

Financial Statements of

BC FAMILY MAINTENANCE AGENCY

And Independent Auditors' Report thereon

Year ended March 31, 2022

MANAGEMENT'S REPORT

Management's Responsibility for the Financial Statements

The financial statements have been prepared by management in accordance with Canadian public sector accounting standards, and the integrity and objectivity of these statements are management's responsibility. Management is also responsible for all of the notes to the financial statements and schedules, and for ensuring that this information is consistent, where appropriate, with the information contained in the financial statements. A summary of the significant accounting policies are described in Note 1 to the financial statements. The preparation of financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

Management is also responsible for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced. The internal controls are designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the financial statements.

The Board of Directors are responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control, and exercises these responsibilities through the Board. The Board reviews internal financial statements on a monthly basis and external audited financial statements yearly. The Board also discuss any significant financial reporting or internal control matters prior to their approval of the financial statements.

The external auditors, KPMG LLP, conduct an independent examination, in accordance with Canadian auditing standards, and express their opinion on the financial statements. The external auditors have full and free access to financial management of BC Family Maintenance Agency and meet when required. The accompanying Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the financial statements.

On behalf of BC Family Maintenance Agency



Joanne Hanson
Chief Executive Officer



Li Wen
Acting Chief Financial Officer

May 16, 2022



KPMG LLP
St. Andrew's Square II
800-730 View Street
Victoria BC V8W 3Y7
Canada
Telephone 250-480-3500
Fax 250-480-3539

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of BC Family Maintenance Agency

Opinion

We have audited the financial statements of the BC Family Maintenance Agency (the Agency), which comprise:

- the statement of financial position as at March 31, 2022
- the statement of operations and accumulated deficit for the year then ended
- the statement of changes in net debt for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Agency as at March 31, 2022, and its results of operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

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 "***Auditors' Responsibilities for the Audit of the Financial Statements***" section of our auditors' report.

We are independent of the Agency 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.



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 public sector accounting standards, 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 Agency'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 Agency or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Agency's financial reporting process.

Auditors' 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 auditors' 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 the 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 Agency'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 Agency's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Agency 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.
- 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.

KPMG LLP

Chartered Professional Accountants

Victoria, Canada
May 17, 2022

BC FAMILY MAINTENANCE AGENCY

Statement of Financial Position

March 31, 2022, with comparative information for 2021

	2022	2021
Financial Assets		
Cash and cash equivalents	\$ 439,507	\$ 347,537
Accounts receivable (note 2)	22,139	131,022
	<u>461,646</u>	<u>478,559</u>
Liabilities		
Accounts payable and accrued liabilities (note 3)	361,579	252,586
Accrued employee benefits (note 4)	543,832	710,177
Obligations under capital lease (note 5)	105,775	193,517
	<u>1,011,186</u>	<u>1,156,280</u>
Net debt	<u>(549,540)</u>	<u>(677,721)</u>
Non-Financial Assets		
Tangible capital assets (note 6)	171,150	279,208
Prepaid expenses	315,237	202,833
	<u>486,387</u>	<u>482,041</u>
Accumulated deficit	<u>\$ (63,153)</u>	<u>\$ (195,680)</u>

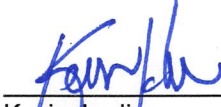
Trust fund (note 7)
Contractual obligations (note 8)

See accompanying notes to financial statements.

Approved on behalf of the Board:



Richard J.M. Fyfe, Q.C.
Chair



Kevin Jardine
Director

BC FAMILY MAINTENANCE AGENCY

Statement of Operations and Accumulated Deficit

Year ended March 31, 2022, with comparative information for 2021

	Budget (note 1(j))	2022	2021
Revenue:			
Operational revenue	\$ 18,233,000	\$ 18,233,000	\$ 17,912,000
Default fee collection	400,000	400,000	400,000
Federal funding	215,000	216,000	224,450
CCSS project	144,000	144,000	144,000
Additional funding	-	-	121,855
Telecommunication transfer	116,000	116,000	87,377
Trust fund reimbursement	25,000	24,000	17,640
Interest revenue	6,200	6,008	10,472
Funding for ISO web support	7,000	7,000	7,000
	19,146,200	19,146,008	18,924,794
Expenses:			
Salaries and benefits	12,000,000	11,841,508	11,844,645
Facilities	2,150,000	2,046,709	2,052,285
Operating benefits	2,162,160	2,142,695	2,024,193
B&T solutions	723,200	869,987	679,977
Management benefits	560,040	555,807	603,398
Office expenses and equipment	350,000	382,415	402,410
Default fee salaries and benefits	400,000	400,000	400,000
Contracts	150,000	138,181	376,645
Legal benefits	300,800	297,277	285,160
Other costs	100,000	96,647	79,069
Staff development	100,000	109,046	90,640
Amortization	110,000	108,059	68,520
Travel	40,000	25,150	17,852
	19,146,200	19,013,481	18,924,794
Surplus for the year	-	132,527	-
Accumulated deficit, beginning of year	(195,680)	(195,680)	(195,680)
Accumulated deficit, end of year	\$ (195,680)	\$ (63,153)	\$ (195,680)

