
Instruction - Grades 1 - 12 (Schedule 3)	\$ 5,477,052	\$ 5,532,914	\$ 5,313,316
Plant operations and maintenance (Schedule 3; Schedule 4)	\$ 445,031	\$ 429,596	\$ 414,220
Transportation (Schedule 3)	\$ 544,100	\$ 577,842	\$ 538,978
Board & system administration (Schedule 3; Schedule 10)	\$ 342,462	\$ 344,376	\$ 359,651
External services	\$ -	\$ -	\$ -
Total expenses	\$ 6,808,645	\$ 6,884,728	\$ 6,626,165
Operating surplus (deficit)	\$ -	\$ 2,365	\$ 128,169

The accompanying notes and schedules are part of these financial statements.

STATEMENT OF CASH FLOWS
For the Year Ended August 31, 2018 (in dollars)

	2018	2017
CASH FLOWS FROM:		
A. OPERATING TRANSACTIONS		
Operating surplus (deficit)	\$ 2,365	\$ 128,169
Add (Deduct) items not affecting cash:		
Total amortization expense	\$ 204,689	\$ 218,658
Gains on disposal of tangible capital assets	\$ (27,328)	\$ (21,391)
Losses on disposal of tangible capital assets	\$ -	\$ -
Expended deferred capital revenue recognition	\$ -	\$ -
Deferred capital revenue write-down / adjustment	\$ -	\$ -
Donations in kind	\$ -	\$ -
Changes in:		
Accounts receivable	\$ 6,358	\$ (7,548)
Prepays	\$ (17,476)	\$ (10,526)
Other financial assets	\$ -	\$ -
Non-financial assets	\$ -	\$ -
Accounts payable, accrued and other liabilities	\$ 39,043	\$ (6,282)
Deferred revenue (excluding EDCR)	\$ 30,028	\$ 75,853
Employee future benefit liabilities	\$ -	\$ -
	\$ -	\$ -
Total cash flows from operating transactions	\$ 237,679	\$ 376,933
B. CAPITAL TRANSACTIONS		
Purchases of tangible capital assets		
Land	\$ -	\$ -
Buildings	\$ -	\$ -
Equipment	\$ -	\$ -
Vehicles	\$ -	\$ -
Computer equipment	\$ (157,970)	\$ (177,584)
Net proceeds from disposal of unsupported capital assets	\$ 41,086	\$ 37,245
	\$ -	\$ -
Total cash flows from capital transactions	\$ (116,884)	\$ (140,339)
C. INVESTING TRANSACTIONS		
Purchases of portfolio investments	\$ -	\$ (198,599)
Dispositions of portfolio investments	\$ 2,916	\$ 100,000
Remeasurement (gains) losses reclassified to the statement of operations	\$ -	\$ -
	\$ -	\$ -
	\$ -	\$ -
Total cash flows from investing transactions	\$ 2,916	\$ (98,599)
D. FINANCING TRANSACTIONS		
Issue of debt	\$ -	\$ -
Repayment of debt	\$ -	\$ -
	\$ -	\$ -
Issuance of capital leases	\$ -	\$ -
Repayment of capital leases	\$ -	\$ -
	\$ -	\$ -
	\$ -	\$ -
Total cash flows from financing transactions	\$ -	\$ -
Increase (decrease) in cash and cash equivalents	\$ 123,711	\$ 137,995
Cash and cash equivalents, at beginning of year	\$ 678,223	\$ 540,228
Cash and cash equivalents, at end of year	\$ 801,934	\$ 678,223

The accompanying notes and schedules are part of these financial statements.

STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
For the Year Ended August 31, 2018 (in dollars)

	2018	2017
Operating surplus (deficit)	\$ 2,365	\$ 128,169
Effect of changes in tangible capital assets		
Acquisition of tangible capital assets	\$ (157,970)	\$ (177,584)
Amortization of tangible capital assets	\$ 204,689	\$ 218,658
Net carrying value of tangible capital assets disposed of	\$ 13,758	\$ 15,854
Write-down carrying value of tangible capital assets	\$ -	\$ -
Other changes	\$ -	\$ -
Total effect of changes in tangible capital assets	\$ 60,477	\$ 56,928
Changes in:		
Prepaid expenses	\$ (17,476)	\$ (10,526)
Other non-financial assets	\$ -	\$ -
Net remeasurement gains and (losses)	\$ -	\$ -
Endowments	\$ -	\$ -
Increase (decrease) in net financial assets	\$ 45,366	\$ 174,571
Net financial assets at beginning of year	\$ 419,161	\$ 244,590
Net financial assets at end of year	\$ 464,527	\$ 419,161

The accompanying notes and schedules are part of these financial statements.

STATEMENT OF REMEASUREMENT GAINS AND LOSSES

For the Year Ended August 31, 2018 (in dollars)

	2018	2017
Accumulated remeasurement gains (losses) at beginning of year	\$ -	\$ -
Prior Period Adjustment 1 (Describe)	\$ -	\$ -
	\$ -	\$ -
Unrealized gains (losses) attributable to:		
Portfolio investments	\$ -	\$ -
	\$ -	\$ -
Amounts reclassified to the statement of operations:		
Portfolio investments	\$ -	\$ -
	\$ -	\$ -
Net remeasurement gains (losses) for the year	\$ -	\$ -
Accumulated remeasurement gains (losses) at end of year	\$ -	\$ -

The accompanying notes and schedules are part of these financial statements.

SCHEDULE 1

School Jurisdiction Code:

45

SCHEDULE OF CHANGES IN ACCUMULATED SURPLUS
for the Year Ended August 31, 2018 (in dollars)

