HANEY – PITT MEADOWS CHRISTIAN SCHOOL ASSOCIATION

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

manning elliott

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INDEPENDENT PRACTITIONERS' REVIEW ENGAGEMENT REPORT

To the Members of Haney – Pitt Meadows Christian School Association

We have reviewed the accompanying financial statements of Haney – Pitt Meadows Christian School Association (the "Association") that comprise the statement of financial position as at June 30, 2022, and the statements of changes in net assets, revenue and expenses and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Practitioners' Responsibility

Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the financial statements do not present fairly, in all material respects, the financial position of Haney – Pitt Meadows Christian School Association as at June 30, 2022, 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.

Report on Other Legal and Regulatory Requirements

As required by the Societies Act of 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 organizations have been applied on a basis consistent with that of the preceding year.

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INDEPENDENT PRACTITIONERS' REVIEW ENGAGEMENT REPORT

Chartered Professional Accountants
Vancouver, British Columbia
Reporting date

HANEY – PITT MEADOWS CHRISTIAN SCHOOL ASSOCIATION
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2022

	2022	2021
ASSETS		
CURRENT ASSETS		
Cash	**$ 2,628,313**	$ 2,700,437
Accounts receivable (Note 3(a))	**52,001**	23,179
Prepaid expenses and deposits	**29,467**	21,704
	2,709,781	2,745,320
CAPITAL ASSETS *(Note 4)*	**2,830,312**	2,219,543
	$ 5,540,093	$ 4,964,863
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	**$ 224,346**	$ 269,585
Government remittances payable	**89,034**	142,758
Prepaid tuition fees *(Note 6)*	**421,635**	366,253
	735,015	778,596
DEFERRED CONTRIBUTIONS *(Note 7)*	**21,618**	40,937
DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS *(Note 8)*	**8,983**	11,260
	765,616	830,793
COMMITMENTS *(Note 10)*		
NET ASSETS		
INVESTED IN CAPITAL ASSETS	**2,821,329**	2,208,283
INTERNALLY RESTRICTED	**1,691,804**	102,468
UNRESTRICTED	**261,344**	1,823,319
	4,774,477	4,134,070
	$ 5,540,093	$ 4,964,863

Approved on behalf of the Board

Nathan Searle (Nov 14, 2022 08:56 PST) *Director*

Adam Crowston (Nov 15, 2022 10:45 PST) *Director*

HANEY – PITT MEADOWS CHRISTIAN SCHOOL ASSOCIATION
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2022

	Invested in capital assets	Internally restricted	Unrestricted	**2022 (Note 12)**
Net assets at beginning of year	$ 2,208,283	$ 2,363,670	$ (437,883)	**$ 4,134,070**
(Deficiency) excess of revenue over expenses for the year	(96,736)	-	737,143	**640,407**
Acquisition of capital assets	709,782	(671,866)	(37,916)	**-**
	$ 2,821,329	$ 1,691,804	$ 261,344	**$ 4,774,477**

	Invested in capital assets	Internally restricted	Unrestricted	2021 (Note 12)
Net assets at beginning of year	$ 2,140,603	$ 2,492,741	$ (835,554)	$ 3,797,790
(Deficiency) excess of revenue over expenses for the year	(103,865)	-	440,145	336,280
Acquisition of capital assets	155,768	(129,071)	(26,697)	-
Transfer from unrestricted fund	15,777	-	(15,777)	-
	$ 2,208,283	$ 2,363,670	$ (437,883)	$ 4,134,070

HANEY – PITT MEADOWS CHRISTIAN SCHOOL ASSOCIATION
STATEMENT OF REVENUE AND EXPENSES
FOR THE YEAR ENDED JUNE 30, 2022

	2022	2021
REVENUE		
Tuition fees *(Note 6)*	**$ 2,055,754**	$ 1,841,938
Government grants	**1,667,611**	1,598,989
Special needs grants	**532,440**	484,850
Fundraising and donations *(Note 7)*	**324,378**	173,158
Amortization of deferred contributions related to capital assets *(Note 8)*	**2,277**	2,859
	4,582,460	4,101,794
EXPENSES		
Instructional (Schedule 1)	**3,144,031**	2,894,749
Administrative (Schedule 1)	**398,171**	369,625
Operating (Schedule 1)	**307,680**	399,575
Amortization of capital assets	**99,013**	106,724
	3,948,895	3,770,673
EXCESS OF REVENUE OVER EXPENSES FROM OPERATIONS	**633,565**	331,121
INTEREST AND OTHER INCOME	**6,842**	5,159
EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR	**$ 640,407**	$ 336,280

