

Salt Spring and Southern Gulf Islands Community Services Society
Financial Statements
Year Ended March 31, 2020

Independent Auditor's Report

To the Members of Salt Spring and Southern Gulf Islands Community Services Society

Report on the Financial Statements

Opinion

We have audited the financial statements of Salt Spring and Southern Gulf Islands Community Services Society (the Society), which comprise the statement of financial position as at March 31, 2020, and the statements of changes in net assets, operations and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Society as at March 31, 2020, 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.

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 *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Society 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 those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Report on Other Legal and Regulatory Requirements

As required by the British Columbia Societies Act, we report that, in our opinion, the accounting principles applied by the Society 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.

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 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.

In preparing the financial statements, management is responsible for assessing the Society's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Society or to cease operations, or has no realistic alternative but to do so.

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

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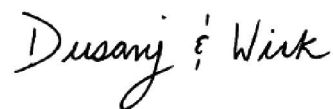
Independent Auditor's Report to the Members of Salt Spring and Southern Gulf Islands Community Services Society (continued)

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

We 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.



Salt Spring and Southern Gulf Islands Community Services Society**Statement of Financial Position****March 31, 2020**

| | 2020 | 2019 |
|---|--------------------------|-------------------------|
| | \$ | \$ |
| Assets | | |
| Current | | |
| Cash and term deposits | 1,091,672 | 801,558 |
| Accounts receivable | 225,404 | 116,130 |
| Prepaid expenses | 13,413 | 15,675 |
| Government remittances receivable | 58,495 | 11,230 |
| | <u>1,388,984</u> | <u>944,593</u> |
| Property and equipment (Note 3) | <u>8,905,535</u> | <u>7,168,985</u> |
| Total assets | <u>10,294,519</u> | <u>8,113,578</u> |
| Liabilities | | |
| Current | | |
| Accounts payable and accrued liabilities (Note 4) | 562,546 | 252,541 |
| Government remittances payable | 7,877 | - |
| Deferred contributions (Note 5) | 305,977 | 144,133 |
| Current portion of long term debt (Note 6) | 170,020 | 177,084 |
| | <u>1,046,420</u> | <u>573,758</u> |
| Long term debt (Note 6) | 4,562,558 | 3,777,375 |
| Deferred contributions related to property and equipment (Note 7) | <u>3,577,251</u> | <u>2,619,318</u> |
| Total liabilities | <u>9,186,229</u> | <u>6,970,451</u> |
| Net Assets | | |
| Unrestricted | (531,125) | (524,757) |
| Internally restricted (Note 8) | 257,091 | 257,091 |
| Invested in property and equipment (Note 9) | 1,382,324 | 1,410,793 |
| | <u>1,108,290</u> | <u>1,143,127</u> |
| Total liabilities and net assets | <u>10,294,519</u> | <u>8,113,578</u> |
| Contingent liabilities (Note 12) | | |

Approved on Behalf of the Board_____
Director_____
Director*The accompanying notes are an integral part of these financial statements*

Salt Spring and Southern Gulf Islands Community Services Society
Statement of Changes in Net Assets
Year Ended March 31, 2020

| | Unrestricted | Internally Restricted | Invested in Property and Equipment | 2020 | 2019 |
|---|------------------|-----------------------|------------------------------------|------------------|------------------|
| | \$ | \$ | \$ | \$ | \$ |
| Net assets - beginning of year | (524,757) | 257,091 | 1,410,793 | 1,143,127 | 1,101,273 |
| Excess (deficiency) of revenues over operating expenses | (6,368) | - | (28,469) | (34,837) | 41,854 |
| Net assets - end of year | (531,125) | 257,091 | 1,382,324 | 1,108,290 | 1,143,127 |

The accompanying notes are an integral part of these financial statements

Salt Spring and Southern Gulf Islands Community Services Society**Statement of Operations****Year Ended March 31, 2020**