	ACCUMULATED SURPLUS	ACCUMULATED REMEASUREMENT GAINS (LOSSES)	ACCUMULATED OPERATING SURPLUS	INVESTMENT IN TANGIBLE CAPITAL ASSETS	ENDOWMENTS	UNRESTRICTED SURPLUS	INTERNALLY RESTRICTED	
							TOTAL OPERATING RESERVES	TOTAL CAPITAL RESERVES
Balance at August 31, 2017	\$ 967,500	\$ -	\$ 967,500	\$ 452,639	\$ -	\$ (0)	\$ 514,861	\$ -
Prior period adjustments:								
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Adjusted Balance, August 31, 2017	\$ 967,500	\$ -	\$ 967,500	\$ 452,639	\$ -	\$ (0)	\$ 514,861	\$ -
Operating surplus (deficit)	\$ 2,365		\$ 2,365			\$ 2,365		
Board funded tangible capital asset additions				\$ 157,970		\$ (157,970)		
Disposal of unsupported tangible capital assets or board funded portion of supported	\$ -		\$ -	\$ (13,758)		\$ 13,758		
Write-down of unsupported tangible capital assets or board funded portion of supported	\$ -		\$ -	\$ -		\$ -		
Net remeasurement gains (losses) for the year	\$ -	\$ -	\$ -					
Endowment expenses & disbursements	\$ -		\$ -		\$ -	\$ -		
Endowment contributions	\$ -		\$ -		\$ -	\$ -		
Reinvested endowment income	\$ -		\$ -		\$ -	\$ -		
Direct credits to accumulated surplus (Describe)	\$ -		\$ -		\$ -	\$ -		
Amortization of tangible capital assets	\$ -		\$ -	\$ (204,689)		\$ 204,689		
Capital revenue recognized	\$ -		\$ -	\$ -		\$ -		
Debt principal repayments (unsupported)	\$ -		\$ -	\$ -		\$ -		
Additional capital debt or capital leases	\$ -		\$ -	\$ -		\$ -		
Net transfers to operating reserves	\$ -		\$ -			\$ (62,842)	\$ 62,842	
Net transfers from operating reserves	\$ -		\$ -			\$ -	\$ -	
Net transfers to capital reserves	\$ -		\$ -			\$ -		\$ -
Net transfers from capital reserves	\$ -		\$ -			\$ -		\$ -
Other Changes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Changes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Balance at August 31, 2018	\$ 969,865	\$ -	\$ 969,865	\$ 392,162	\$ -	\$ (0)	\$ 577,703	\$ -

**SCHEDULE OF CHANGES IN ACCUMULATED SURPLUS
for the Year Ended August 31, 2018 (in dollars)**

	INTERNALLY RESTRICTED RESERVES BY PROGRAM											
	School & Instruction Related		Operations & Maintenance		Board & System Administration		Transportation		External Services			
	Operating Reserves	Capital Reserves	Operating Reserves	Capital Reserves	Operating Reserves	Capital Reserves	Operating Reserves	Capital Reserves	Operating Reserves	Capital Reserves	Operating Reserves	Capital Reserves
Balance at August 31, 2017	\$ 514,861	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Prior period adjustments:												
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Adjusted Balance, August 31, 2017	\$ 514,861	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Operating surplus (deficit)												
Board funded tangible capital asset additions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Disposal of unsupported tangible capital assets or board funded portion of supported												
Write-down of unsupported tangible capital assets or board funded portion of supported												
Net remeasurement gains (losses) for the year												
Endowment expenses & disbursements												
Endowment contributions												
Reinvested endowment income												
Direct credits to accumulated surplus (Describe)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Amortization of tangible capital assets												
Capital revenue recognized												
Debt principal repayments (unsupported)												
Additional capital debt or capital leases												
Net transfers to operating reserves	\$ 62,842		\$ -		\$ -		\$ -		\$ -		\$ -	
Net transfers from operating reserves	\$ -		\$ -		\$ -		\$ -		\$ -		\$ -	
Net transfers to capital reserves		\$ -		\$ -		\$ -		\$ -		\$ -		\$ -
Net transfers from capital reserves		\$ -		\$ -		\$ -		\$ -		\$ -		\$ -
Other Changes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Changes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Balance at August 31, 2018	\$ 577,703	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

**SCHEDULE OF CAPITAL REVENUE
(EXTERNALLY RESTRICTED CAPITAL REVENUE ONLY)
for the Year Ended August 31, 2018 (in dollars)**

	Unexpended Deferred Capital Revenue				Expended Deferred Capital Revenue
	Provincially Approved & Funded Projects ^(A)	Surplus from Provincially Approved Projects ^(B)	Proceeds on Disposal of Provincially Funded Tangible Capital Assets ^(C)	Unexpended Deferred Capital Revenue from Other Sources ^(D)	
Balance at August 31, 2017	\$ -	\$ -	\$ -	\$ -	\$ -
Prior period adjustments	\$ -	\$ -	\$ -	\$ -	\$ -
Adjusted Balance, August 31, 2017	\$ -	\$ -	\$ -	\$ -	\$ -
Add:					
Unexpended capital revenue <u>received</u> from:					
Alberta Education capital funding (excl. IMR)	\$ -				
Alberta Infrastructure school building & modular projects	\$ -				
Infrastructure Maintenance & Renewal capital related to school facilities	\$ -				
Other sources:	\$ -			\$ -	
Other sources:	\$ -			\$ -	
Unexpended capital revenue <u>receivable</u> from:					
Alberta Education capital funding (excl. IMR)	\$ -				
Alberta Infrastructure school building & modular projects	\$ -				
Other sources:	\$ -			\$ -	
Other sources:	\$ -			\$ -	
Interest earned on unexpended capital revenue	\$ -	\$ -	\$ -	\$ -	
Other unexpended capital revenue:				\$ -	
Proceeds on disposition of supported capital			\$ -	\$ -	
Insurance proceeds (and related interest)			\$ -	\$ -	
Donated tangible capital assets:					\$ -
Alberta Infrastructure managed projects					\$ -
Transferred in (out) tangible capital assets (amortizable, @ net book value)					\$ -
Expended capital revenue - current year	\$ -	\$ -	\$ -	\$ -	\$ -
Surplus funds approved for future project(s)	\$ -	\$ -			
Other adjustments:	\$ -	\$ -	\$ -	\$ -	\$ -
Deduct:					
Supported tangible capital dispositions					\$ -
Other adjustments:	\$ -	\$ -	\$ -	\$ -	\$ -
Capital revenue recognized - Alberta Education					\$ -
Capital revenue recognized - Other Government of Alberta					\$ -
Capital revenue recognized - Other revenue					\$ -
Balance at August 31, 2018	\$ -	\$ -	\$ -	\$ -	\$ -
	(A)	(B)	(C)	(D)	
Balance of Unexpended Deferred Capital Revenue at August 31, 2018 (A) + (B) + (C) + (D)				\$ -	

Unexpended Deferred Capital Revenue

- (A) - Represents funding received from the Government of Alberta to be used toward the acquisition of new approved tangible capital assets with restricted uses only. Please specify department if funds received from a source other than Alberta Education.
- (B) - Represents any surplus of funding over costs from column (A) approved by Minister for future capital expenditures with restricted uses only.
- (C) - Represents proceeds on disposal of provincially funded restricted-use capital assets to be expended on approved capital assets per 10(2)(a) of Disposition of Property Reg. 181/2010.
- (D) - Represents capital revenue received from entities OTHER THAN the Government of Alberta for the acquisition of restricted-use tangible capital assets.

