Financial Statements of

The Child Development Centre
of Prince George and District

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And Independent Auditor's Report thereon

Year ended March 31, 2023

KPMG

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

INDEPENDENT AUDITOR'S 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, 2023
- 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, 2023 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 ***"Auditor's Responsibilities for the Audit of the Financial Statements"*** section of our auditor's 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.

Auditor's 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 auditor's 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.

- 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.

KPMG LLP

Chartered Professional Accountants

Prince George, Canada

June 27, 2023

The Child Development Centre
of Prince George and District

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Statement of Financial Position

As at March 31, 2023, with comparative information for 2022

	2023	2022
Assets		
Current assets:		
Cash	$ 1,164,942	$ 1,137,454
Accounts receivable	98,285	43,760
Prepaid expenses	7,781	3,820
	1,271,008	1,185,034
Tangible capital assets (note 2)	651,869	737,582
Restricted cash (note 3)	91,447	90,770
	$ 2,014,324	$ 2,013,386
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities	$ 110,072	$ 126,160
Accrued payroll expenses (note 5)	642,784	526,264
Deferred revenue (note 6)	92,029	233,686
	844,885	886,110
Deferred capital contributions (note 7)	444,266	529,564
Net assets:		
Invested in tangible capital assets (note 8)	207,603	208,018
Unrestricted	517,570	389,694
	725,173	597,712
	$ 2,014,324	$ 2,013,386

See accompanying notes to financial statements.

On behalf of the Board:

____________ Director   ____________ Director

The Child Development Centre
of Prince George and District

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Statement of Operations

Year ended March 31, 2023, with comparative information for 2022

	2023 Budget (note 14)	2023 Actual	2022 Actual
Revenue:			
Province of BC	$ 3,122,313	$ 3,380,870	$ 3,213,183
Rental fees	79,400	76,864	79,064
Facility fees (note 9)	114,000	-	-
Program fees	77,100	74,197	95,911
Fundraising	15,000	-	-
Gaming	62,570	62,570	73,800
Donations	65,209	195,295	80,254
Miscellaneous	20,000	26,831	44,750
Amortization of deferred capital contributions	111,000	109,328	110,549
	3,666,592	3,925,955	3,697,511
Expenses:			
Amortization	134,400	136,048	135,000
Audit and legal	16,000	15,551	14,324
Bank charges	9,000	1,856	8,513
Education - staff development	12,850	12,040	22,021
Facility costs (note 9)	114,000	-	-
Food and recreation	1,250	768	467
Fundraising expenditures	3,000	720	-
Insurance	32,400	37,974	33,062
Janitorial	57,600	61,386	58,131
Office and general	11,000	24,820	24,838
Purchased services	9,500	14,326	12,338
Repairs and maintenance	54,000	115,702	51,549
Staff recruiting	4,000	23,683	1,909
Supplies	42,494	23,686	25,773
Technology costs	25,600	21,439	30,969
Telephone	18,000	17,146	17,821
Travel	28,000	32,583	21,824
Utilities and rent	27,000	27,472	27,446
Wages	3,132,920	3,231,294	3,085,555
	3,733,014	3,798,494	3,571,540
Excess of revenue over expenditures	$ (66,422)	$ 127,461	$ 125,971

See accompanying notes to financial statements.

The Child Development Centre
of Prince George and District

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Statement of Changes in Net Assets

Year ended March 31, 2023, with comparative information for 2022

	Invested in Tangible Capital Assets	Unrestricted	Total 2023	Total 2022
Balance, beginning of year	$ 208,018	$ 389,694	$ 597,712	$ 471,741
(Deficiency) excess of revenue over expenditures	(26,720)	154,181	127,461	125,971
Acquisition of tangible capital assets	50,335	(50,335)	-	-
Funds received for acquisition of tangible capital assets	(24,030)	24,030	-	-
Balance, end of year	$ 207,603	$ 517,570	$ 725,173	$ 597,712

See accompanying notes to financial statements.

