HANEY – PITT MEADOWS CHRISTIAN SCHOOL ASSOCIATION

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

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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, 2023, 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, 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.

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INDEPENDENT PRACTITIONERS' REVIEW ENGAGEMENT REPORT

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.

Manning Elliott LLP

Chartered Professional Accountants
Vancouver, British Columbia
October 16, 2023

HANEY – PITT MEADOWS CHRISTIAN SCHOOL ASSOCIATION
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2023

	2023	2022
ASSETS		
CURRENT ASSETS		
Cash	**$ 3,427,685**	$ 2,628,313
Accounts receivable *(Note 3(a))*	**71,936**	52,001
Prepaid expenses and deposits	**32,727**	29,467
	3,532,348	2,709,781
CAPITAL ASSETS *(Note 4)*	**4,057,758**	2,830,312
	$ 7,590,106	$ 5,540,093
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	**$ 425,287**	$ 224,346
Government remittances payable	**130,581**	89,034
Prepaid tuition fees *(Note 6)*	**347,395**	421,635
	903,263	735,015
DEFERRED CONTRIBUTIONS *(Note 7)*	**-**	21,618
DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS *(Note 8)*	**7,169**	8,983
	910,432	765,616
COMMITMENTS *(Notes 4, 10)*		
NET ASSETS		
INVESTED IN CAPITAL ASSETS	**4,050,589**	2,821,329
INTERNALLY RESTRICTED	**2,445,308**	1,691,804
UNRESTRICTED	**183,777**	261,344
	6,679,674	4,774,477
	$ 7,590,106	$ 5,540,093

Approved on behalf of the Board

_______________ Director

_______________ Director

HANEY – PITT MEADOWS CHRISTIAN SCHOOL ASSOCIATION
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2023

	Invested in capital assets	Internally restricted	Unrestricted	**2023**
Net assets at beginning of year	$ 2,821,329	$ 1,691,804	$ 261,344	**$ 4,774,477**
(Deficiency) excess of revenue over expenses for the year	(103,843)	-	2,009,040	**1,905,197**
Purchase of capital assets	1,333,103	-	(1,333,103)	**-**
Interfund transfer *(Note 12)*	-	753,504	(753,504)	**-**
Net assets at end of year	$ 4,050,589	$ 2,445,308	$ 183,777	**$ 6,679,674**

	Invested in capital assets	Internally restricted	Unrestricted	2022
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
Purchase of capital assets	709,782	-	(709,782)	-
Interfund transfer *(Note 12)*	-	(671,866)	671,866	-
Net assets at end of year	$ 2,821,329	$ 1,691,804	$ 261,344	$ 4,774,477

HANEY – PITT MEADOWS CHRISTIAN SCHOOL ASSOCIATION
STATEMENT OF REVENUE AND EXPENSES
FOR THE YEAR ENDED JUNE 30, 2023

	2023	2022
REVENUE		
Tuition fees *(Note 6)*	**$ 2,205,300**	$ 2,055,754
Government grants	**1,842,624**	1,667,611
Fundraising and donations *(Note 7)*	**1,440,296**	324,378
Special needs grants	**639,390**	532,440
Amortization of deferred contributions related to capital assets *(Note 8)*	**1,814**	2,277
	6,129,424	4,582,460
EXPENSES		
Instructional (Schedule 1)	**3,354,291**	3,144,031
Administrative (Schedule 1)	**497,044**	398,171
Operating (Schedule 1)	**321,003**	307,680
Amortization of capital assets	**105,657**	99,013
	4,277,995	3,948,895
EXCESS OF REVENUE OVER EXPENSES FROM OPERATIONS	**1,851,429**	633,565
INTEREST AND OTHER INCOME	**53,768**	6,842
EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR	**$ 1,905,197**	$ 640,407