HANEY – PITT MEADOWS CHRISTIAN SCHOOL ASSOCIATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2022

	2022	2021
OPERATING ACTIVITIES		
Excess of revenue over expenses for the year	**$ 640,407**	$ 336,280
Items not affecting cash:		
Amortization of capital assets	**99,013**	106,724
Amortization of deferred contributions	**(35,999)**	(23,490)
Amortization of deferred contributions related to capital assets	**(2,277)**	(2,859)
	701,144	416,655
Changes in non-cash working capital:		
Accounts receivable	**(28,822)**	8,136
Prepaid expenses and deposits	**(7,763)**	(3,735)
Accounts payable and accrued liabilities	**(45,239)**	(133,003)
Government remittances payable	**(53,724)**	(80,139)
Prepaid tuition fees	**55,382**	(7,923)
	(80,166)	
	620,978	199,991
FINANCING ACTIVITY		
Receipt of deferred contributions	**16,680**	14,858
INVESTING ACTIVITY		
Purchase of capital assets	**(709,782)**	(155,768)
INCREASE IN CASH DURING THE YEAR	**(72,124)**	59,081
CASH - BEGINNING OF YEAR	**2,700,437**	2,641,356
CASH - END OF YEAR	**$ 2,628,313**	$ 2,700,437

1. NATURE OF OPERATIONS AND BASIS OF PRESENTATION

Haney - Pitt Meadows Christian School Association (the "Association") provides Christian education for pre-school through grade twelve students. The Association operates as Maple Ridge Christian School.

The Association was incorporated under the Society Act of British Columbia as a not-for-profit organization, and is a registered charity under the Income Tax Act (Canada) and, as such, is exempt from income taxes.

The COVID-19 virus has had a significant impact on economic and social activity through the restrictions put in place by various levels of government regarding travel, business operations and public gatherings. The Association continues to monitor its operations and assess the impact COVID-19 will have on its activities. As at June 30, 2022, the Association's financial position has not been adversely impacted by the COVID-19 health pandemic.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO") under Part III of the CPA Canada Handbook - Accounting. Financial statements prepared in accordance with ASNPO are also in accordance with Canadian generally accepted accounting principles ("GAAP").

These financial statements have, in management's opinion, been prepared within reasonable limits of materiality using the significant accounting policies noted below:

(a) Financial instruments

Measurement
The Association's financial instruments consist of cash, accounts receivable, and accounts payable.

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

Impairment
Financial assets measured at amortized cost are tested for impairment when there are indicators of impairment. The amount of any write-down that is determined is recognized in the statement of revenue and expenses. A previously recognized impairment loss may be reversed to the extent of any improvement, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in the statement of revenue and expenses in the period in which it is determined.

Transaction costs
The Association recognizes its transaction costs in the statement of revenue and expenses in the period incurred. However, financial instruments that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their origination, issuance or assumption.

(b) Cash

Cash consists of cash on deposit.

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(c) Amortization

Capital assets are stated at historical cost less accumulated amortization and are amortized over their estimated useful lives applying the declining balance method at the following annual rates:

Buildings	4%
Computer equipment and software	30%
Landscaping	20%
Office equipment	20%
Parking lots	4%
Portables	10%
School equipment	20%

Capital assets under construction are not amortized until the completed capital assets are put in use.

The Association's policy is to record a write-down to a capital asset's fair value or replacement cost when conditions indicate that a capital asset is impaired. Such conditions include when the capital asset no longer contributes to the Association's ability to provide goods and services or when the value of future economic benefits or service potential associated with the capital asset is less than its net carrying amount. Write-downs are recognized as an expense in the statement of revenue and expenses and are not reversed.

(d) Internally restricted net assets

Internally restricted net assets represent amounts the Association's directors have designated for expenditure on specific items in the future, as well as the accumulated excess of student fund revenue over related expenditures.

(e) Revenue recognition

The Association follows the deferral method of accounting for contributions.

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

Contributions related to capital assets are recognized as revenue on the same basis as the amortization expense of the related asset, once the asset is put in use.

Prepaid tuition fees represents tuition fees received in the current period that are related to a subsequent period.

Deferred contributions represent fundraising income and grants received in the current period that are related to a subsequent period.

