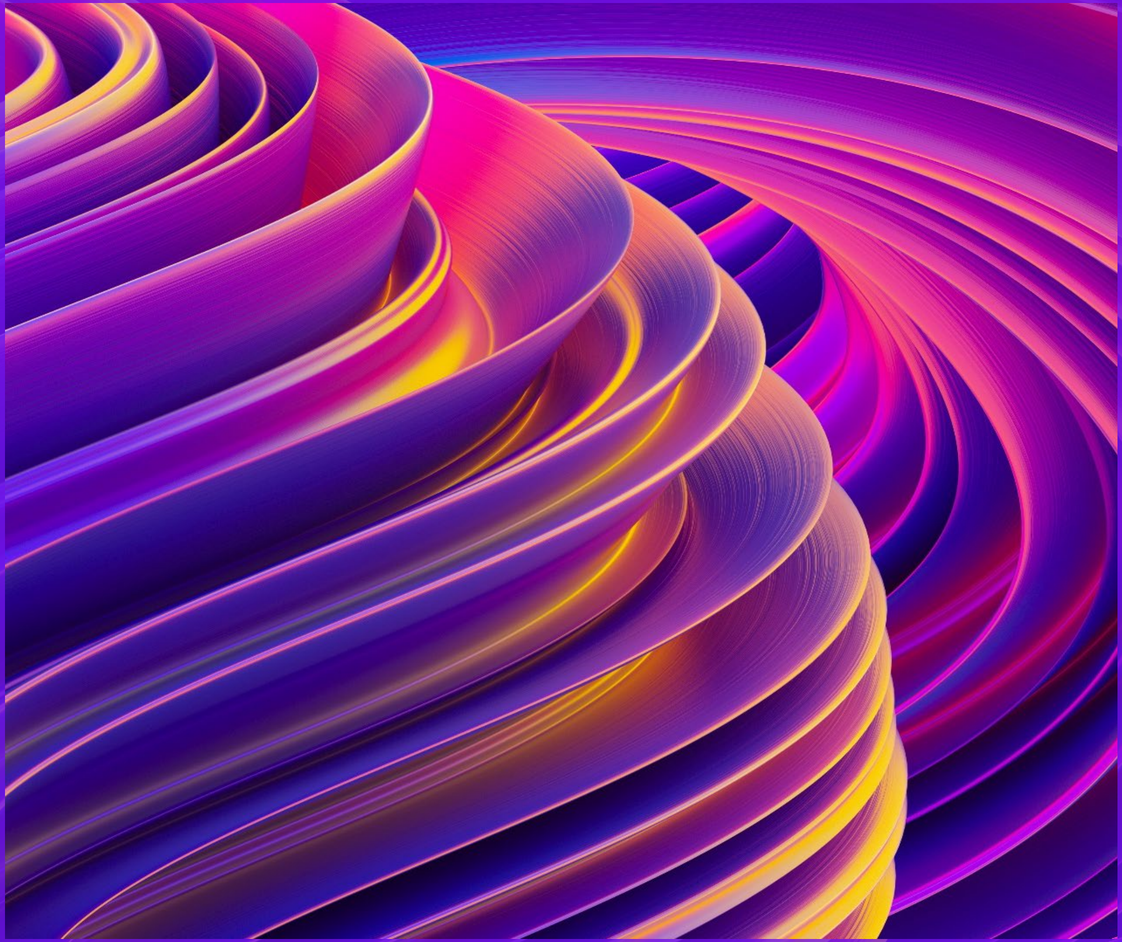
KPMG

Fraser Valley Child Development (1982) Society



Audit Findings Report for the year ended March 31, 2026

KPMG LLP

Prepared as of June 15, 2026, for presentation on June 16, 2026

kpmg.ca/audit

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The purpose of this report is to assist you, as a member of the Board of Directors (the “Board”), in your review of the results of our audit of the financial statements. This report is intended solely for the information and use of management, and the Board and should not be used for any other purpose or any other party. KPMG shall have no responsibility or liability for loss or damages or claims, if any, to or by any third party as this report has not been prepared for, and is not intended for, and should not be used by, any third party or for any other purpose.

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This Audit Findings Report is also available as a “hyper-linked” PDF document.

If you are reading in electronic form (e.g. In “Adobe Reader), clicking on the home symbol on the top right corner will bring you back to this slide.

Click on any item in the table of contents to navigate to that section.

Highlights

No matters to report

Matters to report – see link for details

Purpose of this report

Our audit of the financial statements of Fraser Valley Child Development (1982) Society (the "Society") as of and for the year ended March 31, 2026 was performed in accordance with Canadian generally accepted auditing standards.

Status

As of the date of this audit findings report, we have completed the audit of the financial statements, with the exception of certain remaining outstanding procedures, which include amongst others:

- Completing certain audit documentation and completion processes;
- Completing our discussion with the Board;
- Obtaining evidence of the Board's approval of the financial statements;
- Obtaining the signed management representation letter; and,
- Completing subsequent event review procedures up to the date of the Board's approval of the financial statements.

We will update the Board on significant matters, if any, arising from the completion of the audit, including the completion of the above procedures. Our auditor's report, a draft of which is attached to the enclosed financial statements, will be dated upon the completion of any remaining procedures.

Risk and results

Presumed risk of management override of controls – As required by professional auditing standards for all entities

Other risks of material misstatement

- Provincial government funding
- Other revenue
- Payroll and other operating costs
- Employee future benefits

Materiality

Materiality $435,000

Accounting and auditing standards

New accounting standards

New or revised auditing standards

Highlights (continued)

No matters to report

Matters to report – see link for details

Misstatements

Impact of uncorrected misstatements – Not material to the financial statements

As required by professional standards, we request that all misstatements be corrected. We have already made this request of management.

The management representation letter includes the Summary of Uncorrected Misstatements, which discloses the impact of all uncorrected misstatements considered to be other than clearly trivial, including uncorrected misstatements related to financial statement presentation and disclosure omissions, if any. This also includes the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole.

Based on both qualitative and quantitative considerations, management have decided not to correct the misstatement. Management represented to us that the misstatements – individually and in the aggregate – are, in their judgment, not material to the financial statements. This management representation is included in the management representation letter.

We concur with management's representation that the uncorrected misstatements are not material to the financial statements. Accordingly, the uncorrected misstatements have no effect on our auditor's report.

Corrected misstatements

The management representation letter includes all misstatements identified as a result of the audit, communicated to management and subsequently corrected in the financial statements.

Policies and practices

Accounting policies and practices

Audit quality

Audit quality

Current developments and thought leadership

Current developments

Thought leadership

Control deficiencies

Significant deficiencies

Other control deficiencies

Independence

We confirm that we are independent with respect to the Society within the meaning of the relevant rules and related interpretations prescribed by the relevant professional bodies in Canada and any applicable legislation or regulation from April 1, 2025 up to the date of this report.

