

Financial Statements of

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

Year ended March 31, 2014



KPMG LLP
Chartered Accountants
177 Victoria Street, Suite 400
Prince George BC V2L 5R8
Canada

Telephone (250) 563-7151
Fax (250) 563-5693
Internet www.kpmg.ca

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying statements of financial position of The Child Development Centre of Prince George and District Association (the "Association"), which comprise the statements of financial position as at March 31, 2014, 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 accounting standards for private enterprises, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 audit opinion.



Page 2

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 this 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, 2014 and the results of its operations and its cash flows for the year then ended 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, on a basis consistent with that of the preceding period.

KPMG LLP

Chartered Accountants

September 30, 2014

Prince George, Canada

THE CHILD DEVELOPMENT CENTRE OF PRINCE GEORGE AND DISTRICT ASSOCIATION

Statements of Financial Position

As at March 31, 2014, with comparative information for 2013

	2014	2013
Assets		
Current assets:		
Cash	\$ 798,272	\$ 469,847
Accounts receivable	13,815	37,993
Prepaid expenses	2,738	1,865
	<u>814,825</u>	<u>509,705</u>
Tangible capital assets (note 2)	1,050,174	1,132,964
Restricted cash (note 3)	143,160	141,173
	<u>\$ 2,008,159</u>	<u>\$ 1,783,842</u>

Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities	\$ 197,112	\$ 53,503
Accrued payroll expenses	339,176	314,298
Deferred revenue (note 5)	389,074	295,925
	<u>925,362</u>	<u>663,726</u>
Deferred capital contributions (note 6)	910,605	974,045
Net assets:		
Invested in tangible capital assets (note 7)	139,569	158,918
Unrestricted	32,623	(12,847)
	<u>172,192</u>	<u>146,071</u>
Contingencies (note 8)		
	<u>\$ 2,008,159</u>	<u>\$ 1,783,842</u>

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

Year ended March 31, 2014, with comparative information for 2013

	2014 Budget	2014 Actual	2013 Actual
Revenue:			
Province of BC	\$ 2,504,880	\$ 2,504,880	\$ 2,511,859
Child Care Operating Fund	65,221	76,146	66,529
Interest	4,100	3,018	3,166
Program fees	392,564	434,880	394,870
Fundraising	117,017	53,714	61,054
Gaming	137,500	113,095	163,648
Donations	25,000	39,325	27,350
Miscellaneous	18,500	15,238	48,198
Amortization of deferred capital contributions	73,500	80,158	78,845
	<u>3,338,282</u>	<u>3,320,454</u>	<u>3,355,519</u>
Expenditures:			
Amortization	118,000	105,475	107,826
Audit and legal	11,150	11,733	10,200
Bank charges	11,800	13,163	11,799
Computer repairs and maintenance	29,500	16,365	16,810
Food and recreation	12,540	10,671	11,431
Fundraising expenditures	27,000	26,659	27,768
Gaming	49,536	45,095	163,648
Insurance	12,320	11,500	11,265
Janitorial	48,000	52,284	48,347
Office and general	10,950	40,710	41,566
Purchased services	500	1,125	-
Repairs and maintenance	65,000	42,309	40,556
Staff development	11,000	11,826	4,815
Staff recruiting	9,250	-	-
Supplies	35,000	28,900	16,078
Telephone	11,000	8,333	13,131
Travel	34,300	31,074	33,240
Utilities and rent	27,156	30,877	28,309
Wages	2,870,615	2,806,234	2,780,754
	<u>3,394,617</u>	<u>3,294,333</u>	<u>3,367,543</u>
(Deficiency) excess of revenue over expenditures	\$ (56,335)	\$ 26,121	\$ (12,024)

See accompanying notes to financial statements.

THE CHILD DEVELOPMENT CENTRE OF PRINCE GEORGE AND DISTRICT ASSOCIATION

Statements of Changes in Net Assets

Year ended March 31, 2014, with comparative information for 2013

	Invested in Tangible Capital Assets		Unrestricted	Total 2014	Total 2013
Balance, beginning of year	\$ 158,918	\$ (12,847)	\$ 146,071	\$ 158,095	
Revenue over (under) expenditure for the year (note 7)	(25,317)	51,438	26,121	(12,024)	
Purchase of tangible capital assets	22,686	(22,686)	-	-	
Funding received for purchase of tangible capital assets	(16,718)	16,718	-	-	
Balance, end of years	\$ 139,569	\$ 32,623	\$ 172,192	\$ 146,071	

See accompanying notes to financial statements.

