

Financial Statements of

**THE CHILD DEVELOPMENT
CENTRE OF PRINCE
GEORGE AND DISTRICT
ASSOCIATION**

Year ended March 31, 2012



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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of The Child Development Centre of Prince George and District Association

We have audited the accompanying statement of financial position of The Child Development Centre of Prince George and District Association (the "Association") as at March 31, 2012 and the statements of operations, changes in net assets and cash flows for the year then ended, and notes, comprising 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 our 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, we consider internal controls relevant to the Association'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 Association's internal controls. 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 the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.



Basis for Qualified Opinion

In common with many charitable organizations, the Association derives revenue from donations and certain fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Association and we were not able to determine whether any adjustments might be necessary to contributions, excess of revenues over expenses, current assets and net assets.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of The Child Development Centre of Prince George and District Association as at March 31, 2012, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles. As required by the BC Society Act, we report that, in our opinion, these principles have been applied on a basis consistent with that of the preceding year.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. Below the signature is a long, horizontal, slightly wavy line that serves as a signature flourish.

Chartered Accountants

Prince George, Canada

THE CHILD DEVELOPMENT CENTRE OF PRINCE GEORGE AND DISTRICT ASSOCIATION

Statement of Financial Position

March 31, 2012, with comparative information for 2011

	2012	2011
Assets		
Current assets:		
Cash	\$ 449,906	\$ 566,318
Accounts receivable	31,770	38,850
Prepaid expenses	1,971	1,836
	<u>483,647</u>	<u>607,004</u>
Capital assets (note 2)	1,240,789	1,300,783
Restricted cash (note 3)	161,291	42,453
	<u>\$ 1,885,727</u>	<u>\$ 1,950,240</u>

Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities	\$ 35,036	\$ 37,006
Accrued payroll expenses	290,744	332,385
Deferred revenue (note 5)	342,933	253,614
	<u>668,713</u>	<u>623,005</u>
Deferred capital contributions (note 6)	1,058,919	1,101,456
Net assets:		
Invested in capital assets (note 7)	181,870	199,327
Unrestricted	<u>(23,775)</u>	<u>26,452</u>
	158,095	225,779
Contingencies (note 8)		
	<u>\$ 1,885,727</u>	<u>\$ 1,950,240</u>

See accompanying notes to financial statements.

On behalf of the Board:

_____ Director

_____ Director

THE CHILD DEVELOPMENT CENTRE OF PRINCE GEORGE AND DISTRICT ASSOCIATION

Statement of Operations

Year ended March 31, 2012, with comparative information for 2011

	Budget 2012	Actual 2012	Actual 2011
Revenue:			
Province of BC	\$ 2,543,329	\$ 2,513,299	\$ 2,515,275
Child Care Operating Fund	61,014	68,018	68,623
Interest	-	3,660	-
Program fees	381,410	431,083	400,072
Fundraising	85,000	87,275	52,643
Gaming	19,446	16,821	139,900
Donations	25,000	37,893	37,483
Miscellaneous	27,940	34,711	17,208
Amortization of deferred capital contributions	69,400	88,231	91,630
	<u>3,212,539</u>	<u>3,280,991</u>	<u>3,322,834</u>
Expenditure:			
Amortization	120,000	116,415	115,772
Audit and legal	10,000	10,399	13,829
Bank charges	13,000	11,052	13,372
Computer repairs and maintenance	27,000	18,809	3,439
Food and recreation	15,590	2,049	10,028
Fundraising expenditures	35,000	22,462	23,297
Gaming	-	27,454	45,030
Insurance	11,200	11,021	10,880
Janitorial	40,000	46,900	43,480
Office and general	14,400	31,450	49,102
Purchased services	1,200	1,502	675
Repairs and maintenance	32,000	48,145	43,453
Staff development	15,014	12,833	26,547
Staff recruiting	10,400	8,000	-
Supplies	57,850	29,674	20,499
Telephone	16,150	15,209	16,195
Travel	39,330	37,188	39,195
Utilities and rent	27,249	30,667	29,795
Wages	2,801,931	2,867,446	2,848,054
	<u>3,287,314</u>	<u>3,348,675</u>	<u>3,352,642</u>
Revenue under expenditure for the year	\$ (74,775)	\$ (67,684)	\$ (29,808)

See accompanying notes to financial statements.