Newly effective changes to auditing standards

For more information on newly effective and upcoming changes to auditing standards - see Current Developments

Effective for the Society year ended March 31, 2026

ISA 260/CAS 260

Communications with those charged with governance

Click here for information about CAS 260 from CPA Canada:

Amended CAS 260

Summary of changes:

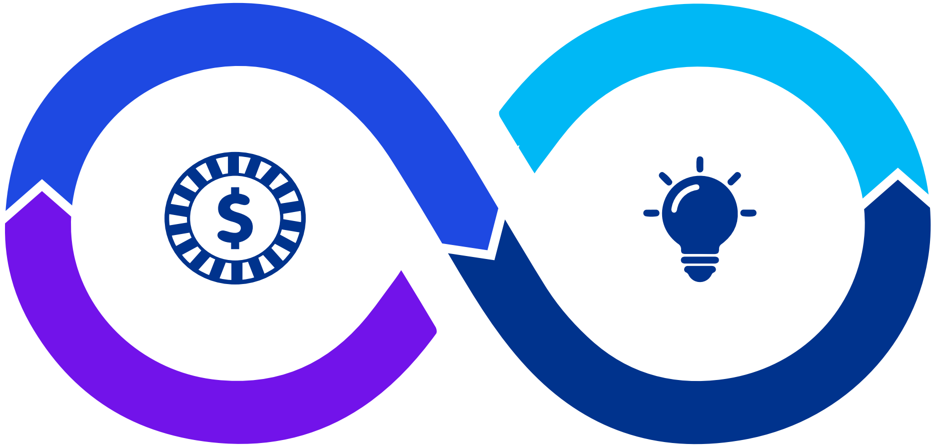
New requirements for the auditor to communicate:

- About the relevant ethical requirements, including those related to independence, that the auditor applied to the audit of the financial statements; and
- Any enhanced independence requirement that the auditor applied specific to the audit of financial statements of certain entities.

In accordance with this requirement, we communicate to the Committee that we apply the ethical requirements, including independence requirements, in:

- The rules of professional conduct / code of ethics applicable to the practice of public accounting issued by various professional accounting bodies in Canada ("CPA Code") that are relevant to audits of financial statements; and
- The International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants that are relevant to audits of financial statements.

Materiality



We ***initially determine materiality*** at a level at which we consider that misstatements could reasonably be expected to influence the economic decisions of users. Determining materiality is a matter of ***professional judgement***, considering both quantitative and qualitative factors, and is affected by our perception of the common financial information needs of users of the financial statements as a group. We do not consider the possible effect of misstatements on specific individual users, whose needs may vary widely.

We ***reassess materiality*** throughout the audit and revise materiality if we become aware of information that would have caused us to determine a different materiality level initially.

Plan and perform the audit

We ***initially determine materiality*** to provide a basis for:

- Determining the nature, timing and extent of risk assessment procedures;
- Identifying and assessing the risks of material misstatement; and
- Determining the nature, timing, and extent of further audit procedures.

We design our procedures to detect misstatements at a level less than materiality in individual accounts and disclosures, to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole.

Evaluate the effect of misstatements

We also ***use materiality*** to evaluate the effect of:

- Identified misstatements on our audit; and
- Uncorrected misstatements, if any, on the financial statements and in forming our opinion.

Materiality (continued)

Materiality

$435,000

(2025 - $370,000)

Total expenses for the year

$15.6M

(2025 - $14.2M)

% of Benchmark

2.80%

(2025 – 2.60%)

Professional standards prescribe between 0.5% to 3.0%.

Audit misstatement posting threshold

$21,700

(2025 - $18,500)

Risk assessment summary

Our audit begins with an assessment of risks of material misstatement in your financial statements.

We draw upon our understanding of the Society and its environment (e.g. the industry, the wider economic environment in which the business operates, etc.), our understanding of the Society's components of its system of internal control, including our business process understanding.

		Risk of fraud	Risk of error	Risk rating
●	Presumed risk of management override of controls	✓		Significant (as required by professional standards for all entities)
●	Provincial government funding		✓	Base
●	Other revenue		✓	Base
●	Payroll and other operating costs		✓	Base
●	Employee future benefits		✓	Base

● PRESUMED RISK OF MATERIAL MISSTATEMENT ● OTHER RISK OF MATERIAL MISTATEMENT

Significant risks and results

Presumed risk of fraud of management override of controls (as required by professional standards)

RISK OF
FRAUD

Background

Management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Although the level of risk of management override of controls will vary from entity to entity, the risk nevertheless is present in all entities.

Our audit approach

As this presumed risk of material misstatement due to fraud is not rebuttable, our audit methodology incorporates the required procedures in professional standards to address this risk. These procedures include:

- Testing of journal entries and other adjustments.
- Performing a retrospective review of estimates.
- Evaluating the business rationale of significant unusual transactions.

Our findings

There were no issues noted in our testing.

Required inquiries of the Board of Directors and Committee

Inquiries regarding risk assessment, including fraud risks

- What are the Board/Committee's views about fraud risks, including management override of controls, in the Society? And have you taken any actions to respond to any identified fraud risks?
- Is the Board/Committee aware of, or has the Board/Committee identified, any instances of actual, suspected, or alleged fraud, including misconduct or unethical behavior related to financial reporting or misappropriation of assets?
  - If so, have the instances been appropriately addressed and how have they been addressed?
- How does the Board/Committee exercise oversight of the Society's fraud risks and the establishment of controls to address fraud risks?
- Is the Board/Committee aware of any instances of actual or possible violations of laws and regulations, including illegal acts (irrespective of materiality threshold)?

Inquiries regarding company processes

- Is the Board/Committee aware of tips or complaints regarding the Society's financial reporting (including those received through the Board/Committee's internal whistleblower program, if such programs exist)? If so, the Board/Committee's responses to such tips and complaints?

Inquiries regarding related parties and significant unusual transactions

- Is the Board/Committee aware of any instances where the Society entered into any significant unusual transactions?
- What is the Board/Committee's understanding of the Society's relationships and transactions with related parties that are significant to the Society?
- Is the Board/Committee concerned about those relationships or transactions with related parties? If so, the substance of those concerns?

Other risks of material misstatement and results

Provincial government funding

RISK OF
ERROR

Other risk of material misstatement

- Funding for expenses of future periods are not deferred and recognized as revenue in the same periods as the related expenses are recognized.
- Unrestricted funding is not recognized as revenue, but is instead deferred.

Our audit approach

The Society receives significant amounts of funding from the Ministry of Children & Family Development (the "Ministry"). We obtained satisfactory audit evidence over the funding and performed the following procedures:

- Updated our understanding of the process activities over revenue, including the nature of any new funding.
- Performed substantive procedures such as:
  - Obtained revenue confirmations from the Ministry.
  - Ensured that the staffing requirements of the Ministry contract were met and obtained confirmation from the Ministry that any staffing positions that were under filled were appropriate to recognize into revenue or appropriately deferred.