HANEY – PITT MEADOWS CHRISTIAN SCHOOL ASSOCIATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2023

	2023	2022
OPERATING ACTIVITIES		
Excess of revenue over expenses for the year	**$ 1,905,197**	$ 640,407
Items not affecting cash:		
Amortization of capital assets	**105,657**	99,013
Amortization of deferred contributions	**(67,236)**	(35,999)
Amortization of deferred contributions related to capital assets	**(1,814)**	(2,277)
Bad debts	**8,103**	7,170
	1,949,907	708,314
Changes in non-cash working capital:		
Accounts receivable	**(28,038)**	(35,992)
Prepaid expenses and deposits	**(3,260)**	(7,763)
Accounts payable and accrued liabilities	**200,941**	(45,239)
Government remittances payable	**41,547**	(53,724)
Prepaid tuition fees	**(74,240)**	55,382
	136,950	(87,336)
	2,086,857	620,978
FINANCING ACTIVITY		
Receipt of deferred contributions	**45,618**	16,680
INVESTING ACTIVITY		
Purchase of capital assets	**(1,333,103)**	(709,782)
INCREASE (DECREASE) IN CASH DURING THE YEAR	**799,372**	(72,124)
CASH - BEGINNING OF YEAR	**2,628,313**	2,700,437
CASH - END OF YEAR	**$ 3,427,685**	$ 2,628,313

1. NATURE OF OPERATIONS

Haney - Pitt Meadows Christian School Association (the "Association") provides Christian education for kindergarten 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.

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 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.

Deferred 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 and materials

Volunteers assist the Association in carrying out its service delivery activities. Due to the difficulty of recording and determining their fair value, contributed services are not recognized in the financial statements. The Association recognizes contributed materials and services when their fair market value can be determined and of they would otherwise be purchased and used in the normal course of operations.

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 accounts receivable to determine an 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 accounts receivable presented on the statement of financial position as at June 30, 2023 is an allowance for doubtful accounts of $13,147 (2022 - $14,993).

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 (Note 5) 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	**2023 Net book value**	2022 Net book value
Land and improvements	$ 352,243	$ -	**$ 352,243**	$ 352,243
Buildings	2,828,504	1,574,468	**1,254,036**	1,306,288
Building expansion project	2,080,153	-	**2,080,153**	846,199
Computer equipment and software	569,497	490,941	**78,556**	36,032
Landscaping	70,842	67,368	**3,474**	4,342
Office equipment	93,676	77,082	**16,594**	11,074
Parking lots	236,234	86,888	**149,346**	155,569
Portables	164,244	132,971	**31,273**	34,748
School equipment	498,672	406,589	**92,083**	83,817
	$ 6,894,065	$ 2,836,307	**$ 4,057,758**	$ 2,830,312

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.

The expansion project began in January 2023 is expected to be completed by December 2024. The total cost related to the completion of the expansion project is expected to be $15,923,200. As at June 30, 2023, the Association has not yet drawn on the RBC revolving and non-revolving term facilities, see Note 5.

5. CREDIT FACILITY

During the fiscal 2023 year, the Association obtained credit facilities from Royal Bank of Canada ("RBC") in connection with the construction of the Association's building expansion project. Under the RBC credit facilities agreement (the "Agreement"), the Association has two available revolving demand facilities to a maximum of $500,000 and $100,000 respectively. The term facility by way of loans available up to a maximum of $500,000 requires monthly interest payments based on an interest rate of RBC prime plus 1.32%. The term facility by way of letters of guarantee available up to a maximum of $100,000 is non-interest bearing and fees are based on transactions made in the year. The revolving demand facilities were not in use as at June 30, 2023 (2022 - not in use).

In addition, the Association also obtained a non-revolving term facility by way of bankers' acceptances and fixed rate term loans and may borrow up to a maximum of $11,400,000, bearing interest at RBC prime plus 0.71% plus a stamping fee of 1.50%. The non-revolving term facility was not in use as at June 30, 2023 (2022 - not in use).

The aggregate of the term facility by way of loans and the term facility by way of bankers' acceptances and fixed rate term loans are not to exceed $11,400,000 at any time.

The Agreement is secured as follows:

a) a general security agreement constituting a first ranking security interest in all personal property of the Association;

b) a collateral mortgage in the amount of $16,000,000 constituting a first fixed charge on lands and improvements located at 12140-204B Street, Maple Ridge, British Columbia (the "204B Property");

c) a special directors resolution authorizing the Association to pledge security to RBC, including providing RBC with a new $16,000,000 collateral mortgage, and to borrow a new term loan totaling $11,400,000; and

d) a certificate of insurance evidencing fire and other perils coverage on the 204B Street Property, showing the RBC as first mortgage.