THE CHILD DEVELOPMENT CENTRE OF PRINCE GEORGE AND DISTRICT ASSOCIATION

Statement of Changes in Net Assets

Year ended March 31, 2012, with comparative information for 2011

	Invested in Capital Assets	Unrestricted	2012 Total	2011 Total
Balance, beginning of year	\$ 199,327	\$ 26,452	\$ 225,779	\$ 255,587
Revenue under expenditure for the year (note 7)	(28,184)	(39,500)	(67,684)	(29,808)
Purchase of capital assets	56,421	(56,421)	-	-
Funding received for purchase of capital assets	(45,694)	45,694	-	-
Balance, end of year	\$ 181,870	\$ (23,775)	\$ 158,095	\$ 255,779

See accompanying notes to financial statements.

THE CHILD DEVELOPMENT CENTRE OF PRINCE GEORGE AND DISTRICT ASSOCIATION

Statement of Cash Flows

Year ended March 31, 2012, with comparative information for 2011

	2012	2011
Cash provided by (used in):		
Operations:		
Revenue under expenditure	\$ (67,684)	\$ (29,808)
Add items not involving cash:		
Amortization	116,415	115,772
Amortization of deferred capital contributions	(88,231)	(91,630)
Change in non-cash operating working capital:		
Accounts receivable	7,080	(6,461)
Prepaid expenses	(135)	521
Accounts payable and accrued liabilities	(1,970)	529
Deferred revenue	89,319	(69,276)
Accrued payroll expenses	(41,641)	89,706
	13,153	9,353
Investment:		
Restricted cash	(118,838)	12,581
Purchase of capital assets	(56,421)	(147,589)
Increase in deferred capital contributions	45,694	96,849
	(129,565)	(38,159)
Decrease in cash during the year	(116,412)	(28,806)
Cash, beginning of year	566,318	595,124
Cash, end of year	\$ 449,906	\$ 566,318
Supplemental cash flow information:		
Interest paid	\$ 11,052	\$ 13,372
Interest received	\$ 3,660	\$ -

See accompanying notes to financial statements.

THE CHILD DEVELOPMENT CENTRE OF PRINCE GEORGE AND DISTRICT ASSOCIATION

Notes to Financial Statements

Year ended March 31, 2012

The Child Development Centre of Prince George and District Association (the "Association") is registered under the Society Act of the Province of British Columbia. It operates the Child Development Centre in Prince George, British Columbia.

1. Significant accounting policies:

(a) Basis of presentation:

These financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles for not-for-profit organizations.

(b) Capital assets:

Capital assets are recorded at cost. Amortization is provided annually by the Association on a straight-line basis at the following rates:

Automotive	10%
Building	5%
Computer equipment and software	25%
Equipment and furnishings	15%
Fencing	10%
Parking lot	5%
Playground equipment	10%

Assets that no longer provide long term service potential for the Association are written down to residual value.

(c) Sick leave replacement pay:

The Association's policies and collective agreement that it operates under require sick credits to accumulate based on set rates up to a maximum amount. This liability is accrued by the Association.

(d) Revenue recognition:

The Association follows the deferral method of accounting for contributions.

The Association receives contract revenue from the Provincial government and other funding sources. Revenue is recorded in the period to which it relates. Monies approved but not received at the end of the year are accrued. If a portion of revenue relates to a future period, it is deferred and recognized in that subsequent period.

Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

THE CHILD DEVELOPMENT CENTRE OF PRINCE GEORGE AND DISTRICT ASSOCIATION

Notes to Financial Statements

Year ended March 31, 2012

1. Significant accounting policies (continued):

(e) Donations:

Donated materials and services are recorded in the financial statements at fair market value when fair market value can be reasonably estimated and when the Association would otherwise have purchased these items.

