

Sea to Sky Community Services Society
Financial Statements
For the year ended March 31, 2021

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Financial Statements
For the year ended March 31, 2021

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BDO Canada LLP
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Independent Auditor's Report

To the Board of Directors of the Sea to Sky Community Services Society

Qualified Opinion

We have audited the accompanying financial statements of Sea to Sky Community Services Society, (the "Society"), which comprise the statement of financial position as at March 31, 2021, and the statements of operations, changes in fund balances and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Society as at March 31, 2021, and its results of operations, changes in fund balances and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Society derives revenue from fundraising activities and donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Society. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising and donation revenue, excess of revenues over expenses, and cash flows from operations for the years ended March 31, 2021 and 2020, current assets as at March 31, 2021 and 2020, and net assets as at April 1 and March 31 for both the 2021 and 2020 fiscal years. Our audit opinion on the financial statements for the year ended March 31, 2020 was modified accordingly because of the possible effects of this limitation in scope.

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 these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 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.



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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.

Report on Other Legal and Regulatory Requirements

As required by the Societies Act (British Columbia), we report that, in our opinion, the accounting principles in Canadian accounting standards for not-for-profit organizations have been applied on a basis consistent with that of the preceding year.

BDO Canada LLP

Chartered Professional Accountants

July 14, 2021
Whistler, British Columbia

Sea to Sky Community Services Society
Statement of Financial Position

For the year ended March 31 2021 2020

Assets

Current

| | | |
|------------------------------------|--------------|--------------|
| Cash and cash equivalents (Note 2) | \$ 2,559,557 | \$ 1,567,666 |
| Restricted cash (Note 2) | 460,728 | 413,917 |
| Accounts receivable (Note 3) | 2,008,943 | 275,897 |
| GST receivable | 175,169 | - |
| Prepaid expenses and deposits | 43,549 | 37,554 |

5,247,946 2,295,034

Tangible Capital Assets (Note 4)

21,929,409 17,652,476

\$27,177,355 \$ 19,947,510

Liabilities and Fund Balances

Liabilities

Current

| | | |
|---|--------------|------------|
| Accounts payable and accruals | \$ 1,779,030 | \$ 485,640 |
| Wages and benefits payable | 482,140 | 348,643 |
| Government remittances payable | 188,019 | 74,086 |
| Construction holdbacks payable | 361,070 | - |
| Current portion of mortgages payable (Note 5) | 503,082 | 488,543 |
| Deferred contributions from operations (Note 6) | 104,297 | 102,865 |
| Construction loan (Note 7) | - | 840,446 |

3,417,638 2,340,223

Mortgages Payable (Note 5)

15,077,728 15,580,841

18,495,366 17,921,064

Fund Balances (Note 9)

8,681,989 2,026,446

\$27,177,355 \$ 19,947,510

Approved on behalf of the Board:

DocuSigned by:
Julia Black
9A904BF419824CD...

Director

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[Signature]
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Director

Sea to Sky Community Services Society
Statement of Operations

| For the year ended March 31 | 2021 | 2020 |
|---|---------------------|-------------------|
| Revenue | | |
| Grants - operating fund (Note 8) | \$ 8,276,430 | \$ 7,086,405 |
| Grants - capital fund (Note 8) | 6,123,961 | 4,118 |
| Donations - receipted (Note 8) | 285,918 | 466,346 |
| Donations - unreceipted (Note 8) | 45,727 | 33,199 |
| Fundraising | 27,942 | 58,569 |
| Childcare subsidies | 54,559 | 65,599 |
| User fees | 619,804 | 1,017,363 |
| Workshop revenue | 3,385 | 1,149 |
| Interest | 16,696 | 33,411 |
| Miscellaneous income | 12,908 | 2,533 |
| Rent | 1,477,965 | 1,456,045 |
| | <u>16,945,295</u> | <u>10,224,737</u> |
| Expenses | | |
| Advertising | 9,463 | 19,102 |
| Amortization | 705,405 | 714,280 |
| Bank charges and interest | 13,114 | 17,473 |
| Bad debts (Note 3) | - | 8,674 |
| Client expense reimbursements | 47,757 | 71,867 |
| Client recreation fees | 26,157 | 19,816 |
| Contractor fees | 629,148 | 410,877 |
| Fees, licences and dues | 28,346 | 26,972 |
| Food | 157,292 | 119,150 |
| Freight | 281 | 678 |
| Fundraising costs | 21,853 | 20,985 |
| Honoraria | 9,824 | 43,331 |
| Insurance | 102,597 | 82,212 |
| Mortgage interest | 529,931 | 544,083 |
| Office and miscellaneous | 394,191 | 424,483 |
| Professional fees | 72,762 | 83,040 |
| Rent of facilities | 141,525 | 152,464 |
| Repairs and maintenance | 470,059 | 419,497 |
| Telephone, cable and Internet | 49,070 | 58,851 |
| Training costs | 34,301 | 68,464 |
| Utilities | 460,401 | 437,978 |
| Vehicles | 90,146 | 139,774 |
| Wages and benefits | 6,296,129 | 5,837,261 |
| | <u>10,289,752</u> | <u>9,721,312</u> |
| Excess of revenue over expenses for the year | \$ 6,655,543 | \$ 503,425 |