SCHEDULE OF PROGRAM OPERATIONS
for the Year Ended August 31, 2018 (in dollars)

	2018							2017
	Instruction		Plant Operations and Maintenance	Transportation	Board & System Administration	External Services	TOTAL	TOTAL
	ECS	Grades 1 - 12						
REVENUES								
(1) Alberta Education	\$ -	\$ 4,548,211	\$ 473,488	\$ 248,148	\$ 344,376	\$ -	\$ 5,614,223	\$ 5,602,695
(2) Other - Government of Alberta	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(3) Federal Government and First Nations	\$ -	\$ 2,782	\$ -	\$ -	\$ -	\$ -	\$ 2,782	\$ -
(4) Other Alberta school authorities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(5) Out of province authorities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(6) Alberta municipalities-special tax levies	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(7) Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(8) Fees	\$ -	\$ 556,937	\$ -	\$ 309,741	\$ -	\$ -	\$ 866,678	\$ 817,880
(9) Other sales and services	\$ -	\$ 178,787	\$ -	\$ -	\$ -	\$ -	\$ 178,787	\$ 160,422
(10) Investment income	\$ -	\$ 20,408	\$ -	\$ -	\$ -	\$ -	\$ 20,408	\$ 12,175
(11) Gifts and donations	\$ -	\$ 103,483	\$ -	\$ -	\$ -	\$ -	\$ 103,483	\$ 47,478
(12) Rental of facilities	\$ -	\$ 4,025	\$ -	\$ -	\$ -	\$ -	\$ 4,025	\$ 9,695
(13) Fundraising	\$ -	\$ 69,379	\$ -	\$ -	\$ -	\$ -	\$ 69,379	\$ 82,598
(14) Gains on disposal of tangible capital assets	\$ -	\$ 27,328	\$ -	\$ -	\$ -	\$ -	\$ 27,328	\$ 21,391
(15) Other revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(16) TOTAL REVENUES	\$ -	\$ 5,511,340	\$ 473,488	\$ 557,889	\$ 344,376	\$ -	\$ 6,887,093	\$ 6,754,334
EXPENSES								
(17) Certificated salaries	\$ -	\$ 3,199,169	\$ -	\$ -	\$ 104,688	\$ -	\$ 3,303,857	\$ 3,273,157
(18) Certificated benefits	\$ -	\$ 618,717	\$ -	\$ -	\$ 4,603	\$ -	\$ 623,320	\$ 627,464
(19) Non-certificated salaries and wages	\$ -	\$ 339,136	\$ 190,885	\$ 20,728	\$ 127,064	\$ -	\$ 677,813	\$ 588,024
(20) Non-certificated benefits	\$ -	\$ 88,271	\$ 46,784	\$ 3,145	\$ 29,906	\$ -	\$ 168,106	\$ 139,564
(21) SUB - TOTAL	\$ -	\$ 4,245,293	\$ 237,669	\$ 23,873	\$ 266,261	\$ -	\$ 4,773,096	\$ 4,628,209
(22) Services, contracts and supplies	\$ -	\$ 1,105,366	\$ 169,493	\$ 553,969	\$ 76,378	\$ -	\$ 1,905,206	\$ 1,777,063
(23) Amortization of supported tangible capital assets	\$ -	\$ 182,255	\$ 22,434	\$ -	\$ -	\$ -	\$ 204,689	\$ 218,658
(24) Amortization of unsupported tangible capital assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(25) Supported interest on capital debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(26) Unsupported interest on capital debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(27) Other interest and finance charges	\$ -	\$ -	\$ -	\$ -	\$ 1,737	\$ -	\$ 1,737	\$ 2,235
(28) Losses on disposal of tangible capital assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(29) Other expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(30) TOTAL EXPENSES	\$ -	\$ 5,532,914	\$ 429,596	\$ 577,842	\$ 344,376	\$ -	\$ 6,884,728	\$ 6,626,165
(31) OPERATING SURPLUS (DEFICIT)	\$ -	\$ (21,574)	\$ 43,892	\$ (19,953)	\$ -	\$ -	\$ 2,365	\$ 128,169

SCHEDULE OF PLANT OPERATIONS AND MAINTENANCE EXPENSES
for the Year Ended August 31, 2018 (in dollars)

EXPENSES	Custodial	Maintenance	Utilities and Telecomm.	Expensed IMR, Modular Unit Relocations & Lease Payments	Facility Planning & Operations Administration	Unsupported Amortization & Other Expenses	Supported Capital & Debt Services	2018 TOTAL Operations and Maintenance	2017 TOTAL Operations and Maintenance
Uncertificated salaries and wages	\$ 190,885	\$ -	\$ -	\$ -	\$ -			\$ 190,885	\$ 184,624
Uncertificated benefits	\$ 46,784	\$ -	\$ -	\$ -	\$ -			\$ 46,784	\$ 35,980
Sub-total Remuneration	\$ 237,669	\$ -	\$ -	\$ -	\$ -			\$ 237,669	\$ 220,604
Supplies and services	\$ 14,430	\$ 44,713	\$ -	\$ -	\$ -			\$ 59,143	\$ 58,452
Electricity			\$ 37,345					\$ 37,345	\$ 35,048
Natural gas/heating fuel			\$ 32,669					\$ 32,669	\$ 28,986
Sewer and water			\$ 20,264					\$ 20,264	\$ 16,452
Telecommunications			\$ 11,138					\$ 11,138	\$ 9,987
Insurance					\$ 8,933			\$ 8,933	\$ 8,948
ASAP maintenance & renewal payments								\$ -	\$ -
Amortization of tangible capital assets								\$ -	\$ -
Supported								\$ -	\$ -
Unsupported						\$ 22,434		\$ 22,434	\$ 35,743
Total Amortization						\$ 22,434		\$ 22,434	\$ 35,743
Interest on capital debt								\$ -	\$ -
Supported								\$ -	\$ -
Unsupported								\$ -	\$ -
Lease payments for facilities								\$ -	\$ -
Other interest charges								\$ -	\$ -
Losses on disposal of capital assets								\$ -	\$ -
TOTAL EXPENSES	\$ 252,099	\$ 44,713	\$ 101,416	\$ -	\$ 8,933	\$ 22,434	\$ -	\$ 429,596	\$ 414,220

SQUARE METRES	School buildings	Non school buildings
	7,107.0	0.0

Note:

Custodial: All expenses related to activities undertaken to keep the school environment and maintenance shops clean and safe.

Maintenance: All expenses associated with the repair, replacement, enhancement and minor construction of buildings, grounds and equipment components. This includes regular and preventative maintenance undertaken to ensure components reach or exceed their life cycle and the repair of broken components. Maintenance expenses exclude operational costs related to expensed IMR & Modular Unit relocations, as they are reported on separately.

