

NORTHLAND CHILDCARE CENTRE INC.
Financial Statements
Year Ended March 31, 2023

NORTHLAND CHILDCARE CENTRE INC.
Index to Financial Statements
Year Ended March 31, 2023

	Page
INDEPENDENT AUDITOR'S REPORT	1 - 2
FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statement of Operations	4
Statement of Changes in Net Assets	5
Statement of Cash Flows	6
Notes to Financial Statements	7 - 10

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Northland Childcare Centre Inc.

Opinion

We have audited the financial statements of Northland Childcare Centre Inc. (the Centre), which comprise the statement of financial position as at March 31, 2023, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Centre as at March 31, 2023, 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.

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 report. We are independent of the Centre 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 those 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 Centre's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Centre or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Centre'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 these 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:

(continues)

Independent Auditor's Report to the Board of Directors of Northland Childcare Centre Inc. *(continued)*

- 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 Centre'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 Centre's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's report. However, future events or conditions may cause the Centre 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.

We 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.



Winkler, Manitoba
June 15, 2023

CHARTERED PROFESSIONAL ACCOUNTANTS

NORTHLAND CHILDCARE CENTRE INC.

Statement of Financial Position

March 31, 2023

	2023	2022
ASSETS		
CURRENT		
Cash	\$ 1,006,546	\$ 1,409,485
Accounts receivable (Note 2)	96,827	56,149
Goods and services tax recoverable	2,436	2,504
Prepaid expenses	6,212	5,386
	1,112,021	1,473,524
CAPITAL ASSETS (Note 3)	225,521	215,299
	\$ 1,337,542	\$ 1,688,823
LIABILITIES		
CURRENT		
Accounts payable	\$ 17,969	\$ 52,684
Wages payable	168,167	131,586
Unearned revenue	2,023	12,736
Refundable registration fees	3,632	4,532
Subsidy advance	70,727	359,275
	262,518	560,813
DEFERRED CONTRIBUTIONS (Note 5)	72,747	41,357
	335,265	602,170
NET ASSETS		
Unrestricted (Page 5)	1,002,277	1,086,653
	\$ 1,337,542	\$ 1,688,823

APPROVED BY THE BOARD

_____ Director

_____ Director

See accompanying notes to financial statements

NORTHLAND CHILDCARE CENTRE INC.

Statement of Operations

Year Ended March 31, 2023

	Budget (Unaudited) 2023	2023	2022
REVENUE			
Operating grant	\$ 969,383	\$ 1,150,782	\$ 969,383
Parent fees and subsidy grants	784,606	769,752	634,917
Pension reimbursement	40,000	53,713	63,222
Staffing and wage adjustment grants	26,500	47,313	24,740
Interest and miscellaneous	15,823	39,949	23,622
Donations	3,656	2,126	2,057
Canada Emergency Wage Subsidies	5,000	13,262	177,286
Wage Bridge Grant	-	97,045	-
	1,844,968	2,173,942	1,895,227
EXPENSES			
Amortization	-	29,864	26,750
Bad debts	-	-	966
Bookkeeping fees	2,160	3,959	5,253
Children's activity supplies	6,000	5,296	6,656
Children's program equipment and furniture	11,000	17,842	26,309
Children's program equipment repairs	6,000	4,057	3,554
Computer software and supplies	2,100	2,668	1,746
Equipment rentals	1,284	1,284	1,284
Food	27,105	23,781	20,769
GST expense	-	3,036	3,442
Insurance	6,768	7,241	5,255
Interest and bank charges	1,001	1,060	4,362
Kitchen, cleaning and sundry supplies	5,400	4,778	4,833
Office equipment and furniture	2,188	3,119	1,309
Postage, stationery and office supplies	3,840	4,899	3,798
Professional fees	9,000	5,778	6,457
Rent	97,294	95,426	97,297
Salaries and benefits	1,699,267	2,034,987	1,542,028
Special events/outings	900	320	532
Staff training/conferences	2,250	5,239	870
Telephone and internet	3,000	3,107	3,098
Travel	450	577	268
	1,887,007	2,258,318	1,766,836
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	\$ (42,039)	\$ (84,376)	\$ 128,391

See accompanying notes to financial statements

NORTHLAND CHILDCARE CENTRE INC.