Sea to Sky Community Services Society
Statement of Changes in Fund Balances

For the year ended March 31

| | Capital Fund | Operating Fund | 2021 | 2020 |
|---|-----------------|-------------------|--------------|--------------|
| Balance, beginning of year | \$ 892,646 | \$ 1,133,800 | \$ 2,026,446 | \$ 1,523,021 |
| Revenue | 6,123,961 | 10,821,334 | 16,945,295 | 10,224,737 |
| Expenses | 933,589 | 9,356,163 | 10,289,752 | 9,721,312 |
| Excess of revenue over expenses for the year | 5,190,372 | 1,465,171 | 6,655,543 | 503,425 |
| Capital acquisition | 4,982,339 | (4,982,339) | - | - |
| Construction loan proceeds | (990,754) | 990,754 | - | - |
| Construction loan payments | 1,831,200 | (1,831,200) | - | - |
| Mortgage principal payments | 488,573 | (488,573) | - | - |
| Interfund transfer | (5,733,961) | 5,733,961 | - | - |
| Balance, end of year | \$ 6,660,415 | \$ 2,021,574 | \$ 8,681,989 | \$ 2,026,446 |
| Represented by | | | | |
| Externally restricted | \$ - | \$ 2,021,574 | \$ 2,021,574 | \$ 1,133,800 |
| Invested in tangible capital assets | 6,348,599 | - | 6,348,599 | 742,646 |
| Externally restricted - capital fund | 311,816 | - | 311,816 | 150,000 |
| | \$ 6,660,415 | \$ 2,021,574 | \$ 8,681,989 | \$ 2,026,446 |

Sea to Sky Community Services Society
Statement of Cash Flows

| For the year ended March 31 | 2021 | 2020 |
|---|--------------|--------------|
| Cash provided by (used in) | | |
| Operating activities | | |
| Excess of revenue over expenses for the year | \$ 6,655,543 | \$ 503,425 |
| Items not requiring cash | | |
| Amortization | 705,405 | 714,280 |
| Bad debts | - | 8,674 |
| Deferred contributions recognized as revenue | (102,865) | (159,539) |
| | 7,258,083 | 1,066,840 |
| Changes in non-cash working capital balances | | |
| Accounts receivable | (1,733,046) | (32,099) |
| GST receivable | (175,169) | - |
| Prepaid expenses and deposits | (5,995) | (4,912) |
| Accounts payable and accruals | 1,293,390 | 78,936 |
| Wages and benefits payable | 133,497 | 83,286 |
| Contributions received and deferred | 104,297 | 102,865 |
| Government remittances payable | 113,933 | (36,223) |
| Construction holdbacks | 361,070 | - |
| | 7,350,060 | 1,258,693 |
| Investing activities | | |
| Tangible capital assets acquired | (4,982,339) | (999,623) |
| Financing activities | | |
| Proceeds of construction loan | 990,754 | 840,446 |
| Repayment of construction loan | (1,831,200) | - |
| Repayment of mortgages payable | (488,573) | (473,332) |
| Increase in restricted cash | (46,811) | (20,180) |
| | (1,375,830) | 346,934 |
| Increase in cash during the year | 991,891 | 606,004 |
| Cash, beginning of year | 1,567,666 | 961,662 |
| Cash, end of year | \$ 2,559,557 | \$ 1,567,666 |

Sea to Sky Community Services Society

Notes to the Financial Statements

March 31, 2021

1. Summary of Significant Accounting Policies

Purposes of the Society

Sea to Sky Community Services Society (the "Society") provides a structure to co-ordinate programs and agencies in the social fields for the geographic area known as the Sea to Sky Corridor. Its purpose is to assist in upgrading and developing existing programs and to explore and initiate services not previously available.

The Society is incorporated under the Societies Act of British Columbia and is a registered charity under the Income Tax Act.

The Society offers 41 programs in the Sea to Sky Corridor under the following service areas:

Early Child Development Services

Early Child Development Services provide support to families with children from 0 to 12 years of age. The programs are designed to work with individuals and groups by providing them with the needed resources and support to increase childhood outcomes and improve parenting skills. The Society provides a wide range of child care and preschool services for children from 2.5 years to 12 years. The Society operates nine licensed child care programs, eight in Squamish and one in Pemberton.

Community Living Services

This service area comprises two streams including those for adults and children. The adult stream ensures that adults with developmental disabilities and seniors in the Sea to Sky corridor have access to the services they need in a coordinated fashion and ensures that services are guided by the priorities set by the participant. The programs consist of: Community and Employment Services, Life Skills and Community Access, Newport House Residential Group Home, Home Sharing and Better at Home.