Volunteers contribute their time every year to assist the Association in carrying out its service delivery activities. Because of the difficulty of determining their fair value, volunteer hours are not recognized in the financial statements.

Cash donations are recorded when received.

(f) Use of estimates:

The preparation of financial statements in conformity with Canadian generally accepted accounting principles 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 date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Significant items subject to such estimates and assumptions include the carrying amounts of accounts receivable, capital assets, deferred capital contributions and accrued payroll expenses. Actual results could differ from those estimates.

(g) Changes in accounting framework:

In December 2010 the Canadian Institute of Chartered Accountants ("CICA") issued a new Handbook which was restructured to implement the strategy of the Accounting Standards Board ("AcSB") of adopting different sets of standards for different categories of entities. Under the previous Handbook structure, Not-for-Profit Organizations ("NPO's") were directed to follow Section 4400 of the CICA Handbook. Commencing for fiscal years beginning on or after January 1, 2012 the accounting standards for NPO's have been incorporated into Part III of the Handbook which includes an introduction and the accounting standards for not-for-profit organizations approved by the AcSB. Not-for-profit organizations may adopt the standard in Part I, International Financial Reporting Standards, instead of the standards in Part III.

These new standards become effective for the Association on April 1, 2012. The Association is in the process of reviewing the impact of the implementation of the new Handbook restructuring on its reporting framework and its financial statements.

THE CHILD DEVELOPMENT CENTRE OF PRINCE GEORGE AND DISTRICT ASSOCIATION

Notes to Financial Statements

Year ended March 31, 2012

2. Capital assets:

			2012	2011
	Cost	Accumulated amortization	Net book value	Net book value
Automotive	\$ 23,209	\$ 6,383	\$ 16,826	\$ 19,147
Building	1,994,746	1,082,374	912,372	959,172
Computer equipment and software	132,071	123,252	8,819	18,130
Equipment and furnishings	566,582	486,785	79,797	61,070
Fencing	12,974	9,577	3,397	4,299
Land	35,188	-	35,188	35,188
Playground equipment	137,374	117,858	19,516	29,769
Parking lot	182,679	17,805	164,874	174,008
	\$ 3,084,823	\$ 1,844,034	\$ 1,240,789	\$ 1,300,783

3. Restricted cash:

	2012	2011
Direct Access Funding	\$ 161,291	\$ 42,453

4. Funds held in trust by others:

Funds held by the Prince George Community Foundation for the benefit of the Association are not reflected in the accompanying statement of financial position. The aggregate balance of these funds is \$39,264 (2011 - \$38,425). The excluded principal is neither owned nor controlled by the Association but income from it is paid to the Association to be used for general operations. During the year income of nil (2011 - \$839) was distributed to the Association.

THE CHILD DEVELOPMENT CENTRE OF PRINCE GEORGE AND DISTRICT ASSOCIATION

Notes to Financial Statements

Year ended March 31, 2012

5. Deferred revenue:

Deferred revenue represents funds received for specific programs for which the related expenditure will not be incurred until a subsequent period.

	2012	2011
Balance, beginning of year	\$ 253,614	\$ 322,890
Less: amount recognized as revenue during the year	(127,235)	(217,737)
Add: amounts received for subsequent periods	216,554	148,461
	\$ 342,933	\$ 253,614

The balance consists of:

	2012	2011
Dutch Auction proceeds	\$ 62,427	\$ 62,427
Specific donations	78,902	63,407
Province of British Columbia	30,313	48,189
Direct access	161,291	38,112
Other	10,000	41,479
	\$ 342,933	\$ 253,614

6. Deferred capital contributions:

(a) Deferred contributions related to capital assets represent restricted contributions with which the Association's building, automotive equipment, playground and other assets were originally purchased.

