

Bowen Children's Centre Society
Financial Statements
For the Period Ended March 31, 2023

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Independent Auditor's Report

To the members of Bowen Children's Centre Society

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Bowen Children's Centre Society (the Society), which comprise the statement of financial position as at March 31, 2023, the statements of operations, changes in net assets and cash flows for the period 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 Society as at March 31, 2023, and its results of operations and cash flows for the period 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 Society 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.

Other Matter - Unaudited Information

We draw attention to the fact that the supplementary information included in Schedule 1 does not form part of the financial statements. We have not audited or reviewed this supplementary information and, accordingly, we do not express an opinion, a review conclusion or any other form of assurance on this supplementary information.

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 Society'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 Society or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Society'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:

- 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 Society'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 Society'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 Society 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.



Report on Other Legal and Regulatory Requirements

As required by the Societies Act (British Columbia), we report that, in our opinion, the accounting principles in Canadian accounting standards for not-for-profit organizations have been applied on a basis consistent with that of the preceding year.

BDO Canada LLP

Chartered Professional Accountants

Kelowna, British Columbia
September 26, 2023

Bowen Children's Centre Society Statement of Financial Position

March 31	2023	2022
Assets		
Current		
Cash and cash equivalents	\$ 317,695	\$ 271,937
Term deposits	100,000	31,727
Accounts receivable	26,551	43,571
	444,246	347,235
Restricted cash (Note 3)	104,953	111,704
Property and equipment (Note 4)	662,888	700,290
	\$ 1,212,087	\$ 1,159,229
Liabilities and Net Assets		
Current		
Accounts payable and accrued liabilities	\$ 153,885	\$ 149,659
Current portion of long-term debt (Note 5)	236,320	246,277
Deferred revenue (Note 6)	120,717	113,135
	510,922	509,071
Long-term debt (Note 5)	-	40,000
	510,922	549,071
Net Assets		
Bursary fund	57,802	52,844
Capital assets fund	466,568	454,013
Unrestricted net assets	176,795	103,301
	701,165	610,158
	\$ 1,212,087	\$ 1,159,229

On behalf of the Board:

_____ Director

_____ Director

Bowen Children's Centre Society Statement of Changes in Net Assets

	Bursary fund	Capital assets fund	Unrestricted net assets	For the 12 months ended March 31, 2023 Total	For the 9 months ended March 31, 2022 Total
Balance, beginning of the period	\$ 52,844	\$ 454,013	\$ 103,301	\$ 610,158	\$ 574,239
Excess of revenues over expenses	4,958	(41,769)	127,818	91,007	35,919
Purchase of capital assets	-	4,367	(4,367)	-	-
Repayment of long-term debt	-	49,957	(49,957)	-	-
Balance, end of the period	\$ 57,802	\$ 466,568	\$ 176,795	\$ 701,165	\$ 610,158

The accompanying notes are an integral part of these financial statements.

Bowen Children's Centre Society Statement of Operations

	For the 12 months ended March 31, 2023	For the 9 months ended March 31, 2022
Revenue		
Ministry of Education and Child Care	\$ 1,053,509	\$ -
Program fees	157,037	412,401
Grants	84,625	159,037
BC gaming grant	50,150	98,436
Rent	31,712	30,357
Donations	21,169	36,713
Interest income	3,749	1,294
Fundraising	3,175	2,370
Other revenue	-	52,625
Ministry of Children and Family Development	-	105,128
	1,405,126	898,361
Expenses		
Advertising and promotion	2,879	1,345
Amortization	41,769	32,332
Bad debts	1,791	8,943
Insurance	12,697	10,752
Interest and bank charges	765	450
Interest on long term debt	10,158	8,362
Office	5,583	12,088
Professional fees	62,326	40,382
Program costs	61,174	41,337
Repairs and maintenance	16,389	31,011
Professional development and travel	29,308	1,679
Utilities	68,500	50,129
Wages and benefits	1,000,780	623,632
	1,314,119	862,442
Excess of revenues over expenses	\$ 91,007	\$ 35,919

The accompanying notes are an integral part of these financial statements.

Bowen Children's Centre Society Statement of Cash Flows

	For the 12 months ended March 31, 2023	For the 9 months ended March 31, 2022
Cash flows from operating activities		
Cash receipts from customers and grant funders	\$ 1,425,983	\$ 841,155
Cash paid to suppliers and employees	(1,257,970)	(769,455)
Interest received	3,749	1,294
Interest paid	(10,158)	(8,362)
	161,604	64,632
Cash flows from investing activities		
Acquisition of property and equipment	(4,367)	(63,548)
Cash flows from financing activities		
Repayment of long-term debt	(49,957)	(7,960)
Net increase (decrease) in cash	107,280	(6,876)
Cash and cash equivalents, beginning of the period	415,368	422,244
Cash and cash equivalents, end of the period	\$ 522,648	\$ 415,368
Represented by:		
Cash	\$ 317,695	\$ 271,937
Term deposits	100,000	31,727
Restricted cash	104,953	111,704
	\$ 522,648	\$ 415,368

The accompanying notes are an integral part of these financial statements.