The child development stream ensures that families have access to the services they need, to work together and to ensure that services are guided by family priorities and the needs of the child/youth. The programs consist of: Infant Development, Physical & Occupational Therapy, Behavioural Support, Supported Child Development, Special Needs Resource and Fetal Alcohol Spectrum Disorder & Complex Developmental Behavioural Conditions.

Sea to Sky Community Services Society
Notes to the Financial Statements

March 31, 2021

1. Summary of Significant Accounting Policies (continued)

Purposes of the
Society (continued)

Affordable Housing Services

The Society operates and manages Castle Rock Family Housing, a 40 unit government subsidized housing complex located in Squamish, BC. The two, three and four bedroom townhouses are available for rent to families with children up to 18 years of age.

As well, the Society operates and manages all 84 units of the Riverstones Housing Complex. The Society is responsible for collecting rent from all tenants and paying expenses applicable to the operation of all units. There are 5 buildings within the housing complex of which 2 are BC Housing Regulated Gross Income (RGI) units where rent is set at a fixed amount based on 30% of the tenant's gross income at time of application, which is then adjusted annually. The remaining 3 buildings are rented to tenants with low to moderate income and calculated from the annual Housing Income Limits set by BC Housing.

The Society operates the Centrepont building, which contains 32 rental housing units. 15 of these units are owned by the Provincial Rental Housing Corporation. All units are rented to tenants with low to moderate income and calculated from the annual Housing Income Limits set by BC Housing.

Outreach Services

This service line includes services to support individuals and families in times of need and in stressful life situations. The Homeless Outreach Program is an innovative and flexible program that provides chronically or absolute homeless people direct access to housing, income assistance and community based health services. A Sexual Abuse Intervention Program provides one-to-one counselling and/or group therapy to children who have experienced sexual abuse. The Squamish Youth Resource Centre is a safe place where youth ages 13 to 24 years can drop in and access recreational and supportive services. The Legal Advocacy Program provides legal information and assistance.

Strengthening Families is a program for parents and their children that aims to improve family communications and increase positive parenting practices, school performance and parent-child attachment.

Sea to Sky Community Services Society
Notes to the Financial Statements

March 31, 2021

1. Summary of Significant Accounting Policies (continued)

| | | | | | | | | | | | | | | | | | | | | | | | | | |
|-------------------------------------|--|------------------------------|----|---------------------------|-------------------------------|-------|---------------------------|--------------------|---|---------------------------|-------------------------|----|---------------------------|------------------------|---|---------------------------|----------------|----|---------------------------|----------|---|---------------------------|--------------------------|---|------------------------------|
| Purposes of the Society (continued) | <p>Outreach Services (continued)</p> <p>The Family Development program includes Transitioning Youth into Adulthood, Family Preservation and Reunification and Family Support services. These services are provided throughout the corridor from Squamish to Pemberton and to the more remote First Nations communities of Baptiste Smith and Skatine. Stopping the Violence Counselling, Outreach and Victim Services are also available to support women who have been or are in an abusive relationship, are survivors of childhood sexual abuse or have been sexually assaulted.</p> | | | | | | | | | | | | | | | | | | | | | | | | |
| Basis of Presentation | <p>The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.</p> | | | | | | | | | | | | | | | | | | | | | | | | |
| Fund Accounting | <p>The Society follows the restricted fund method of accounting for contributions. Revenues and expenses related to program delivery and administrative activities are reported in the Operating Fund. This fund reports unrestricted and restricted resources for which there is no related fund. The Capital Fund reports assets, liabilities, revenues and expenses related to the tangible capital assets (Note 9).</p> | | | | | | | | | | | | | | | | | | | | | | | | |
| Tangible Capital Assets | <p>Tangible capital assets are recorded at cost on the statement of financial position. Amortization is charged to the Capital Fund on a straight-line basis over the expected useful life of the assets. Amortization is provided as follows:</p> <table border="0" style="margin-left: 20px;"> <tr> <td>Buildings</td> <td style="text-align: right;">40</td> <td>years straight-line basis</td> </tr> <tr> <td>Buildings under capital lease</td> <td style="text-align: right;">20-36</td> <td>years straight-line basis</td> </tr> <tr> <td>Computer equipment</td> <td style="text-align: right;">3</td> <td>years straight-line basis</td> </tr> <tr> <td>Furniture and equipment</td> <td style="text-align: right;">10</td> <td>years straight-line basis</td> </tr> <tr> <td>Leasehold improvements</td> <td style="text-align: right;">6</td> <td>years straight-line basis</td> </tr> <tr> <td>Paving/fencing</td> <td style="text-align: right;">12</td> <td>years straight-line basis</td> </tr> <tr> <td>Vehicles</td> <td style="text-align: right;">5</td> <td>years straight-line basis</td> </tr> <tr> <td>Construction in progress</td> <td style="text-align: right;">0</td> <td>as not yet available for use</td> </tr> </table> <p>In the event that facts and circumstances indicate that the Society's tangible capital assets no longer have any long-term service potential to the Society, the excess of the asset's net carrying amount over any residual value is recognized as an expense in the statement of operations.</p> | Buildings | 40 | years straight-line basis | Buildings under capital lease | 20-36 | years straight-line basis | Computer equipment | 3 | years straight-line basis | Furniture and equipment | 10 | years straight-line basis | Leasehold improvements | 6 | years straight-line basis | Paving/fencing | 12 | years straight-line basis | Vehicles | 5 | years straight-line basis | Construction in progress | 0 | as not yet available for use |
| Buildings | 40 | years straight-line basis | | | | | | | | | | | | | | | | | | | | | | | |
| Buildings under capital lease | 20-36 | years straight-line basis | | | | | | | | | | | | | | | | | | | | | | | |
| Computer equipment | 3 | years straight-line basis | | | | | | | | | | | | | | | | | | | | | | | |
| Furniture and equipment | 10 | years straight-line basis | | | | | | | | | | | | | | | | | | | | | | | |
| Leasehold improvements | 6 | years straight-line basis | | | | | | | | | | | | | | | | | | | | | | | |
| Paving/fencing | 12 | years straight-line basis | | | | | | | | | | | | | | | | | | | | | | | |
| Vehicles | 5 | years straight-line basis | | | | | | | | | | | | | | | | | | | | | | | |
| Construction in progress | 0 | as not yet available for use | | | | | | | | | | | | | | | | | | | | | | | |
| Revenue Recognition | <p>Unrestricted operating government grants are recognized as revenue when received or receivable if the amount can be reasonably estimated and collection is reasonably assured. Such grants, if contributed for a future period, are deferred and reported as deferred contributions until that future period.</p> | | | | | | | | | | | | | | | | | | | | | | | | |