(f) Contributed services

Volunteers assist the Association in carrying out its service delivery activities. Because of the difficulty of recording and determining their fair value, contributed services are not recognized in the financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(g) Pension benefits

The cost of pension benefits earned by the Association's employees is disclosed in Note 10(a). Although the benefits have been earned under a defined benefit plan, because it is a multi-employer plan, sufficient information to follow the accounting standards on defined benefit plans is not available. Accordingly, the Association accounts for its employees' pension benefits by following accounting standards for defined contribution plans, whereby the costs for the period are recognized as an expense.

(h) Use of estimates

The preparation of the financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions about future events that affect the reported amounts of assets, liabilities, revenues and expenses as at the end of or during the reporting period. Management believes that the estimates used are reasonable and prudent; however, actual results could differ from those estimates. Significant areas requiring the use of management estimates relate to the valuation of allowance for doubtful accounts, the determination of the useful lives of capital assets used for calculating amortization, and the measurement of prepaid tuition fees, deferred contributions and deferred contributions related to capital assets.

3. FINANCIAL INSTRUMENTS RISKS

The Association's financial instruments are described in Note 2(a). In management's opinion, the Association is not exposed to significant credit, liquidity, market, interest rate, currency or other price risks, except as described below. In addition, the Association is not exposed to any material concentrations of risk and there has been no significant change in risk exposure from the prior year.

a) Credit risk

Credit risk is the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Association is exposed to credit risk on its accounts receivable related to tuition. The Association manages this risk by monitoring its aged receivables. Included as an offset within the accounts receivable presented on the statement of financial position as at June 30, 2022 is an allowance for doubtful accounts of $14,993 (2021 - $7,823).

b) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Association is exposed to this risk mainly in respect of its accounts payable. The Association mitigates this risk by maintaining sufficient cash reserves and monitoring timely collection of tuition.

c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

3. FINANCIAL INSTRUMENTS RISKS *(continued)*

d) Currency risk

Currency risk is the risk that arises from fluctuations of foreign exchange rates and the degree of volatility of these rates. The Association is not exposed to foreign currency exchange risk on any of its financial instruments as it only operates in Canadian dollars and its financial instruments are all denominated in Canadian dollars.

e) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in interest rates. The Association would be exposed to interest rate risk on its revolving demand facility if it was in use, however as it is not in use the Association is not exposed to interest rate risk.

f) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Association is not exposed to other price risk.

4. CAPITAL ASSETS

	Cost	Accumulated amortization	**2022 Net book value**	2021 Net book value
Land and improvements	$ 352,243	$ -	**$ 352,243**	$ 352,243
Buildings	2,828,504	1,522,216	**1,306,288**	1,360,133
Building expansion project	846,199	-	**846,199**	174,333
Computer equipment and software	506,751	470,719	**36,032**	33,410
Landscaping	70,842	66,500	**4,342**	5,427
Office equipment	85,082	74,008	**11,074**	11,178
Parking lots	236,234	80,665	**155,569**	162,051
Portables	164,244	129,496	**34,748**	38,609
School equipment	470,862	387,045	**83,817**	82,159
	$ 5,560,961	$ 2,730,649	**$ 2,830,312**	$ 2,219,543

The Association's building expansion project relates to property development that is in process and accordingly, no amortization is recorded with respect to these assets.

5. CREDIT FACILITY

The Association has available a revolving demand facility to a maximum of $500,000, with the Royal Bank of Canada ("RBC"). Monthly interest payments are required based on an interest rate of bank prime plus 1.32%. The revolving demand facility was not in use on June 30, 2022 (2021 - not in use).

The bank facility is secured under a general security agreement with a floating charge on land and a fixed charge on the lands and improvements located in Maple Ridge, BC.

6. PREPAID TUITION FEES

		2022		2021
Balance, beginning of the year	**$**	**366,253**	$	374,176
Prepaid tuition fees recognized to revenue during the year		**(366,253)**		(374,176)
Prepaid tuition fees received during the year		**421,635**		366,253
Balance, end of the year	**$**	**421,635**	$	366,253

The prepaid tuition fees recognized to revenue during the year are included in tuition fees on the statement of revenue and expenses.

7. DEFERRED CONTRIBUTIONS

The deferred contributions balance is comprised entirely of student funds.

		2022		2021
Balance, beginning of the year	**$**	**40,937**	$	49,569
Contributions recognized to revenue during the year		**(35,999)**		(23,490)
Contributions received during the year		**16,680**		14,858
Balance, end of the year	**$**	**21,618**	$	40,937

The contributions recognized to revenue during the year are included in fundraising and donations revenue on the statement of revenue and expenses.