Utilities & Telecommunications: All expenses related to electricity, natural gas and other heating fuels, sewer and water and all forms of telecommunications.

Expensed IMR & Modular Unit Relocation & Lease Pmts: All operational expenses associated with non-capitalized Infrastructure Maintenance Renewal projects, modular unit (portable) relocation, and payments on leased facilities.

Facility Planning & Operations Administration: All expenses related to the administration of operations and maintenance including (but not limited to) contract administration, clerical functions, negotiations, supervision of employees & contractors, school facility planning & project 'administration', administration of joint-use agreements, and all expenses related to ensuring compliance with health and safety standards, codes and government regulations.

Unsupported Amortization & Other Expenses: All expenses related to unsupported capital assets amortization and interest on unsupported capital debt.

Supported Capital & Debt Services: All expenses related to supported capital assets amortization and interest on supported capital debt.

**SCHEDULE OF CASH, CASH EQUIVALENTS, AND PORTFOLIO INVESTMENTS
for the Year Ended August 31, 2018 (in dollars)**

Cash & Cash Equivalents	2018			2017
	Average Effective (Market) Yield	Cost	Amortized Cost	Amortized Cost
Cash	1.61%	\$ 801,934	\$ 801,934	\$ 678,223
Cash equivalents				
Government of Canada, direct and guaranteed	0.00%	-	-	-
Provincial, direct and guaranteed	0.00%	-	-	-
Corporate	0.00%	-	-	-
Municipal	0.00%	-	-	-
Pooled investment funds	0.00%	-	-	-
Other, including GIC's	0.00%	-	-	-
Total cash and cash equivalents	1.61%	\$ 801,934	\$ 801,934	\$ 678,223

See Note 3 for additional detail.

Portfolio Investments	2018			2017	
	Average Effective (Market) Yield	Cost	Fair Value	Balance	Balance
Long term deposits	0.00%	\$ -	\$ -	\$ -	\$ -
Guaranteed investment certificates	1.49%	605,683	605,683	605,683	608,599
Fixed income securities					
Government of Canada, direct and guaranteed	0.00%	\$ -	\$ -	\$ -	\$ -
Provincial, direct and guaranteed	0.00%	-	-	-	-
Municipal	0.00%	-	-	-	-
Corporate	0.00%	-	-	-	-
Pooled investment funds	0.00%	-	-	-	-
Total fixed income securities	0.00%	-	-	-	-
Equities					
Canadian	0.00%	\$ -	\$ -	\$ -	\$ -
Foreign	0.00%	-	-	-	-
Total equities	0.00%	-	-	-	-
Supplemental integrated pension plan assets	0.00%	\$ -	\$ -	\$ -	\$ -
Restricted investments	0.00%	-	-	-	-
	0.00%	-	-	-	-
	0.00%	-	-	-	-
Total portfolio investments	1.49%	\$ 605,683	\$ 605,683	\$ 605,683	\$ 608,599

See Note 5 for additional detail.

The following represents the maturity structure for portfolio investments based on principal amount:

	2018	2017
Under 1 year	67.0%	100.0%
1 to 5 years	33.0%	0.0%
6 to 10 years	0.0%	0.0%
11 to 20 years	0.0%	0.0%
Over 20 years	0.0%	0.0%
	<u>100.0%</u>	<u>100.0%</u>

**SCHEDULE OF CAPITAL ASSETS
for the Year Ended August 31, 2018 (in dollars)**

	2018						2017
	Land	Construction In Progress*	Buildings 5 years	Furniture & Equipment 5 years	Vehicles 5 years	Computer Hardware & Software 30%/year	Total
Tangible Capital Assets							
Estimated useful life							
Historical cost							
Beginning of year	\$ -	\$ -	\$ 982,370	\$ 105,301	\$ 77,803	\$ 626,051	\$ 1,791,525
Prior period adjustments	-	-	-	-	-	-	-
Additions	-	-	-	-	-	157,970	157,970
Transfers in (out)	-	-	-	-	-	-	-
Less disposals including write-offs	-	-	-	-	-	(206,338)	(206,338)
Historical cost, August 31, 2018	\$ -	\$ -	\$ 982,370	\$ 105,301	\$ 77,803	\$ 577,683	\$ 1,743,157
Accumulated amortization							
Beginning of year	\$ -	\$ -	\$ 964,735	\$ 84,662	\$ 66,733	\$ 222,756	\$ 1,338,886
Prior period adjustments	-	-	-	-	-	-	-
Amortization	-	-	8,817	8,688	4,405	182,779	204,689
Other additions	-	-	-	-	-	-	-
Transfers in (out)	-	-	-	-	-	-	-
Less disposals including write-offs	-	-	-	-	-	(192,580)	(192,580)
Accumulated amortization, August 31, 2018	\$ -	\$ -	\$ 973,552	\$ 93,350	\$ 71,138	\$ 212,955	\$ 1,350,995
Net Book Value at August 31, 2018	\$ -	\$ -	\$ 8,818	\$ 11,951	\$ 6,665	\$ 364,728	\$ 392,162
Net Book Value at August 31, 2017	\$ -	\$ -	\$ 17,635	\$ 20,639	\$ 11,070	\$ 403,295	\$ 452,639

	2018	2017
Total cost of assets under capital lease	\$ -	\$ -
Total amortization of assets under capital lease	\$ -	\$ -