Sea to Sky Community Services Society
Notes to the Financial Statements

March 31, 2021

1. Summary of Significant Accounting Policies (continued)

Revenue Recognition
(continued)

Unrestricted donations are recognized as revenue when received or receivable if the amount can be reasonably estimated and collection is reasonably assured. Restricted donations and grants are recognized as revenue in the appropriate restricted fund in the year in which the funds are received. Restricted donations and grants for which no fund exists are recognized in the Operating Fund under the deferral method and are recognized as revenue in the year in which the related expenses are incurred.

Amounts pledged for future periods, due to the inherent uncertainty of their collection, are not recognized until such a time that they are received or collection is reasonably assured.

Other unrestricted revenue, including user fees and childcare subsidies, are reported as revenue when services are provided, and amounts receivable can be reasonably estimated and collection is reasonably assured.

Rental revenue is recognized evenly each month over the term of the lease.

Contributed Services
and Materials

Management has chosen to not recognize contributed materials or services for donations provided to the Society or directly associated with its programs. As such, these contributions to the Society have not been recognized in the Society's financial statements.

Use of Estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Areas requiring management to exercise judgment on the determination of estimates include collectibility of accounts receivable, useful lives of tangible capital assets, the allocation of expenses to various programs and grants, and completeness of accounts payable and accrued liabilities and wages and benefits payable. Actual results could differ from management's best estimates as additional information becomes available and may impact future periods.

Income Taxes

The Society is exempt from income tax under Section 149(1)(l) of the Income Tax Act.

Sea to Sky Community Services Society
Notes to the Financial Statements

March 31, 2021

1. Summary of Significant Accounting Policies (continued)

Financial Instruments The Society's financial instruments consist of cash and cash equivalents, restricted cash, accounts receivable, accounts payable and accruals, wages and benefits payable, government remittances payable, and mortgages payable. The Society has measured all of its financial instruments at amortized cost using the effective interest rate method.

In the event that facts and circumstances indicate that the Society's financial instruments have suffered a permanent decline in value, the excess of the financial instrument's carrying value over any net realizable value is recognized as an expense in the statement of operations.

2. Cash and Cash Equivalents

Cash and cash equivalents consists of cash on hand, bank balances and money market funds with maturity dates of less than three months.

The Society's bank accounts are held at one chartered bank and one credit union. The bank accounts earn interest at the current prevailing rates.

Restricted cash is comprised of the following:

| | 2021 | 2020 |
|---|-------------------|-------------------|
| Castle Rock Replacement Reserve | 163,495 | 130,103 |
| Riverstones Replacement Reserve | 170,477 | 170,885 |
| Riverstones Strata Contingency Reserve Fund | 107,135 | 93,425 |
| Centrepont Contingency Reserve Fund | 19,621 | 19,504 |
| | <u>\$ 460,728</u> | <u>\$ 413,917</u> |

The Society has an authorized operating line of credit in the amount of \$250,000 with a financial institution for working capital purposes, bearing interest at a rate of prime plus 1% per annum. As at year-end, the balance of the operating loan is \$Nil (2020 - \$Nil).

