

**Salt Spring and Southern Gulf Islands Community Services Society**  
**Financial Statements**  
**Year Ended March 31, 2023**

## 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, 2023, and the statements of changes in net assets, revenues and expenditures 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, 2023, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

#### 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 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 ASNPO, 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 related 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.

#### 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.

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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.

### **Report on Other Legal and Regulatory Requirements**

As required by the Societies Act of British Columbia, we report that, in our opinion, the accounting policies applied in preparing and presenting the financial statements in accordance with Canadian Accounting Standards for Not-for-profit Organizations have been applied on a basis consistent with that of the preceding year.

*Dusanj & Wirk*

Victoria, British Columbia  
December 21, 2023

Chartered Professional Accountants

# Salt Spring and Southern Gulf Islands Community Services Society

## Statement of Financial Position

March 31, 2023

	2023	2022
	\$	\$
<b>Assets</b>		
Current		
Cash and term deposits	682,412	895,797
Accounts receivable	591,864	225,952
Government remittances receivable	-	58,938
Prepaid expenses	84,432	82,679
	<u>1,358,708</u>	<u>1,263,366</u>
Property and equipment (Note 3)	<u>19,264,658</u>	<u>18,399,207</u>
<b>Total assets</b>	<u>20,623,366</u>	<u>19,662,573</u>
<b>Liabilities</b>		
Current		
Accounts payable and accrued liabilities (Note 5)	602,362	442,552
Government remittances payable	3,866	-
Deferred contributions (Note 6)	499,505	541,327
Current portion of long term debt (Note 4)	1,605,956	6,947,683
	<u>2,711,689</u>	<u>7,931,562</u>
Long term debt (Note 4)	10,126,407	3,390,865
Deferred contributions related to property and equipment (Note 7)	<u>6,653,574</u>	<u>6,762,292</u>
<b>Total liabilities</b>	<u>19,491,670</u>	<u>18,084,719</u>
<b>Net Assets</b>		
Unrestricted	(157,382)	72,621
Internally restricted (Note 8)	363,452	363,452
Invested in property and equipment (Note 9)	925,626	1,141,781
	<u>1,131,696</u>	<u>1,577,854</u>
<b>Total liabilities and net assets</b>	<u>20,623,366</u>	<u>19,662,573</u>

Contingent liabilities (Note 10)

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, 2023**

	Unrestricted \$	Internally Restricted \$	Invested in Property and Equipment \$	2023 \$	2022 \$
<b>Net assets - beginning of year</b>	72,621	363,452	1,141,781	1,577,854	1,436,606
Deficiency of revenues over operating expenses	(230,003)	-	(216,155)	(446,158)	141,248
<b>Net assets - end of year</b>	(157,382)	363,452	925,626	1,131,696	1,577,854

The accompanying notes are an integral part of these financial statements

**Salt Spring and Southern Gulf Islands Community Services Society**  
**Statement of Revenues and Expenditures**  
**Year Ended March 31, 2023**

	2023	2022
	\$	\$
<b>Revenues</b>		
BC Housing	1,447,235	1,341,001
Community Living BC	1,063,255	1,066,169
Rental and room and board	702,156	719,661
Ministry for Children and Families	629,600	629,600
Subsidies and fees	447,256	399,432
Public Health Agency of Canada	435,720	435,720
Donations	380,221	229,542
Grants	297,212	465,048
Capital Regional District	278,692	274,573
Amortization of deferred capital contributions	243,007	238,413
Vancouver Island Health Authority	182,474	206,017
Prince George Nechako AETA	179,803	254,177
Canadian Mental Health Association	166,141	162,454
Recycled products and depot fees	153,555	122,044
United Way of the Lower Mainland	139,534	118,234
Vancouver Foundation	120,000	125,000
Loan forgiveness	95,680	95,680
School District #64	92,605	93,037
Ministry of Justice	77,053	74,803
United Way of Greater Victoria	47,500	11,000
Salt Spring Island Foundation	16,000	20,223
Victoria Foundation	7,101	39,492
Other revenue	497	2,146
	<u>7,202,297</u>	<u>7,123,466</u>
<b>Operating expenses</b>		
Advertising and promotion	8,291	11,882
Amortization of property and equipment	459,163	407,616
Centre expenses	66,908	51,488
Community programs	667,471	708,402
Food	382,820	292,012
Insurance	69,468	96,621
Interest on long term debt	303,178	101,608
Office	40,674	32,992
Other expenses (recoveries)	33,235	(27,390)
Professional fees	119,198	25,455
Program materials and supplies	106,615	180,846
Public Health Agency of Canada expenses	435,720	435,720
Rent	39,950	93,595
Repairs and maintenance	409,263	409,883
Staff development	10,709	5,805
Telephone and fax	47,289	48,653
Travel and vehicle	52,476	38,471
Wages and employee benefits	4,127,302	3,872,971
Water, utilities, and property taxes	268,725	195,588
	<u>7,648,455</u>	<u>6,982,218</u>
<b>Excess (deficiency) of revenues over operating expenses</b>	<u>(446,158)</u>	<u>141,248</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, 2023**