**SCHEDULE OF REMUNERATION AND MONETARY INCENTIVES
for the Year Ended August 31, 2018 (in dollars)**

Board Members:	FTE	Remuneration	Benefits	Allowances	Performance Bonuses	ERIP's / Other Paid	Other Accrued Unpaid Benefits	Expenses
Chair	-	\$0	\$0	\$0	\$0		\$0	\$0
Past Chair	-	\$0	\$0	\$0	\$0		\$0	\$201
Director	-	\$0	\$0	\$0	\$0		\$0	\$130
	-	\$0	\$0	\$0	\$0		\$0	\$0
	-	\$0	\$0	\$0	\$0		\$0	\$0
	-	\$0	\$0	\$0	\$0		\$0	\$0
	-	\$0	\$0	\$0	\$0		\$0	\$0
	-	\$0	\$0	\$0	\$0		\$0	\$0
	-	\$0	\$0	\$0	\$0		\$0	\$0
	-	\$0	\$0	\$0	\$0		\$0	\$0
	-	\$0	\$0	\$0	\$0		\$0	\$0
	-	\$0	\$0	\$0	\$0		\$0	\$0
	-	\$0	\$0	\$0	\$0		\$0	\$0
Subtotal	-	\$0	\$0	\$0	\$0		\$0	\$337
Superintendent 1	0.55	\$95,946	\$0	\$0	\$0	\$0	\$0	\$3,963
Superintendent 2	0.08	\$8,742	\$603	\$4,000	\$0	\$0	\$0	\$0
		\$0	\$0	\$0	\$0	\$0	\$0	\$0
Secretary Treasurer	0.90	\$96,134	\$20,261	\$0	\$0	\$0	\$0	\$6,345
		\$0	\$0	\$0	\$0	\$0	\$0	\$0
		\$0	\$0	\$0	\$0	\$0	\$0	\$0
Certificated		\$3,199,169	\$618,717	\$0	\$0	\$0	\$0	\$0
School based	35.83							
Non-School based								
Non-certificated		\$581,679	\$147,845	\$0	\$0	\$0	\$0	\$0
Instructional	7.55							
Plant Operations & Maintenance	4.12							
Transportation	0.47							
Other	0.50							
TOTALS	50.00	\$3,981,670	\$787,426	\$4,000	\$0	\$0	\$0	\$10,639

CONNECT CHARTER SCHOOL SOCIETY

Notes to Financial Statements
For the year ended August 31, 2018

Note 1 Authority and Purpose

Connect Charter School Society (the “Society”) is a not-for-profit Society incorporated under the Society’s Act of Alberta. The Society operates Connect Charter School, which is a registered public charter school under the Province of Alberta School Act, Revised Statutes of Alberta 2000, Chapter S-3. In addition, the Society is a registered charitable organization with Canada Revenue Agency. On July 24, 2012, the Society was granted a 15 year charter renewal by the Minister of Education effective September 1, 2012 and continuing to August 31, 2027.

The Society receives instruction and support allocations under Education Grants Regulation (AR120/2008). The regulation allows for the setting of conditions and use of grant monies. The Society is limited on certain funding allocations and administration expenses.

Note 2 Summary of Significant Accounting Policies

These financial statements have been prepared in accordance with the CPA Canada Public Sector Accounting Standards (PSAS). The financial statements have, in management’s opinion, been properly prepared within reasonable limits of materiality and the framework of the accounting policies summarized below:

(a) Cash and Cash Equivalents

Cash and cash equivalents include cash and investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of change in value. These short-term investments have a maturity of three months or less at acquisition and are held for the purpose of meeting short-term cash commitments rather than for investing.

(b) Accounts Receivable

Accounts receivable are shown net of allowance for doubtful accounts.

(c) Portfolio Investments

The Society has investments in Guaranteed Investment Certificates (“GICs”) and term deposits that have a maturity of greater than 3 months. GICs and term deposits are reported at amortized cost.

(d) Deferred Revenue

Deferred revenue includes government transfers received for operations which have stipulations that meet the definition of a liability per Section PS 3200 *Liabilities*. These contributions are recognized by the Society once it has met all eligibility criteria. When the stipulations are met, the related deferred revenue is recognized as revenue in the fiscal year in a manner consistent with the circumstances and evidence used to support the initial recognition of the contributions received as a liability.

CONNECT CHARTER SCHOOL SOCIETY

Notes to Financial Statements
For the year ended August 31, 2018

Note 2 Summary of Significant Accounting Policies (Continued)

Deferred revenue also includes capital government transfers (expended deferred capital revenue). Expended deferred capital revenue represents capital government transfers that have been expended but have yet to be amortized over the useful life of the related tangible capital asset. Capital government transfers are amortized over the useful life of the related capital asset due to certain stipulations related to the contributions that require the Society to use the asset in a prescribed manner over the life of the associated asset. Currently there is no expended deferred capital revenue for the Society.

Deferred revenue also include funds received during the school year which are externally restricted such that there are stipulations that specify the purpose or purposes for which the resources are to be used. These funds are recognized as income, when the stipulations with external parties regarding how certain fees and contributions will be spent are met. The following items fall under this category: Fees for enrichment, transportation, camps and lunchroom for the following school year, as well as fees for outdoor education and designated fundraising related to the experiential place based outdoor program, gifts and donation revenues.

(e) Tangible Capital Assets

Tangible capital assets acquired or constructed are originally recorded at cost less impairment, if any, which includes amounts that are directly related to the acquisition, design, construction, development, improvement or betterment of the asset. Tangible capital assets with costs in excess of \$5,000 are capitalized. Amortization commences the year the asset is put into operation, over their estimated useful life, on a straight-line basis which are as follows:

Computer equipment	30% per annum
Equipment	20% per annum
Vehicles	20% per annum
Site improvements (Buildings)	20% per annum (which cannot exceed the building lease with Calgary Board of Education, expiring 2027)

(f) Operating and Capital Reserves

Capital reserves are reserves restricted for capital purposes, and may only be used for operating purposes with approval by the Minister of Education. Reserves are disclosed in the Schedule of Changes in Accumulated Surplus. Currently the Society does not have any capital reserves.

(g) Revenue Recognition

Government Transfers

Eligibility criteria are criteria that the Society has to meet in order to receive certain contributions. Stipulations describe what the Society must perform in order to keep a government transfer (contribution). Government transfers without eligibility criteria or stipulations are recognized as revenue when the contributions are authorized by the transferring government or entity. Government contributions with eligibility criteria but without stipulations are recognized as revenue when the contributions are authorized by the transferring government or entity as all eligibility criteria have been met.

Note 2 Summary of Significant Accounting Policies (Continued)

Contributions with stipulations are recognized as revenue in the period the stipulations are met, except when and to the extent that the contributions give rise to an obligation that meets the definition of a liability in accordance with Section PS 3200 *Liabilities*. Such liabilities are recorded as deferred revenue and recorded as revenue as the related stipulations are met.

Non-Government Revenues

Non-government revenues are recorded on an accrual basis. Fees for services related to courses and programs are recognized as revenue when such courses and programs are delivered. Rental of facilities revenue is recognized as the service is provided. Investment income is recognized as it is earned. All other revenue is recognized as the related goods and/or services are provided.

Volunteers contribute a considerable number of hours per year to ensure that certain programs are delivered, such as fun lunches, outdoor education programs and the raising of school generated funds. Given the difficulty in ascertaining the fair value of the services provided, contributed services are not recognized in these financial statements.

(h) Expenses

Expenses are reported on an accrual basis. The cost of all goods consumed and services received during the year is expensed.

Allocation of Costs

- Actual salaries of personnel assigned to two or more programs are allocated based on the time spent in each program.
- Employee benefits and allowances are allocated to the same programs, and in the same proportions, as the individual's salary.
- Supplies and services are allocated based on actual program identification.