Sea to Sky Community Services Society
Notes to the Financial Statements

March 31, 2021

3. Accounts Receivable

| | 2021 | 2020 |
|----------------------|--------------|------------|
| Grants and subsidies | \$ 1,984,965 | \$ 263,833 |
| User fees | 23,978 | 12,064 |
| | \$ 2,008,943 | \$ 275,897 |

Included in grants and subsidies receivable is \$172,677, of which \$51,849 relates to 2020 and \$48,183 relates to 2019, due from BC Housing representing management's best estimate of the additional subsidy required to bring the debt service ratio related to the Riverstones Affordable Rental Housing Project to 1 for 2021 (Note 10). \$1,372,412 in grants and subsidies receivable relates to capital costs incurred for the Buckley Avenue Project, which will be reimbursed to the Society by way of a forgivable loan (Note 8).

Management reviewed all user fees and tenant rent receivables at year end and wrote off any amounts that were considered not collectible as a bad debt expense. It is management's opinion that the Society is not exposed to significant credit risk arising from the balance of these receivables.

4. Tangible Capital Assets

| | 2021 | | 2020 | |
|-------------------------------|--------------|-----------------------------|-------------------|-------------------|
| | Cost | Accumulated Amortization | Net Book Value | Net Book Value |
| Buildings under capital lease | \$12,813,688 | \$ 4,592,868 | \$ 8,220,820 | \$ 8,877,601 |
| Buildings | 8,314,856 | 682,989 | 7,631,867 | 7,631,867 |
| Computer equipment | 26,062 | 23,661 | 2,401 | 7,130 |
| Construction in progress | 5,890,939 | - | 5,890,939 | 979,912 |
| Furniture and equipment | 347,785 | 263,260 | 84,525 | 98,597 |
| Leasehold improvements | 823,224 | 816,172 | 7,052 | 8,815 |
| Paving/fencing | 37,524 | 25,016 | 12,508 | 15,010 |
| Vehicles | 127,790 | 48,493 | 79,297 | 33,544 |
| | \$28,381,868 | \$ 6,452,459 | \$21,929,409 | \$ 17,652,476 |

Construction in progress includes \$5,802,755 (2020 - \$951,827) in development costs for the construction of a new affordable housing project for low income families at 38648 Buckley Avenue, Squamish, BC ("the Buckley Avenue Project") and \$78,184 (2020 - \$28,085) in development costs for a Youth Hub within the same building as the Buckley Avenue Project.

The preliminary development phase of this project was completed in the year and was financed through the BC Housing Management Commission ("BCHMC") (Note 7). The construction phase of the affordable housing project project is being financed by BCHMC through a forgivable loan as well as additional repayable loans not yet drawn upon (Note 8).

Sea to Sky Community Services Society
Notes to the Financial Statements

March 31, 2021

4. Tangible Capital Assets (continued)

The Youth Hub will provide young people and families with health and wellness resources. Construction funding will be generated separately from the Buckley Avenue Project.

An additional \$10,000 (2020 - \$Nil) included in construction in progress represents preliminary costs incurred in relation to a new affordable housing project in Pemberton, BC.

5. Long-term Debt

| | 2021 | 2020 |
|---|--------------|---------------|
| Castle Rock, Lot B Block R District Lot 4261 Plan, VAP23209, Squamish, BC, interest at 2.51% compounded semi-annually, repayable at \$21,320 per month, maturing February 1, 2027. | \$ 1,405,923 | \$ 1,623,771 |
| Riverstones housing complex, #101-106, #301-306 and #401-406 at each of 39846, 39854, 39858 Government Road, Squamish, BC, interest at 3.48% compounded semi-annually, repayable at \$35,757 per month, maturing May 1, 2024. | 7,719,634 | 7,879,008 |
| Centrepont - Residential housing complex, #308, #401-408, and #501-508 at 38020 4th Avenue, Squamish, BC., interest at 2.886% compounded semi-annually, repayable at \$10,949 per month, maturing Feb 1, 2028. | 2,744,813 | 2,796,654 |
| Centrepont - Community Centre, Strata Lot 2 and 3, 38024 4th Avenue, Squamish, BC, interest at 3.85% compounded semi-annually, repayable at \$16,848 per month, maturing Nov 21, 2022. | 3,710,440 | 3,769,951 |
| | \$15,580,810 | \$ 16,069,384 |
| Total mortgage balance | (503,082) | (488,543) |
| Current portion of long-term debt | \$15,077,728 | \$ 15,580,841 |

The mortgages are secured by registered first charges against the mortgaged properties and an assignment of rents and insurance proceeds.