	2023	2022
	\$	\$
Operating activities		
Excess (deficiency) of revenues over operating expenses	(446,158)	141,248
Items not affecting cash:		
Amortization of deferred capital contributions	(243,007)	(238,413)
Amortization of property and equipment	459,163	407,616
Loan forgiveness	(95,680)	(95,680)
	<u>(325,682)</u>	<u>214,771</u>
Changes in non-cash working capital:		
Accounts receivable	(365,912)	(37,340)
Government remittances receivable	58,938	359,246
Prepaid expenses	(1,753)	(27,819)
Accounts payable and accrued liabilities	159,809	91,692
Government remittances payable	3,866	-
Deferred contributions	(41,822)	(31,467)
	<u>(186,874)</u>	<u>354,312</u>
Cash flow from (used by) operating activities	<u>(512,556)</u>	<u>569,083</u>
Investing activity		
Purchase of property and equipment	<u>(1,324,612)</u>	<u>(1,530,830)</u>
Financing activities		
Proceeds from long term debt	1,570,919	1,050,674
Repayment of long term debt	(81,426)	(146,538)
Increase in deferred contributions related to property and equipment	<u>134,290</u>	<u>213,186</u>
Cash flow from financing activities	<u>1,623,783</u>	<u>1,117,322</u>
<b>Increase (decrease) in cash flow</b>	<b>(213,385)</b>	<b>155,575</b>
Cash - beginning of year	<u>895,797</u>	<u>740,222</u>
<b>Cash - end of year</b>	<b><u>682,412</u></b>	<b><u>895,797</u></b>
Cash consists of:		
Cash	507,095	771,282
Term deposits	<u>175,317</u>	<u>124,515</u>
	<u>682,412</u>	<u>895,797</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, 2023

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### 1. Purpose of the Society

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 Subsection 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 Unrestricted Fund reports revenues and expenses related to program delivery and administrative activities.

The Internally Restricted Fund reports the assets, liabilities, revenues, and expenses that are internally restricted for the purposes detailed in Note 8.

The Invested in Property and Equipment Fund reports the assets, liabilities, revenues, and expenses related to the Society's property and equipment and building improvements campaign.

#### 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
Furniture and equipment	4 - 10 years
Leasehold improvements	Term of lease
Paving and asphalt	10 years
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 are 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.

#### 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.

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# Salt Spring and Southern Gulf Islands Community Services Society

## Notes to Financial Statements

Year Ended March 31, 2023

### 2. Significant accounting policies (*continued*)

#### Revenue recognition

The Society follows the deferral method of accounting for contributions. Externally restricted contributions, if any, 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.

#### 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.

#### Employee future benefits

The Society and its employees contribute to the Municipal Pension Plan, a multi-employer plan for group benefits. Defined contribution plan accounting is applied to multi-employer defined benefit plans and accordingly, contributions to these plans are expensed.

### 3. Property and equipment

	2023		2022	
	Cost \$	Accumulated amortization \$	Cost \$	Accumulated amortization \$
Land	5,842,362	-	5,054,862	-
Buildings	15,378,452	2,254,714	14,849,480	1,889,671
Furniture and equipment	289,372	178,256	281,232	128,568
Leasehold improvements	85,852	85,852	85,852	81,639
Paving and asphalt	36,900	7,380	36,900	3,690
Vehicles	341,182	183,260	343,697	149,248
	<u>21,974,120</u>	<u>2,709,462</u>	<u>20,652,023</u>	<u>2,252,816</u>
Net book value	<u>19,264,658</u>		<u>18,399,207</u>	