(i) Pensions

Pension costs included in these statements comprise the cost of employer contributions for current service of employees during the year.

The current and past service costs of the Alberta Teachers Retirement Fund ("ATRF") are met by contributions by active members and the Government of Alberta. Under the terms of the Teachers Pension Plan Act, the Society does not make pension contributions for certificated staff. The Government portion of the current service contribution to the Alberta Teachers Retirement Fund on behalf of the jurisdiction is included in both revenues and expenses. For the year ended August 31, 2018, the amount contributed by the Government was \$365,181 (2017 - \$360,806).

The Society participates in a multi-employer pension plan, the Local Authorities Pension Plan, and does not report on any unfunded liabilities. The expense for this pension plan is equivalent to the annual contributions of - \$70,751 for the year ended August 31, 2018 (2017 - \$59,840). At December 31, 2017, the Local Authorities Pension Plan reported a surplus of \$4,835,515,000 (2016 - deficiency of \$637,357,000). The Connect Charter School Society does not have any unfunded liabilities regarding actuarial deficiencies.

Note 2 Summary of Significant Accounting Policies (Continued)

(j) Program Reporting

The Society's operations have been segmented as follows:

- **Grade 4-9 Instruction:** The provision of Grade 4 – 9 instructional services that fall under the basic public education mandate.
- **Plant Operations and Maintenance:** The operation and maintenance of all school buildings and grounds.
- **Transportation:** The provision of contracted bus services (to and from school).
- **Board & System Administration:** The provision of Board governance and system-based / central office administration.
- **External Services:** All projects, activities and services offered outside the public education mandate for students. Services offered beyond the mandate for public education are to be self-supporting, and Alberta Education funding may not be utilized to support these programs.

The allocation of revenues and expenses are reported by program, source, and object on the Schedule of Program Operations.

(k) Financial Instruments

A contract establishing a financial instrument creates, at its inception, rights and obligations to receive or deliver economic benefits. The financial assets and financial liabilities portray these rights and obligations in the financial statements. The Society recognizes a financial instrument when it becomes a party to a financial instrument contract.

Financial instruments consist of cash and cash equivalents, accounts receivable, portfolio investments, and accounts payable and accrued liabilities. Unless otherwise noted, it is management's opinion that the Society is not exposed to significant credit and liquidity risks, or market risk, which includes currency, interest rate and other price risks.

(l) Measurement Uncertainty

The preparation of financial statements in accordance with PSAS without not-for-profit provisions requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amount of income and expenses during the reporting period. Significant items subject to such estimates and assumptions include estimates related to the potential impairment of assets, rates for amortization, accruals for liabilities, and deferred revenue. Actual results could differ from these estimates.

CONNECT CHARTER SCHOOL SOCIETY

Notes to Financial Statements
For the year ended August 31, 2018

Note 3 Cash and Cash Equivalents

Refer to Schedule 5. Cash is held in a Business Custom Account that earns interest at the Bank's prime rate less 2.1% per annum.

Note 4 Accounts Receivable

Accounts receivable consists of the following:

	<u>2018</u>	<u>2017</u>
Miscellaneous receivables	\$ 5,720	\$ 11,962
GST refundable	31,777	31,893
	<u>\$ 37,497</u>	<u>\$ 43,855</u>

There were no allowances taken against receivables in fiscal 2018 or 2017.

Note 5 Portfolio Investments

Refer to Schedule 5. It is management's opinion that there has been no impairment during fiscal 2018 or 2017.

Note 6 Accounts Payable and Accrued Liabilities

All the Society's accounts payable and accrued liabilities are comprised of other trade payables and accrued liabilities. At August 31, 2018, the Society has recognized a payable to Alberta Education regarding an audit of SuperNet funding. The Society was informed that it would not be eligible to receive funding as SuperNet is no longer used and the funding was designated to a specific vendor for a specific purpose. The amount to be repaid regarding the years from 2013 – 2017 is \$36,981.

CONNECT CHARTER SCHOOL SOCIETY

Notes to Financial Statements
For the year ended August 31, 2018

Note 7 Deferred Revenue

	2017	Add	Deduct	2018
		Restricted funds received	Restricted funds paid or transferred to revenue	
Other deferred revenue				
Prepaid Fees – Enrichment	\$ 323,826	\$ 315,937	\$ 323,826	\$ 315,937
Prepaid Fees – Transportation	284,528	276,250	284,528	276,250
Prepaid Fees – Lunchroom fees	27,866	27,101	27,866	27,101
Miscellaneous*, including net school generated revenues	224,181	271,141	224,181	271,141
Total deferred revenue	\$ 860,401	\$ 890,429	\$ 860,401	\$ 890,429

	2016	Add	Deduct	2017
		Restricted funds received	Restricted funds paid or transferred to revenue	
Other deferred revenue				
Prepaid Fees – Enrichment	\$ 295,882	\$ 323,826	\$ 295,882	\$ 323,826
Prepaid Fees – Transportation	293,943	284,528	293,943	284,528
Prepaid Fees – Lunchroom fees	28,033	27,866	28,033	27,866
Miscellaneous*, including net school generated revenues	166,690	224,181	166,690	224,181
Total deferred revenue	\$ 784,548	\$ 860,401	\$ 784,548	\$ 860,401

* Within Miscellaneous deferred revenue is the Baillie Family Scholarship fund for \$5,683 (2017 - \$8,599) which is for alumni of Calgary Science School/Connect Charter School, and will be awarded to university students who have completed at least one pre-service teaching placement. The recipients must be passionate about bringing a disposition of inquiry and innovation to their classroom and committed to classroom teaching.

CONNECT CHARTER SCHOOL SOCIETY

Notes to Financial Statements
For the year ended August 31, 2018

Note 8 Tangible Capital Assets

Within the Capital Assets Schedule 6, Buildings refer to Site Improvements as Connect Charter School leases the school from Calgary Board of Education and Connect Charter School does not own the building.

The Gain on Disposal of Capital Assets of \$27,328 was related to amortized iPads and laptop computers that were sold, as indicated on Schedule 3, Program Operations. The assets were relieved from Capital Assets for the amortized amount.

Note 9 Prepaid Expenses

	<u>2018</u>	<u>2017</u>
Prepaid (Outdoor Education Camp Expenses)	\$ 76,943	\$ 76,191
Prepaid (Student kits, professional development, annual fees & other)	<u>36,233</u>	<u>19,509</u>
Total Prepaid Expenses	<u>\$ 113,176</u>	<u>\$ 95,700</u>

All prepaid expenses are for the subsequent school year.