| | 2020 | 2019 |
|--|------------------|------------------|
| | \$ | \$ |
| Revenues | | |
| Community Living BC | 842,455 | 743,537 |
| Ministry for Children and Families | 562,461 | 953,706 |
| Public Health Agency of Canada (Note 11) | 435,720 | 435,720 |
| BC Housing | 390,691 | 371,910 |
| Rental and room and board | 315,503 | 299,635 |
| Capital Regional District | 269,825 | 250,892 |
| Vancouver Island Health Authority | 224,752 | 198,016 |
| Donations | 210,726 | 143,130 |
| School District #64 | 164,120 | 145,990 |
| Other revenue | 144,518 | 138,585 |
| United Way of the Lower Mainland | 114,448 | 108,500 |
| Recycled products and depot fees | 112,320 | 111,596 |
| Loan forgiveness | 95,680 | 95,680 |
| Grants | 108,614 | 91,925 |
| Subsidies and fees | 84,122 | 47,432 |
| Vancouver Foundation | 80,000 | 65,000 |
| Prince George Nechako AETA | 74,423 | 65,034 |
| Amortization of deferred capital contributions (Note 7) | 66,877 | 66,877 |
| Ministry of Justice | 64,861 | 83,889 |
| United Way of Greater Victoria | 60,862 | 101,415 |
| Victoria Foundation | 54,806 | - |
| Children's Health Foundation | 30,000 | 30,000 |
| Salt Spring Island Foundation | 9,031 | 26,232 |
| | <u>4,516,815</u> | <u>4,574,701</u> |
| Operating expenses | | |
| Advertising and promotion | 7,259 | 12,683 |
| Amortization of property and equipment | 151,569 | 162,761 |
| Centre expenses | 43,763 | 42,528 |
| Community programs | 171,161 | 152,781 |
| Food | 183,882 | 156,105 |
| Insurance | 65,593 | 52,997 |
| Interest on long term debt | 76,371 | 83,098 |
| Office | 21,044 | 25,065 |
| Other expenses (recoveries) | (47,869) | 3,291 |
| Public Health Agency of Canada expenses (Note 11) | 435,720 | 435,720 |
| Professional fees | 15,099 | 9,738 |
| Program materials and supplies | 115,676 | 87,231 |
| Recreation and education | 8,798 | 11,597 |
| Recyclables - disposal costs and shipping | 12,289 | 7,091 |
| Rent | 24,961 | 15,932 |
| Repairs and maintenance | 129,155 | 107,490 |
| Staff development | 16,737 | 13,457 |
| Telephone and fax | 39,403 | 39,288 |
| Travel and vehicle expense | 48,620 | 41,844 |
| Wages and employee benefits | 2,899,610 | 2,944,776 |
| Water and utilities | 132,811 | 127,374 |
| | <u>4,551,652</u> | <u>4,532,847</u> |
| Excess (deficiency) of revenues over operating expenses | <u>(34,837)</u> | <u>41,854</u> |

The accompanying notes are an integral part of these financial statements

Salt Spring and Southern Gulf Islands Community Services Society**Statement of Cash Flows****Year Ended March 31, 2020**

| | 2020 | 2019 |
|--|-------------------------|-----------------------|
| | \$ | \$ |
| Cash flows from operating activities | | |
| Excess (deficiency) of revenues over operating expenses | (34,837) | 41,854 |
| Items not affecting cash: | | |
| Amortization of deferred capital contributions | (66,877) | (66,877) |
| Amortization of property and equipment | 151,569 | 162,761 |
| Gain on disposal of property and equipment | (62,524) | - |
| Loan forgiveness | (95,680) | (95,680) |
| | <u>(108,349)</u> | <u>42,058</u> |
| Changes in non-cash working capital: | | |
| Accounts receivable | (109,274) | (25,657) |
| Accounts payable and accrued liabilities | 310,007 | (65,939) |
| Prepaid expenses | 2,262 | 1,118 |
| Deferred contributions | 161,844 | (37,323) |
| Government remittances payable | 7,877 | (13,110) |
| Government remittances receivable | (47,265) | (11,230) |
| | <u>325,451</u> | <u>(152,141)</u> |
| Cash flows from operating activities | <u>217,102</u> | <u>(110,083)</u> |
| Cash flows from investing activities | | |
| Purchase of property and equipment | (2,600,881) | (227,095) |
| Proceeds on disposal of property and equipment | 775,286 | - |
| Cash flows from investing activities | <u>(1,825,595)</u> | <u>(227,095)</u> |
| Cash flows from financing activities | | |
| Proceeds from long term debt | 1,647,100 | - |
| Repayment of long term debt | (773,303) | (76,890) |
| Increase in deferred contributions related to property and equipment | 1,024,810 | 259,339 |
| Cash flows from financing activities | <u>1,898,607</u> | <u>182,449</u> |
| Net change in cash and term deposits during the year | 290,114 | (154,729) |
| Cash and term deposits - beginning of year | <u>801,558</u> | <u>956,287</u> |
| Cash and term deposits - end of year | <u>1,091,672</u> | <u>801,558</u> |
| Cash and term deposits consist of: | | |
| Cash | 930,138 | 643,736 |
| Term deposits | 161,534 | 157,822 |
| | <u>1,091,672</u> | <u>801,558</u> |

The accompanying notes are an integral part of these financial statements

Salt Spring and Southern Gulf Islands Community Services Society

Notes to Financial Statements

Year Ended March 31, 2020

1. Purpose of the organization

Salt Spring and Southern Gulf Islands Community Services Society (the "Society") is incorporated under the Societies Act of British Columbia as a not-for-profit organization. As a registered charity, the Society is exempt from the payment of income tax under Section 149(1) of the Income Tax Act.