Our findings

Based on our audit procedures, we did not identify any misstatements or issues.

Other risks of material misstatement and results (continued)

Other revenue

RISK OF

ERROR

Other risk of material misstatement

- Revenue is not completely identified and recorded.
- Revenue from services provided is recognized when there is not persuasive evidence of an arrangement.
- An inaccurate amount is recorded for revenue.

Our audit approach

The Society receives significant amounts of funding from other sources. We obtained satisfactory audit evidence over other revenue and performed the following procedures:

- Performed substantive procedures such as:
  - Obtained documentation ascertaining that the contributions received are for a specific purpose and assessed management's recording of these contributions in the financial statements in line with any restrictions or stipulations.
  - Ensured that the revenues and expenses recorded on the financial statements are related specifically to their intended purpose.

Our findings

Based on our audit procedures, we did not identify any misstatements or issues.

Other risks of material misstatement and results (continued)

Payroll and other operating costs

RISK OF

ERROR

Other risk of material misstatement

- Expenses are not accurately recorded or have not occurred.
- Liabilities and related expenses are not completely identified and recorded.
- Liabilities and related expenses are not recorded in the correct accounting period.

Our audit approach

The Society incurs payroll and other operating costs which are significant expenses of the Society's operations. We obtained satisfactory audit evidence over payroll and operating costs and performed the following procedures:

- Updated our understanding of the process activities and controls over the payroll and procurement process.
- Performed substantive procedures such as:
  - Performing a predictive substantive analytic procedure to understand the change in payroll. We corroborated all significant variances noted by reviewing and testing supporting documentation.
  - We assessed the facts and circumstances relating to retroactive payroll accruals of costs and related funding commitment from the Ministry. We tested a sample of the recorded accrual to ensure that the criteria for both the expense and related funding have been met.
  - Used statistical sampling to select a sample of operating expenses and agreed the selected sample to supporting documentation.

Our findings

Based on our audit procedures, we did not identify any misstatements or issues

Other risks of material misstatement and results (continued)

Employee future benefits

RISK OF
ERROR

Other risk of material misstatement

- Liabilities and expenses for employee future benefits are recorded inappropriately when they are not accurately recorded, the entity does not have a present obligation, or they do not exist.
- Liabilities and expenses for employee future benefits are not completely identified and recorded.

Our audit approach

The Society obtained the services of an external actuary to determine the obligations and related costs related to sick leave and severance benefits provided to its employees. We obtained satisfactory audit evidence over the defined benefit plan and performed the following procedures:

- Performed substantive procedures such as:
  - Obtaining the work of Convyta Consulting to provide audit evidence.
  - Reviewing the assumptions used by Convyta Consulting to ensure the assumptions are reasonable.
  - Reviewing the disclosures within the financial statements and agreeing them to the actuarial report.

Our findings

Based on our audit procedures, we did not identify any misstatements or issues

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Accounting policies and practices

Significant accounting policies

- There have been no initial selections of, or changes to, significant accounting policies and practices.
- There were no significant accounting policies in controversial or emerging areas.
- There were no issues noted with the timing of the Society's transactions in relation to the period in which they were recorded, other than the adjustments noted.
- There were no issues noted with the extent to which the financial statements are affected by a significant unusual transaction and extent of disclosure of such transactions.
- There were no issues noted with the extent to which the financial statements are affected by non-recurring amounts recognized during the period and extent of disclosure of such transactions.

Significant accounting estimates

- There were no issues noted with management's identification of accounting estimates.
- There were no issues noted with management's process for making accounting estimates.
- There were no indicators of possible management bias.
- There were no significant factors affecting the Society's asset and liability carrying values.

Significant disclosures and financial statement presentation

- There were no issues noted with the judgments made, in formulating particularly sensitive financial statement disclosures.
- There were no issues noted with the overall neutrality, consistency, and clarity of the disclosures in the financial statements.
- There were no significant potential effects on the financial statements of significant risks, exposures, and uncertainties.

Control deficiencies

Consideration of internal control over financial reporting (ICFR)

In planning and performing our audit, we considered ICFR relevant to the Society's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on ICFR.

Our understanding of internal control over financial reporting was for the limited purpose described above and was not designed to identify all control deficiencies that might be significant deficiencies. The matters being reported are limited to those deficiencies that we have identified during the audit that we have concluded are of sufficient importance to merit being reported to those charged with governance.

Our awareness of control deficiencies varies with each audit and is influenced by the nature, timing, and extent of audit procedures performed, as well as other factors. Had we performed more extensive procedures on internal control over financial reporting, we might have identified more significant deficiencies to be reported or concluded that some of the reported significant deficiencies need not, in fact, have been reported.

A deficiency in internal control over financial reporting

A deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A deficiency in design exists when (a) a control necessary to meet the control objective is missing or (b) an existing control is not properly designed so that, even if the control operates as designed, the control objective would not be met. A deficiency in operation exists when a properly designed control does not operate as designed, or when the person performing the control does not possess the necessary authority or competence to perform the control effectively.

Significant deficiencies in internal control over financial reporting

A deficiency, or a combination of deficiencies, in internal control over financial reporting that, in our judgment, is important enough to merit the attention of those charged with governance.

We did not identify any control deficiencies that we determined to be significant deficiencies in ICFR.

Our commitment to delivering audit quality

We define '**audit quality**' as being the outcome when:

- audits are **executed consistently**, in line with the requirements and intent of **applicable professional standards** within a strong **system of quality management**; and
- all of our related activities are undertaken in an environment of the utmost level of **objectivity, independence, ethics** and **integrity**.

KPMG is committed to fulfilling our public interest role in providing robust assurance that can benefit investors and other stakeholders.

Businesses are integrating technology in ways once unimaginable. Geopolitical changes and inflationary pressures continue to drive uncertainty, and businesses need to take action to respond to societal threats like climate change.

The pace and scale of change only strengthens our resolve to ensure the quality, consistency and adaptability of our services are fit for this new future. Audit and assurance quality remains the highest priority at KPMG.

Through sustained innovation, we aim to consistently deliver superior audit quality. Across the global organization:

- KPMG firms have implemented a consistent risk-based approach to our system of quality management to drive audit and assurance quality, enabling us to meet the requirements of the International Standard on Quality Management 1 (ISQM 1).
- We are utilising powerful technologies on audit and assurance engagements, including artificial intelligence, and leveraging our alliances with technology leaders such as Microsoft to further enhance quality and provide even more value through deeper analysis of businesses, no matter their size.
- We believe the same level of rigour, quality, consistency and trust that is applied to financial statement information by companies should also apply to ESG reporting. Therefore, across the global organization we have deployed an assurance methodology, KPMG Clara workflow and learning tools to upskill and build teams to provide assurance on ESG reporting that helps our clients build a more sustainable future.

