

Financial Statements of

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

And Independent Auditors' Report thereon

Year ended March 31, 2022



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INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the financial statements of The Child Development Centre of Prince George and District Association (the Entity), which comprise:

- the financial position as at March 31, 2022
- the statement of operations for the year then ended
- the statement of changes in net assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at March 31, 2022 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.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "**Auditors' Responsibilities for the Audit of the Financial Statements**" section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.



In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with Governance are responsible for overseeing the Entity's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.



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- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory 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 organization have been applied on basis consistent with that of the preceding period.

A handwritten signature in black ink that reads 'KPMG LLP' in a cursive, slightly slanted font. A horizontal line is drawn underneath the signature.

Chartered Professional Accountants

Prince George, Canada

June 23, 2022

THE CHILD DEVELOPMENT CENTRE OF PRINCE GEORGE AND DISTRICT ASSOCIATION

Statement of Financial Position

As at March 31, 2022, with comparative information for 2021

	2022	2021
Assets		
Current assets:		
Cash	\$ 1,137,454	\$ 940,309
Accounts receivable	43,760	20,454
Prepaid expenses	3,820	5,750
	<u>1,185,034</u>	<u>966,513</u>
Tangible capital assets (note 2)	737,582	845,780
Restricted cash (note 3)	90,770	73,886
	<u>\$ 2,013,386</u>	<u>\$ 1,886,179</u>

Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities	\$ 126,160	\$ 43,079
Accrued payroll expenses (note 5)	526,264	504,745
Deferred revenue (note 6)	233,686	235,083
	<u>886,110</u>	<u>782,907</u>
Deferred capital contributions (note 7)	529,564	631,531
Net assets:		
Invested in tangible capital assets (note 8)	208,018	214,249
Unrestricted	389,694	257,492
	<u>597,712</u>	<u>471,741</u>
	<u>\$ 2,013,386</u>	<u>\$ 1,886,179</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, 2022, with comparative information for 2021

	2022 Budget (note 14)	2022 Actual	2021 Actual
Revenue:			
Province of BC	\$ 3,049,837	\$ 3,213,183	\$ 3,064,907
Rental fees	79,400	79,064	73,514
Facility fees (note 9)	114,000	-	-
Program fees	125,271	95,911	89,026
Fundraising	10,000	-	95
Gaming	73,800	73,800	57,025
Donations	61,000	80,254	45,947
Miscellaneous	58,347	44,750	37,194
Amortization of deferred capital contributions	116,400	110,549	113,049
	3,688,055	3,697,511	3,480,757
Expenses:			
Amortization	138,000	135,000	135,235
Audit and legal	14,000	14,324	15,077
Bank charges	9,000	8,513	8,319
Technology costs	30,000	30,969	35,971
Food and recreation	753	467	-
Fundraising expenditures	2,000	-	1,215
Insurance	28,000	33,062	28,941
Janitorial	58,000	58,131	55,345
Office and general	13,191	24,838	22,361
Facility costs (note 9)	114,000	-	-
Purchased services	11,800	12,338	11,764
Repairs and maintenance	45,000	51,549	47,071
Education - staff development	10,500	22,021	21,670
Staff recruiting (recovery)	8,000	1,909	(611)
Supplies	33,310	25,773	16,626
Telephone	16,000	17,821	17,667
Travel	15,500	21,824	14,738
Utilities and rent	28,000	27,446	25,893
Wages	2,995,206	3,085,555	3,007,161
	3,570,260	3,571,540	3,464,443
Excess of revenue over expenditures	\$ 117,795	\$ 125,971	\$ 16,314

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, 2022, with comparative information for 2021

	Invested in Tangible Capital Assets	Unrestricted	Total 2022	Total 2021
Balance, beginning of year	\$ 214,249	\$ 257,492	\$ 471,741	\$ 455,427
(Deficiency) excess of revenue over expenditures	(24,451)	150,422	125,971	16,314
Acquisition of tangible capital assets	26,802	(26,802)	-	-
Funds received for acquisition of tangible capital assets	(8,582)	8,582	-	-
Balance, end of year	\$ 208,018	\$ 389,694	\$ 597,712	\$ 471,741

See accompanying notes to financial statements.

THE CHILD DEVELOPMENT CENTRE OF PRINCE GEORGE AND DISTRICT ASSOCIATION

Statement of Cash Flows

Year ended March 31, 2022, with comparative information for 2021

	2022	2021
Cash provided by (used in):		
Operations:		
Excess of revenue over expenditures	\$ 125,971	\$ 16,314
Items not involving cash:		
Amortization	135,000	135,235
Amortization of deferred capital contributions	(110,549)	(113,049)
	150,422	38,500
Change in non-cash operating working capital:		
Accounts receivable	(23,306)	20,020
Prepaid expenses	1,930	21,474
Accounts payable and accrued liabilities	83,081	(47,788)
Accrued payroll expenses	21,519	108,350
Deferred revenue	(1,397)	23,137
	232,249	163,693
Investing:		
Acquisition of tangible capital assets	(26,802)	(23,651)
Restricted cash	(16,884)	(16,861)
Receipt of tangible capital asset funding/donation	8,582	11,085
	(35,104)	(29,427)
Increase in cash	197,145	134,266
Cash, beginning of year	940,309	806,043
Cash, end of year	\$ 1,137,454	\$ 940,309

See accompanying notes to financial statements.