The objectives of the Society are to promote, plan, and develop comprehensive quality community services; to foster community planning of social services in the community and to provide services to those in need; and to assist individuals, local groups, and organizations in gaining information and access to resources and personal and/or government funding for citizens' groups.

2. Significant accounting policies

Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO), and include the following significant accounting policies:

Fund accounting

The Society follows the deferral method of accounting for contributions.

Revenue recognition

Revenue is recognized after services/programs have been provided when the amount of revenue can be determined, and has been received or collectability is reasonable assured.

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.

Property and equipment

Property and equipment is stated at cost or deemed cost less accumulated amortization and is amortized over its estimated useful life on a straight-line basis at the following rates:

| | |
|-------------------------|---------------|
| Buildings | 38 - 50 years |
| Basketball court | 10 years |
| Furniture and equipment | 4 - 10 years |
| Leasehold improvements | Term of lease |
| Vehicles | 5 - 10 years |

Property and equipment donated to the Society are recorded at fair market value on the date of donation if readily determinable.

Property and equipment under construction is not amortized until the asset is placed into use.

Capitalized costs

Capitalized costs include development costs, mortgage interest, realty taxes, interest on general borrowing, and administrative and general expenses incurred in the connection with the acquisition, development and construction of properties.

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Salt Spring and Southern Gulf Islands Community Services Society

Notes to Financial Statements

Year Ended March 31, 2020

2. Significant accounting policies (continued)

Donated Services

The Society and its members benefit greatly from donated services in the form of volunteer time for various committees. However, due to the difficulty in determining their fair value, donated services are not recognized in the financial statements.

Financial instruments policy

The Society initially measures its financial assets and financial liabilities at fair value. The Society subsequently measures all its financial liabilities at amortized cost, except for cash and term deposits which are measured at fair value. Changes in fair value are recognized in the statement of operations.

Financial assets measured at amortized cost include accounts receivable and government remittances receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities, government remittances payable, and long term debt.

Measurement uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

3. Property and equipment

| | 2020 | | 2019 | |
|-----------------------------|------------|-----------------------------------|------------|-----------------------------------|
| | Cost \$ | Accumulated amortization \$ | Cost \$ | Accumulated amortization \$ |
| Land | 1,922,552 | - | 1,862,668 | - |
| Building under construction | 2,265,010 | - | 395,565 | - |
| Buildings | 5,962,343 | 1,393,295 | 6,072,754 | 1,308,085 |
| Basketball court | - | - | 32,467 | 32,467 |
| Furniture and equipment | 116,126 | 54,555 | 92,255 | 32,613 |
| Leasehold improvements | 85,852 | 80,585 | 85,852 | 80,585 |
| Vehicles | 216,044 | 133,957 | 191,602 | 110,428 |
| | 10,567,927 | 1,662,392 | 8,733,163 | 1,564,178 |
| Net book value | 8,905,535 | | 7,168,985 | |

4. Accounts payable and accrued liabilities

Included in accounts payable and accrued liabilities is an equipment replacement reserve of \$3,665 (2019: \$3,665) for Lautman Drive as permitted by BC Housing.

Salt Spring and Southern Gulf Islands Community Services Society

Notes to Financial Statements

Year Ended March 31, 2020

5. Deferred contributions

Deferred contributions represent contributions received in the current year that are related to a subsequent year. Changes in the deferred contributions balance are as follows:

| | 2020 | 2019 |
|---|----------------|----------------|
| | \$ | \$ |
| Beginning Balance | 144,133 | 181,456 |
| Less: Amounts recognized as revenue during the year | (123,410) | (270,500) |
| Add: Amounts received related to subsequent years | 285,254 | 232,177 |
| | <u>305,977</u> | <u>143,133</u> |

