

Financial Statements of

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

Years ended March 31, 2013 and March 31, 2012



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INDEPENDENT AUDITORS' REPORT

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

Report on Financial Statements

We have audited the accompanying financial statements of The Child Development Centre of Prince George and District Association (the "Association"), which comprise the statements of financial position as at March 31, 2013, March 31, 2012 and April 1, 2011, the statements of operations, changes in net assets and cash flows for the years ended March 31, 2013 and March 31, 2012, 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 Accounting Standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audits 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 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 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 in our audit is sufficient and appropriate to provide a basis for our qualified audit opinion.



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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 revenue 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, 2013, March 31, 2012 and April 1, 2011 and the results of its operations and its cash flows for the years ended March 31, 2013 and March 31, 2012 in accordance with Canadian Accounting Standards for not-for-profit organizations.

Report on Other Legislative Requirements

As required by the Society Act (British Columbia), we report that, in our opinion, the accounting policies applied in preparing these financial statements have been applied, after giving retrospective effect to the change, as explained in Note 1 to the financial statements, on a basis consistent with that of the preceding period.

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 horizontal line that starts under the 'K' and ends under the 'P'.

Chartered Accountants

September 5, 2013

Prince George, Canada

THE CHILD DEVELOPMENT CENTRE OF PRINCE GEORGE AND DISTRICT ASSOCIATION

Statements of Financial Position

March 31, 2013, March 31, 2012 and April 1, 2011

	March 31, 2013	March 31, 2012	April 1, 2011
Assets			
Current assets:			
Cash	\$ 469,847	\$ 449,906	\$ 566,318
Accounts receivable	37,993	31,770	38,850
Prepaid expenses	1,865	1,971	1,836
	509,705	483,647	607,004
Tangible capital assets (note 2)	1,132,964	1,240,790	1,300,785
Restricted cash (note 3)	141,173	161,291	42,453
	\$ 1,783,842	\$ 1,885,728	\$ 1,950,242

Liabilities and Net Assets

Current liabilities:			
Accounts payable and accrued liabilities	\$ 53,503	\$ 35,037	\$ 37,008
Accrued payroll expenses	314,298	290,744	332,385
Deferred revenue (note 5)	295,925	342,933	253,614
	663,726	668,714	623,007
Deferred capital contributions (note 6)	974,045	1,058,919	1,101,456
Net assets:			
Invested in tangible capital assets (note 7)	158,918	181,870	199,327
Unrestricted	(12,847)	(23,775)	26,452
	146,071	158,095	225,779
Contingencies (note 8)			
	\$ 1,783,842	\$ 1,885,728	\$ 1,950,242

See accompanying notes to financial statements.

On behalf of the Board:

_____ Director

_____ Director

THE CHILD DEVELOPMENT CENTRE OF PRINCE GEORGE AND DISTRICT ASSOCIATION

Statements of Operations

Years ended March 31, 2013 and 2012

	2013 Budget	2013 Actual	2012 Actual
Revenue:			
Province of BC	\$ 2,505,141	\$ 2,511,859	\$ 2,513,299
Child Care Operating Fund	72,514	66,529	68,018
Interest	-	3,166	3,660
Program fees	433,910	394,870	431,083
Fundraising	85,000	61,054	87,275
Gaming	120,000	163,648	16,821
Donations	21,000	27,350	37,893
Miscellaneous	15,100	48,198	34,711
Amortization of deferred capital contributions	64,000	78,845	88,231
	<u>3,316,665</u>	<u>3,355,519</u>	<u>3,280,991</u>
Expenditures:			
Amortization	118,000	107,826	116,415
Audit and legal	9,000	10,200	10,399
Bank charges	11,000	11,799	11,052
Computer repairs and maintenance	29,500	16,810	18,809
Food and recreation	13,000	11,431	2,049
Fundraising expenditures	25,000	27,768	22,462
Gaming	10,000	163,648	27,454
Insurance	12,320	11,265	11,021
Janitorial	46,000	48,347	46,900
Office and general	11,900	41,566	31,450
Purchased services	1,950	-	1,502
Repairs and maintenance	43,000	40,556	48,145
Staff development	13,200	4,815	12,833
Staff recruiting	11,250	-	8,000
Supplies	51,250	16,078	29,674
Telephone	19,400	13,131	15,209
Travel	37,930	33,240	37,188
Utilities and rent	30,500	28,309	30,667
Wages	2,892,560	2,780,754	2,867,446
	<u>3,386,760</u>	<u>3,367,543</u>	<u>3,348,675</u>
Deficiency of revenue over expenditures	\$ (70,095)	\$ (12,024)	\$ (67,684)

See accompanying notes to financial statements.