Statement of Changes in Net Assets

Year Ended March 31, 2023

	2023	2022
NET ASSETS - BEGINNING OF YEAR	\$ 1,086,653	\$ 958,262
Excess (deficiency) of revenue over expenses	(84,376)	128,391
NET ASSETS - END OF YEAR	\$ 1,002,277	\$ 1,086,653

See accompanying notes to financial statements

NORTHLAND CHILDCARE CENTRE INC.**Statement of Cash Flows****Year Ended March 31, 2023**

	2023	2022
OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenses for the year	\$ (84,376)	\$ 128,391
Item not affecting cash:		
Amortization of capital assets	29,864	26,750
	(54,512)	155,141
Changes in non-cash working capital:		
Accounts receivable	(40,678)	14,363
Accounts payable	(34,715)	39,233
Unearned revenue	(10,713)	7,341
Prepaid expenses	(826)	(2,796)
GST payable (receivable)	68	3,269
Deposits on playground equipment	-	43,383
Wages payable	36,581	1,336
Employee deductions payable	-	(26,250)
Refundable registration fees	(900)	(750)
Subsidy advance	(288,548)	359,275
	(339,731)	438,404
Cash flow from (used by) operating activities	(394,243)	593,545
INVESTING ACTIVITY		
Purchase of capital assets	(40,086)	(118,808)
FINANCING ACTIVITY		
Increase (decrease) in deferred contributions	31,390	(8,816)
INCREASE (DECREASE) IN CASH FLOW	(402,939)	465,921
Cash - beginning of year	1,409,485	943,564
CASH - END OF YEAR	\$ 1,006,546	\$ 1,409,485

See accompanying notes to financial statements

NORTHLAND CHILDCARE CENTRE INC.

Notes to Financial Statements

Year Ended March 31, 2023

Northland Childcare Centre Inc. is a not-for-profit organization that operates two facilities providing child care services to infant, pre-school and school-age children. The Centre is exempt from income taxes under provisions of the Income Tax Act and is a registered charity.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

Capital assets

Capital assets are stated at cost. Capital assets are amortized over their estimated useful lives using the following rates and methods:

Furniture and equipment	20%	declining balance method
Computer equipment	55%	declining balance method
Leasehold improvements	10 years	straight-line method
Other equipment	10 years	straight-line method
Playground equipment	10-20 years	straight-line method

The Centre regularly reviews its capital assets to eliminate obsolete items.

Use of estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

The Centre initially measures its financial assets and liabilities at fair value. The Centre subsequently measures all of its financial assets and liabilities at cost or amortized cost.

Financial assets measured at amortized cost include cash, accounts receivable and goods and services tax recoverable.

Financial liabilities measured at amortized cost include accounts payable, wages payable and refundable registration fees.

(continues)

NORTHLAND CHILDCARE CENTRE INC.

Notes to Financial Statements

Year Ended March 31, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Revenue recognition

Parent fees, grants and pension reimbursement are recognized on an accrual basis. Fundraising amounts are recognized as revenue when received. Donations are recognized as revenue when received unless the donation has been specified towards funding an expense that has not yet been incurred. In such cases the donation is deferred and included in revenue in the same period that the expense is incurred.

Contributed services

Contributed materials and services are only recognized in the financial statements if a charitable donation receipt has been issued. The organization is thankful for the many hours contributed by volunteers which assist significantly in allowing it to fulfill its purpose. The financial statements do not recognize the value of contributions made by volunteers.

Defined pension contribution plan

The Centre maintains a defined pension contribution plan for full-time and part-time employees. The pension costs are charged to operations as contributions fall due. The pension plan is administered by a third party (Cumis). Contributions are a defined amount of four percent of an employees' salary.

Pension costs are reimbursed by the Province of Manitoba.

Amounts expensed during the year were \$53,713 (2022 - \$63,222).

Impairment of long lived assets

The carrying value of capital assets is periodically reviewed for impairment. The Centre reviews capital assets for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Capital assets may be impaired if they are no longer being used by the Centre or if the long term service potential of the asset diminishes over time. Impairment losses are recognized in the statement of operations in the year they occur.