See accompanying notes to financial statements.

BC FAMILY MAINTENANCE AGENCY

Statement of Changes in Net Debt

Year ended March 31, 2022, with comparative information for 2021

	Budget	2022	2021
	(Note 1(j))		
Surplus for the year	\$ -	\$ 132,527	\$ -
Acquisition of tangible capital assets	-	-	(58,700)
Amortization of tangible capital assets	110,000	108,059	68,520
	110,000	108,059	9,820
Acquisition of prepaid expenses	-	(784,707)	(160,778)
Use of prepaid expense	-	672,302	231,431
	-	(112,405)	70,653
Decrease in net debt	110,000	128,181	80,473
Net debt, beginning of year	(677,721)	(677,721)	(758,194)
Net debt, end of year	\$ (560,721)	\$ (549,540)	\$ (677,721)

See accompanying notes to financial statements.

BC FAMILY MAINTENANCE AGENCY

Statement of Cash Flows

Year ended March 31, 2022, with comparative information for 2021

	2022	2021
Cash provided by (used in):		
Operating activities:		
Surplus for the year	\$ 132,527	\$ -
Amortization	108,058	68,520
Net change in non-cash operating working capital:		
Accounts receivable	108,883	72,087
Accounts payable and accrued liabilities	108,993	(339,105)
Accrued employee benefits	(166,345)	(31,618)
Prepaid expenses	(112,405)	70,653
	<u>179,712</u>	<u>(159,463)</u>
Capital activities:		
Acquisition of tangible capital assets	-	(58,700)
Financing activities		
Capital lease payments	(87,742)	(65,806)
Increase (decrease) in cash and cash equivalents	91,970	(283,969)
Cash and cash equivalents, beginning of year	347,537	631,506
Cash and cash equivalents, end of year	<u>\$ 439,507</u>	<u>\$ 347,537</u>
Supplemental cash flow information:		
Tangible capital assets acquired by way of capital lease	\$ 28,022	\$ -

See accompanying notes to financial statements.

BC FAMILY MAINTENANCE AGENCY

Notes to Financial Statements

Year ended March 31, 2022

Nature of operations:

BC Family Maintenance Agency Ltd. (the "Agency") was incorporated on June 17, 2019 under the Business Corporations Act. The BC Family Maintenance Agency (BCFMA) is dedicated to assisting families with the administration of their maintenance ensuring BC's children and families receive the financial support that they are entitled to under provincial and federal law. The Agency commenced operations on November 1, 2019.

1. Significant accounting policies:

The financial statements of the Agency are prepared by management in accordance with Canadian public sector accounting standards. Significant accounting policies adopted by the Agency are as follows:

(a) Basis of accounting:

The Agency follows the accrual method of accounting for revenues and expenses. Revenues are normally recognized in the year in which they are earned and measurable. Amounts received in advance of services being provided are deferred until the service is provided. Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and/or the creation of a legal obligation to pay.

(b) Revenue recognition:

Revenues are recognized on an accrual basis in the period in which the transactions or events occurred that gave rise to the revenues, the amounts are considered to be collectible and can be reasonably estimated.

Government transfers are recognized as revenues when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

Contributions from other sources are deferred when restrictions are placed on their use by the contributor, and are recognized as revenue when used for the specific purpose. Restricted contributions that must be maintained in perpetuity are recorded as revenue when received or receivable, and are presented as non-financial assets in the statement of financial position.

Revenue related to fees or services received in advance of the fee being earned or the service is performed is deferred and recognized when the fee is earned or service performed.

BC FAMILY MAINTENANCE AGENCY

Notes to Financial Statements

Year ended March 31, 2022

1. Significant accounting policies (continued):

(c) Cash and cash equivalents:

Cash and cash equivalents include cash on hand and demand deposits that are readily convertible to known amounts of cash and that are subject to an insignificant risk of change in value.

