

Financial Statements of

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

Year ended March 31, 2016



KPMG LLP
177 Victoria Street, Suite 400
Prince George BC V2L 5R8
Canada
Telephone (250) 563-7151
Fax (250) 563-5693

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of The Child Development Centre of Prince George and District Association (the "Association"), which comprise the statement of financial position as at March 31, 2016, 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 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 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 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, 2016, and its results of 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.

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

Chartered Professional Accountants

September 27, 2016

Prince George, Canada

THE CHILD DEVELOPMENT CENTRE OF PRINCE GEORGE AND DISTRICT ASSOCIATION

Statement of Financial Position

As at March 31, 2016, with comparative information for 2015

	2016	2015
Assets		
Current assets:		
Cash	\$ 560,912	\$ 663,561
Accounts receivable	36,167	38,600
Prepaid expenses	5,626	4,030
	<u>602,705</u>	<u>706,191</u>
Tangible capital assets (note 2)	948,567	981,399
Restricted cash (note 3)	117,540	132,600
	<u>\$ 1,668,812</u>	<u>\$ 1,820,190</u>

Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities	\$ 80,242	\$ 146,813
Accrued payroll expenses (note 5)	399,498	369,651
Deferred revenue (note 6)	251,308	303,414
	<u>731,048</u>	<u>819,878</u>
Deferred capital contributions (note 7)	788,199	852,429
Net assets (deficiency):		
Invested in tangible capital assets (note 8)	160,368	128,970
Unrestricted	(10,803)	18,913
	<u>149,565</u>	<u>147,883</u>
Contingency (note 9)		
	<u>\$ 1,668,812</u>	<u>\$ 1,820,190</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, 2016, with comparative information for 2015

	2016 Budget (note 13)	2016 Actual	2015 Actual
Revenue:			
Province of BC	\$ 2,504,880	\$ 2,524,908	\$ 2,574,880
Child Care Operating Fund	66,752	71,035	77,809
Interest	2,500	4,209	6,671
Program fees	349,720	361,144	409,933
Fundraising	85,453	78,501	69,672
Gaming	137,832	132,600	130,813
Donations	22,000	20,506	20,413
Miscellaneous	71,082	12,322	52,778
Amortization of deferred capital contributions	73,500	84,630	84,461
	3,313,719	3,289,855	3,427,430
Expenditures:			
Amortization	105,000	103,880	104,582
Audit and legal	11,500	10,655	12,723
Bank charges	12,000	11,486	14,818
Computer repairs and maintenance	17,000	18,241	22,962
Food and recreation	9,000	12,525	9,918
Fundraising expenditures	34,648	33,931	28,833
Gaming	57,363	64,600	62,813
Insurance	12,194	11,916	12,103
Janitorial	58,410	58,576	56,586
Office and general	18,370	36,316	28,583
Purchased services	11,743	1,940	2,400
Repairs and maintenance	43,026	43,658	42,138
Staff development	21,216	7,641	26,022
Staff recruiting	4,500	-	3,115
Supplies	42,142	23,681	17,627
Telephone	9,220	8,555	9,220
Travel	36,000	36,216	34,676
Utilities and rent	29,760	29,508	32,118
Wages	2,850,493	2,774,848	2,930,502
	3,383,585	3,288,173	3,451,739
(Deficiency) excess of revenue over expenditures	\$ (69,866)	\$ 1,682	\$ (24,309)

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, 2016, with comparative information for 2015

	Invested in Tangible Capital Assets	Unrestricted	Total 2016	Total 2015
Balance, beginning of year	\$ 128,970	\$ 18,913	\$ 147,883	\$ 172,192
Revenue over (under) expenditure for the year (note 7)	(19,250)	20,932	1,682	(24,309)
Purchase of tangible capital assets	71,048	(71,048)	-	-
Funding received for purchase of tangible capital assets	(20,400)	20,400	-	-
Balance, end of year	\$ 160,368	\$ (10,803)	\$ 149,565	\$ 147,883

See accompanying notes to financial statements.