We encourage you to read our Transparency Report to learn more about our system of quality management and our firm's statement on the effectiveness of our SoQM:

KPMG Canada Transparency Report

How do we deliver audit quality?

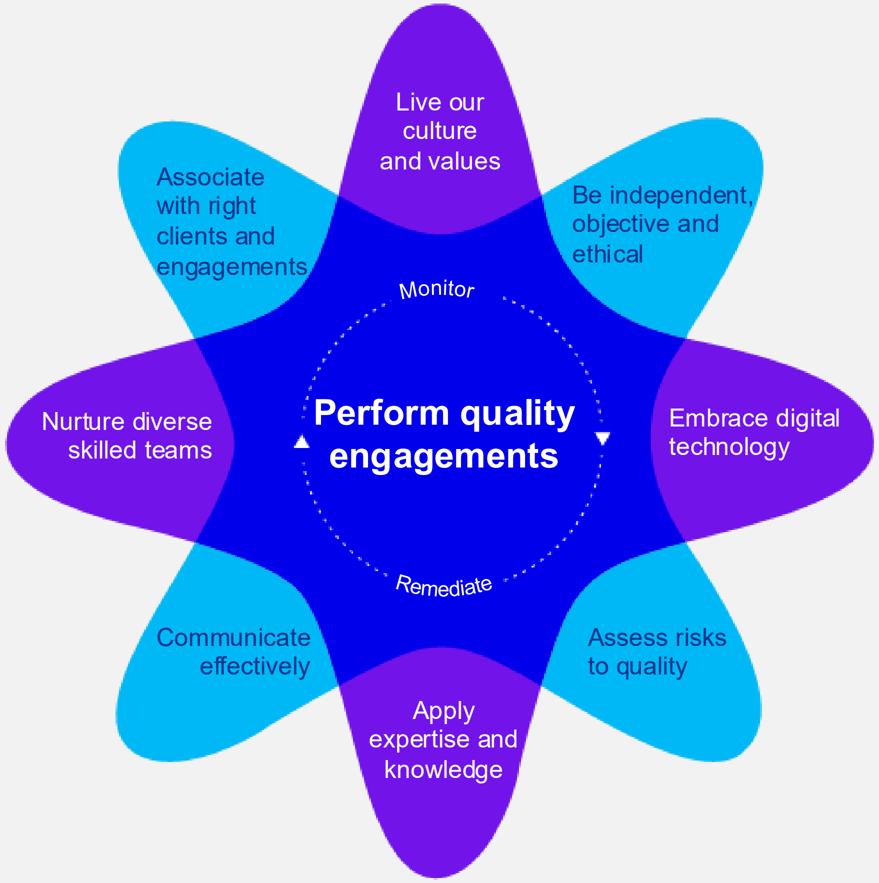
Quality essentially means doing the right thing and remains our highest priority. We have strengthened the consistency and robustness of our system of quality management to meet the requirements of ISQM 1 (CSQM 1), issued by the International Audit and Assurance Standards Board. Foundational for quality management, KPMG's globally consistent approach to ISQM 1 drives compliance with the standard and our efforts to strengthen trust and transparency with clients, the capital markets and the public we serve.

Aligned with ISQM 1 (CSQM 1), our SoQM meets the requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA) and the relevant rules of professional conduct / code of ethics applicable to the practice of public accounting in Canada, which apply to professional services firms that perform audits of financial statements.

Our **Global Quality Framework** outlines how we deliver quality and how every KPMG professional contributes to its delivery.

- **'Perform quality engagements'** sits at the core, along with our commitment to continually monitor and remediate to fulfil our quality drivers.

- Our **quality value drivers** are the cornerstones to our approach underpinned by the **supporting drivers** and give clear direction to encourage the right behaviours in delivering audit quality.

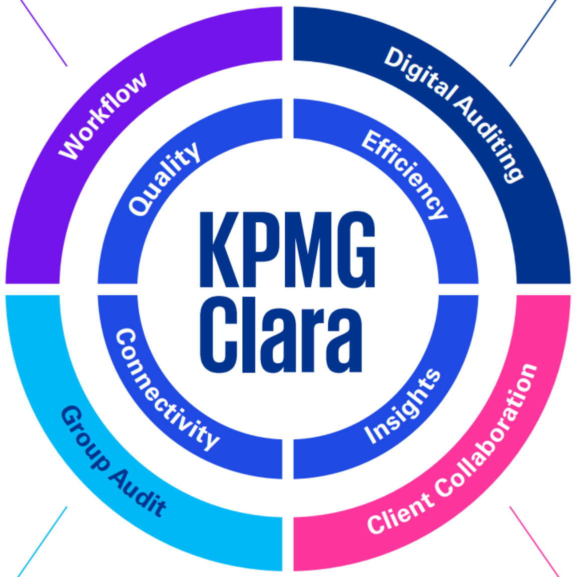


Doing the right thing. Always.

The KPMG Audit

Globally consistent audit and assurance methodology and tools

As a scalable, intuitive cloud-based platform, KPMG Clara is driving globally consistent execution across all KPMG member firms. It enables delivery of KPMG audit and assurance methodologies through data-enabled workflows, which align with the applicable audit and assurance standards and provide an improved experience to audit and assurance professionals.



- Data and AI-driven
- Audit & Assurance including ESG
- Global, risk-based methodology

- "Risk-to-response" analytics
- Gen AI integration
- Search knowledge base

- Enhanced two-way communication
- Tailored scoping
- Group audit connectivity

- Real-time alerts and task tracking
- Interaction with audit team
- Access to insights

- Methodology aligned with professional standards, laws and regulations
- Standardised methodology and guidance
- Deep technical expertise and knowledge
- Quality and risk management policies

- Meeting the applicable standards, including International Standards on Auditing (ISA), standards issued by the Public Company Accounting Oversight Board (PCAOB) and the American Institute of CPAs (AICPA) – supplemented by KPMG firms to comply with additional local auditing standards and regulatory or statutory requirements.
- Identifying risks of material misstatements and the necessary audit response.

Independence: Shared responsibilities

Auditor independence is a shared responsibility and most effective when management, audit committees, and audit firms work together in considering compliance with relevant independence rules. In order for KPMG to fulfill its professional responsibility to maintain and monitor independence, management, the Committee, and KPMG each play an important role. We apply the following ethical requirements, including independence requirements, in:

- the rules of professional conduct / code of ethics applicable to the practice of public accounting issued by various professional accounting bodies in Canada ("CPA code") that are relevant to audits of financial statements of non-reporting issuers; and
- the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants ("IESBA independence rule") that are relevant to audits of financial statements of non-public interest entities.