2. ACCOUNTS RECEIVABLE

	2023	2022
Manitoba Child Care - pension and grants	\$ 81,404	\$ 37,568
Parent fees, subsidy and miscellaneous	15,423	-
Wage subsidies	-	18,581
	\$ 96,827	\$ 56,149

NORTHLAND CHILDCARE CENTRE INC.

Notes to Financial Statements

Year Ended March 31, 2023

3. CAPITAL ASSETS

	2023		2022	
	Cost	Accumulated amortization	Cost	Accumulated amortization
Furniture and equipment	\$ 84,094	\$ 54,433	\$ 84,094	\$ 47,018
Computer equipment	9,710	8,553	9,710	7,139
Other equipment	19,080	9,858	15,263	8,141
Leasehold improvements	110,916	50,305	74,067	41,056
Playground equipment	154,209	29,339	154,789	19,270
	\$ 378,009	\$ 152,488	\$ 337,923	\$ 122,624
Net book value	\$ 225,521		\$ 215,299	

4. LINE OF CREDIT

The Centre has arranged for a line of credit in the amount of \$15,000. The interest rate as of March 31, 2023 was prime plus 0.5% (7.20%) (2022 - 3.20%).

5. DEFERRED CONTRIBUTIONS

Deferred contributions relate to donation revenues and grant funds received that were used to purchase capital assets. The contributions are being recognized as revenue at the same rate as the items purchased are being amortized which is using the straight-line method over a period of ten to twenty years.

	2023	2022
Balance beginning of year	\$ 41,357	\$ 50,173
Add: contributions received	40,666	-
Less: amount recognized as revenue	(9,276)	(8,816)
Balance end of year	\$ 72,747	\$ 41,357

6. LEASE COMMITMENTS

The Centre has two leases for space with Garden Valley School Division. One lease expires as of May 31, 2023 and the other expires as of October 31, 2024. The Centre has the option to renew the leases at expiration. Rent is calculated based on the owner's cost per square foot and is adjusted annually. Telephone and internet costs are payable in addition to rent.

7. THE PUBLIC SECTOR COMPENSATION DISCLOSURE ACT

It is a requirement of the Public Sector Compensation Disclosure Act that annual public disclosure be made of individual compensation in an amount equal to or exceeding \$75,000 annually to any member of the Board of Directors or an employee of the organization.

For the year ended March 31, 2023:

(continues)

NORTHLAND CHILDCARE CENTRE INC.

Notes to Financial Statements

Year Ended March 31, 2023

7. THE PUBLIC SECTOR COMPENSATION DISCLOSURE ACT *(continued)*

- a) there were no members of the Board of Directors receiving any compensation;
- b) a report outlining all employees with compensation over \$75,000 is available upon request from management.

The following officer or employee received compensation in excess of \$75,000:

Executive Director	\$77,192
--------------------	----------

8. FINANCIAL RISKS AND UNCERTAINTIES

The Centre relies on its Director and Board to manage financial risk.

Credit risk

The Centre is exposed to credit risk resulting from the possibility that parties may default on their financial obligations. The Centre does not hold directly any collateral as security for financial obligations of counterparties.

The maximum exposures that the Centre has to credit risk as of March 31, 2023 and 2022 are as follows.

	2023	2022
Cash	\$ 1,006,546	\$ 1,409,485
Accounts receivable	96,827	56,149
Goods and services tax recoverable	2,436	2,504
	\$ 1,105,809	\$ 1,468,138

Credit risk associated with cash is minimized by ensuring that cash is invested with a credit worthy institution. A large portion of receivables are due from the federal or provincial government and the remaining balance is widely held, which minimizes risk. Goods and services tax recoverable is due from the federal government.

Liquidity risk

Liquidity risk is the risk that the Centre will not be able to meet a demand for cash or fund its obligations as they become due. The Centre meets its liquidity requirements by preparing an annual budget, monitoring cash flows and cash balances throughout the year and holding assets that can readily be converted to cash.

Currency, interest rate and other price risk

The Director and Board believe that the Centre has minimal or no exposure to these risks.

There has been no change in the risk exposures since 2022.