THE CHILD DEVELOPMENT CENTRE OF PRINCE GEORGE AND DISTRICT ASSOCIATION

Notes to Financial Statements

Year ended March 31, 2022

Nature of operations:

The Child Development Centre of Prince George and District Association (the "Association") is registered under the Societies Act (British Columbia). The Association operates the Child Development Centre in Prince George, British Columbia and is overseen by a volunteer Board of Directors.

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, 2022

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, 2022

2. Tangible capital assets:

			2022	2021
	Cost	Accumulated amortization	Net book value	Net book value
Automotive	\$ 48,592	\$ 33,002	\$ 15,590	\$ 24,701
Building	2,298,797	1,828,618	470,179	546,643
Computer equipment and software	193,073	172,291	20,782	32,521
Equipment and furnishings	749,435	674,291	75,144	76,894
Fencing	12,974	12,974	-	-
Land	82,353	-	82,353	82,353
Parking lot	182,679	109,145	73,534	82,668
Playground equipment	137,374	137,374	-	-
	\$ 3,705,277	\$ 2,967,695	\$ 737,582	\$ 845,780

3. Restricted cash:

	2022	2021
Community Gaming Grant	\$ 90,770	\$ 73,886

4. Funds held 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, 2021 is \$160,360 (August 31, 2020 - \$127,218). 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. There was no income distributed to the Association in the current year.

THE CHILD DEVELOPMENT CENTRE OF PRINCE GEORGE AND DISTRICT ASSOCIATION

Notes to Financial Statements (continued)

Year ended March 31, 2022

5. Accrued payroll expenses:

	2022	2021
Wages payable	\$ 73,624	\$ 52,550
Government remittances	27,255	28,948
Sick and severance payable	269,582	256,992
Accrued holiday pay	155,803	166,255
	\$ 526,264	\$ 504,745

6. Deferred revenue:

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

	2022	2021
Balance, beginning of year	\$ 235,083	\$ 211,946
Less: amount recognized as revenue during the year	(291,723)	(93,977)
Add: amounts received during the year	290,326	117,114
Balance, end of year	\$ 233,686	\$ 235,083

The balance consists of:

	2022	2021
Dutch Auction proceeds	\$ 57,083	\$ 57,083
Specific donations	102,824	92,905
Province of British Columbia	11,209	11,209
Community Gaming Grant	62,570	73,886
	\$ 233,686	\$ 235,083

THE CHILD DEVELOPMENT CENTRE OF PRINCE GEORGE AND DISTRICT ASSOCIATION

Notes to Financial Statements (continued)

Year ended March 31, 2022

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:

	2022	2021
Unamortized deferred capital contributions	\$ 529,564	\$ 631,531

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

	2022	2021
Balance, beginning of year	\$ 631,531	\$ 733,495
Amortization to revenue	(110,549)	(113,049)
Amounts received in the year	8,582	11,085
Balance, end of year	\$ 529,564	\$ 631,531

THE CHILD DEVELOPMENT CENTRE OF PRINCE GEORGE AND DISTRICT ASSOCIATION

Notes to Financial Statements (continued)

Year ended March 31, 2022

8. Invested in tangible capital assets:

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

	2022	2021
Tangible capital assets	\$ 737,582	\$ 845,780
Amounts financed by:		
Deferred capital contributions	(529,564)	(631,531)
	\$ 208,018	\$ 214,249

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

	2022	2021
Amortization of deferred capital contributions	\$ 110,549	\$ 113,049
Amortization of tangible capital assets	(135,000)	(135,235)
Additions from unrestricted resources	18,220	12,566
	\$ (6,231)	\$ (9,620)

9. Facility fees:

An internal cost of \$114,000 was charged to specific programs for the use of the facilities. The cost and associated revenue has been eliminated for external accounting purposes.

THE CHILD DEVELOPMENT CENTRE OF PRINCE GEORGE AND DISTRICT ASSOCIATION

Notes to Financial Statements (continued)

Year ended March 31, 2022

10. Municipal pension plan

The Association and its employees contribute to the Municipal Pension Plan (the "Plan"), a jointly trustee 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. As at December 31, 2020, the Plan has about 220,000 active members and approximately 112,000 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 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, 2018, indicated a \$2,866 million funding surplus for basic pension benefits on a going concern basis.

The next valuation will be as at December 31, 2021, with results available later in 2022.

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 \$196,514 (2021 - \$187,589) for employer contributions to the Plan in fiscal 2022.

11. 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.

THE CHILD DEVELOPMENT CENTRE OF PRINCE GEORGE AND DISTRICT ASSOCIATION

Notes to Financial Statements (continued)

Year ended March 31, 2022

12. Economic dependence:

A substantial portion of the Association's funding is derived from the Province of British Columbia. The Province of British Columbia accounted for 87% of revenue (2021 – 88%). Any disruption of this funding would have a negative effect on the operation of the Association.

13. 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.

14. Budget figures:

The budget figures included in the Statement of Operations were approved by the Board on March 9, 2021.

15. Employee remuneration:

For the fiscal year ending March 31, 2022, the Association paid total remuneration including taxable benefits of \$905,186 to ten employees (2021 - \$808,414 to nine employees), each of whom received total annual remuneration of \$75,000 or greater.

16. Comparative information:

Certain 2021 comparative information have been reclassified, where applicable, to conform with the financial presentation adopted for the current year. These changes do not affect the prior year excess of revenue over expenditures.