System of independence quality controls

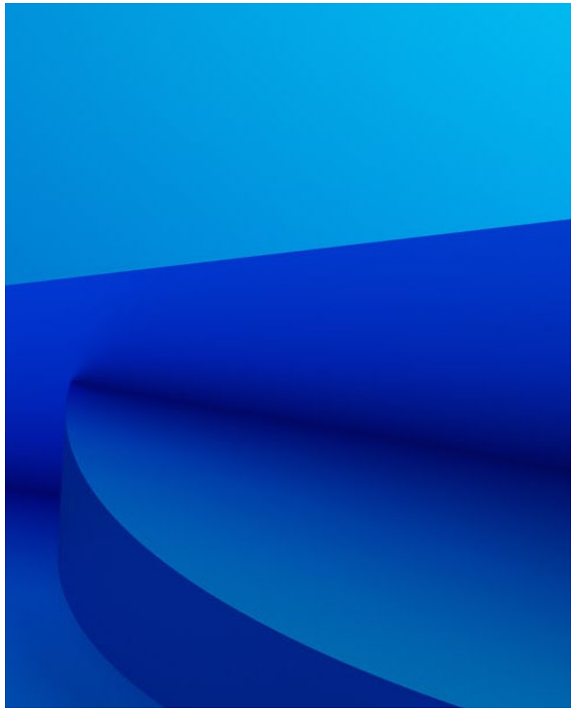
The firm maintains a system of quality control over compliance with independence rules and firm policies. Timely information before the effective date of transactions or other business changes is necessary to effectively maintain the firm's independence in relation to:

- New related entities.
- Any former KPMG professional who are directors, officers, or employee in a position to exert significant influence over the preparation of the client's accounting records or the financial statements.

Independence communications

- We will report to those charged with governance all relationships that may reasonably be thought to bear on our independence, including fees charged, and discuss the potential effects of such relationships on our independence. We will also report the related safeguards that have been applied, as applicable, to eliminate identified threats to independence or reduce them to an acceptable level.

- This communication, if any, will be provided during our year-end communications.



Independence (continued)

Under the newly effective *Narrow-scope Amendments to Canadian Auditing Standard (CAS) 700, Forming an Opinion and Reporting on Financial Statements, and CAS 260, Communication with Those Charged with Governance*, the auditor shall communicate with those charged with governance the relevant ethical requirements, including those related to independence, that the auditor applies for the audit engagement, including if applicable in the circumstances, any independence requirements specific to audits of financial statements of certain entities.

In accordance with this requirement, we communicate to the Committee that we apply the following ethical requirements, including independence requirements, in:

- the rules of professional conduct / code of ethics applicable to the practice of public accounting issued by various professional accounting bodies in Canada (“CPA Code”) that are relevant to audits of financial statements; and
- the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants that are relevant to audits of financial statements.

Independence

As a firm, we are committed to being and being seen to be independent. We apply the following ethical requirements, including independence requirements, in:

- the rules of professional conduct / code of ethics applicable to the practice of public accounting issued by various professional accounting bodies in Canada(“CPA code”) that are relevant to audits of financial statements of non-reporting issuers or non-listed entities; and
- the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (“IESBA independence rules”) that are relevant to audits of financial statements of non-public interest entities.

The following processes and procedures have been established by the firm to ensure independence is maintained:

- Dedicated ethics & independence partners
- Process for reporting breaches of professional standards and policy, and documented disciplinary policy
- Ethics, independence and integrity training for all staff
- International proprietary system used to evaluate and document threats to independence and those arising from conflicts of interest
- Operating polices, procedures and guidance contained in our quality & risk management manual
- Mandated procedures for evaluating independence of prospective audit clients
- Restricted investments and relationships
- Annual ethics and independence confirmation for staff

Statement of Compliance

We confirm that, as of the date of this communication, **we are in compliance** with relevant ethical requirements regarding independence in Canada.

Appendices

1. Required communication
2. Management representation letter
3. Current developments
4. Thought leadership and insights

Appendix 1: Other required communications

Auditor's report

The conclusion of our audit is set out in the draft auditor's report attached to the draft financial statements.

Engagement letter

The objectives of the audit, our responsibilities in carrying out our audit, as well as management's responsibilities, are set out in the engagement letter, copy of which has been provided to management.

Audit findings report

Represented by this report.

Management representation letters

In accordance with professional standards, copy of the management representation letters are included in Appendix 2.

Independence

We have confirmed our independence to the Committee on page 5 of this report.

Internal control deficiencies

We did not identify any control deficiencies that we determined to be significant deficiencies in internal control over financial reporting.

Appendix 1: Required communications (continued)

Management's responsibilities

Under the auditing standards, we are required to obtain the agreement of management that it acknowledges and understands its responsibility. An audit of the annual financial statements does not relieve management or those charged with governance of their responsibilities. We have obtained management's acknowledgment and understanding of their responsibilities in the engagement letter and as described below:

(a) the preparation and fair presentation of the annual financial statements in accordance with the financial reporting framework referred to above.
(b) providing us with all information of which management is aware that is relevant to the preparation of the financial statements ("relevant information") such as financial records, documentation and other matters, including:
– the names of all related parties and information regarding all relationships and transactions with related parties
– the complete minutes of meetings, or summaries of actions of recent meetings for which minutes have not yet been prepared, of the Board of Directors, and committees of the Board that may affect the financial statements. All significant actions are to be included in such summaries.
(c) providing us with unrestricted access to such relevant information.
(d) providing us with complete responses to all enquiries made by us during the engagement.
(e) providing us with additional information that we may request from management for the purpose of the engagement
(f) providing us with unrestricted access to persons within the Society from whom we determine it necessary to obtain evidence
(g) 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. Management also acknowledges and understands that they are responsible for the design, implementation and maintenance of internal control to prevent and detect fraud.
(h) ensuring that all transactions have been recorded and are reflected in the financial statements.
(i) ensuring that internal auditors providing direct assistance to us, if any, will be instructed to follow our instructions and that management, and others within the entity, will not intervene in the work the internal auditors perform for us.
(j) providing us with written representations required to be obtained under professional standards and written representations that we determine are necessary. Management also acknowledges and understands that, as required by professional standards, we may disclaim an audit opinion when management does not provide certain written representations required.

Appendix 1: Required communications (continued)

Auditor's responsibilities

Our function as auditors of the Society is:

- to express an opinion on whether the Society's financial statements, prepared by management with the oversight of those charged with governance, are, in all material respects, in accordance with the financial reporting framework referred to above.
- to report on the financial statements.

We will conduct the audit of the Society's financial statements in accordance with Canadian generally accepted auditing standards and relevant ethical requirements, including those pertaining to independence (hereinafter referred to as applicable "professional standards").

We will plan and perform the audit to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error. Accordingly, we will, among other things:

- identify and assess risks of material misstatement, whether due to fraud or error, based on an understanding of the Society and its environment, including the Society's internal control. In making those risk assessments, we consider internal control relevant to the Foundation's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Society's internal control.
- obtain sufficient appropriate audit evidence about whether material misstatements exist, through designing and implementing appropriate responses to the assessed risks.
- form an opinion on the Society's financial statements based on conclusions drawn from the audit evidence obtained.
- communicate matters required by professional standards, to the extent that such matters come to our attention, to the appropriate level of management, those charged with governance and/or the Board of Directors. The form (oral or in writing) and the timing will depend on the importance of the matter and the requirements under professional standards.

