HANEY – PITT MEADOWS CHRISTIAN SCHOOL ASSOCIATION

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

manning elliott

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INDEPENDENT PRACTITIONERS' REVIEW ENGAGEMENT REPORT

To the Members of Haney – Pitt Meadows Christian School Association

Report on the Financial Statements

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, 2024, 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, 2024, 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.

(continues)

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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 1, 2024

HANEY – PITT MEADOWS CHRISTIAN SCHOOL ASSOCIATION
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2024

		2024		2023
ASSETS				
CURRENT ASSETS				
Cash	$	**898,624**	$	3,427,685
Term deposits *(Note 4)*		**417,397**		-
Accounts receivable *(Note 3(a))*		**182,439**		71,936
Prepaid expenses and deposits		**75,334**		32,727
		1,573,794		3,532,348
RESTRICTED CASH *(Note 5)*		**86,630**		-
CAPITAL ASSETS *(Note 6)*		**11,117,855**		4,057,758
	$	**12,778,279**	$	7,590,106
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable and accrued liabilities	$	**1,082,863**	$	425,287
Government remittances payable		**192,955**		130,581
Prepaid tuition fees *(Note 7)*		**502,170**		347,395
Debt due within one year *(Note 8)*		**3,590,313**		-
		5,368,301		903,263
DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS *(Note 9)*		**5,725**		7,169
		5,374,026		910,432
COMMITMENTS *(Notes 6, 10)*				
ECONOMIC DEPENDENCE *(Note 11)*				
NET ASSETS				
INVESTED IN CAPITAL ASSETS		**7,521,817**		4,050,589
INTERNALLY RESTRICTED		**319,095**		2,445,308
UNRESTRICTED		**(436,659)**		183,777
		7,404,253		6,679,674
	$	**12,778,279**	$	7,590,106

Approved on behalf of the Board

Signed by: Jonathon Robbins
D91F29A50EBE42A... _Director_

Signed by: C Goh
B20944A10D07458... _Director_

HANEY – PITT MEADOWS CHRISTIAN SCHOOL ASSOCIATION
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2024

	Invested in capital assets	Internally restricted	Unrestricted	**2024**
Net assets at beginning of year	$ 4,050,589	$ 2,445,308	$ 183,777	**$ 6,679,674**
(Deficiency) excess of revenue over expenses for the year	(108,835)	-	833,414	**724,579**
Purchase of capital assets	7,170,376	-	(7,170,376)	**-**
Increase in debt related to capital assets	(3,590,313)	-	3,590,313	**-**
Interfund transfers *(Note 13)*	-	(2,126,213)	2,126,213	**-**
Net assets at end of year	$ 7,521,817	$ 319,095	$ (436,659)	**$ 7,404,253**

	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 13)*	-	753,504	(753,504)	-
Net assets at end of year	$ 4,050,589	$ 2,445,308	$ 183,777	$ 6,679,674

HANEY – PITT MEADOWS CHRISTIAN SCHOOL ASSOCIATION
STATEMENT OF REVENUE AND EXPENSES
FOR THE YEAR ENDED JUNE 30, 2024

	2024	2023
REVENUE		
Tuition fees *(Note 7)*	**$ 2,314,614**	$ 2,085,495
Government grants	**2,044,985**	1,842,624
Special needs grants	**798,960**	639,390
Fundraising and donations	**306,116**	1,532,214
Registration fees	**38,955**	31,030
Amortization of deferred contributions related to capital assets *(Note 9)*	**1,444**	1,814
	5,505,074	6,132,567
EXPENSES		
Instructional (Schedule 1)	**3,802,496**	3,273,677
Administrative (Schedule 1)	**536,631**	500,635
Operating (Schedule 1)	**389,155**	401,170
Amortization of capital assets	**110,279**	105,657
	4,838,561	4,281,139
EXCESS OF REVENUE OVER EXPENSES FROM OPERATIONS	**666,513**	1,851,428
INTEREST INCOME	**58,066**	53,768
EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR	**$ 724,579**	$ 1,905,196