Note 10 Accumulated Operating Surplus

	<u>2018</u>	<u>2017</u>
Operating Reserves		
Accumulated surplus from operations	\$ 577,703	\$ 514,861
Investment in tangible capital assets	<u>392,162</u>	<u>452,639</u>
Accumulated Operating Surplus	<u>\$ 969,865</u>	<u>\$ 967,500</u>

Accumulated surplus from operations is necessary for cash flow. The Society does not have a line of credit.

Note 11 Contractual Obligations

On June 24, 2014, the Society entered into a 13 year operating lease agreement with the Calgary Board of Education commencing August 1, 2014, resulting in aggregate annual lease payments of \$1 per year. This lease expires on July 31, 2027.

CONNECT CHARTER SCHOOL SOCIETY

Notes to Financial Statements
For the year ended August 31, 2018

Note 12 Fees

Refer to Schedule 8.

Technology fees are necessary to meet the mandate of our charter goal, “Enhance learning and teaching through the appropriate and effective use of technology and maintain an intentional, authentic, and innovative perspective in the use of technology.” The Society provides each child in grades 4 through 6 with an iPad and each child in grades 7 through 9 with a laptop. The technology is amortized at 30% / year.

A further mandate of our charter is to “provide environmental, outdoor, and global education learning opportunities for students to experience and appreciate the world outside of the classroom and to develop social, leadership, and stewardship skills.” In order to fulfill this mandate, each child has the opportunity to participate in at least two overnight camps per year. The fees related to outdoor and environmental education cover the costs of these camps.

Note 13 School Generated Funds

	2018	2017
Deferred School Generated Revenue, September 1	\$ 65,697	\$ -
Current year activities – gross receipts		
Outdoor education field trips	194,159	206,946
Fundraising	69,379	82,598
Gifts and donations	49,604	43,919
Other sales and services	140,838	134,738
Total gross receipts	453,980	468,201
Current year activities – total direct costs including cost of goods sold to raise funds	(55,507)	(66,433)
Current year activities – use of funds	(389,110)	(336,071)
Deferred School Generated Revenues, August 31	\$ 75,060	\$ 65,697

Note 14 Economic Dependence on Related Third Party

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

CONNECT CHARTER SCHOOL SOCIETY

Notes to Financial Statements
For the year ended August 31, 2018

Note 15 Related Party Transactions

All entities that are consolidated in the accounts of the Government of Alberta are related parties of school jurisdictions. These include government departments, health authorities, post-secondary institutions and other school jurisdictions in Alberta. The Society had related party transactions for the year ended August 31, 2018 with the Government of Alberta, recorded on the Statement of Operations at the amount of consideration agreed upon between the related parties. The Society also had a lease with the Calgary Board of Education for its premises.

	Balances		Transactions	
	Assets (at cost or net realizable value)	Liabilities (at fair value)	Revenues	Expenses
Government of Alberta Education	\$ -	\$ -	\$ 5,614,223	\$ -
Calgary Board of Education	-	-	-	9,114
2018	\$ -	\$ -	\$ 5,614,223	\$ 9,114
2017	\$ -	\$ 1,200	\$ 5,602,695	\$ 11,002

Note 16 Remuneration and Monetary Incentives

A volunteer Board of Directors, comprised of 15 Directors, including the Board Chair, Vice Chair and past Chair, govern the Connect Charter School Society.

Schedule 7 Remuneration and Monetary Incentives shows the detail of remuneration, benefits and expenses paid.

Certificated salary benefits include government portion of the current service contribution to the ATRF on behalf of the Society.

Note 17 Budget Amounts

The budget was prepared by the management of the Society and approved by the Board of Directors on May 9, 2017. The budget for the year ended August 31, 2018 has been presented for information purposes only.

CONNECT CHARTER SCHOOL SOCIETY

Notes to Financial Statements
For the year ended August 31, 2018

Note 18 Differential Funding, Severe Disabilities, English as a Second Language, Inclusive Education

Within Schedule 9 differential funding, the missing component is severe disabilities, that is underfunded, using funds from the instructional budget. See below.

	<u>2018</u>	<u>2017</u>
Severe Disabilities		
Alberta Education allocated funding	\$ 65,860	\$ 57,628
Instructional salaries & benefits	(162,189)	(130,151)
Supplies, contracts & services	(3,670)	(2,353)
Net Revenue (Expense)	<u>\$ (99,999)</u>	<u>\$ (74,876)</u>
English as a Second Language		
Alberta Education allocated funding	\$ 47,124	\$ 45,946
Instructional salaries & benefits	(58,692)	(36,852)
Supplies, contracts & services	(1,223)	(2,353)
Net Revenue (Expense)	<u>\$ (12,791)</u>	<u>\$ 6,741</u>
Inclusive Education		
Alberta Education allocated funding	\$ 35,362	35,076
Instructional salaries & benefits	(91,375)	(154,386)
Supplies, contracts & services	(19,574)	(2,353)
Net Revenue (Expense)	<u>\$ (75,587)</u>	<u>\$ (121,663)</u>
Total Net Revenue (Expense) Severe, ESL, Inclusive Education	<u>\$ (188,377)</u>	<u>\$ (189,798)</u>

SCHEDULE 8

UNAUDITED SCHEDULE OF FEES
for the Year Ending August 31, 2018 (in dollars)

	Actual Fees Collected 2016/2017	Budgeted Fee Revenue 2017/2018	(A) Actual Fees Collected 2017/2018	(B) Unexpended September 1, 2017*	(C) Funds Raised to Defray Fees 2017/2018	(D) Expenditures 2017/2018	(A) + (B) + (C) - (D) Unexpended Balance at August 31, 2018*
Transportation Fees	\$280,302	\$287,125	\$309,741	\$0	\$0	\$329,693	\$0
Basic Instruction Fees							
Basic instruction supplies	\$14,922	\$14,500	\$14,538	\$0	\$0	\$14,538	\$0
Fees to Enhance Basic Instruction							
Technology user fees	\$182,915	\$180,000	\$182,255	\$0	\$0	\$182,255	\$0
Alternative program fees	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Fees for optional courses	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Activity fees / Field trips	\$104,026	\$142,000	\$136,793	\$0	\$0	\$232,457	\$0
Early childhood services	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other fees to enhance education (Outdoor Ed.)	\$206,946	\$213,315	\$194,159	\$0	\$0	\$194,258	\$0
Non-Curricular fees							
Extracurricular fees	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Non-curricular travel	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Lunch supervision and noon hour activity fees	\$28,769	\$30,000	\$29,192	\$0	\$0	\$32,514	\$0
Non-curricular goods and services	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other Fees	\$0	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL FEES	\$817,880	\$866,940	\$866,678	\$0	\$0	\$985,715	\$0

