

Salt Spring and Southern Gulf Islands Community Services Society

Financial Statements

Year Ended March 31, 2025

Dusanj
+ Wirk CHARTERED
PROFESSIONAL
ACCOUNTANTS

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, 2025, 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, 2025, 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
September 25, 2025

Chartered Professional Accountants

Salt Spring and Southern Gulf Islands Community Services Society
Statement of Financial Position
March 31, 2025

	2025 \$	2024 \$
Assets		
Current		
Cash and term deposits	530,994	232,974
Accounts receivable	189,857	401,408
Government remittances receivable	-	9,161
Prepaid expenses	18,318	23,031
	739,169	666,574
Due from BC Housing	206,522	484,277
Property and equipment (Note 3)	18,925,680	19,017,116
Total assets	19,871,371	20,167,967
Liabilities		
Current		
Accounts payable and accrued liabilities (Note 5)	575,464	588,364
Government remittances payable	12,218	-
Deferred contributions (Note 6)	720,360	547,189
Current portion of long term debt (Note 4)	1,217,626	673,729
	2,525,668	1,809,282
Long term debt (Note 4)	9,886,103	10,730,650
Deferred contributions related to property and equipment (Note 7)	6,445,077	6,486,678
Total liabilities	18,856,848	19,026,610
Net Assets		
Unrestricted	76,153	33,560
Internally restricted (Note 8)	363,452	363,452
Invested in property and equipment (Note 9)	574,918	744,345
	1,014,523	1,141,357
Total liabilities and net assets	19,871,371	20,167,967

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, 2025

	Unrestricted \$	Internally Restricted \$	Invested in Property and Equipment \$	2025 \$	2024 \$
Net assets - beginning of year	33,560	363,452	744,345	1,141,357	1,131,696
Excess (deficiency) of revenues over operating expenses	42,593	-	(169,427)	(126,834)	9,661
Net assets - end of year	76,153	363,452	574,918	1,014,523	1,141,357

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, 2025

	2025 \$	2024 \$
Revenues		
BC Housing	1,718,659	1,889,954
Community Living BC	1,337,329	1,405,037
Rental and room and board	775,241	733,416
Ministry for Children and Families	727,936	749,921
Public Health Agency of Canada (Note 11)	435,720	435,720
Capital Regional District	403,508	336,487
Subsidies and fees	392,491	420,090
Donations	363,224	347,925
United Way of the Lower Mainland	306,455	145,067
Prince George Nechako AETA	248,340	391,326
Vancouver Island Health Authority	244,996	217,589
Amortization of deferred capital contributions (Note 7)	236,262	231,850
Grants	209,483	219,427
School District #64	186,292	92,907
Berman Foundation	120,000	-
Canadian Mental Health Association	117,000	142,899
Recycled products and depot fees	114,478	127,842
Loan forgiveness	59,680	95,680
Ministry of Justice	59,300	61,129
United Way of Greater Victoria	30,000	40,000
Salt Spring Island Foundation	27,165	39,232
Other revenue	11,024	35,573
Victoria Foundation	5,000	24,200
Vancouver Foundation	-	118,800
	<u>8,129,583</u>	<u>8,302,071</u>
Operating expenses		
Advertising and promotion	5,366	5,443
Centre expenses	15,948	5,357
Community programs	496,692	445,279
Food	593,181	520,102
Insurance	93,696	91,769
Interest on long term debt	330,481	360,618
Office	27,845	36,578
Other expenses	29,171	43,320
Professional fees	9,675	30,784
Program materials and supplies	51,877	84,266
Public Health Agency of Canada expenses (Note 11)	435,720	435,720
Rent	33,546	26,057
Repairs and maintenance	377,936	432,424
Staff development	12,438	7,553
Telephone and fax	43,379	49,047
Travel and vehicle expense	52,751	67,493
Wages and employee benefits (Note 12)	4,976,903	4,908,824
Water, utilities, and property taxes	264,123	328,646
	<u>7,850,728</u>	<u>7,879,280</u>
Excess of revenues over operating expenses before amortization	278,855	422,791
Amortization	<u>(405,689)</u>	<u>(413,130)</u>
Excess (deficiency) of revenues over operating expenses	<u>(126,834)</u>	<u>9,661</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, 2025