HANEY – PITT MEADOWS CHRISTIAN SCHOOL ASSOCIATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2024

	2024	2023
OPERATING ACTIVITIES		
Excess of revenue over expenses for the year	**$ 724,579**	$ 1,905,196
Items not affecting cash:		
Amortization of capital assets	**110,279**	105,657
Amortization of deferred contributions	**-**	(67,236)
Amortization of deferred contributions related to capital assets	**(1,444)**	(1,814)
Bad debts	**11,354**	8,103
	844,768	1,949,906
Changes in non-cash working capital:		
Accounts receivable	**(121,857)**	(28,038)
Prepaid expenses and deposits	**(42,607)**	(3,260)
Accounts payable and accrued liabilities	**657,576**	200,941
Government remittances payable	**62,374**	41,547
Prepaid tuition fees	**154,775**	(74,240)
	710,261	136,950
	1,555,029	2,086,856
FINANCING ACTIVITIES		
Receipt of deferred contributions	**-**	45,618
Proceeds from debt due within one year	**3,590,313**	-
	3,590,313	45,618
INVESTING ACTIVITIES		
Purchase of term deposits	**(417,397)**	-
Purchase of capital assets	**(7,170,376)**	(1,333,103)
	(7,587,773)	(1,333,103)
(DECREASE) INCREASE IN CASH DURING THE YEAR	**(2,442,431)**	799,371
CASH - BEGINNING OF YEAR	**3,427,685**	2,628,313
CASH - END OF YEAR	**$ 985,254**	$ 3,427,684

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 Societies 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, term deposits, accounts receivable, accounts payable, and debt due within one year.

The Association initially measures all of 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 is comprised of cash on deposit and on hand. Cash which is not available for purposes arising from an external restriction is presented as a long-term asset and reported as restricted cash (Note 5).

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 capitalizes interest related to debt which is financing the construction of the new building.

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 expenses.

(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.

(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 9(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, 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, 2024 is an allowance for doubtful accounts of $11,467 (2023 - $13,147).

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 and debt due within one year. 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 is exposed to interest rate risk on its term deposits, as disclosed in Note 4. In addition, as disclosed in Note 8, the Association's capital assets have been acquired in part by incurring debt which bears interest at variable rates. The Association mitigates this risk through its normal operating and financing activities.

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. TERM DEPOSITS

Term deposits consist of investments in guaranteed investment certificates with maturity dates between August 23, 2024 and April 29, 2025 and interest rates between 4.25% and 5.2%.

Included in term deposits are restricted term deposits of $267,397 (2022 - $Nil) held to pay for holdbacks pertaining to the expansion project (Note 6).

5. RESTRICTED CASH

Restricted cash represents cash held in a separate bank account to pay for holdbacks pertaining to the expansion project (Note 6). In accordance with the policy as described in Note 2(b), the amount has been classified as a long-term asset.

6. CAPITAL ASSETS

	Cost	Accumulated amortization	**2024 Net book value**	2023 Net book value
Land and improvements	$ 352,243	$ -	**$ 352,243**	$ 352,243
Buildings	2,828,504	1,624,629	**1,203,875**	1,254,036
Building expansion project	9,209,336	-	**9,209,336**	2,080,153
Computer equipment and software	587,507	517,209	**70,298**	78,556
Landscaping	70,842	68,063	**2,779**	3,474
Office equipment	93,676	80,401	**13,275**	16,594
Parking lots	236,234	92,862	**143,372**	149,346
Portables	164,244	136,098	**28,146**	31,273
School equipment	521,855	427,324	**94,531**	92,083
	$ 14,064,441	$ 2,946,586	**$ 11,117,855**	$ 4,057,758

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 school expansion project is expected to be completed by December 2024 with occupancy of the school in January 2025. The additional remaining construction of the gym is expected to be completed in early 2025. The expansion project is financed through the Association's non-revolving debt facility as disclosed in Note 8, and fundraising and donation revenue, with total costs anticipated to be $15,575,749. As at June 30, 2024, $9,174,404 (2023 - $2,080,153) of costs have been incurred.

Included within building expansion project are capitalized interest costs totalling $34,932 (2023 - $Nil).