Bowen Children's Centre Society Notes to Financial Statements

March 31, 2023

1. Significant Accounting Policies

Nature and Purpose of Organization The Bowen Children's Centre Society (the "Society") is a not-for-profit registered charity that was incorporated on July 1, 1994 under the Societies Act of British Columbia. The purpose of the Society is to provide daycare services for children.

The Society is a registered charity and, as such, is exempt from income tax and may issue income tax receipts to donors.

Basis of Accounting The financial statements have been prepared using Canadian accounting standards for not-for-profit organizations.

Revenue Recognition The Society follows the deferral method of accounting for contributions and uses fund accounting.

Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. 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.

Program fees are recognized as revenue in the period in which the related services are provided.

Rental revenue is recognized as revenue in the period in which they become due and collection is reasonably assured.

Donations are recognized as revenue when received.

Bowen Children's Centre Society

Notes to Financial Statements

March 31, 2023

1. Significant Accounting Policies (continued)

Financial Instruments Financial Instruments are recorded at fair value at initial recognition.

In subsequent periods, financial instruments are reported at cost or amortized cost less impairment. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items measured at fair value and charged to the financial instrument for those measured at amortized cost.

Financial assets are tested for impairment when indicators of impairment exist. When a significant change in the expected timing or amount of the future cash flows of the financial asset is identified, the carrying amount of the financial asset is reduced and the amount of the write-down is recognized in net income. A previously recognized impairment loss may be reversed to the extent of the improvement, provided it is not greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously, and the amount of the reversal is recognized in excess of revenues over expenses.

Property and Equipment Capital assets are stated at cost less accumulated amortization. Expenditures for repairs and maintenance are expensed as incurred. Betterments that extend the useful life of the asset are capitalized.

Amortization based on the estimated useful life of the asset is calculated as follows:

	Method	Rate
Building	Declining balance	4%
Furniture & equipment	Declining balance	20%

Impairment of Long-lived Assets When a capital asset no longer contributes to the Society's ability to provide goods and services, or the future economic benefits or service potential of the capital asset is less than its carrying value, the excess of its net carrying amount over its fair value or replacement cost is recognized as an expense in the statement of operations.

Any unamortized deferred contribution amount related to the capital asset is recognized in revenue in the statement of operations, provided that all restrictions have been complied with.

Bowen Children's Centre Society Notes to Financial Statements

March 31, 2023

1. Significant Accounting Policies (continued)

Contributed Services	Volunteers contribute many hours per year to assist the Society in carrying out its activities. Due to the difficulty of determining their fair value, contributed services are not recognized in the financial statements.
Use of Estimates	The preparation of the financial statements in accordance with generally accepted accounting principles 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 reported period. Management makes estimates on the useful life of tangible capital assets for the purpose of amortization. Actual results could differ from management's best estimates as additional information becomes available in the future.
Income Taxes	The Society registered as a charitable organization under the Income Tax Act (the "Act") and as such is exempt from income taxes and is able to issue donation receipts for income tax purposes. In order to maintain its status as a registered charity under the Act, the Society must meet certain requirements within the Act. In the opinion of management, these requirements have been met.
Bursary Fund	These internally restricted funds provide scholarships for the Society employees who wish to pursue further studies in the arts in connection with their work with children at the Society. These funds also support families who have financial barriers to care and education, including children who require extra support to attend programming.

Bowen Children's Centre Society Notes to Financial Statements

March 31, 2023

2. Economic Dependence

The Society received approximately 75% of their revenue pursuant to funding arrangements from the Province of BC, through the Ministry of Education and Child Care (MECC). Should this source substantially curtail their funding, the Society would have to find alternative sources of funding.

3. Restricted Cash

Internally Restricted

	2023	2022
Gail Taylor Bursary	\$ 43,027	\$ 36,946
Nicolette M. Bursary	7,804	5,898
Paul Tennant Fund	6,972	10,000
	\$ 57,803	\$ 52,844

Externally Restricted

	2023	2022
BC Gaming	\$ 47,150	\$ 58,860

	2023	2022
Internally Restricted	\$ 57,803	\$ 52,844
Externally Restricted	47,150	58,860
	\$ 104,953	\$ 111,704

Bowen Children's Centre Society Notes to Financial Statements

March 31, 2023

4. Property and Equipment

	2023		2022	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	\$ 62,865	\$ -	\$ 62,865	\$ -
Building	907,269	(378,563)	907,269	(356,534)
Furniture and equipment	261,002	(191,650)	261,002	(174,312)
Computer equipment	4,367	(2,402)	-	-
	1,235,503	(572,615)	1,231,136	(530,846)
		\$ 662,888		\$ 700,290

5. Long-term Debt

	2023	2022
CEBA Loan - repaid during the year.	\$ -	\$ 40,000
Loan, repayable in monthly installments of \$931 including interest calculated at a rate of 4.5%, maturing December 2023, secured by land and building on Carter Road - IT wing.	121,103	126,223
Loan, repayable in monthly installments of \$883 including interest calculated at a rate of 4.5%, maturing December 2023, secured by land and building on Carter Road 1.	115,217	120,054
	236,320	286,277
Current portion	(236,320)	(246,277)
Long-term portion of debt	\$ -	\$ 40,000

The Society's repayment for long term debt obligations for the next year are as follows:

2024	236,320
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Bowen Children's Centre Society Notes to Financial Statements

March 31, 2023

6. Deferred Revenue

Deferred revenue consists of contracts and grants received to pay for expenditures relating to different programs provided by the Society. Recognition of these amounts as revenue is deferred to periods when the specified expenditures are made, and the obligations of the funding agreements are met.

