NORTHLAND CHILDCARE CENTRE INC.

Financial Statements

Year Ended March 31, 2026

NORTHLAND CHILDCARE CENTRE INC.

Index to Financial Statements

Year Ended March 31, 2026

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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, 2026, 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, 2026, 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:

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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.

Jim Smith

Winkler, Manitoba
June 10, 2026

CHARTERED PROFESSIONAL ACCOUNTANTS

NORTHLAND CHILDCARE CENTRE INC.

Statement of Financial Position

March 31, 2026

	2026	2025
ASSETS		
CURRENT		
Cash	**$ 868,694**	$ 912,304
Accounts receivable *(Note 2)*	**84,030**	69,158
Prepaid expenses	**15,756**	8,212
	968,480	989,674
CAPITAL ASSETS *(Note 3)*	**226,363**	259,631
	$ 1,194,843	$ 1,249,305
LIABILITIES		
CURRENT		
Accounts payable	**$ 16,120**	$ 12,060
Wages and benefits payable	**181,315**	219,903
Unearned revenue	**6,111**	30,952
Subsidy advance	**2,486**	2,732
Current portion of deferred contributions *(Note 5)*	**15,953**	17,542
	221,985	283,189
DEFERRED CONTRIBUTIONS *(Note 5)*	**104,938**	120,891
	326,923	404,080
NET ASSETS		
Unrestricted *(Page 5)*	**867,920**	845,225
	$ 1,194,843	$ 1,249,305

APPROVED BY THE BOARD

_______________ *Director*

_______________ *Director*

See accompanying notes to financial statements

NORTHLAND CHILDCARE CENTRE INC.

Statement of Operations

Year Ended March 31, 2026

	Budget (Unaudited) 2026	**2026**	2025
REVENUE			
Operating grant	$ 1,510,136	**$ 1,882,638**	$ 1,514,565
Child care fees		**-**	
Parents	423,732	**438,202**	428,578
Government	611,598	**572,871**	636,788
Pension reimbursement	78,000	**93,524**	77,660
Snacks	39,600	**36,830**	-
Staffing and wage adjustment grants	66,927	**89,940**	59,788
Interest and miscellaneous	42,310	**33,977**	35,500
Amortization of deferred contributions	-	**17,542**	19,218
	2,772,303	**3,165,524**	2,772,097
EXPENSES			
Administrative			
Computer software and supplies	4,600	**5,341**	4,986
Insurance	7,955	**8,179**	8,066
Interest and bank charges	3,499	**5,144**	2,857
Postage, stationery and office supplies	7,515	**8,205**	8,008
Professional fees	10,000	**10,523**	9,416
Staff events, gifts and miscellaneous	15,050	**11,755**	15,315
Staff training/conferences	2,000	**1,254**	1,626
Telephone and internet	2,270	**2,268**	2,411
Amortization	-	**33,270**	36,800
GST	-	**3,778**	3,667
Office and building			
Office equipment and furniture	5,100	**3,389**	5,938
Rent	100,000	**95,426**	95,426
Program			
Children's activity supplies	6,300	**4,921**	4,341
Children's program equipment and furniture	18,450	**13,770**	15,043
Food	34,320	**35,018**	33,447
Kitchen, cleaning and sundry supplies	7,000	**4,420**	5,803
Staff training	4,000	**4,762**	2,750
Salaries, wages and benefits	2,577,713	**2,891,406**	2,498,567
	2,805,772	**3,142,829**	2,754,467
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	$ (33,469)	**$ 22,695**	$ 17,630

See accompanying notes to financial statements

NORTHLAND CHILDCARE CENTRE INC.

Statement of Changes in Net Assets

Year Ended March 31, 2026

		2026		2025
NET ASSETS - BEGINNING OF YEAR	**$**	**845,225**	$	827,595
Excess of revenue over expenses		**22,695**		17,630
NET ASSETS - END OF YEAR	**$**	**867,920**	$	845,225

See accompanying notes to financial statements

NORTHLAND CHILDCARE CENTRE INC.

Statement of Cash Flows

Year Ended March 31, 2026

	2026	2025
OPERATING ACTIVITIES		
Excess of revenue over expenses for the year	$ **22,695**	$ 17,630
Item not affecting cash:		
Amortization of capital assets	**33,270**	36,800
	55,965	54,430
Changes in non-cash working capital:		
Accounts receivable	**(14,872)**	(32,138)
Accounts payable	**4,058**	(4,211)
Unearned revenue	**(24,841)**	(10,894)
Prepaid expenses	**(7,544)**	(3,438)
Wages and benefits payable	**(38,588)**	6,146
Refundable registration fees	**-**	(2,932)
Subsidy advance	**(246)**	(455)
	(82,033)	(47,922)
Cash flow from (used by) operating activities	**(26,068)**	6,508
FINANCING ACTIVITY		
Increase (decrease) in deferred contributions	**(17,542)**	(19,218)
DECREASE IN CASH FLOW	**(43,610)**	(12,710)
Cash - beginning of year	**912,304**	925,014
CASH - END OF YEAR	$ **868,694**	$ 912,304

See accompanying notes to financial statements

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 and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable and wages payable.