Appendix 2: Management representation letter

FRASER VALLEY CHILD DEVELOPMENT (1982) SOCIETY
102-32885 VENTURA AVENUE
ABBOTSFORD, BC V2S 6A3

KPMG LLP
32575 Simon Avenue
Abbotsford, BC V2T 4W6
Canada

June 23, 2026

We are writing at your request to confirm our understanding that your audit was for the purpose of expressing an opinion on the financial statements (hereinafter referred to as "financial statements") of Fraser Valley Child Development (1982) Society ("the Entity") as at and for the period ended March 31, 2026.

GENERAL:

We confirm that the representations we make in this letter are in accordance with the definitions as set out in **Attachment I** to this letter.

We also confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

RESPONSIBILITIES:

1) We have fulfilled our responsibilities, as set out in the terms of the engagement letter dated June 2, 2021 and amendment dated May 21, 2024, including for:

   a) the preparation and fair presentation of the financial statements and believe that these financial statements have been prepared and present fairly in accordance with the relevant financial reporting framework.

   b) providing you with all information of which we are aware that is relevant to the preparation of the financial statements ("relevant information"), such as financial records, documentation and other matters, including:

      – the names of all related parties and information regarding all relationships and transactions with related parties;

      – the complete minutes of meetings, or summaries of actions of recent meetings for which minutes have not yet been prepared, of shareholders, board of directors and committees of the board of directors that may affect the financial statements. All significant actions are included in summaries.

   c) providing you with unrestricted access to such relevant information.

   d) providing you with complete responses to all enquiries made by you during the engagement.

   e) providing you with additional information that you may request from us for the purpose of the engagement.

   f) providing you with unrestricted access to persons within the Entity from whom you determined it necessary to obtain audit evidence.

g) such internal control as we determined is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. We also acknowledge and understand that we are responsible for the design, implementation and maintenance of internal control to prevent and detect fraud.

h) ensuring that all transactions have been recorded in the accounting records and are reflected in the financial statements.

i) ensuring that internal auditors providing direct assistance to you, if any, were instructed to follow your instructions and that we, and others within the entity, did not intervene in the work the internal auditors performed for you.

INTERNAL CONTROL OVER FINANCIAL REPORTING:

2) We have communicated to you all deficiencies in the design and implementation or maintenance of internal control over financial reporting of which we are aware.

FRAUD & NON-COMPLIANCE WITH LAWS AND REGULATIONS:

3) We have disclosed to you:

a) the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

b) all information in relation to fraud or suspected fraud that we are aware of that involves:

- management;
- employees who have significant roles in internal control over financial reporting; or
- others

where such fraud or suspected fraud could have a material effect on the financial statements.

c) all information in relation to allegations of fraud, or suspected fraud, affecting the financial statements, communicated by employees, former employees, analysts, regulators, or others.

d) all known instances of non-compliance or suspected non-compliance with laws and regulations, including all aspects of contractual agreements, whose effects should be considered when preparing financial statements.

e) all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.

SUBSEQUENT EVENTS:

4) All events subsequent to the date of the financial statements and through to the date of the review report for which the relevant financial reporting framework requires adjustment or disclosure in the financial statements have been adjusted or disclosed.

RELATED PARTIES:

5) We have disclosed to you the identity of the Entity’s related parties.

6) We have disclosed to you all the related party relationships and transactions/balances of which we are aware.

7) All related party relationships and transactions/balances have been appropriately accounted for and disclosed in accordance with the relevant financial reporting framework.

ESTIMATES:

8) The methods, the data and the significant assumptions used in making accounting estimates, and their related disclosures are appropriate to achieve recognition, measurement or disclosure that is reasonable in the context of the applicable financial reporting framework.

GOING CONCERN:

9) We have provided you with all information relevant to the use of the going concern assumption in the financial statements.

10) We confirm that we are not aware of material uncertainties related to events or conditions that may cast significant doubt upon the Entity’s ability to continue as a going concern

MISSTATEMENTS:

11) The effects of the uncorrected misstatements described in Attachment II are immaterial, both individually and in the aggregate, to the financial statements as a whole.

12) We approve the corrected misstatements identified by you during the audit described in Attachment II.

NON-SEC REGISTRANTS OR NON-REPORTING ISSUERS:

13) We confirm that the Entity is not a Canadian reporting issuer (as defined under any applicable Canadian securities act) and is not a United States Securities and Exchange Commission (“SEC”) Issuer (as defined by the Sarbanes-Oxley Act of 2002).

14) We also confirm that the financial statements of the Entity will not be included in the group financial statements of a Canadian reporting issuer audited by KPMG or an SEC Issuer audited by any member of the KPMG organization.

OTHER:

15) The deferred revenue balances at March 31, 2026 reflect managements' best estimate of the revenues received for specific programs, for which the services are yet to be provided as at March 31, 2026.

16) Wage and benefit values used to determine the value of deferred revenue due to unfilled FTE requirements was disclosed and approved by MCFD.

17) The FTE reports provided represent actual services provided by the Entity's employees relating to the respective MCFD contract funding.

18) We confirm that all receivables from MCFD relating funding arrangements, including amounts earned but not yet received as at year-end, have been completely and accurately recorded in the financial statements. Where applicable, we confirm that estimates used in determining accrued funding are reasonable, supportable, and based on the best information available, including correspondence and confirmations received from the Ministry.

Yours very truly,

____
By: Ms. Karen Dickenson Smith, CEO

____
By: Mr. Don Davis, Director of Finance

Attachment I – Definitions

MATERIALITY

Certain representations in this letter are described as being limited to matters that are material.

Information is material if omitting, misstating, or obscuring it could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Judgments about materiality are made in light of surrounding circumstances, and are affected by perception of the needs of, or the characteristics of, the users of the financial statements and the size or nature of a misstatement, or a combination of both while also considering the entity's own circumstances.

FRAUD & ERROR

Fraudulent financial reporting involves intentional misstatements including omissions of amounts or disclosures in financial statements to deceive financial statement users.

Misappropriation of assets involves the theft of an entity's assets. It is often accompanied by false or misleading records or documents in order to conceal the fact that the assets are missing or have been pledged without proper authorization.

An error is an unintentional misstatement in financial statements, including the omission of an amount or a disclosure.