THE CHILD DEVELOPMENT CENTRE OF PRINCE GEORGE AND DISTRICT ASSOCIATION

Statements of Changes in Net Assets

Years ended March 31, 2013 and 2012

	Invested in Tangible Capital Assets	Unrestricted	Total 2013	Total 2012
Balance, beginning of years	\$ 181,870	\$ (23,775)	\$ 158,095	\$ 225,779
Revenue over (under) expenditure for the year (note 7)	(28,981)	16,957	(12,024)	(67,684)
Transfer of deferred capital contributions not spent	6,029	(6,029)	-	-
Balance, end of years	\$ 158,918	\$ (12,847)	\$ 146,071	\$ 158,095

See accompanying notes to financial statements.

THE CHILD DEVELOPMENT CENTRE OF PRINCE GEORGE AND DISTRICT ASSOCIATION

Statements of Cash Flows

Years ended March 31, 2013 and 2012

	2013	2012
Cash provided by (used in):		
Operations:		
Deficiency of revenue over expenditures	\$ (12,024)	\$ (67,684)
Items not involving cash:		
Amortization	107,826	116,415
Amortization of deferred capital contributions	(78,845)	(88,231)
Transfer of deferred capital contributions not spent	(6,029)	-
Accounts receivable	(6,223)	7,080
Prepaid expenses	106	(135)
Accounts payable and accrued liabilities	18,466	(1,970)
Accrued payroll expenses	23,554	(41,641)
Deferred revenue	(47,008)	89,319
	(177)	13,153
Investing:		
Purchase of tangible capital assets	-	(56,421)
Restricted cash	20,118	(118,838)
<u>Increase (decrease) in deferred capital contributions</u>	-	45,694
	20,118	(129,565)
Increase (decrease) in cash	19,941	(116,412)
Cash and cash equivalents, beginning of years	449,906	566,318
<u>Cash and cash equivalents, end of years</u>	<u>\$ 469,847</u>	<u>\$ 449,906</u>
Supplemental cash flow information:		
Interest paid	\$ 11,799	\$ 11,052
Interest received	3,166	3,660

See accompanying notes to financial statements.

THE CHILD DEVELOPMENT CENTRE OF PRINCE GEORGE AND DISTRICT ASSOCIATION

Notes to Financial Statements

Years ended March 31, 2013 and 2012

Nature of operations:

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 accounting:

On April 1, 2012, the Association adopted Canadian accounting standards for not-for-profit organizations in Part III of the CICA Handbook. These are the first financial statements prepared in accordance with not-for-profit standards in Part III of the CICA Handbook.

In accordance with the transitional provisions in Part III of the CICA Handbook, the Association has adopted the changes retrospectively, subject to certain exemptions allowed under these standards. The transition date is April 1, 2011 and all comparative information provided has been presented by applying Part III of the CICA Handbook.

There are no adjustments to net assets as at April 1, 2011 or deficiency of revenue over expenditures for the year ended March 31, 2012 as a result of the transition to Part III of the CICA Handbook.

(b) Tangible capital assets:

Tangible capital assets is stated at cost, less accumulated amortization. Amortization is provided by the Association on a straight-line basis at the following rates:

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

Amortization of leasehold improvements is recorded over the remaining term of the lease plus the first renewal option.

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

THE CHILD DEVELOPMENT CENTRE OF PRINCE GEORGE AND DISTRICT ASSOCIATION

Notes to Financial Statements (continued)

Years ended March 31, 2013 and 2012

1. Significant accounting policies (continued):

(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.

(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 the financial statements 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 revenue and expenses during the year. Significant items subject to such estimates and assumptions include the carrying amounts of accounts receivable, tangible capital assets, deferred capital contributions and accrued payroll expenses. Actual results could differ from those estimates.

THE CHILD DEVELOPMENT CENTRE OF PRINCE GEORGE AND DISTRICT ASSOCIATION

Notes to Financial Statements (continued)

Years ended March 31, 2013 and 2012

2. Tangible capital assets:

	March 31, 2013		
	Cost	Accumulated amortization	Net book value
Automotive	\$ 23,209	\$ 8,703	\$ 14,506
Building	1,994,746	1,149,240	845,506
Computer equipment and software	132,071	127,861	4,210
Equipment and furnishings	566,582	505,887	60,695
Fencing	12,974	9,997	2,977
Land	35,189	-	35,189
Parking lot	182,679	26,939	155,740
Playground equipment	137,374	123,233	14,141
	\$ 3,084,824	\$ 1,951,860	\$ 1,132,964

	March 31, 2012		
	Cost	Accumulated amortization	Net book value
Automotive	\$ 23,209	\$ 6,382	\$ 16,827
Building	1,994,746	1,082,374	912,372
Computer equipment and software	132,071	123,252	8,819
Equipment and furnishings	566,582	486,786	79,796
Fencing	12,974	9,577	3,397
Land	35,189	-	35,189
Parking lot	182,679	17,805	164,874
Playground equipment	137,374	117,858	19,516
	\$ 3,084,824	\$ 1,844,034	\$ 1,240,790