*Unexpended balances cannot be less than \$0

	Actual 2018	Actual 2017
Please disclose amounts paid by parents of students that are recorded as "Other sales and services", "Fundraising", or "Other revenue" (rather than fee revenue):		
Cafeteria sales, hot lunch, milk programs	\$121,173	\$119,019
Special events, graduation, tickets	\$0	\$0
International and out of province student revenue	\$0	\$0
Sales or rentals of other supplies/services (clothing, agendas, yearbooks)	\$0	\$0
Adult education revenue	\$0	\$0
Preschool	\$0	\$0
Child care & before and after school care	\$0	\$0
Lost item replacement fee	\$0	\$0
Laptop / Ipad self insurance	\$36,180	\$37,721
	\$0	\$0
	\$0	\$0
TOTAL	\$157,353	\$156,740

UNAUDITED SCHEDULE OF DIFFERENTIAL FUNDING
for the Year Ended August 31, 2018 (in dollars)

	PROGRAM AREA					
	First Nations, Metis & Inuit (FNMI)	ECS Program Unit Funding (PUF)	English as a Second Language (ESL)	Inclusive Education	Small Schools by Necessity (Revenue only)	
Funded Students in Program Federally Funded Students REVENUES						
Alberta Education allocated funding	\$ -	\$ -	\$ 47,124	\$ 35,362	\$ -	
Other funding allocated by the board to the program	\$ -	\$ -	\$ -	\$ -	\$ -	
TOTAL REVENUES	\$ -	\$ -	\$ 47,124	\$ 35,362	\$ -	
EXPENSES (Not allocated from BASE, Transportation, or other funding)						
Instructional certificated salaries & benefits	\$ -	\$ -	\$ 31,456	\$ 31,456	\$ -	
Instructional non-certificated salaries & benefits	\$ -	\$ -	\$ 27,236	\$ 59,919	\$ -	
SUB TOTAL	\$ -	\$ -	\$ 58,692	\$ 91,375	\$ -	
Supplies, contracts and services	\$ -	\$ -	\$ 1,223	\$ 19,574	\$ -	
Program planning, monitoring & evaluation	\$ -	\$ -	\$ -	\$ -	\$ -	
Facilities (required specifically for program area)	\$ -	\$ -	\$ -	\$ -	\$ -	
Administration (administrative salaries & services)	\$ -	\$ -	\$ -	\$ -	\$ -	
Other (please describe)	\$ -	\$ -	\$ -	\$ -	\$ -	
Other (please describe)	\$ -	\$ -	\$ -	\$ -	\$ -	
TOTAL EXPENSES	\$ -	\$ -	\$ 59,915	\$ 110,949	\$ -	
NET FUNDING SURPLUS (SHORTFALL)	\$ -	\$ -	\$ (12,791)	\$ (75,587)	\$ -	

SCHEDULE 10

UNAUDITED SCHEDULE OF CENTRAL ADMINISTRATION EXPENSES for the Year Ended August 31, 2018 (in dollars)									
EXPENSES	Allocated to Board & System Administration				Allocated to Other Programs				TOTAL
	Salaries & Benefits	Supplies & Services	Other	TOTAL	Salaries & Benefits	Supplies & Services	Other	TOTAL	
Office of the superintendent	\$ 109,291	\$ -	\$ -	\$ 109,291	\$ -	\$ -	\$ -	\$ 109,291	
Educational administration (excluding superintendent)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Business administration	\$ 116,395	\$ -	\$ -	\$ 116,395	\$ -	\$ -	\$ -	\$ 116,395	
Board governance (Board of Trustees)	\$ -	\$ 21,192	\$ -	\$ 21,192	\$ -	\$ -	\$ -	\$ 21,192	
Information technology	\$ -	\$ 9,023	\$ -	\$ 9,023	\$ -	\$ -	\$ -	\$ 9,023	
Human resources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Central purchasing, communications, marketing	\$ -	\$ 6,884	\$ -	\$ 6,884	\$ -	\$ -	\$ -	\$ 6,884	
Payroll	\$ 40,575	\$ -	\$ -	\$ 40,575	\$ -	\$ -	\$ -	\$ 40,575	
Administration - insurance	\$ -	\$ -	\$ 3,073	\$ 3,073	\$ -	\$ -	\$ -	\$ 3,073	
Administration - amortization	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Administration - other (admin building, interest)	\$ -	\$ -	\$ 1,737	\$ 1,737	\$ -	\$ -	\$ -	\$ 1,737	
Audit Fees	\$ -	\$ 27,591	\$ -	\$ 27,591	\$ -	\$ -	\$ -	\$ 27,591	
System Administration	\$ -	\$ 8,615	\$ -	\$ 8,615	\$ -	\$ -	\$ -	\$ 8,615	
TOTAL EXPENSES	\$ 266,261	\$ 73,305	\$ 4,810	\$ 344,376	\$ -	\$ -	\$ -	\$ 344,376	

SCHEDULE 11

Average Estimated # of Students Served Per Meal: **0.00**

**UNAUDITED SCHEDULE OF NUTRITION PROGRAM EXPENDITURES
for the Year Ending August 31, 2018**

*Note: Connect Charter School Society did not participate in the Nutrition Program during the year

		Budget 2018	2018
REVENUES			
Alberta Education - current		\$ -	\$ -
Alberta Education - prior year		\$ -	\$ -
Other Funding		\$ -	\$ -
TOTAL REVENUES		\$ -	\$ -
EXPENSES			
Salaries & Benefits	FTE		
Project Coordinator		\$ -	\$ -
Cook		\$ -	\$ -
Other (please describe)		\$ -	\$ -
_____		\$ -	\$ -
Food Supplies		\$ -	\$ -
Office Supplies		\$ -	\$ -
Small Kitchenwares (e.g. toaster, measuring cups/spoons, bowls, cutting boards)		\$ -	\$ -
Non-Capitalized Assets			
Microwave		\$ -	\$ -
Refrigerator		\$ -	\$ -
Stove		\$ -	\$ -
Tables		\$ -	\$ -
Other (please describe)		\$ -	\$ -
_____		\$ -	\$ -
Training (e.g. workshops, training materials)		\$ -	\$ -
Contracted Services (please describe)		\$ -	\$ -
Other Expenses			
Kitchen Aprons		\$ -	\$ -
Food Delivery		\$ -	\$ -
Other (please describe)		\$ -	\$ -
_____		\$ -	\$ -
TOTAL EXPENSES		\$ -	\$ -
ANNUAL SURPLUS/DEFICIT		\$ -	\$ -