

Financial Statements of

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

Year ended March 31, 2017



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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, 2017, 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.



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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 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, 2017, 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 Societies Act (British Columbia), we report that, in our opinion, the accounting policies applied in preparing and presenting the financial statements in accordance with Canadian accounting standards for not-for-profit organizations have been applied, on a basis consistent with that of the preceding year.

A handwritten signature in black ink that reads 'KPMG LLP' with a horizontal line underneath.

Chartered Professional Accountants

June 30, 2017

Prince George, Canada

THE CHILD DEVELOPMENT CENTRE OF PRINCE GEORGE AND DISTRICT ASSOCIATION

Statement of Financial Position

As at March 31, 2017, with comparative information for 2016

	2017	2016
Assets		
Current assets:		
Cash	\$ 551,705	\$ 560,912
Accounts receivable	44,666	36,167
Prepaid expenses	7,457	5,626
	<u>603,828</u>	<u>602,705</u>
Tangible capital assets (note 2)	1,018,216	948,567
Restricted cash (note 3)	117,800	117,540
	<u>\$ 1,739,844</u>	<u>\$ 1,668,812</u>

Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities	\$ 27,014	\$ 80,242
Accrued payroll expenses (note 5)	387,271	399,498
Deferred revenue (note 6)	256,969	251,308
	<u>671,254</u>	<u>731,048</u>
Deferred capital contributions (note 7)	816,560	788,199
Net assets (deficiency):		
Invested in tangible capital assets (note 8)	201,657	160,368
Unrestricted	50,373	(10,803)
	<u>252,030</u>	<u>149,565</u>
Contingency (note 9)		
	<u>\$ 1,739,844</u>	<u>\$ 1,668,812</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, 2017, with comparative information for 2016

	2017 Budget (note 13)	2017 Actual	2016 Actual
Revenue:			
Province of BC	\$ 2,504,880	\$ 2,564,910	\$ 2,524,908
Child Care Operating Fund	65,797	63,168	71,035
Interest	2,500	1,039	4,209
Program fees	359,720	317,069	361,144
Fundraising	85,453	62,049	78,501
Gaming	123,772	117,540	132,600
Donations	68,430	10,981	20,506
Miscellaneous	25,446	29,789	12,322
Amortization of deferred capital contributions	73,500	89,474	84,630
Recovery of previously accrued expenses	-	57,128	-
	3,309,498	3,313,147	3,289,855
Expenditures:			
Amortization	105,000	105,457	103,880
Audit and legal	14,500	13,112	10,655
Bank charges	14,000	11,252	11,486
Computer repairs and maintenance	18,000	6,813	18,241
Food and recreation	10,300	11,525	12,525
Fundraising expenditures	34,648	24,998	33,931
Gaming	52,363	49,540	64,600
Insurance	12,194	11,916	11,916
Janitorial	57,420	59,442	58,576
Office and general	16,770	28,061	36,316
Purchased services	9,743	2,362	1,940
Repairs and maintenance	43,026	52,568	43,658
Staff development	21,216	8,146	7,641
Staff recruiting	18,500	5,470	-
Supplies	42,142	19,585	23,681
Telephone	9,220	8,755	8,555
Travel	36,000	36,718	36,216
Utilities and rent	31,740	31,709	29,508
Wages	2,844,247	2,770,418	2,774,848
	3,391,029	3,257,847	3,288,173
(Deficiency) excess of revenue over expenditures	\$ (81,531)	\$ 55,300	\$ 1,682

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, 2017, with comparative information for 2016

	Invested in Tangible Capital Assets	Unrestricted	Total 2017	Total 2016
Balance, beginning of year	\$ 160,368	\$ (10,803)	\$ 149,565	\$ 147,883
(Deficiency) excess of revenue over expenditures	(15,983)	71,283	55,300	1,682
Acquisition of tangible capital assets	127,942	(127,942)	-	-
Land received from donor	47,165	-	47,165	-
Donation of tangible capital asset received	(117,835)	117,835	-	-
Balance, end of year	\$ 201,657	\$ 50,373	\$ 252,030	\$ 149,565

See accompanying notes to financial statements.

THE CHILD DEVELOPMENT CENTRE OF PRINCE GEORGE AND DISTRICT ASSOCIATION

Statement of Cash Flows

Year ended March 31, 2017, with comparative information for 2016

	2017	2016
Cash provided by (used in):		
Operations:		
Excess of revenue over expenditures	\$ 55,300	\$ 1,682
Items not involving cash:		
Amortization	105,457	103,880
Amortization of deferred capital contributions	(89,474)	(84,630)
Accounts receivable	(8,499)	2,433
Prepaid expenses	(1,831)	(1,596)
Accounts payable and accrued liabilities	(53,227)	(66,572)
Accrued payroll expenses	(12,227)	29,847
Deferred revenue	5,661	(52,106)
	<u>1,160</u>	<u>(67,062)</u>
Investing:		
Acquisition of tangible capital assets	(175,107)	(71,048)
(Increase) decrease in restricted cash	(260)	15,060
Receipt of tangible capital asset donation	117,835	20,401
Receipt of land donation	47,165	-
	<u>(10,367)</u>	<u>(35,587)</u>
Decrease in cash	(9,207)	(102,649)
Cash, beginning of year	560,912	663,561
Cash, end of year	<u>\$ 551,705</u>	<u>\$ 560,912</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, 2017

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. The Association operates the Child Development Centre in Prince George, British Columbia and is overseen by a volunteer board of directors. On November 28, 2016, the new Societies Act (British Columbia) became effective. The Association has until November 28, 2018 to transition to the new act.