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

Revenue recognition

Child care 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 contribution pension plan

The Centre maintains a defined contribution pension 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. 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 $93,524 (2025 - $77,660).

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.

Government assistance

Government assistance for acquiring capital assets and related to expenses is recorded as a deferred contribution and is amortized on the same basis and according to the same rates as the related capital assets or recorded to income as eligible expenditures are incurred.

Grants towards current expenses, including salaries, are recognized as revenue in the period during which these expenses are incurred, provided there is reasonable assurance that the Centre has complied and will continue to comply with all the conditions of the assistance.

2. ACCOUNTS RECEIVABLE

	2026	2025
Manitoba Child Care - pension and grants	**$ 30,610**	$ 20,358
Parent fees, subsidy and miscellaneous	**51,754**	47,134
Goods and services tax recoverable	**1,666**	1,666
	$ 84,030	$ 69,158

3. CAPITAL ASSETS

	2026		2025	
	Cost	**Accumulated amortization**	Cost	Accumulated amortization
Furniture and equipment	**$ 87,894**	**$ 70,426**	$ 87,894	$ 66,059
Computer equipment	**14,768**	**13,954**	14,768	12,959
Leasehold improvements	**136,687**	**83,521**	136,687	73,274
Other equipment	**50,106**	**23,338**	50,106	18,328
Playground equipment	**194,136**	**65,989**	194,136	53,340
	$ 483,591	**$ 257,228**	$ 483,591	$ 223,960
Net book value	**$ 226,363**		$ 259,631	

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, 2026 was prime plus 0.5% (4.95%) (2025 - 5.45%).

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.

	2026	2025
Balance beginning of year	**$ 138,433**	$ 157,651
Less: amount recognized as revenue	**(17,542)**	(19,218)
Balance end of year	**120,891**	138,433
Current portion of deferred contributions	**(15,953)**	(17,542)
Long term portion of deferred contributions	**$ 104,938**	$ 120,891

6. LEASE COMMITMENTS

The Centre has two leases for space with Garden Valley School Division. Both leases will expire in April 2031. 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 $85,000 annually to any member of the Board of Directors or an employee of the organization.

For the year ended March 31, 2026:

a) there were no members of the Board of Directors receiving any compensation;
b) a report outlining all employees with compensation over $85,000 is available upon request from management.

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, 2026 and 2025 are as follows.

	2026	2025
Cash	$ **868,694**	$ 912,304
Accounts receivable	**84,030**	69,158
	$ **952,724**	$ 981,462

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 provincial government and the remaining balance is widely held, which minimizes risk.

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 2025.

Jim M. Smith
chartered professional accountants inc.

Accountants and
Business Advisors

June 11, 2026

Northland Childcare Centre Inc.
Unit A - 139 Northlands Parkway East
Winkler MB R6W 0E9

Confidential

Attention: Karen Vandijk, Executive Director

Dear Karen:

Re: Northland Childcare Centre Inc.

During the course of our audit of Northland Childcare Centre Inc. for the year ended March 31, 2026, we identified the following items that we wish to bring to the attention of the Board and management. The objective of an audit is to obtain reasonable assurance whether the financial statements are free of material misstatement and it is not specifically designed to identify matters that may be of interest to the Board and management. Accordingly, an audit would not usually identify all such matters.

The items we identified were as follows.

1. Our understanding is that electronic payments (EFTs and CAFT) are authorized by management alone. EFTs are used to pay for source deductions, credit card balances, etc. CAFT is used to pay staff salaries. The majority of the Centre's expenses are paid using electronic payments. When paying with a cheque, a Board member signature is required. We recommend that the Centre require a Board member to approve electronic payments. This can be arranged with the Centre's financial institution.

   A similar recommendation was made for 2025.

2. Both the Centre's Director and bookkeeper have Visa charge cards used to purchase supplies and sundry items for the Centre. The Director initials statements for the bookkeeper's charge card indicating her approval for the items purchased. We recommend that a Board member initial statements for the Director's charge card to indicate their approval for the items purchased. This could be done when the Board member is signing cheques or when otherwise convenient so as to minimize time required for volunteers.

This communication is prepared solely for the information of the Board and management and is not intended for any other purpose. We accept no responsibility to a third party who uses this communication.

Should you require further clarification or information regarding the items listed above please contact our office.

Yours truly,

Jim M. Smith, CPA, CA

JIM M. SMITH CHARTERED PROFESSIONAL ACCOUNTANTS INC.

cc. Luke Hildebrand - Treasurer

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