Attachment II - Summary of Audit Misstatements Schedules

Summary of uncorrected misstatements

ID	Description of misstatement	Type of misstatement	Accounts	Debit	(Credit)	Statement of Operations	Statement of Financial Position				
						Income effect	Net Assets at period end	Current Assets	Noncurrent Assets	Current Liabilities	Noncurrent Liabilities
1	To capitalize computers and equipment expensed in 2021 (PY effect).	Factual	*Office equipment & Furniture*	*181,902*					*181,902*		
			Amortization expense	*16,323*		*16,323*					
			Equity in capital assets		*(54,409)*		*(54,409)*				
			Accumulated amortization		*(143,816)*				*(143,816)*		
Total effect of uncorrected audit misstatements				**198,225**	**(198,225)**	**16,323**	**(54,409)**	**-**	**38,086**	**-**	**-**

Summary of corrected misstatements

ID	Description of misstatement	Type of misstatement	Accounts	Debit	(Credit)	Statement of Operations	Statement of Financial Position				
						Income effect	Net Assets at period end	Current Assets	Noncurrent Assets	Current Liabilities	Noncurrent Liabilities
1	To capitalize computers and equipment expensed in 2021.	Factual	*Office equipment & Furniture*	*181,902*					*181,902*		
			Amortization expense		*(26,660)*	*(26,660)*	-				
			Accumulated amortization		*(155,242)*				*(155,242)*		
Total effect of corrected audit misstatements				**181,902**	**(181,902)**	**(26,660)**	**-**	**-**	**26,660**	**-**	**-**

Appendix 3: Current developments

Accounting standards

Accounting Guideline 21 (AcG-21): Accounting for Life Insurance Contracts with Cash Surrender Value

Effective for annual periods beginning on or after January 1, 2026, with early adoption permitted.

- The accounting guideline requires recognition of the cash surrender value as an asset measured at the cash surrender amount, which is the amount that would be immediately realized by the policyholder if the policy were terminated prior to the death of the insured.
- Other provisions include:
  - Recognition as an asset only when the policyowner is also the beneficiary of the death benefit.
  - Required presentation of policy premiums and changes in cash surrender value on a net basis, where a net debit is reported as expense and a net credit is reported as income.
  - If not separately presented on the face of the statement of financial position, disclosure of the carrying amount of the cash surrender value in the aggregate for all life insurance policies with cash surrender value and the relevant caption in the statement of financial position.
- The guidance would be applied retrospectively, but only to life insurance policies in place at the beginning of the earliest period presented.

Appendix 3: Current developments (continued)

Accounting standards (continued)

ASNPO Section 4411: Contributions Received by Not-for-Profit Organizations

- AcSB initially issued an exposure draft in the spring of 2023 on proposed new Section 4411, *Contributions Received by Not-for-Profit Organizations* (Section 4411).
- Section 4411 initially proposed removing the option to use the restricted fund method of accounting for contributions and having the deferral method of accounting for contributions as the single approach to revenue recognition.
- Section 4411 was subject to comments from stakeholders with the response period closing September 30, 2023.
- Based on the AcSB's deliberations over the feedback received, they have now concluded that the single recognition model (deferral method) may not meet the diverse needs of the not-for-profit sector and instead propose to continue to allow an accounting policy choice for the recognition of contributions.
- AcSB will develop a new exposure draft that proposes improvements to the two existing methods for recognizing restricted contributions, including the quality and understandability of the financial statements through improved consistency in the application of the accounting standards. The new exposure draft will incorporate the relevant proposals from the first exposure draft, the feedback received, and topics such as, definitions, recognition of restricted contributions using the deferral method, disclosure and presentation.
- AcSB has issued a feedback statement, which can be found here: AcSB Feedback Statement. This statement summarizes the views on the proposals, additional outreach activities and an overview of the proposed direction and next steps.

Appendix 3: Current developments (continued)

Accounting standards (continued)

Potential Future Exposure Draft: Relief from Recognition of Intangible Assets and Amortization of Goodwill

- Based on the premise that combinations of not-for-profits are typically by way of a merger there is consideration of an exposure draft to provide relief from the recognition and accounting of intangibles.
- This will be addressed in future meetings of the Not-for-Profit Focus Group.

Reporting Controlled and Related Entities

- The Not-for-Profit Task Force is reviewing the existing guidance provided in Section 4450: *Reporting Controlled and Related Entities* to evaluate if incremental guidance is necessary based on interpretation in practice.
- This will continue to be addressed in future meetings of the Not-for-Profit Focus Group.

Appendix 3: Current developments (continued)

Tax matters

T3010 Filing Pitfalls

- The CRA released an audit outcome in *Report on the Charities Program 2023 to 2024*. The Report indicates that incomplete or incorrect T3010 returns are still the most common non-compliance issue, accounting for 64% of the total audit findings.
- We have observed common T3010 filing errors in the following areas: filing T3010 based on consolidated financial statements, reporting gifts on an accrual basis, and omitting or inaccurately reporting disbursement quota calculations.
- The T3010 return underwent an overhaul in 2024. Reach out to us if you need further guidance regarding the changes or to review your T3010 before filing to avoid errors which can lead to a CRA Audit.

Board or Committee Compensation – T4 or T4A

- Honoraria or stipends paid to an individual who is a board or committee member are generally considered employment income and subject to payroll withholding to be reported on a T4. You need to review the treatment of such payments if they have not been historically reported on T4 slips.

Revenue-Generating Activities of Non-Profit Organizations (NPO)

- An NPO that is exempt under paragraph 149(1)(l) of the *Income Tax Act* is required to be organized and operated exclusively for not-for-profit purposes. An NPO is not permitted to intentionally earn a profit, even if such profit-making activity is secondary to non-profit purposes and is used to fund non-profit activities.
- Before undertaking a new revenue stream, it would be prudent to evaluate the nature of such activities to protect your NPO status.

Appendix 3: Current developments (continued)

Tax matters

New Online Filing Option for Charities

- The Canada Revenue Agency (CRA) has officially introduced a new online filing service to enable the electronic filing of the T3010 *Registered Charity Information Return* (T3010) through CRA-certified software. According to the Charities Directorate, the CRA is actively working with tax-filing software vendors, aiming to ensure that most major software platforms will support e-filing for the T3010 by the end of 2025.
- This development means that charities will soon be able to electronically file their T3010 through their authorized representative firms.

Enhanced Reporting Requirements for NPOs

- In August 2025, the Federal Department of Finance released draft legislation reintroducing measures initially announced in the 2024 federal budget and the 2024 Fall Economic Statement. These measures include a proposed amendment that requires agricultural organizations, boards of trade, chambers of commerce and NPOs to file a T1044 *Non-Profit Organization Information Return* (T1044) if the receipts (e.g., revenue), including capital receipts, exceed $50,000 for the fiscal year.
- Additionally, organizations not subject to the T1044 filing requirement will instead be required to file a new short-form annual information return. This return will provide a description of the organization’s activities, total assets, total liabilities, and amounts received during the period. It will also include detailed information on each director, officer or trustee of the organization.
- The above rules, if enacted, would apply to any organization – regardless of whether it is incorporated – that is exempt from tax under paragraphs 149(1)(l) or (e) of the *Income Tax Act,* effective for tax years beginning on or after January 1, 2026.