7. PREPAID TUITION FEES

	2024	2023
Balance, beginning of the year	**$ 347,395**	$ 421,635
Prepaid tuition fees received during the year	**502,170**	347,395
Prepaid tuition fees recognized to revenue during the year	**(347,395)**	(421,635)
Balance, end of the year	**$ 502,170**	$ 347,395

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

8. DEBT DUE WITHIN ONE YEAR

	2024	2023
Royal Bank of Canada ("RBC") non-revolving term facility by way of Royal Bank prime loan or fixed rate term loan, secured as described below, bearing interest at prime plus 0.71%	**$ 3,590,313**	$ -

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, 2024 (2023 - not in use).

In addition, the Association also has a non-revolving term facility by way of Royal Bank prime loans or fixed rate term loans and may borrow up to a maximum of $11,400,000, bearing interest only determined at time of borrowing. As at June 30, 2024, the Association has drawn $3,590,313 (2023 - $Nil) on the non-revolving term facilities.

The aggregate of the term facility by way of loans and the term facility by way of 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.

9. 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.

	2024	2023
Balance, beginning of the year	**$ 7,169**	$ 8,983
Contributions recognized to revenue during the year	**(1,444)**	(1,814)
Balance, end of the year	**$ 5,725**	$ 7,169

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% (2023 - 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 $215,351 (2023 - $191,511) 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, 2023. As at that date, the Plan had, on an asset basis, a funding shortfall of $29.26 million (2022 - on an asset basis, a funding shortfall of $32.91 million). Since the Plan is a multi-employer plan, no portion of the funding shortfall has been attributed to the Association and accordingly, no liability 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 2029. The anticipated lease payments during the next five fiscal years are estimated to be as follows:

2025	$ 20,100
2026	20,100
2027	20,100
2028	20,100
2029	15,075
	$ 95,475

11. ECONOMIC DEPENDENCE

The Association is dependent on government grants and special needs grants which represents approximately 51% (2023 - 40%) of total revenues.

12. SALARIES AND BENEFITS

In accordance with the Societies Act of British Columbia, the Society is required to provide the total remuneration, if any, paid by the Society to the directors in the period, and the remuneration paid by the Society in the period to the employees of the Society, and to persons under a contract for services with the Society, whose remuneration was at least $75,000.

No directors (2023 - no directors) received a salary from the Society and no persons (2023 - no persons) under a contract for services was remunerated at least $75,000 by the Society during the fiscal year ended June 30, 2024.

Twenty-one employees (2023 - eighteen employees) earned at least $75,000 during the fiscal year ended June 30, 2024 for a total of $2,115,378 (2023 - $1,761,146).

13. 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 $5,002,970 (2023 - $1,987,457). Once designated, these net assets were transferred to the Internally Restricted Fund.

The designation of these net assets was offset by a transfer of $7,129,183 (2023 - $1,233,953) 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 $2,126,213 (2023 - $(753,504)) as shown in the statement of changes in net assets.

14. COMPARATIVE FIGURES

Certain comparative figures have been reclassified in order to conform with the current year's financial statement 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, 2024

	2024	2023
INSTRUCTIONAL		
Teachers' salaries and benefits *(Notes 10, 12)*	**$ 2,828,833**	$ 2,415,423
Special needs salaries and benefits *(Notes 10, 12)*	**685,499**	517,323
School programs and supplies	**259,984**	314,994
Professional development - school	**28,180**	25,937
	$ 3,802,496	$ 3,273,677
ADMINISTRATIVE		
Office salaries and benefits *(Notes 10, 12)*	**$ 328,106**	$ 373,627
Marketing	**67,656**	40,751
International education	**58,276**	16,616
Office and sundry	**34,713**	33,515
Professional fees	**22,795**	20,607
Telephone	**13,731**	7,416
Bad debts	**11,354**	8,103
	$ 536,631	$ 500,635
OPERATING		
Building repairs and maintenance	**$ 170,402**	$ 202,467
Insurance, licenses and dues	**65,537**	59,175
Utilities	**50,848**	37,673
Membership dues	**37,046**	35,518
Equipment maintenance and rental	**36,711**	32,356
Janitorial	**12,896**	15,334
Grounds and disposal	**7,701**	9,234
Finance charges	**4,654**	2,779
Bank charges and interest	**3,360**	6,634
	$ 389,155	$ 401,170