The Agreement requires the Society to maintain a debt service coverage ratio equal to or greater than 1.10 commencing June 30, 2025.

6. PREPAID TUITION FEES

	2023	2022
Balance, beginning of the year	**$ 421,635**	$ 366,253
Prepaid tuition fees received during the year	**347,395**	421,635
Prepaid tuition fees recognized to revenue during the year	**(421,635)**	(366,253)
Balance, end of the year	**$ 347,395**	$ 421,635

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

		2023		2022
Balance, beginning of the year	**$**	**21,618**	$	40,937
Contributions received during the year		**45,618**		16,680
Contributions recognized to revenue during the year		**(67,236)**		(35,999)
Balance, end of the year	**$**	**-**	$	21,618

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

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.

		2023		2022
Balance, beginning of the year	**$**	**8,983**	$	11,260
Contributions recognized to revenue during the year		**(1,814)**		(2,277)
Balance, end of the year	**$**	**7,169**	$	8,983

9. ECONOMIC DEPENDENCE

The Association is dependent on government grants and special needs grants which represents approximately 40% (2022 - 48%) 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% (2022 - 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 $191,511 (2022 - $191,813) to the Plan included in salaries and benefits in the Schedule of expenses (Schedule 1).

The most recent report on the actuarial valuation of the Plan for funding purposes was completed as at August 31, 2022. As at that date, the Plan had, on an asset basis, a funding shortfall of $32.91 million (2021 - on a liability basis, a funding surplus of $21.42 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) Lease

The Association has a lease commitment for certain office equipment. The lease expires in June 2024. The anticipated lease payments during the next fiscal year are estimated to be $6,960.

11. SALARIES AND BENEFITS

Salaries and benefits expense includes eighteen (2022 - twenty-one) employees that earned over $75,000 for a total of $1,761,146 (2022 - $1,922,346).

12. INTERFUND TRANSFERS

During the year, the directors designated net assets from the Unrestricted Fund with respect to financing the Association's building expansion project in the amount of $1,987,457 (2022 - $Nil). Once designated, these net assets were transferred to the Internally Restricted Fund.

The designation of these net assets was offset by a transfer of $1,233,953 (2022 - $671,866) from the Internally Restricted Fund to the Unrestricted Fund for the purchase of capital assets pertaining to the Association's building expansion project.

Accordingly, the net transfer between the Unrestricted Fund and the Internally Restricted Fund is in the amount of $(753,504) (2022 - $671,866) as shown in the statement of changes in net assets.

HANEY – PITT MEADOWS CHRISTIAN SCHOOL ASSOCIATION
SCHEDULE OF EXPENSES (Schedule 1)
FOR THE YEAR ENDED JUNE 30, 2023

	2023	2022
INSTRUCTIONAL		
Teachers' salaries and benefits *(Note 11)*	**$ 2,415,423**	$ 2,341,114
Special needs salaries and benefits *(Note 11)*	**517,303**	439,121
School programs and supplies	**395,628**	244,248
Professional development - school	**25,937**	14,703
Pre-school	**-**	104,845
	$ 3,354,291	$ 3,144,031
ADMINISTRATIVE		
Office salaries and benefits *(Note 11)*	**$ 373,627**	$ 321,445
Marketing	**37,160**	8,450
Office and sundry	**33,515**	17,975
Professional fees	**20,607**	17,830
International education	**16,616**	18,836
Bad debts	**8,103**	7,170
Telephone	**7,416**	6,465
	$ 497,044	$ 398,171
OPERATING		
Building repairs and maintenance	**$ 122,415**	$ 113,235
Insurance, licenses and dues	**59,175**	51,016
Utilities	**37,673**	46,233
Membership dues	**35,518**	32,601
Equipment maintenance and rental	**32,356**	30,016
Janitorial	**15,334**	14,541
Grounds and disposal	**9,234**	9,120
Bank charges and interest	**6,519**	5,303
Finance charges	**2,779**	5,615
	$ 321,003	$ 307,680