The carrying values of the mortgaged properties are as follows:

| | 2021 | 2020 |
|--|--------------|--------------|
| Castle Rock housing complex | \$ 1,411,955 | \$ 1,610,827 |
| Riverstones housing complex | 7,016,941 | 7,262,028 |
| Centrepont residential housing complex | 3,927,608 | 4,040,796 |
| Centrepont Community Centre | 2,944,887 | 3,029,750 |
| | 15,301,391 | 15,943,401 |

Sea to Sky Community Services Society
Notes to the Financial Statements

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5. Long-term Debt (continued)

The following principal payments are required over the remaining terms of all mortgages:

| Year | Amount |
|------------|----------------------|
| 2022 | \$ 503,082 |
| 2023 | 4,103,494 |
| 2024 | 437,890 |
| 2025 | 7,505,932 |
| 2026 | 306,512 |
| Thereafter | <u>2,723,900</u> |
| | <u>\$ 15,580,810</u> |

6. Deferred Contributions from Operations

The deferred contributions from operations are grants received in the current year that are designated for program funding in future periods.

| | 2021 | 2020 |
|------------------------|-------------------|-------------------|
| Direct Access - Gaming | 100,000 | 100,000 |
| Other | 4,297 | 2,865 |
| | <u>\$ 104,297</u> | <u>\$ 102,865</u> |

The changes in the deferred contributed balance for the year are as follows:

| | 2021 | 2020 |
|--|-------------------|-------------------|
| Unamortized balance, beginning of year | \$ 102,865 | \$ 159,539 |
| Contributions received in the year | 104,297 | 102,865 |
| Recognized as revenue | <u>(102,865)</u> | <u>(159,539)</u> |
| Unamortized balance, end of year | <u>\$ 104,297</u> | <u>\$ 102,865</u> |

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7. Construction Loan

| | 2021 | 2020 |
|---|------|------------|
| BC Housing Management Commission ("BCHMC"), Interest free promissory note for the Preliminary Development Phase of the affordable housing project at 38648 Buckley Avenue, Squamish, BC, | \$ - | \$ 840,446 |

During the year, the available promissory note balance of \$1,831,200 was fully extended. The Construction Phase of the project has commenced and the promissory note has been repaid in full through the first advance of the BCHMC forgivable loan (Note 8).

An additional \$3,831,200 promissory note for the construction phase was also agreed upon with BCHMC during the year. This promissory note will be fully repayable and is expected to be drawn upon after the forgivable loan is fully advanced. As at March 31, 2021, no amounts have been advanced under this loan. Additional promissory notes will be agreed upon as needed throughout the Construction Phase; upon project completion, the total outstanding repayable amount will be paid out and replaced with long-term financing.

8. Grant and Donation Revenue

Grant revenue is from the following sources:

| | 2021 | 2020 |
|---|--------------|--------------|
| Government of Canada | \$ 235,129 | \$ 179,411 |
| Province of British Columbia | 6,559,670 | 5,885,464 |
| Municipalities | 289,996 | 338,229 |
| Other - Charities and Corporations | 1,191,665 | 679,183 |
| Total grant revenue - operating fund | \$ 8,276,460 | \$ 7,082,287 |
| Province of British Columbia - loan forgiveness (i) | \$ 5,733,931 | \$ - |
| Province of British Columbia - capital grant | 250,000 | - |
| Other capital grants | 140,000 | 4,118 |
| Total grant revenue - capital fund | \$ 6,123,931 | \$ 4,118 |

(i) BCHMC has extended \$5,733,931 in funding of an available \$8,056,000 forgivable loan during the year in relation to the affordable housing project at 38648 Buckley Avenue. The full amount is forgivable provided that the Society remains compliant under the related agreements by continuing to develop, use and operate the premises as intended; one 25th of the principal is forgiven annually beginning at the 11th year following loan commencement. This loan is secured by the land (Note 10), building and assignment of rents. At March 31, 2021, management has assessed it to be likely that the Society will meet all forgiveness criteria and, as a result, the amounts have been recognized as grant revenue during the year.

Donation revenue is derived primarily from corporations and individuals.

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9. Restricted Funds and Inter-Fund Transfers - Measurement Uncertainty

Capital and operating program funding surpluses at year-end will be presented as externally restricted or internally restricted. Externally restricted funds are those received from funders for a stipulated purpose other than general operating, and internally restricted funds are those set aside by management or the board of directors for future capital and operating needs. Externally restricted funds are typically governed by contracts which set out how the funds and any resulting surpluses may be used.

However, many programs share the same purpose/mandate set out by the funder and, as a result, accumulated surpluses reported on a program by program basis are management's best estimate and may not be wholly restricted to that particular program but rather to a broad group of programs. As this determination is inherently uncertain, the classification between internally and externally restricted fund balances is difficult to establish. For this reason, management has chosen to present all operating surpluses as externally restricted even though they have some discretion as to how surplus funds are applied within the mandated purpose.

10. Commitments and Contractual Obligations

Castle Rock Family Housing Land Lease

The Society has assumed the lease of land on which Castle Rock Family Housing is located. The District of Squamish owns the land and has leased it to the Society under a 60 year term (initiated in 1991) for \$1, to be used solely for social housing. Upon termination of the lease or if the lease is terminated due to violation of the terms, the Society (tenant) will surrender possession of the lands and building to the District of Squamish (landlord).

