

Financial Statements of

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

Year ended March 31, 2015

## 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, 2015, 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 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 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.

### *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.

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*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, 2015 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.

Chartered Accountants

June 22, 2015

Prince George, Canada

# THE CHILD DEVELOPMENT CENTRE OF PRINCE GEORGE AND DISTRICT ASSOCIATION

Statement of Financial Position  
As at March 31, 2015, with comparative information for 2014

	2015	2014
<b>Assets</b>		
Current assets:		
Cash	\$ 663,561	\$ 798,272
Accounts receivable	38,600	13,815
Prepaid expenses	4,030	2,738
	<u>706,191</u>	<u>814,825</u>
Tangible capital assets (note 2)	981,399	1,050,174
Restricted cash (note 3)	132,600	143,160
	<u>\$ 1,820,190</u>	<u>\$ 2,008,159</u>

## Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities	\$ 146,813	\$ 197,112
Accrued payroll expenses	369,651	339,176
Deferred revenue (note 5)	303,414	389,074
	<u>819,878</u>	<u>925,362</u>
Deferred capital contributions (note 6)	852,429	910,605
Net assets:		
Invested in tangible capital assets (note 7)	128,970	139,569
Unrestricted	18,913	32,623
	<u>147,883</u>	<u>172,192</u>
Contingencies (note 8)		
	<u>\$ 1,820,190</u>	<u>\$ 2,008,159</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, 2015, with comparative information for 2014

	2015 Budget (note 12)	2015 Actual	2014 Actual
<b>Revenue:</b>			
Province of BC	\$ 2,575,141	\$ 2,574,880	\$ 2,504,880
Child Care Operating Fund	76,145	77,809	76,146
Interest	2,500	6,671	3,018
Program fees	434,880	409,933	434,880
Fundraising	57,500	69,672	53,714
Gaming	138,871	130,813	113,095
Donations	85,500	20,413	39,325
Miscellaneous	21,652	52,778	15,238
Amortization of deferred capital contributions	73,500	84,461	80,158
	<b>3,465,689</b>	<b>3,427,430</b>	<b>3,320,454</b>
<b>Expenditures:</b>			
Amortization	105,609	104,582	105,475
Audit and legal	12,900	12,723	11,733
Bank charges	12,000	14,818	13,163
Computer repairs and maintenance	13,300	22,962	16,365
Food and recreation	13,300	9,918	10,671
Fundraising expenditures	50,000	28,833	26,659
Gaming	61,175	62,813	45,095
Insurance	12,319	12,103	11,500
Janitorial	62,000	56,586	52,284
Office and general	13,000	28,583	40,710
Purchased services	7,549	2,400	1,125
Repairs and maintenance	53,035	42,138	42,309
Staff development	15,500	26,022	11,826
Staff recruiting	14,250	3,115	-
Supplies	52,400	17,627	28,900
Telephone	7,300	9,220	8,333
Travel	34,800	34,676	31,074
Utilities and rent	30,000	32,118	30,877
Wages	2,926,293	2,930,502	2,806,234
	<b>3,496,730</b>	<b>3,451,739</b>	<b>3,294,333</b>
<b>(Deficiency) excess of revenue over expenditures</b>	<b>\$ (31,041)</b>	<b>\$ (24,309)</b>	<b>\$ 26,121</b>

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, 2015, with comparative information for 2014

	Invested in Tangible Capital Assets		Unrestricted	Total 2015	Total 2014			
Balance, beginning of year	\$	139,569	\$	32,623	\$	172,192	\$	146,071
Revenue over (under) expenditure for the year (note 7)		(20,122)		(4,187)		(24,309)		26,121
Purchase of tangible capital assets		35,808		(35,808)		-		-
Funding received for purchase of tangible capital assets		(26,285)		26,285		-		-
<b>Balance, end of year</b>	<b>\$</b>	<b>128,970</b>	<b>\$</b>	<b>18,913</b>	<b>\$</b>	<b>147,883</b>	<b>\$</b>	<b>172,192</b>

See accompanying notes to financial statements.