The Child Development Centre
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Statement of Cash Flows

Year ended March 31, 2023, with comparative information for 2022

	2023	2022
Cash provided by (used in):		
Operations:		
Excess of revenue over expenditures	$ 127,461	$ 125,971
Items not involving cash:		
Amortization	136,048	135,000
Amortization of deferred capital contributions	(109,328)	(110,549)
	154,181	150,422
Change in non-cash operating working capital:		
Accounts receivable	(54,525)	(23,306)
Prepaid expenses	(3,961)	1,930
Accounts payable and accrued liabilities	(16,088)	83,081
Accrued payroll expenses	116,520	21,519
Deferred revenue	(141,657)	(1,397)
	54,470	232,249
Investing:		
Acquisition of tangible capital assets	(50,335)	(26,802)
Restricted cash	(677)	(16,884)
Receipt of tangible capital asset funding/donation	24,030	8,582
	(26,982)	(35,104)
Increase in cash	27,488	197,145
Cash, beginning of year	1,137,454	940,309
Cash, end of year	$ 1,164,942	$ 1,137,454

See accompanying notes to financial statements.

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.

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.

2. Tangible capital assets:

	Cost	Accumulated amortization	2023 Net book value	2022 Net book value
Automotive	$ 48,592	$ 42,113	$ 6,479	$ 15,590
Building	2,312,753	1,910,726	402,027	470,179
Computer equipment and software	195,966	184,645	11,321	20,782
Equipment and furnishings	782,921	697,659	85,262	75,144
Fencing	12,974	12,947	27	-
Land	82,353	-	82,353	82,353
Parking lot	182,679	118,279	64,400	73,534
Playground equipment	137,374	137,374	-	-
	$ 3,755,612	$ 3,103,743	$ 651,869	$ 737,582

3. Restricted cash:

	2023	2022
Community Gaming Grant	$ 91,447	$ 90,770

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, 2022 is $134,219 (August 31, 2021 - $160,360). 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.

5. Accrued payroll expenses:

	2023	2022
Wages payable	$ 137,506	$ 73,624
Government remittances	43,123	27,255
Sick and severance payable	295,963	269,582
Accrued holiday pay	166,192	155,803
	$ 642,784	$ 526,264

6. Deferred revenue:

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

	2023	2022
Balance, beginning of year	$ 233,686	$ 235,083
Less: amount recognized as revenue during the year	(204,227)	(291,723)
Add: amounts received during the year	62,570	290,326
Balance, end of year	$ 92,029	$ 233,686

The balance consists of:

	2023	2022
Dutch Auction proceeds	$ -	$ 57,083
Specific donations	29,459	102,824
Province of British Columbia	-	11,209
Community Gaming Grant	62,570	62,570
	$ 92,029	$ 233,686

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:

	2023	2022
Unamortized deferred capital contributions	$ 444,266	$ 529,564

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

	2023	2022
Balance, beginning of year	$ 529,564	$ 631,531
Amortization to revenue	(109,328)	(110,549)
Amounts received in the year	24,030	8,582
Balance, end of year	$ 444,266	$ 529,564

8. Invested in tangible capital assets:

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

	2023	2022
Tangible capital assets	$ 651,869	$ 737,582
Amounts financed by:		
Deferred capital contributions	(444,266)	(529,564)
	$ 207,603	$ 208,018

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

	2023	2022
Amortization of deferred capital contributions	$ 109,328	$ 110,549
Amortization of tangible capital assets	(136,048)	(135,000)
Additions from unrestricted resources	-	18,220
	$ (26,720)	$ (6,231)

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.

10. Municipal pension plan

The Association and its employees contribute to the Municipal Pension Plan (a jointly trusteed pension plan). The board of trustees, representing plan members and employers, is responsible for administering the plan, including investment of assets and administration of benefits. The plan is a multi-employer defined benefit pension plan. Basic pension benefits are based on a formula. As at December 31, 2021, the plan has about 227,000 active members and approximately 118,000 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 appropriate 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 actuarial valuation for the Municipal Pension Plan as at December 31, 2021, indicated a $3,761 million funding surplus for basic pension benefits on a going concern basis.

The next valuation will be as at December 31, 2024, with results available late in 2025.

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 $183,363 (2022 - $196,514) for employer contributions to the Plan in fiscal 2023.

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.

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 86% of revenue (2022 – 87%). 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 10, 2022.

15. Employee remuneration:

For the fiscal year ending March 31, 2023, the Association paid total remuneration including taxable benefits of $1,045,093 to eleven employees (2022 - $905,186 to ten employees), each of whom received total annual remuneration of $75,000 or greater.