Riverstones Affordable Rental Housing Project

The Squamish Riverstones Development ("SRD") consists of 84 stratified residential units for seniors and persons with disabilities and is established under two housing programs.

The first program consists of 54 residential units leased and operated by the Society under the Community Partnership Initiative ("CPI") Operating Agreement dated July 1, 2011. These units are owned by a private owner who has entered into a long term lease with the Society. The Society's leasehold interest in the CPI units has been financed by way of leasehold mortgage, as arranged by BC Housing (Note 5). Upon expiration of the lease on August 25, 2050, the right to use and operate the building will revert back to the private owner.

The second program consists of 30 residential units owned by the Provincial Rental Housing Corporation, and operated by the Society under the Seniors' Rental Housing Initiative ("SRHI") Operator Agreement dated July 1, 2011.

Under both agreements, the Society is responsible for collecting all rents and other revenue, and for paying out of such revenues all costs associated with the operation of the SRD. The agreements are effective for a 40 year term.

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March 31, 2021

10. Commitments and Contractual Obligations (continued)

Riverstones Affordable Rental Housing Project (continued)

Due to various estimation issues that occurred during the development stage, the Society experienced unexpected increases in operating costs creating a projected deficiency for the housing programs. The Society indicated to BC Housing that they required protection from any losses arising from these programs. In March 2014, the Society and BC Housing agreed to amend the original agreement to protect the Society from any losses and an updated agreement was signed in December 2014 to reflect this change.

The amendment is effective December 1, 2010 and includes two new clauses which state that: 1) BC Housing will pay the difference if units are rented below a set rate, and 2) BC Housing will, to the extent necessary, make further subsidy payments to the Society to achieve a debt servicing coverage of 1.00. BC Housing will not pay this additional subsidy to the extent there are accumulated surpluses from prior years.

Buckley Avenue Affordable Rental Housing Project and Youth Hub

The Buckley Avenue affordable housing project and Youth Hub project entered the construction phase during the year. The land on which the related building is being constructed is owned by the District of Squamish (the "District"). The Society and the District have entered into a 60 year premises lease for the use of lands; rent is \$60 for the term of the lease and the Society has one option to renew for an additional 60 year period. The Society must use the premises to provide affordable housing units to remain in compliance with the terms of the lease.

The Society must also continue to develop, use and operate affordable housing units out of the related building to comply with the terms of the forgivable loan described in Note 8.

Centrepont Affordable Housing Project

Upon completion, 15 of the 32 rental units constructed in the Centrepont Apartments were purchased by the Provincial Rental Housing Corporation (PRHC) for \$2,800,000. On April 1, 2016, the Society and BC Housing entered into two operating agreements for the rental units, the Community Partnership Initiative Operating Agreement (CPIOA) and the Investment in Affordable Housing Short Form Operator Agreement (IAHOA).

The IAHOA pertains to the operation of the 15 residential units owned by the PRHC and is for a term of 5 years. It specifies that the residential units will be managed and operated by the Society for the provision of rental housing to low and moderate income households.

The CPIOA governs the operation and management of the 17 rental units owned by the Society. The term of this agreement is 40 years from the commencement date of April 1, 2016 and states that the purpose is to provide housing for households with low to moderate incomes, with at least 51% of the units being offered at below market rent.

The agreement also provides that rental revenue collected by the Society will be used to cover all operating and other costs for the program. Surpluses may be used to increase the number of units being offered at below market rent or may be required to be repaid to BC Housing. BC Housing will not be responsible for any operating deficits or extraordinary expenses.

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Notes to the Financial Statements

March 31, 2021

10. Commitments and Contractual Obligations (continued)

Centrepoint Post-Construction Phase and Forgivable Loan

Upon completion of construction, the Society and the Squamish United Church entered into the post-construction phase of the master agreement for the Centrepoint project. This phase involves a space-sharing agreement including a 99 year lease provided to the Church for \$1. Both parties also became members of the new strata corporation, The Owners, Strata EPS 4384, and share the costs to maintain the common area property in accordance with the strata bylaws.

In the 2018 fiscal year, the Society entered into a forgivable loan agreement with the Sea to Sky Regional Hospital District for \$100,000 to be used towards the construction of the Centrepoint building. The loan is forgivable over 10 years, during which time the Society must use the Health Facility Area for Health Facility Use. The funds under this agreement were received and recorded as grant revenue in the year ended March 31, 2018. As at March 31, 2021, \$70,000 has not yet been forgiven under this agreement (2020 - \$80,000). In the event of default, the amount to be repaid will be pro-rated based on the term of the loan.

Program Funding Commitment

The Society renewed an agreement with the Sunshine Coast Community Services Society ("SCCSS") to provide a maximum of \$60,000/year from April 1, 2017 to March 31, 2023 to cover direct expenses of the Parent-Tot drop in program administered by SCCSS.