# THE CHILD DEVELOPMENT CENTRE OF PRINCE GEORGE AND DISTRICT ASSOCIATION

Statement of Cash Flows  
Year ended March 31, 2015, with comparative information for 2014

	2015	2014
Cash provided by (used in):		
Operations:		
Excess (deficiency) of revenue over expenditures	\$ (24,309)	\$ 26,121
Items not involving cash:		
Amortization	104,582	105,475
Amortization of deferred capital contributions	(84,461)	(80,158)
Accounts receivable	(24,785)	24,178
Prepaid expenses	(1,292)	(873)
Accounts payable and accrued liabilities	(50,298)	143,610
Accrued payroll expenses	30,475	24,878
Deferred revenue	(85,660)	93,149
	(135,748)	336,380
Investing:		
Purchase of tangible capital assets	(35,808)	(22,686)
Restricted cash	10,560	(1,987)
Funds received for purchase of tangible capital assets	26,285	16,718
	1,037	(7,955)
(Decrease) increase in cash	(134,711)	328,425
Cash, beginning of year	798,272	469,847
Cash, end of year	\$ 663,561	\$ 798,272

See accompanying notes to financial statements.

# THE CHILD DEVELOPMENT CENTRE OF PRINCE GEORGE AND DISTRICT ASSOCIATION

Notes to Financial Statements  
Year ended March 31, 2015

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## 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 for by the Association on a straight-line basis at the following rates:

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

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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, 2015

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## 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, 2015

## 2. Tangible capital assets:

			2015	2014
	Cost	Accumulated amortization	Net book value	Net book value
Automotive	\$ 23,209	\$ 13,345	\$ 9,864	\$ 12,185
Building	2,007,264	1,283,171	724,093	778,639
Computer equipment and software	133,112	132,246	866	2,078
Equipment and furnishings	611,514	543,129	68,385	64,154
Fencing	12,974	10,838	2,136	2,557
Land	35,188	-	35,188	35,188
Parking lot	182,679	45,204	137,475	146,606
Playground equipment	137,374	133,982	3,392	8,767
	<b>\$ 3,143,314</b>	<b>\$ 2,161,915</b>	<b>\$ 981,399</b>	<b>\$ 1,050,174</b>

## 3. Restricted cash:

	2015	2014
Community Gaming Grant	\$ 132,600	\$ 143,160

## 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 \$71,672 (2014 - \$65,988). 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 \$3,156 (2014 - 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, 2015

## 5. Deferred revenue:

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

	2015	2014
Balance, beginning of year	\$ 389,074	\$ 295,925
Less: amount recognized as revenue during the year	(242,333)	(162,582)
Add: amounts received for subsequent periods	156,673	255,731
	<b>\$ 303,414</b>	<b>\$ 389,074</b>

The balance consists of:

	2015	2014
Dutch Auction proceeds	\$ 62,083	\$ 62,427
Specific donations	88,547	80,300
Province of British Columbia	20,184	23,187
Community Gaming Grant	132,600	143,160
Other	-	80,000
	<b>\$ 303,414</b>	<b>\$ 389,074</b>

# THE CHILD DEVELOPMENT CENTRE OF PRINCE GEORGE AND DISTRICT ASSOCIATION

Notes to Financial Statements (continued)  
Year ended March 31, 2015

## 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:

	2015	2014
Unamortized deferred capital contributions	\$ 852,429	\$ 910,605

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

	2015	2014
Balance, beginning of year	\$ 910,605	\$ 974,045
Amortization to revenue	(84,461)	(80,158)
Amounts received in the year	26,285	16,718
Transfer of deferred capital contributions not spent	-	-
	\$ 852,429	\$ 910,605

# THE CHILD DEVELOPMENT CENTRE OF PRINCE GEORGE AND DISTRICT ASSOCIATION

Notes to Financial Statements (continued)  
Year ended March 31, 2015

## 7. Invested in tangible capital assets:

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

	2015	2014
Tangible capital assets	981,399	1,050,174
Amounts financed by:		
Deferred capital contributions	(852,429)	(910,605)
	128,970	139,569

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

	2015	2014
Amortization of deferred capital contributions	84,461	80,158
Amortization of tangible capital assets	(104,582)	(105,475)
Additions from unrestricted resources	9,523	5,968
	(10,598)	(19,349)

## 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 \$68,963 (2014 - \$73,923) for employer contributions to the plan in 2015.

# THE CHILD DEVELOPMENT CENTRE OF PRINCE GEORGE AND DISTRICT ASSOCIATION

Notes to Financial Statements (continued)  
Year ended March 31, 2015

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## 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 \$169,986 (2014 - \$141,269) for employer contributions to the Plan in 2015.

## 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, 2015

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## **12. Budget figures:**

The budget figures included in the financial statements are unaudited. Budgeted figures included in the Statement of Operations were approved by the Board on June 17, 2014.