(d) Financial instruments:

Financial instruments are recorded at fair value on initial recognition and are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Company has not elected to carry any such financial instruments at fair value. Financial instruments are adjusted by transaction costs incurred on initial acquisition, which are amortized using the straight-line method. Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment.

(e) Financial assets and liabilities:

Financial assets and liabilities include cash and cash equivalents, amounts receivable, accounts payable and accrued liabilities, and accrued employee benefits.

All non-cash financial assets and liabilities are recorded at amortized cost.

(f) Non-financial assets:

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

(g) Tangible capital assets:

Tangible capital assets are recorded at cost, which includes amounts that are directly related to the acquisition, design, construction, development, improvement, or betterment of the asset. Tangible capital assets are amortized on a straight-line basis as follows:

Asset	Rate
Computer equipment	25%

Tangible capital assets are written down when conditions indicate that they no longer contribute to the Agency's ability to provide services, or when the value of future economic benefits associated with the tangible capital assets is less than their net book value. The net write-downs (if any) are accounted for as expenses in the Statement of Operations.

BC FAMILY MAINTENANCE AGENCY

Notes to Financial Statements

Year ended March 31, 2022

1. Significant accounting policies (continued):

(h) Employee future benefits:

The Agency and its employees make contributions to a defined contribution plan that provides benefits to its employees. These contributions are expensed as incurred. The cost of non-vesting accumulating sick leave benefits are actuarially determined using management's best estimate of salary escalation, accumulated sick days, sick leave utilization, long-term inflation rates and discount rates.

(i) Budget figures:

Budget figures have been provided for comparative purposes and have been derived from the Agency's Fiscal 2021/2022 Budget forecast approved by the Board of Directors on June 15, 2021. The budget is reflected in the statement of operations and accumulated deficit.

(j) Leased tangible capital assets:

Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as leased tangible capital assets. All other leases are accounted for as operating leases and the related payments are charged to expenses as incurred.

(k) Measurement uncertainty:

The preparation of financial statements requires management to make estimates and assumptions which affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expense during the period. Key estimates include assumptions used in employee benefits, rates for amortization, impairment of assets and provisions for losses incurred. Actual results could differ from those estimated.

2. Accounts receivable:

	2022	2021
Funding from the Province of British Columbia	\$ 12,325	\$ 128,478
GST receivable and other	9,814	2,544
	<u>\$ 22,139</u>	<u>\$ 131,022</u>

BC FAMILY MAINTENANCE AGENCY

Notes to Financial Statements

Year ended March 31, 2022

3. Accounts payable and accrued liabilities:

	2022	2021
Trade accounts payables	\$ 86,507	\$ 97,998
Other accrued liabilities	211,653	85,983
Salary and benefits payable	63,419	68,605
	\$ 361,579	\$ 252,586

4. Accrued employee benefits:

Accrued employee benefits are made up of accumulated vacation entitlement and sick leave.

(a) Accumulated vacation:

Employees may carry up to a maximum of six or ten days of vacation over to the next fiscal year (dependent on union status). In fiscal 2021, this maximum carry forward was extended on a one-time basis for an additional five days of leave for each employee in response to high vacation balances due to travel restrictions in place as a result of COVID-19. As at March 31, 2022 the balance of this accumulated vacation was \$269,787 (2021 - \$464,570).

(b) Accumulated sick leave:

Employees are entitled to ten days non-vesting sick leave whereby they are credited days per year, for use as paid absences in the year due to illness or injury. Employees are allowed to accumulate unused sick day credits each year, up to an allowable maximum provided in their respective employment agreement.

Accumulated credits may be used in future years to the extent that the employee's illness or injury exceeds the current year's allocation of credits. The use of accumulated sick days for sick leave compensation ceases on termination of employment and employee unused sick bank is not paid out at retirement. The benefit cost and liabilities related to the plan are recorded in the financial statements. The liability recorded is equal to the expected future use of accrued sick leave. As at March 31, 2022 the balance of accumulated sick leave was \$274,045 (2021 - \$245,607).

BC FAMILY MAINTENANCE AGENCY

Notes to Financial Statements

Year ended March 31, 2022

5. Obligations under capital lease:

The amounts due for obligations under capital leases are as follows:

2023		\$	87,742
2024			21,936
Total minimum lease payments			109,677
Less amounts representing interest			3,902
Present value of net minimum capital lease payments		\$	105,775

Interest expense of \$3,762 (2021 - \$4,252) related to the capital lease obligation was recorded in the current year.