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%

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, 2017

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, 2017

2. Tangible capital assets:

			2017	2016
	Cost	Accumulated amortization	Net book value	Net book value
Automotive	\$ 23,209	\$ 17,987	\$ 5,222	\$ 7,543
Building	2,196,146	1,428,241	767,905	725,533
Computer equipment and software	133,112	133,004	108	420
Equipment and furnishings	621,621	579,493	42,128	49,784
Fencing	12,974	11,678	1,296	1,716
Land	82,353	-	82,353	35,188
Parking lot	182,679	63,475	119,204	128,338
Playground equipment	137,374	137,374	-	45
	\$ 3,389,468	\$ 2,371,252	\$ 1,018,216	\$ 948,567

During the year, the Association received a donation of a property from a local donor. This property has been recorded as an addition to both land and building.

3. Restricted cash:

	2017	2016
Community Gaming Grant	\$ 117,800	\$ 117,540

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 as at August 31, 2016 is \$83,348 (August 31, 2015 - \$71,716). 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 Association's fiscal year, income of \$2,922 (2016 - \$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, 2017

5. Accrued payroll expenses:

	2017	2016
Wages payable	\$ 44,360	\$ 35,417
Benefits payable	190	322
Pension plan payable	6,424	6,142
Sick and severance payable	214,390	234,094
Accrued holiday pay	121,907	123,523
	\$ 387,271	\$ 399,498

6. Deferred revenue:

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

	2017	2016
Balance, beginning of year	\$ 251,308	\$ 303,414
Less: amount recognized as revenue during the year	(131,732)	(182,558)
Add: amounts received during the year	137,393	130,451
Balance, end of year	\$ 256,969	\$ 251,308

The balance consists of:

	2017	2016
Dutch Auction proceeds	\$ 57,083	\$ 57,083
Specific donations	66,882	60,701
Province of British Columbia	15,204	15,984
Community Gaming Grant	117,800	117,540
	\$ 256,969	\$ 251,308

THE CHILD DEVELOPMENT CENTRE OF PRINCE GEORGE AND DISTRICT ASSOCIATION

Notes to Financial Statements (continued)

Year ended March 31, 2017

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:

	2017	2016
Unamortized deferred capital contributions	\$ 816,560	\$ 788,199

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

	2017	2016
Balance, beginning of year	\$ 788,199	\$ 852,429
Amortization to revenue	(89,474)	(84,630)
Amounts received in the year	117,835	20,400
Balance, end of year	\$ 816,560	\$ 788,199

THE CHILD DEVELOPMENT CENTRE OF PRINCE GEORGE AND DISTRICT ASSOCIATION

Notes to Financial Statements (continued)

Year ended March 31, 2017

8. Invested in tangible capital assets:

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

	2017	2016
Tangible capital assets	\$ 1,018,217	\$ 948,567
Amounts financed by:		
Deferred capital contributions	(816,560)	(788,199)
	\$ 201,657	\$ 160,368

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

	2017	2016
Amortization of deferred capital contributions	89,474	84,630
Amortization of tangible capital assets	\$ (105,457)	\$ (103,880)
Additions from unrestricted resources	10,107	50,648
Donation of land from donor	47,165	-
	\$ 41,289	\$ 31,398

THE CHILD DEVELOPMENT CENTRE OF PRINCE GEORGE AND DISTRICT ASSOCIATION

Notes to Financial Statements (continued)

Year ended March 31, 2017

9. Contingency:

a) Municipal Pension Plan:

The Association and its 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 based on a formula. The Plan has about 189,000 active members and approximately 85,000 retired members.

Every three years, an actuarial valuation is performed to assess the financial position of the Plan and adequacy of plan funding. The actuary determines an appropriated combined employer and member contribution rate to fund the plan. The actuary's produces the long-term rate of member and employer contributions sufficient to provide benefits for average future entrants to the Plan. This rate is then adjusted to the extent there is amortization of any funding deficit.

The most recent valuation for the Plan as of December 31, 2015, indicated a \$2,224 million funding surplus for basic pension benefits on a going concern basis.

The next valuation will be as at December 31, 2018, with results available in 2019.

Employers participating in the Plan record their pension expense as the amount of employer contributions made during the fiscal year (defined contribution pension plan accounting). This is because the Plan records accrued liabilities and accrued assets for the Plan in aggregate resulting in no consistent and reliable basis for allocating the obligation, assets, and cost to the individual employers participating in the Plan.

The Association paid \$178,821 (2016 - \$177,357) for employer contributions to the Plan in fiscal 2017.

THE CHILD DEVELOPMENT CENTRE OF PRINCE GEORGE AND DISTRICT ASSOCIATION

Notes to Financial Statements (continued)

Year ended March 31, 2017

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 Association 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 Association 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 Statement of Operations were approved by the Board on April 18, 2016.

14. Employee remuneration:

For the fiscal year ending March 31, 2017, the Association paid total remuneration of \$679,932 to seven employees, each of whom received total annual remuneration of \$75,000 or greater.