Deferred capital contributions are as follows:

	2012	2011
Unamortized deferred capital contributions	\$ 1,058,919	\$ 1,101,456

THE CHILD DEVELOPMENT CENTRE OF PRINCE GEORGE AND DISTRICT ASSOCIATION

Notes to Financial Statements

Year ended March 31, 2012

6. Deferred capital contributions (continued):

(b) The changes in deferred capital contributions for the year are as follows:

	2012	2011
Balance, beginning of year	\$ 1,101,456	\$ 1,096,237
Amortization to revenue	(88,231)	(91,630)
Amounts received in the year	45,694	96,849
	\$ 1,058,919	\$ 1,101,456

7. Invested in capital assets:

(a) Invested in capital assets is calculated as follows:

	2012	2011
Capital assets	\$ 1,240,789	\$ 1,300,783
Amounts financed by:		
Deferred contributions - spent	(1,058,919)	(1,101,456)
	\$ 181,870	\$ 199,327

(b) Change in net assets invested in capital assets is calculated as follows:

	2012	2011
Excess of revenue under expenditure:		
Amortization of deferred capital contributions	\$ 88,231	\$ 91,630
Amortization of capital assets	(116,415)	(115,772)
	\$ (28,184)	\$ (24,142)

THE CHILD DEVELOPMENT CENTRE OF PRINCE GEORGE AND DISTRICT ASSOCIATION

Notes to Financial Statements

Year ended March 31, 2012

8. Contingencies:

(a) Healthcare Benefit Trust:

The Association belongs to the Health Employers Association of B.C. Healthcare Benefit Trust (the "Trust"), which covers group long-term disability, life, accidental death and dismemberment, extended health, and dental claims for certain employee groups of the Association and other provincially funded organizations. As at December 31, 2011 this plan disclosed an aggregate \$12.3 million unfunded actuarial liability resulting mainly from long-term disability claim costs exceeding the related contributions and unfavourable investment results.

The actuary does not attribute the unfunded liability to individual employers. Consequently, the Association's share of this unfunded liability cannot be determined. Each employer expenses contributions to the Trust in the year in which payments are made. The Association paid \$79,445 (2011 - \$82,799) for employer contributions to the plan in 2012.

(b) Municipal Pension Plan:

The Association and its full-time employees contribute to the Municipal Pension Plan (the "Plan"), a jointly-trusted pension plan. The Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the pension plan, including investment of the assets and administration of benefits. The plan is a multi-employer contributory pension plan. Basic pension benefits provided are defined. The Plan has about 173,000 active members and approximately 63,000 retired members.

Every three years an actuarial valuation is performed to assess the financial position of the Plan and the adequacy of plan funding. The most recent valuation as at December 31, 2009 indicated an unfunded liability of \$1,024 million for basic pension benefits. The next valuation will be as at December 31, 2012 with results available in 2013. The actuary does not attribute portions of the unfunded liability to individual employers. The Association paid \$146,412 (2011 - \$130,773) for employer contributions to the Plan in 2012.

9. Fair value of financial assets and financial liabilities:

The carrying values of cash, restricted cash, accounts receivable, accounts payable and accrued liabilities, accrued payroll expenses and deferred revenue approximate their fair value due to the relatively short periods to maturity of these items.

Unless otherwise noted, it is management's opinion that the Association is not exposed to significant interest, currency or credit risks arising from these financial instruments.

THE CHILD DEVELOPMENT CENTRE OF PRINCE GEORGE AND DISTRICT ASSOCIATION

Notes to Financial Statements

Year ended March 31, 2012

10. Capital management:

The Association's objective when managing capital is to fund its operations and capital asset additions. The Association manages their capital structure and makes adjustments based on available funding and economic conditions. Currently, the Association's strategy is to monitor expenditures to preserve capital in accordance with budgeted funding granted by each funding agency.

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

11. Economic dependence:

A substantial portion of the Association's funding is derived from the Province of British Columbia. Any disruption of this funding would have a negative effect on the operation of the Association.

12. Income taxes:

As a result of its not-for-profit status, the Association is not subject to income tax.

13. Budget figures:

Budget figures included in the financial statements are unaudited.

14. Comparative information:

Certain of the comparative information has been reclassified to conform with the financial presentation adopted for the current year.