THE CHILD DEVELOPMENT CENTRE OF PRINCE GEORGE AND DISTRICT ASSOCIATION

Statements of Cash Flows

Year ended March 31, 2014, with comparative information for 2013

	2014	2013
Cash provided by (used in):		
Operations:		
Excess (deficiency) of revenue over expenditures	\$ 26,121	\$ (12,024)
Items not involving cash:		
Amortization	105,475	107,826
Amortization of deferred capital contributions	(80,158)	(78,845)
Transfer of deferred capital contributions not spent	-	(6,029)
Accounts receivable	24,178	(6,223)
Prepaid expenses	(873)	106
Accounts payable and accrued liabilities	143,610	18,466
Accrued payroll expenses	24,878	23,554
Deferred revenue	93,149	(47,008)
	<u>336,380</u>	<u>(177)</u>
Investing:		
Purchase of tangible capital assets	(22,686)	-
Restricted cash	(1,987)	20,118
Funds received for purchase of tangible capital assets	16,718	-
	<u>(7,955)</u>	<u>20,118</u>
Increase in cash	328,425	19,941
Cash and cash equivalents, beginning of year	469,847	449,906
Cash and cash equivalents, end of year	<u>\$ 798,272</u>	<u>\$ 469,847</u>

See accompanying notes to financial statements.

THE CHILD DEVELOPMENT CENTRE OF PRINCE GEORGE AND DISTRICT ASSOCIATION

Notes to Financial Statements

Year ended March 31, 2014

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:

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations. The Association's significant accounting policies are as follows:

(a) Tangible capital assets:

Tangible capital assets are 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.

(b) 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.

THE CHILD DEVELOPMENT CENTRE OF PRINCE GEORGE AND DISTRICT ASSOCIATION

Notes to Financial Statements (continued)

Year ended March 31, 2014

1. Significant accounting policies (continued):

(c) 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.

(d) 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.

(e) 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. 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)

Year ended March 31, 2014

2. Tangible capital assets:

			2014	2013
	Cost	Accumulated amortization	Net book value	Net book value
Automotive	\$ 23,209	\$ 11,024	\$ 12,185	\$ 14,506
Building	1,994,746	1,216,107	778,639	845,506
Computer equipment and software	133,112	131,034	2,078	4,210
Equipment and furnishings	588,223	524,069	64,154	60,695
Fencing	12,974	10,417	2,557	2,977
Land	35,188	-	35,188	35,189
Parking lot	182,679	36,073	146,606	155,740
Playground equipment	137,374	128,607	8,767	14,141
	\$ 3,107,505	\$ 2,057,331	\$ 1,050,174	\$ 1,132,964

3. Restricted cash:

	2014	2013
Community Gaming Grant	\$ 143,160	\$ 141,173

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 \$65,988 (2013 - \$43,930). 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 (2013 - nil) was distributed to the Association.

THE CHILD DEVELOPMENT CENTRE OF PRINCE GEORGE AND DISTRICT ASSOCIATION

Notes to Financial Statements (continued)

Year ended March 31, 2014

5. Deferred revenue:

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

	2014	2013
Balance, beginning of year	\$ 295,925	\$ 342,933
Less: amount recognized as revenue during the year	(162,582)	(131,594)
Add: amounts received for subsequent periods	255,731	81,597
	\$ 389,074	\$ 295,925

The balance consists of:

	2014	2013
Dutch Auction proceeds	\$ 62,427	\$ 62,427
Specific donations	80,300	55,825
Province of British Columbia	23,187	26,500
Community Gaming Grant	143,160	141,173
Other	80,000	10,000
	\$ 389,074	\$ 295,925

THE CHILD DEVELOPMENT CENTRE OF PRINCE GEORGE AND DISTRICT ASSOCIATION

Notes to Financial Statements (continued)

Year ended March 31, 2014

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:

	2014	2013
Unamortized deferred capital contributions	\$ 910,605	\$ 974,045

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

	2014	2013
Balance, beginning of year	\$ 974,045	\$ 1,058,919
Amortization to revenue	(80,158)	(78,845)
Amounts received in the year	16,718	-
Transfer of deferred capital contributions not spent	-	(6,029)
	\$ 910,605	\$ 974,045

THE CHILD DEVELOPMENT CENTRE OF PRINCE GEORGE AND DISTRICT ASSOCIATION

Notes to Financial Statements (continued)

Year ended March 31, 2014

7. Invested in tangible capital assets:

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

	2014	2013
Tangible capital assets	1,050,174	1,132,963
Amounts financed by:		
Deferred capital contributions	(910,605)	(974,045)
	<u>139,569</u>	<u>158,918</u>

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

	2014	2013
Amortization of deferred capital contributions	80,158	78,845
Amortization of tangible capital assets	(105,475)	(107,826)
Additions from unrestricted resources	5,968	-
	<u>(19,349)</u>	<u>(28,981)</u>

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 \$73,923 (2013 - \$74,660) for employer contributions to the plan in 2014.

THE CHILD DEVELOPMENT CENTRE OF PRINCE GEORGE AND DISTRICT ASSOCIATION

Notes to Financial Statements (continued)

Year ended March 31, 2014

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 179,000 active members and approximately 71,000 retired members. Active members include approximately 35,000 contributors from local governments and include approximately 37 contributors from the Association.

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, 2012 indicated an unfunded liability of \$1,370 million for basic pension benefits. The next valuation will be as at December 31, 2015 with results available in 2016. The actuary does not attribute portions of the unfunded liability to individual employers. The Association paid \$141,269 (2013 - \$144,184) for employer contributions to the Plan in 2014.

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)

Year ended March 31, 2014

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.