	Balance, 2022	Contributions received	Revenue recognized	Balance, 2023
Deferred grant revenue	\$ 37,307	\$ 34,618	\$ (22,723)	\$ 49,202
Deposits collected	25,678	5,640	(6,953)	24,365
BC Gaming	50,150	47,150	(50,150)	47,150
Ending balance	\$ 113,135	\$ 87,408	\$ (79,826)	\$ 120,717

7. BC Society Act Disclosure

The Societies Act (British Columbia) requires certain information to be reported with regards to remuneration of employees, contractors and directors. Included in wages and benefits on the statement of operations is 1 employee (2022 -nil) with remuneration over \$75,000.

Bowen Children's Centre Society

Notes to Financial Statements

March 31, 2023

8. Financial Instruments

The Society holds various forms of financial instruments. The nature of these instruments and the Society's operations expose the Society to credit, liquidity and interest risks. The Society manages its exposure to these risks by operating in a manner that minimizes its exposure to the extent possible.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Society is exposed to interest rate risk on its fixed rate financial instruments. Fixed-interest instruments subject the Society to a fair value risk.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Society is exposed to credit risk resulting from the possibility that a customer or counterparty to a financial instrument defaults on their financial obligations; if there is a concentration of transactions carried out with the same counterparty; or of financial obligations which have similar economic characteristics such that they could be similarly affected by changes in economic conditions. The Society's financial instruments that are exposed to concentrations of credit risk relate primarily to its accounts and contributions receivable. The majority of the Society's receivables are from government sources and the Society works to ensure it meets all eligibility criteria in order to qualify to receive the funding.

The Society is also exposed to credit risk arising from all of its bank accounts being held at one financial institution and deposits are only insured up to \$100,000.

Liquidity risk

Liquidity risk is the risk that the Society will encounter difficulty in meeting its obligations associated with financial liabilities. Liquidity risk includes the risk that, as a result of operational liquidity requirements, the Society will not have sufficient funds to settle a transaction on the due date; will be forced to sell financial assets at a value, which is less than what they are worth; or may be unable to settle or recover a financial asset. The Society is exposed to this risk mainly in respect of its accounts payable and long-term debt.

The Society's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient cash flows to fund its operations and to meet its liabilities when due, under both normal and stressed conditions. The Society maintains all of its cash and cash equivalents as cash or short-term deposits.

There have not been any changes in any of the above risks from the prior year.

Bowen Children's Centre Society
Schedule 1-Statement of Operations by Program
(unaudited)

For the period ended	ASC/BC	Family Place	Maple/Cedar	Saplings	March 31, 2023	March 31, 2022
Revenue						
Program Fees	\$ 54,870	\$ 4	\$ 81,033	\$ 21,130	\$ 157,037	412,401
Grants	-	45,127	39,499	-	84,626	159,037
MCFD grant	-	-	-	-	-	105,128
MECC grant	164,809	-	638,523	250,176	1,053,508	-
BC gaming grant	8,000	19,500	17,250	5,400	50,150	98,436
Other revenue	-	-	-	-	-	52,625
Donations	225	9,180	11,764	-	21,169	36,713
Rent	-	30,320	1,392	-	31,712	30,357
Fundraising	-	3,175	-	-	3,175	2,370
Interest income	-	775	2,974	-	3,749	1,294
	227,904	108,081	792,435	276,706	1,405,126	898,361
Expenses						
Advertising and promotion	513	846	1,520	-	2,879	1,345
Amortization	-	-	41,769	-	41,769	32,332
Bad debts	1,206	-	585	-	1,791	8,943
Insurance	-	-	12,697	-	12,697	10,752
Interest and bank charges	6	6	503	250	765	450
Interest on long term debt	-	-	4,952	5,206	10,158	8,362
Office	1,234	559	3,767	22	5,582	12,088
Professional fees	17,500	2,500	29,442	12,884	62,326	40,382
Program costs	5,098	17,273	33,864	4,940	61,175	41,337
Repairs and maintenance	-	1,388	14,683	318	16,389	31,011
Professional development and travel	5,593	-	20,620	3,095	29,308	1,679
Utilities	12,681	2,045	35,337	18,437	68,500	50,129
Wages and benefits	184,073	83,464	501,689	231,554	1,000,780	623,632
	227,904	108,081	701,428	276,706	1,314,119	862,442
Excess of revenues (deficiency) over expenses	\$ -	\$ -	\$ 91,007	\$ -	\$ 91,007	\$ 35,919