THE CHILD DEVELOPMENT CENTRE OF PRINCE GEORGE AND DISTRICT ASSOCIATION

Notes to Financial Statements (continued)

Years ended March 31, 2013 and 2012

2. Tangible capital assets (continued):

	Cost	Accumulated amortization	April 1, 2011 Net book value
Automotive	\$ 23,209	\$ 4,062	\$ 19,147
Building	1,975,090	1,015,918	959,172
Computer equipment and software	132,071	113,941	18,130
Equipment and furnishings	529,816	468,746	61,070
Fencing	12,974	8,675	4,299
Land	35,190	-	35,190
Parking lot	182,679	8,671	174,008
Playground equipment	137,374	107,605	29,769
	\$ 3,028,403	\$ 1,727,618	\$ 1,300,785

3. Restricted cash:

	March 31, 2013	March 31, 2012	April 1, 2011
Community Gaming Grant	\$ 141,173	\$ 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 \$43,930 (2012 - \$39,264). 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 (2012 - nil) was distributed to the Association.

THE CHILD DEVELOPMENT CENTRE OF PRINCE GEORGE AND DISTRICT ASSOCIATION

Notes to Financial Statements (continued)

Years ended March 31, 2013 and 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.

	March 31, 2013	March 31, 2012	April 1, 2011
Balance, beginning of year	\$ 342,933	\$ 253,614	\$ 322,890
Less: amount recognized as revenue during the year	(131,594)	(127,235)	(217,737)
Add: amounts received for subsequent periods	84,587	216,554	148,461
	\$ 295,926	\$ 342,933	\$ 253,614

The balance consists of:

	2013	2012	2011
Dutch Auction proceeds	\$ 62,427	\$ 62,427	\$ 62,427
Specific donations	55,826	78,902	63,407
Province of British Columbia	26,500	30,313	48,189
Community Gaming Grant	141,173	161,291	38,112
Other	10,000	10,000	41,479
	\$ 295,926	\$ 342,933	\$ 253,614

THE CHILD DEVELOPMENT CENTRE OF PRINCE GEORGE AND DISTRICT ASSOCIATION

Notes to Financial Statements (continued)

Years ended March 31, 2013 and 2012

6. Deferred capital contributions:

- (a) Deferred contributions related to tangible 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:

	March 31, 2013	March 31, 2012	April 1, 2011
Unamortized deferred capital contributions	\$ 974,045	\$ 1,058,919	\$ 1,101,456

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

	2013	2012	2011
Balance, beginning of year	\$ 1,058,919	\$ 1,101,456	\$ 1,096,237
Amortization to revenue	(78,845)	(88,231)	(91,630)
Amounts received in the year	-	45,694	96,849
Transfer of deferred capital contributions not spent	(6,029)	-	-
	\$ 974,045	\$ 1,058,919	\$ 1,101,456

THE CHILD DEVELOPMENT CENTRE OF PRINCE GEORGE AND DISTRICT ASSOCIATION

Notes to Financial Statements (continued)

Years ended March 31, 2013 and 2012

7. Invested in tangible capital assets:

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

	2013	2012	2011
Capital assets	1,132,963	1,240,789	1,300,783
Amounts financed by:			
Deferred capital contributions	(974,045)	(1,058,919)	(1,101,456)
	158,918	181,870	199,327

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

	2013	2012	2011
Amortization of deferred capital contributions	78,845	88,231	91,630
Amortization of capital assets	(107,826)	(116,415)	(115,772)
	(28,981)	(28,184)	(24,142)

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, 2012 this plan disclosed an aggregate surplus of \$23.5 million available to fund claims.

The actuary does not attribute the surplus to individual employers. Consequently, the Association's share of this surplus cannot be determined. Each employer expenses contributions to the Trust in the year in which payments are made. The Association paid \$74,660 (2012 - \$79,445) for employer contributions to the plan in 2013.

THE CHILD DEVELOPMENT CENTRE OF PRINCE GEORGE AND DISTRICT ASSOCIATION

Notes to Financial Statements (continued)

Years ended March 31, 2013 and 2012

8. Contingencies: (continued):

(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 176,000 active members and approximately 67,000 retired members. Active members include approximately 35,000 contributors from local governments.

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 \$144,184 (2012 - \$146,412) for employer contributions to the Plan in 2013.

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.

10. 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.

11. Income taxes:

The Society has been granted tax-exempt status as a not-for-profit organization under Section 149(1)(1) of the Income Tax Act. As such, the Society is not liable for any federal or provincial income taxes under the provisions of the Income Tax Act.

THE CHILD DEVELOPMENT CENTRE OF PRINCE GEORGE AND DISTRICT ASSOCIATION

Notes to Financial Statements (continued)

Years ended March 31, 2013 and 2012

12. Budget figures:

The budget figures included in the financial statements are unaudited.

13. Comparative information:

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