11. 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 overseeing the management of the Plan, including investment of the assets and administration of benefits. The Plan is a multi-employer contributory pension plan. Basic pension benefits provided are based on a formula. As at December 31, 2019, the plan has about 205,000 active members and approximately 101,000 retired members. Active members include approximately 40,000 contributors from local governments.

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

The most recent actuarial valuation as at December 31, 2018 indicated a \$2,866 million funding surplus for basic pension benefits on a going concern basis.

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March 31, 2021

11. Municipal Pension Plan (continued)

Employers participating in the Plan record their pension expense as the amount of employer contributions during the fiscal year (defined contribution pension plan accounting). This is because the Plan records accrued liabilities and accrued assets for the Plan in aggregate with the result that there is no consistent and reliable basis for allocating the obligation, assets and costs to individual entities participating in the Plan.

The Society paid \$343,514 (2020 - \$313,822) for employer contributions to the Plan in fiscal 2021.

12. Economic Dependence

The Province of British Columbia provided 40% (2020 - 58%) of the Society's revenue recognized in 2021. As a result, the Society is economically dependent on the provincial government for the funding required to deliver its services and programs.

13. Financial Instrument Risk

The Society, through its financial instruments, is exposed to various risks. The following analysis provides an assessment of those risks as at March 31, 2021. These risks remain unchanged from prior year.

Credit Risk

Credit risk is the risk of loss to the Society if a counterparty to a financial instrument fails to meet its contractual obligations. The Society is exposed to credit risk from its cash and cash equivalents and accounts receivable. As at March 31, 2021, the Society's maximum exposure to credit risk is \$5,029,228 (2020 - \$2,257,480).

To mitigate the risk, the Society has deposited its cash and cash equivalents with reputable financial institutions. Grants and subsidies receivable of \$1,984,965 (2020 - \$263,833) are due from various levels of governments and governmental organizations.

Liquidity Risk

Liquidity risk is the risk that the Society may be unable to generate or obtain sufficient cash or cash equivalents in a timely and cost effective manner to meet its commitments as they come due. Liquidity risk includes the risk that, as a result of operational liquidity requirements, the Society will not have sufficient funds to settle a transaction on the due date; will be forced to sell financial assets at a value which is less than what they are worth; or may be unable to settle or recover a financial asset. Liquidity risk arises from accounts payable and accrued liabilities, wages and benefits payable, government remittances payable and mortgage payable. The Society manages its liquidity by matching expenditures to approved funding and by carrying sufficient cash reserves to meet its current obligations. It also has an authorized operating line of credit available in the amount of \$250,000 to utilize when necessary.

Sea to Sky Community Services Society
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March 31, 2021

13. Financial Instrument Risk (continued)

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. The Society is exposed to fluctuations in interest rates which impact the fair value and future cashflows on its mortgages payable. As at March 31, 2021, the recorded value of instruments subject to interest rate risk totaled \$15,580,810 (2020 - \$16,069,384).

It is Management's opinion that the Society is not exposed to significant currency risks.

14. Contingent Liabilities

The Society is from time to time named in legal claims against the Society in varying and unspecified amounts. The outcome of these claims cannot reasonably be determined at this time. Any ultimate settlements will be recorded in the year the settlements occur.

15. Remuneration of Directors, Employees and Contractors

The Societies Act (British Columbia) requires the Society to disclose the total remuneration paid to Directors, for either being a Director or for acting in another capacity, as well as the total number of employees or contractors with annual remuneration equal to or greater than \$75,000 and the aggregate remuneration of those employees.

During the year no amounts were paid to Directors of the Society for acting in their noted capacity (2020 - \$Nil). A total of 3 (2020 - 1) employee received remuneration in excess of \$75,000 which resulted in an expenditure of \$279,602 (2020 - \$110,633).

16. Interfund Transfers and Loans

Tangible capital assets net of mortgages and construction loan payable are from the invested in tangible capital assets fund. All other assets and liabilities are part of the operating fund.

17. Uncertainty Due to COVID-19

The global pandemic, COVID-19, has significantly disrupted economic activities in Canada.

There was an immediate impact on the operations of the Society, including reduced user fee revenues from childcare programs. User fee revenues were \$619,804 during the year (2020 - 1,017,363). There was also an increase in demand for Pemberton food bank and certain other services during the year.

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17. Uncertainty Due to COVID-19

In response to this disruption, the Society received government grants from the Canada Emergency Wage Subsidy of \$53,247 and Temporary Pandemic Pay of \$103,763. The Society has also received certain other grant revenues in excess of historical levels as a result of the pandemic.

As the impacts of COVID-19 continue, there could be further effects on the Society, its funding organizations, employees, and other stakeholders that could affect the timing and amounts realized on the Society's assets and future financial sustainability. Given the dynamic nature of these circumstances, the duration of disruption to the Society's operations and related financial impacts cannot be reasonably estimated at this time.

18. Comparative Figures

Certain comparative figures have been reclassified to conform with the current year's presentation.