Salt Spring and Southern Gulf Islands Community Services Society

Notes to Financial Statements

Year Ended March 31, 2020

6. Long term debt

| | 2020 \$ | 2019 \$ |
|--|------------------|------------------|
| Murakami mortgage, non-interest bearing, payment annually of \$13,333 commencing December 31, 2007. Mortgagor may elect at their sole discretion by November 30 of each year to i) receive the annual payment, ii) defer the annual payment to the ensuing year, or iii) forgive all or part of the annual payment. If the payment is forgiven, a donation receipt is issued and the amount is included in deferred capital contributions, to be matched against the economic life of the asset. | 26,672 | 40,004 |
| British Columbia Housing Management, non-interest bearing forgivable loan, registered April 23, 2007, forgiven 1/25 each year, commencing in the 11th year, secured by a mortgage, restrictive covenant, and an option to purchase in favour of the Provincial Rental Corporation. | 1,158,933 | 1,211,413 |
| Canada Housing and Mortgage Corporation Residential Rehabilitation Assistance Program, interest is included in the fully advanced amount. | 180,000 | 223,200 |
| First National Financial, monthly payments of \$7,556 including interest at 3.53% per annum, due August 1, 2023, secured by property at 167 Rainbow Road. | 1,446,927 | 1,486,146 |
| Vancity Credit Union, monthly payments of \$1,692 including interest at 3.90% per annum, due April 16, 2022, secured by property at 129 Hereford Avenue. | 272,946 | 282,465 |
| Vancity Credit Union, monthly payments of \$3,853 including interest at 3.90% per annum, due August 1, 2022, secured by property at 129 Hereford Avenue. | - | 711,231 |
| Vancity Credit Union, monthly payments of \$2,270 including interest at 4.03% per annum, due March 5, 2025, secured by property at 129 Hereford Avenue and 105 Kilner Road. | 430,000 | - |
| British Columbia Housing Management, terms of repayment to be determined. | 1,217,100 | - |
| | 4,732,578 | 3,954,459 |
| Less: current portion of long term debt | (170,020) | (177,084) |
| | <u>4,562,558</u> | <u>3,777,375</u> |

Principal repayment terms are approximately:

| | \$ |
|------|-----------|
| 2021 | 170,020 |
| 2022 | 172,255 |
| 2023 | 402,610 |
| 2024 | 1,427,913 |
| 2025 | 446,146 |

Salt Spring and Southern Gulf Islands Community Services Society

Notes to Financial Statements

Year Ended March 31, 2020

7. Deferred contributions related to property and equipment

Deferred contributions related to property and equipment represent contributions restricted to acquiring property and equipment. Deferred contributions related to property and equipment are amortized on the same basis as the related property and equipment. The changes in the deferred contributions related to property and equipment balance for the year are as follows:

| | 2020 \$ | 2019 \$ |
|--|------------------|------------------|
| Balance, beginning of year | 2,619,318 | 2,426,856 |
| Add: contributions related to property and equipment | 1,024,810 | 259,339 |
| Less: amounts amortized to revenue | (66,877) | (66,877) |
| Balance, end of year | <u>3,577,251</u> | <u>2,619,318</u> |

8. Internally restricted net assets

Internally restricted amounts are not available for other purposes without the approval of the Board of Directors. Internally restricted net asset balances are as follows:

| | 2020 \$ | 2019 \$ |
|--|----------------|----------------|
| Building and Equipment Replacement | 110,053 | 110,053 |
| Food Bank | 54,180 | 54,180 |
| Core Inn | 38,267 | 38,267 |
| Emergency Shelter Fund | 20,178 | 20,178 |
| Restorative Justice | 12,787 | 12,787 |
| Choices and Friends Golf Fund | 5,395 | 5,395 |
| Gulf Islands Early Year Table | 2,249 | 2,249 |
| Murakami Gardens Community Housing Funds | 1,749 | 1,749 |
| Operations Trackshoes | 1,426 | 1,426 |
| Active Aging | 5,895 | 5,895 |
| Success by 6 | 4,912 | 4,912 |
| | <u>257,091</u> | <u>257,091</u> |

9. Net assets invested in property and equipment

| | 2020 \$ | 2019 \$ |
|--|------------------|------------------|
| Property and equipment (<i>Note 3</i>) | 8,905,536 | 7,168,984 |
| Cash relating to unspent deferred capital contributions | 786,617 | 815,586 |
| Less amounts financed by: | | |
| Long term debt (<i>Note 6</i>) | (4,732,578) | (3,954,459) |
| Deferred contributions related to property and equipment (<i>Note 7</i>) | (3,577,251) | (2,619,318) |
| | <u>1,382,324</u> | <u>1,410,793</u> |

Salt Spring and Southern Gulf Islands Community Services Society

Notes to Financial Statements

Year Ended March 31, 2020

10. Municipal Pension Plan

The Society and its employees contribute to the Municipal Pension Plan (the Plan), a jointly trusted pension plan. The 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 December 31, 2018, the plan has about 205,000 active members and approximately 101,000 retired members.