	2025 \$	2024 \$
Operating activities		
Excess (deficiency) of revenues over operating expenses	(126,834)	9,661
Items not affecting cash:		
Amortization of deferred capital contributions	(236,262)	(231,850)
Amortization of property and equipment	405,689	413,130
Loan forgiveness	(59,680)	(95,680)
	<u>(17,087)</u>	<u>95,261</u>
Changes in non-cash working capital:		
Accounts receivable	211,551	190,456
Government remittances receivable	9,161	(9,161)
Accounts payable and accrued liabilities	(12,902)	(13,997)
Prepaid expenses	4,713	61,401
Government remittances payable	12,218	(3,866)
Deferred contributions	173,171	47,684
Due from BC Housing	277,755	(484,277)
	<u>675,667</u>	<u>(211,760)</u>
Cash flow from (used by) operating activities	<u>658,580</u>	<u>(116,499)</u>
Investing activity		
Purchase of property and equipment	<u>(561,165)</u>	<u>(165,589)</u>
Financing activities		
Proceeds from long term debt	-	(43,176)
Repayment of long term debt	(240,970)	(189,127)
Increase in deferred contributions related to property and equipment	<u>441,575</u>	<u>64,953</u>
Cash flow from (used by) financing activities	<u>200,605</u>	<u>(167,350)</u>
Increase (decrease) in cash flow	298,020	(449,438)
Cash - beginning of year	<u>232,974</u>	<u>682,412</u>
Cash - end of year	<u>530,994</u>	<u>232,974</u>
Cash consists of:		
Cash	348,944	52,073
Term deposits	<u>182,050</u>	<u>180,901</u>
	<u>530,994</u>	<u>232,974</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, 2025

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, 2025

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

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

	2025		2024	
	Cost	Accumulated amortization	Cost	Accumulated amortization
	\$	\$	\$	\$
Land	5,842,362	-	5,842,362	-
Building under construction	18,027	-	-	-
Buildings	15,822,664	2,910,575	15,526,334	2,580,159
Furniture and equipment	302,270	268,473	302,374	226,103
Leasehold improvements	85,852	85,852	85,852	85,852
Paving and asphalt	36,900	14,760	36,900	11,070
Vehicles	341,182	243,917	341,182	214,704
	<u>22,449,257</u>	<u>3,523,577</u>	<u>22,135,004</u>	<u>3,117,888</u>
Net book value	<u>18,925,680</u>		<u>19,017,116</u>	

Salt Spring and Southern Gulf Islands Community Services Society
Notes to Financial Statements
Year Ended March 31, 2025

4. Long term debt

	2025 \$	2024 \$
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.	892,160	944,640
Canada Housing and Mortgage Corporation Residential Rehabilitation Assistance Program, interest is included in the fully advanced amount.	-	7,200
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.	6,785,670	6,917,260
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.	228,430	238,759
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.	374,428	386,473
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.	579,411	602,934
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.	1,009,660	1,029,599
Scotiabank, monthly payments of \$8,024 including interest at 4.23% per annum, due August 1, 2033, secured by property at 167 Rainbow Road.	1,233,970	1,277,514
	11,103,729	11,404,379
Less: current portion of long term debt	(1,217,626)	(673,729)
	<u>9,886,103</u>	<u>10,730,650</u>

Principal repayment terms are approximately:

	\$
2026	1,217,626
2027	271,279
2028	1,221,713
2029	448,012
2030	256,652
Thereafter	7,688,447

Salt Spring and Southern Gulf Islands Community Services Society
Notes to Financial Statements
Year Ended March 31, 2025

5. Accounts payable and accrued liabilities

Included in accounts payable and accrued liabilities is an equipment replacement reserve of \$19,000 (2024: \$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:

	2025 \$	2024 \$
Balance, beginning of year	547,189	499,505
Less: amounts recognized as revenue during the year	(368,400)	(226,250)
Add: amounts received related to subsequent years	541,571	273,934
Balance, end of year	720,360	547,189

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:

	2025 \$	2024 \$
Balance, beginning of year	6,486,678	6,653,574
Add: contributions related to property and equipment	194,661	64,954
Less: amounts amortized to revenue	(236,262)	(231,850)
Balance, end of year	6,445,077	6,486,678

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:

	2025 \$	2024 \$
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
	363,452	363,452

Salt Spring and Southern Gulf Islands Community Services Society
Notes to Financial Statements
Year Ended March 31, 2025

9. Net assets invested in property and equipment

	2025 \$	2024 \$
Property and equipment (Note 3)	18,925,680	19,017,116
Cash (deficit) relating to spent deferred capital contributions	(801,956)	(381,713)
Less amounts financed by:		
Long term debt (Note 4)	(11,103,729)	(11,404,380)
Deferred contributions related to property and equipment (Note 7)	(6,445,077)	(6,486,678)
	<u>574,918</u>	<u>744,345</u>

10. Contingent liabilities

The Society has a potential liability for sick leave totaling \$510,021 (2024: \$468,206).

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, 2025 is \$nil (2024: \$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.

	2025 \$	2024 \$
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	57,158	57,158
	<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, 2025

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 thirteen (2024: twelve) employees who met this criterion and the total amount of remuneration paid to these people was \$1,246,435 (2024: \$1,111,637). 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 was as at December 31, 2024 with results available in 2025.

The Society paid \$249,281 for employer contributions to the Plan in 2025 (2024: \$206,555).

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, 2025. 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, 2025

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.

16. Comparative figures

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