	$	**-**
		21,618
	$	**21,618**

8. DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS

Deferred contributions related to capital assets represent restricted contributions that have been used to purchase capital assets. These contributions are amortized at the same rate as the underlying assets.

		2022		2021
Balance, beginning of the year	**$**	**11,260**	$	14,119
Contributions recognized in revenue during the year		**(2,277)**		(2,859)
Balance, end of the year	**$**	**8,983**	$	11,260

9. ECONOMIC DEPENDENCE

The Association is dependent on government grants which represents approximately 48% (2021 - 51%) of total revenues.

10. COMMITMENTS

a) Pension Plan

The Association is a member of the Canadian Christian School Pension Plan ("the Plan") managed by the Board of Trustees of Christian Schools International ("CSI"). The Plan is a defined benefit multi-employer pension plan and all full-time employees and some part-time employees are required to participate in the Plan. The Plan option chosen by the Association requires a 8.05% (2021 - 8.05%) contribution rate by each participating employee and a matching contribution of the same amount by the Association.

The Plan agreement also states that if in the opinion of the Trustees, the financial condition of the Plan is such that additional contributions are required in order to provide all benefits specified by the Plan, the Board of Trustees shall have the power to increase contribution rates applicable to both participants and employers by up to 25%

During the year, the Association contributed $191,813 (2021 - $170,686) to the Plan.

The most recent report on the actuarial valuation of the Plan for funding purposes was completed as at August 31, 2021. As at that date, the Plan had, on an asset basis, a funding surplus of $21.42 million (2021 - on a liability basis, a funding shortfall of $34.14 million). Since the Plan is a multi-employer plan, no portion of the funding surplus has been attributed to the Association and accordingly, no asset is recorded in the Association's financial statements.

b) Construction Project

During the June 30, 2021 year end, the Association entered into various agreements in order to design and construct an addition to the Association's existing premises. The anticipated construction budget, including related fees for architectural and construction management services, is currently $11,500,000 plus non-recoverable GST. The estimated completion date is December 2023 to February 2024 with funding to be provided by donations and financing from Royal Bank of Canada ("RBC"). As at June 30, 2022, construction has not yet begun and terms of the financing are still to be finalized.

c) Lease

The Association has a lease commitment for certain office equipment. The lease expires in June 2024. The anticipated lease payments during the next two fiscal years are estimated to be as follows:

2023	$ 6,960
2024	6,960
	$ 13,920

11. SALARIES AND BENEFITS

Salaries and benefits expense includes ten (2021 - ten) employees that earned over $75,000 for a total of $972,167 (2021 - $954,112).

12. COMPARATIVE FIGURES

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform to the current year's presentation. Such reclassification does not have any effect on the total assets, total net assets, or excess of revenue over expenses previously reported.

HANEY – PITT MEADOWS CHRISTIAN SCHOOL ASSOCIATION
SCHEDULE OF EXPENSES **(Schedule 1)**
FOR THE YEAR ENDED JUNE 30, 2022

	2022	2021
INSTRUCTIONAL		
Teachers' salaries and benefits *(Note 11)*	**$ 2,341,114**	$ 2,117,159
Special needs salaries and benefits *(Note 11)*	**439,121**	405,476
School programs and supplies	**244,248**	262,848
Pre-school	**104,845**	98,522
Professional development - school	**14,703**	10,744
	$ 3,144,031	$ 2,894,749
ADMINISTRATIVE		
Office salaries and benefits *(Note 11)*	**$ 321,445**	$ 330,747
International education	**18,836**	11,279
Office and sundry	**17,975**	20,416
Professional fees	**17,830**	12,903
Bad debts	**7,170**	2,117
Marketing	**8,450**	15,642
Telephone	**6,465**	6,471
	$ 398,171	$ 399,575
OPERATING		
Building repairs and maintenance	**$ 113,235**	$ 121,875
Insurance, licenses and dues	**51,016**	38,240
Utilities	**46,233**	40,979
Membership dues	**32,601**	33,347
Equipment maintenance and rental	**30,016**	25,991
Janitorial	**14,541**	94,824
Grounds and disposal	**9,120**	5,460
Finance charges	**5,615**	2,846
Bank charges and interest	**5,303**	6,063
	$ 307,680	$ 369,625