Every three years an actuarial valuation is performed to assess the financial position of the plan and the adequacy of the plan funding. The most recent actuarial valuation as at December 31, 2018 indicated a \$2,866 million funding surplus for basic pension benefits. The actuary does not attribute portions of the unfunded liability/surplus to individual employers. The next valuation will be as at December 31, 2021 with results available in 2022.

The Society paid \$126,705 for employer contributions to the Plan in 2020 (2019 - \$148,036).

11. Community Action Program for Children (CAPC)

The Society is the Host Agency for a coalition of twelve members that are funded by the Public Health Agency of Canada.

| | 2020 \$ | 2019 \$ |
|--|----------------|----------------|
| Receipts: | | |
| Public Health Agency of Canada | 435,720 | 435,720 |
| Disbursements (grants to Coalition Members): | | |
| Burnside Gorge Community Association | 19,259 | 19,259 |
| Esquimalt Neighbourhood House Society | 19,260 | 19,260 |
| Fairfield Gonzales Community Association | 19,260 | 19,260 |
| Fernwood Neighbourhood Resource Group Society | 19,260 | 19,260 |
| Island Metis Family & Community Services Society | 46,270 | 46,270 |
| James Bay Community Project | 69,227 | 69,227 |
| Quadra Village Community Centre | 19,260 | 19,260 |
| Saanich Neighbourhood Place | 19,260 | 19,260 |
| Salt Spring and Southern Gulf Islands Community Services | 53,980 | 53,980 |
| Sooke Family Resource Society | 54,170 | 54,170 |
| Victoria Native Friendship Centre | 39,356 | 39,356 |
| Young Parents Support Network | 57,158 | 57,158 |
| | <u>435,720</u> | <u>435,720</u> |
| Excess of receipts over disbursements | <u>-</u> | <u>-</u> |

12. Contingent liabilities

The Society has a potential liability for sick leave totalling \$299,983 (2019: \$197,933).

The Society has a line of credit facility available of \$100,000 at a rate of prime + 1%, repayable on demand. The Society also has a letter of credit of \$10,050 available at a rate of prime + 2%, with the Capital Regional District being the beneficiary. The total balance outstanding at March 31, 2020 is nil.

Salt Spring and Southern Gulf Islands Community Services Society
Notes to Financial Statements
Year Ended March 31, 2020

13. Economic dependence

The Society is economically dependent on the Province of British Columbia for operating funding.

14. Financial risks and risk management

The Society is exposed to various risks through its financial instruments. The risks that arise from transacting financial instruments include credit risk, currency risk, interest rate risk, and liquidity risk. There have been no significant changes in the Society's risk exposure from the prior year.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Society is potentially exposed to credit risk from its accounts receivable. Accounts receivable are not concentrated with a single party, and therefore, the Society is not subject to any significant concentration of credit risk. An allowance for doubtful accounts is established when factors surrounding the credit risk of specific accounts, historical trends, and other information indicate that an amount may not be collectible. At year end, an allowance for doubtful accounts is not required.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Society does not face significant currency risk exposure.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Financial instruments that potentially subject the Society to interest rate risk consist primarily of long term debt. The Society manages this risk by having a substantial amount of its long term debt at fixed rates of interest.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Society does not face significant liquidity risk exposure.

15. Remuneration paid to directors, employees, and contractors

Under the Societies Act, societies must disclose remuneration paid to directors and to employees and contractors whose remuneration was at least \$75,000 for the fiscal year. During the year, there was one employee who met this criterion and the total amount of remuneration paid to this person was \$101,608 (2019: \$105,795). The Board of Directors receive no remuneration for their services other than reimbursement of expenses.

16. Comparative figures

Some of the comparative figures have been reclassified to conform to the current year's presentation.

Salt Spring and Southern Gulf Islands Community Services Society

Notes to Financial Statements

Year Ended March 31, 2020

17. Subsequent events

The global economic impact arising from the COVID-19 pandemic may expose the organization to economic and operational risks in the 2021 fiscal period. The impact on the organization's operations is not readily determinable but management expects the impact to be minor.