6. Capital assets:

			2022	2021
	Cost	Accumulated amortization	Net book value	Net book value
Computer equipment	\$ 347,728	\$ 176,578	\$ 171,150	\$ 279,208

Amortization expense of \$108,058 (2021 - \$68,520) was recorded in the current year, which includes \$68,334 (2021 - \$57,627) related to assets under capital lease.

7. Trust fund:

The trust fund is a Provincial Government account and represents money received from or on behalf of debtors which, in turn, are payable to creditors and/or debtors as well as enforcement fees payable to the Province for services rendered for the creditors and/or debtors. These funds have not been included in the statement of financial position nor have their operations been included in the statement of operations. This fund is administered by the Agency, but is not the property of the Agency.

	2022	2021
Trust fund balance as of March 31	\$ 9,736,540	\$ 9,005,563
Trust liabilities as of March 31	(9,736,540)	(9,005,563)
	\$ -	\$ -

BC FAMILY MAINTENANCE AGENCY

Notes to Financial Statements

Year ended March 31, 2022

8. Contractual obligations:

(a) Premise leases:

The Agency has entered into leases expiring in March 2023, 2027 and 2030. Minimum lease payments and estimated operating costs are as follows:

2023		\$ 2,068,315
2024		1,680,341
2025		1,688,163
2026		1,696,062
2027		1,704,041
Thereafter		2,854,116
		<hr/>
		\$ 11,691,038

(b) Equipment and service contracts:

The Agency is committed for photocopier and mail machine leases expiring in 2025 with payments as follows:

2023	\$	\$ 28,882
2024		28,882
2025		28,882
		<hr/>
		\$ 86,646

BC FAMILY MAINTENANCE AGENCY

Notes to Financial Statements

Year ended March 31, 2022

9. Defined contribution pension plan and PSPP:

The Agency contributes to a defined contribution plan that provides pension benefits to its employees. Participation in the plan is compulsory for all eligible employees meeting certain conditions. The Agency contributes 9.43% and the employee contributes 5% of gross annual salary. In 2022, the Agency contributed \$53,788 (2021 - \$52,641) to the plan.

The Agency and its employees make contributions to the Public Service Pension Plan (the "Plan"), a jointly trustee pension plan. The Public Service Pension Board of Trustees, representing plan members and employers, is responsible for administering the Plan, including investment of the assets and administration of benefits. The plan is a multi-employer defined benefit pension plan. Basic pension benefits are based on a formula. As at March 31, 2020, the Plan had approximately 64,000 active members and 51,000 retired members.

Every three years an actuarial valuation is performed to assess the financial position of the Plan and adequacy of Plan funding. The actuary determines an appropriate combined employer and member contribution rate to fund the plan. The actuary's calculated contribution rate is based on the entry age normal cost method, which produces the long-term rate of member and employer contributions sufficient to provide benefits for average future entrants to the plan. This rate may be adjusted for the amortization of any actuarial funding surplus and will be adjusted for the amortization of any unfunded actuarial liability.

The most recent valuation as at March 31, 2020 indicated a surplus of \$2,667 million for basic pension benefits on a going concern basis. The next valuation will be as at March 31, 2023, with results available in 2024. Contributions to the plan by the Agency totaled \$1,068,350 (2021 - \$1,065,756) during the year.

Employers participating in the plan record their pension expense as the amount of employer contributions made during the fiscal year (defined contribution pension plan accounting). This is because the plan records accrued liabilities and accrued assets for the plan in aggregate, resulting in no consistent and reliable basis for allocating the obligation, assets and cost to individual employers participating in the plan.

BC FAMILY MAINTENANCE AGENCY

Notes to Financial Statements

Year ended March 31, 2022

10. Financial risk management note:

The nature of the program's operations results in a statement of financial position that consists primarily of financial instruments. The risks that arise are credit risk, market risk (consisting of interest rate risk, foreign exchange risk and equity price risk) and liquidity risk.

(a) Credit risk:

The program is not subject to significant credit risk as most financial assets are amounts due from the Province of British Columbia.

(b) Market risk:

Market risk represents the potential for loss from changes in the value of financial instruments. Value can be affected by changes in interest rates, foreign exchange rates and equity prices.

The program is not generally subject to market risk.

(c) Liquidity risk:

Liquidity risk is the risk that the program is unable to meet its financial obligations as they fall due. The program is not subject to significant liquidity risk as financial obligations are funded through receivables from the Province of British Columbia.

There have been no changes to the risk exposures from 2021.