# Salt Spring and Southern Gulf Islands Community Services Society

## Notes to Financial Statements

Year Ended March 31, 2023

### 4. Long term debt

	2023 \$	2022 \$
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.	997,120	1,049,600
British Columbia Housing Management, funds provided to assist with construction costs related to the 176 Bishops Walk Road development, balance repaid during the year.	-	6,522,029
Canada Housing and Mortgage Corporation Residential Rehabilitation Assistance Program, interest is included in the fully advanced amount.	50,400	93,600
Coast Capital Savings Federal Credit Union, monthly payments of \$26,311 including interest at 2.70% per annum, due April 1, 2032, secured by property at 176 Bishops Walk Road.	7,044,871	-
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.	1,320,691	1,364,250
Vancity Credit Union, monthly payments of \$1,862 including interest at 5.75% per annum, due April 16, 2028, secured by property at 129 Hereford Avenue.	247,721	252,702
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.	397,979	409,069
Vancity Credit Union, monthly payments of \$3,793 including interest at 3.75% per annum, due September 15, 2025, secured by property at 143 Scotton Place.	625,504	647,298
Vancity Credit Union, monthly payments of \$6,806 including interest at 6.14% per annum, due February 15, 2028, secured by property at 131 Brinkworthy Road.	1,048,077	-
	11,732,363	10,338,548
Less: current portion of long term debt	(1,605,956)	(6,947,683)
	<u>10,126,407</u>	<u>3,390,865</u>

Principal repayment terms are approximately:

	\$
2024	1,605,956
2025	631,051
2026	796,920
2027	223,949
2028	1,172,399
Thereafter	7,302,088

# Salt Spring and Southern Gulf Islands Community Services Society

## Notes to Financial Statements

Year Ended March 31, 2023

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### 5. Accounts payable and accrued liabilities

Included in accounts payable and accrued liabilities is an equipment replacement reserve of \$19,000 (2022: \$19,000) for Lautman Drive as permitted by BC Housing.

### 6. 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:

	2023 \$	2022 \$
Balance, beginning of year	541,327	572,794
Less: amounts recognized as revenue during the year	(413,982)	(382,232)
Add: amounts received related to subsequent years	372,160	350,765
Balance, end of year	<u>499,505</u>	<u>541,327</u>

### 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:

	2023 \$	2022 \$
Balance, beginning of year	6,762,292	6,774,180
Add: contributions related to property and equipment	134,289	226,525
Less: amounts amortized to revenue	(243,007)	(238,413)
Balance, end of year	<u>6,653,574</u>	<u>6,762,292</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:

	2023 \$	2022 \$
Building and Equipment Replacement	190,053	190,053
Food Bank	113,205	113,205
Core Inn	38,267	38,267
Emergency Shelter Fund	20,178	20,178
Murakami Gardens Community Housing Funds	1,749	1,749
	<u>363,452</u>	<u>363,452</u>

# Salt Spring and Southern Gulf Islands Community Services Society

## Notes to Financial Statements

Year Ended March 31, 2023

### 9. Net assets invested in property and equipment

	2023 \$	2022 \$
Property and equipment ( <i>Note 3</i> )	19,264,658	18,399,207
Cash (deficit) relating to spent deferred capital contributions	46,905	(156,586)
Less amounts financed by:		
Long term debt ( <i>Note 4</i> )	11,732,363)	10,338,548)
Deferred contributions related to property and equipment ( <i>Note 7</i> )	<u>(6,653,574)</u>	<u>(6,762,292)</u>
	<u>925,626</u>	<u>1,141,781</u>

### 10. Contingent liabilities

The Society has a potential liability for sick leave totaling \$431,727 (2022: \$412,991).

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, 2023 is \$nil.

### 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.

	2023 \$	2022 \$
Receipts:		
Public Health Agency of Canada	<u>435,720</u>	<u>435,720</u>
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	<u>57,158</u>	<u>57,158</u>
	<u>435,720</u>	<u>435,720</u>
Excess of receipts over disbursements	<u>-</u>	<u>-</u>

# Salt Spring and Southern Gulf Islands Community Services Society

## Notes to Financial Statements

Year Ended March 31, 2023

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### 12. Remuneration paid to directors, employees, and contractors

Under the Societies Act, societies must disclose remuneration paid to directors, employees, and contractors whose remuneration was at least \$75,000 for the fiscal year. During the year, there were eight (2022: seven) employees who met this criterion and the total amount of remuneration paid to these people was \$692,312 (2022: \$592,066). The Board of Directors receive no remuneration for their services other than reimbursement of expenses.

### 13. Municipal Pension Plan

The Society and its employees contribute to the Municipal Pension Plan (the Plan), a jointly trustee 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, 2021, the plan has about 217,000 active members and approximately 118,000 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, 2021 indicated a \$3,761 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, 2024 with results available in 2025.

The Society paid \$204,131 for employer contributions to the Plan in 2023 (2022: \$163,808).

### 14. Economic dependence

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

### 15. Financial risks and concentration of risks

The Society is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Society's risk exposure and concentration as of March 31, 2023. 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.

#### 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.

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**Salt Spring and Southern Gulf Islands Community Services Society**

**Notes to Financial Statements**

**Year Ended March 31, 2023**

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**15. Financial risks and concentration of risks (*continued*)**

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.

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.