THE CHILD DEVELOPMENT CENTRE OF PRINCE GEORGE AND DISTRICT ASSOCIATION

Statement of Cash Flows

Year ended March 31, 2016, with comparative information for 2015

	2016	2015
Cash provided by (used in):		
Operations:		
Excess (deficiency) of revenue over expenditures	\$ 1,682	\$ (24,309)
Items not involving cash:		
Amortization	103,880	104,582
Amortization of deferred capital contributions	(84,630)	(84,461)
Accounts receivable	2,433	(24,785)
Prepaid expenses	(1,596)	(1,292)
Accounts payable and accrued liabilities	(66,572)	(50,298)
Accrued payroll expenses	29,847	30,475
Deferred revenue	(52,106)	(85,660)
	<u>(67,062)</u>	<u>(135,748)</u>
Investing:		
Purchase of tangible capital assets	(71,048)	(35,808)
Decrease in restricted cash	15,060	10,560
Funds received for purchase of tangible capital assets	20,401	26,285
	<u>(35,587)</u>	<u>1,037</u>
Decrease in cash	(102,649)	(134,711)
Cash, beginning of year	663,561	798,272
Cash, end of year	<u>\$ 560,912</u>	<u>\$ 663,561</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, 2016

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:

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, 2016

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 value when fair 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, 2016

2. Tangible capital assets:

			2016	2015
	Cost	Accumulated amortization	Net book value	Net book value
Automotive	\$ 23,209	\$ 15,666	\$ 7,543	\$ 9,864
Building	2,078,311	1,352,778	725,533	724,093
Computer equipment and software	133,112	132,692	420	866
Equipment and furnishings	611,514	561,730	49,784	68,385
Fencing	12,974	11,258	1,716	2,136
Land	35,188	-	35,188	35,188
Parking lot	182,679	54,341	128,338	137,475
Playground equipment	137,374	137,329	45	3,392
	\$ 3,214,361	\$ 2,265,794	\$ 948,567	\$ 981,399

3. Restricted cash:

	2016	2015
Community Gaming Grant	\$ 117,540	\$ 132,600

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 \$71,716 (2015 - \$71,672). 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 (2015 - \$3,156) was distributed to the Association.

THE CHILD DEVELOPMENT CENTRE OF PRINCE GEORGE AND DISTRICT ASSOCIATION

Notes to Financial Statements (continued)

Year ended March 31, 2016

5. Accrued payroll expenses:

	2016	2015
Wages payable	\$ 35,417	\$ 19,391
Benefits payable	322	357
Pension plan payable	6,142	6,560
Sick and severance payable	234,094	216,124
Union deductions payable	-	1,371
Accrued holiday pay	123,523	125,848
	\$ 399,498	\$ 369,651

6. Deferred revenue:

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

	2016	2015
Balance, beginning of year	\$ 303,414	\$ 389,074
Less: amount recognized as revenue during the year	(182,558)	(242,333)
Add: amounts received during the year	130,451	156,673
Balance, end of year	\$ 251,308	\$ 303,414

The balance consists of:

	2016	2015
Dutch Auction proceeds	\$ 57,083	\$ 62,083
Specific donations	60,701	88,547
Province of British Columbia	15,984	20,184
Community Gaming Grant	117,540	132,600
	\$ 251,308	\$ 303,414

THE CHILD DEVELOPMENT CENTRE OF PRINCE GEORGE AND DISTRICT ASSOCIATION

Notes to Financial Statements (continued)

Year ended March 31, 2016

7. 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:

	2016	2015
Unamortized deferred capital contributions	\$ 788,199	\$ 852,429

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

	2016	2015
Balance, beginning of year	\$ 852,429	\$ 910,605
Amortization to revenue	(84,630)	(84,461)
Amounts received in the year	20,400	26,285
Balance, end of year	\$ 788,199	\$ 852,429

THE CHILD DEVELOPMENT CENTRE OF PRINCE GEORGE AND DISTRICT ASSOCIATION

Notes to Financial Statements (continued)

Year ended March 31, 2016

8. Invested in tangible capital assets:

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

	2016	2015
Tangible capital assets	\$ 948,567	\$ 981,399
Amounts financed by:		
Deferred capital contributions	(788,199)	(852,429)
	\$ 160,368	\$ 128,970

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

	2016	2015
Amortization of deferred capital contributions	\$ 84,630	\$ 84,461
Amortization of tangible capital assets	(103,880)	(104,582)
Additions from unrestricted resources	50,648	9,523
	\$ 31,398	\$ (10,598)

9. Contingency:

a) 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 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 185,000 active members and approximately 80,000 retired members. Active members include approximately 37,000 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, 2016 with results available in 2017. The actuary does not attribute portions of the unfunded liability to individual employers. The Association paid \$177,357 (2015 - \$169,986) for employer contributions to the Plan in 2016.

THE CHILD DEVELOPMENT CENTRE OF PRINCE GEORGE AND DISTRICT ASSOCIATION

Notes to Financial Statements (continued)

Year ended March 31, 2016

10. 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.

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:

The Society has been granted tax-exempt status as a not-for-profit organization under Section 149(1)(l) 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.

13. 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 October 19, 2015.