T4A Box 048 – Reporting Fees for Services

- Organizations that make payments for services provided by a resident (individual or corporation) are required to report these payments in box 048 of the T4A slips, provided the total payments made to a service provider exceed $500 in a calendar year.
- Although the CRA has provided administrative relief by not assessing penalties for non-compliance related to the completion of box 048, the CRA has emphasized that this relief is intended to be a temporary measure, despite having been in place since 2011.
- According to a recent survey conducted by the CRA, 40% of respondents indicated that they are not at all prepared to comply with the Reporting Fees for Services requirement. Additionally, about half of respondents expressed concerns that the T4A slip is not the appropriate reporting vehicle for reporting fees for services and many believe the current $500 reporting threshold may be set too low.
- The CRA has acknowledged the feedback and has committed to exploring the feasibility of potential solutions to help organizations comply with the Reporting Fees for Services requirement.

Appendix 4: Thought leadership and insights

Half of Public Servants Turn to AI Raising Risks

KPMG survey finds public sector unready for AI, low literacy, need for digital sovereignty.

While less than a quarter (**22 per cent**) of Canadian public sector organizations have adopted artificial intelligence (AI), half of the public servants who use AI in their jobs rely on publicly available AI tools, exposing governments to potential risks including data privacy and security breaches, intellectual property theft and exposure to biased or inaccurate information that can lead to legal and ethical issues, finds a new KPMG in Canada research.

Click here for more information

Intelligent Government

The emergence of generative AI, alongside advanced autonomous and agentic systems, is transforming how government and the public sector innovate and operate. Our findings reveal an actionable blueprint for governments and organizations aiming to leverage AI's potential to drive efficiency, reduce time-to-market and improve patient outcomes. This report provides insights into how they can take a value-based approach to AI that helps to accelerate innovation, unlock new growth opportunities, and maximize the impact of their AI investments.

Click here for more information

KPMG 2025 Canadian CEO Outlook

Our 2025 CEO Outlook survey reveals a compelling paradox: Canadian CEOs are increasingly confident in the growth of their companies and industries, yet their optimism about the Canadian and global economies is waning.

Despite the evolving pressures, CEOs alike are proactively focusing on making their organizations more resilient to external shocks. They are not just reacting to changes, but are actively seeking ways to mitigate external risks, improve productivity and optimize revenue.

Click here for more information

Midyear Observations on the 2025 Board Agenda

Disruption, volatility, and uncertainty aren't new operating conditions by any means. But the assumptions that have long driven corporate thinking - the role of government, geopolitical norms, and consistency in US policies as administrations change, and the speed of technological advances—are being upended. Few business leaders have experienced the scope, complexity, and combination of issues companies are facing today—and many will earn their stripes in the months ahead.

Click here for more information

Accelerate - Delving Deeper: The New Standing Items on Audit Committee Agendas

Geopolitical risks are continuing to evolve, generative artificial intelligence (AI) is reshaping the work world and ESG reporting is now mandatory for some organizations. At the same time, cyberattacks are becoming more frequent and sophisticated, but so are the tools to fight them.

Until recently, many of the biggest drivers of this new era were of only cursory interest to audit committees. Now, AI, ESG and cyber are being examined more rigorously and increasingly becoming standing items on the audit committee agenda.

Click here for more information

Appendix 4: Thought leadership and insights (continued)

Our latest thinking on the issues that matter most to Boards, Committees and management.

KPMG Audit & Assurance Insights

Curated research and insights for audit Committees and Boards.

Sustainability Reporting

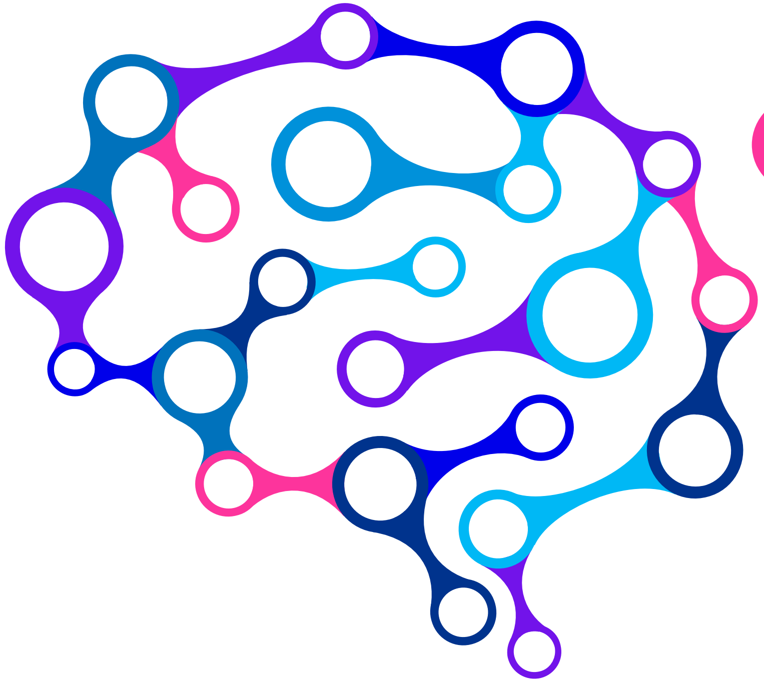
Resource centre on implementing the new Canadian reporting standards.

Board Leadership Centre

Leading insights to help board members maximize boardroom opportunities.

Audit Committee Guide – Canadian Edition

A practical guide providing insight into current challenges and leading practices shaping audit committee effectiveness in Canada.



Appendix 4: Thought leadership and insights (continued)

Get ready for Canadian Sustainability Standards Board (CSSB) sustainability disclosures

What was issued?

- The first Canadian Sustainability Disclosure Standards[1], which mark the next step towards equal prominence for sustainability and financial reporting in Canada.
- They are aligned with the IFRS® Sustainability Disclosure Standards, with the exception of effective date and transition relief.
- They are based on existing frameworks and standards, including Task Force on Climate-Related Financial Disclosures ("TCFD") and Sustainability Accounting Standards Board ("SASB").
- They are investor-focused.

What's the impact?

- Companies applying these standards will report on all relevant sustainability topics (not just on climate) under a consistent framework and focus on how these topics impact a company's prospects.
- Reporting will be connected to the financial statements. Therefore, companies will need processes and controls in place so that they can provide sustainability-related information of the same quality, and at the same time, as their financial information.

What's next?

- The standards are effective from January 1, 2025, on a voluntary basis.
- Canada's provincial and territorial regulators and legislators will determine whether application of the standards should be mandated, and if so, who will need to apply them and over what time frame.
- Some public and private companies may choose to apply them voluntarily – e.g., in response to investor or societal pressure.

[1] Canadian Sustainability Disclosure Standards – CSDS 1 *General Requirements for Disclosure of Sustainability-related Financial Information* and CSDS 2 *Climate-related Disclosures*, both published on December 18, 2024.

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https://kpmg.com/ca/en/home.html