

Sea to Sky Community Services Society  
Financial Statements  
For the year ended March 31, 2020

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Financial Statements  
For the year ended March 31, 2020

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## Independent Auditor's Report

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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, 2020, 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, 2020, 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, 2020 and 2019, current assets as at March 31, 2020 and 2019, and net assets as at April 1 and March 31 for both the 2020 and 2019 fiscal years. Our audit opinion on the financial statements for the year ended March 31, 2019 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.



## 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 organization have been applied on a basis consistent with that of the preceding year.

## Chartered Professional Accountants

August 5, 2020  
Whistler, British Columbia

**Sea to Sky Community Services Society**  
**Statement of Financial Position**

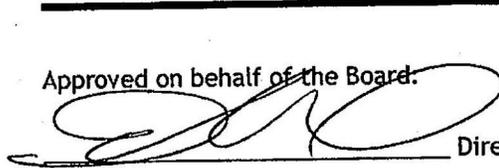
For the year ended March 31	2020	2019
<b>Assets</b>		
<b>Current</b>		
Cash and cash equivalents (Note 2)	\$ 1,567,666	\$ 961,662
Restricted cash (Note 2)	413,917	393,737
Accounts receivable (Note 3)	275,897	252,475
Prepaid expenses and deposits	37,554	32,642
	2,295,034	1,640,516
<b>Tangible Capital Assets (Note 4)</b>	<b>17,652,476</b>	<b>17,367,130</b>
	<b>\$19,947,510</b>	<b>\$ 19,007,646</b>

**Liabilities and Fund Balances**

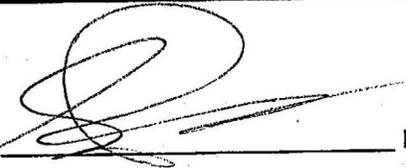
**Liabilities**

<b>Current</b>		
Accounts payable and accruals	\$ 485,640	\$ 406,704
Wages and benefits payable	348,643	265,357
Government remittances payable	74,086	110,309
Current portion of mortgages payable (Note 5)	488,543	473,637
Deferred contributions from operations (Note 6)	102,865	159,539
Construction loan (Note 7)	840,446	-
	2,340,223	1,415,546
<b>Mortgages Payable (Note 5)</b>	<b>15,580,841</b>	<b>16,069,079</b>
	17,921,064	17,484,625
<b>Fund Balances - Operating</b>		
Externally restricted (Note 9)	1,133,800	698,607
<b>Fund Balances - Capital</b>		
Invested in tangible capital assets	742,646	824,414
Externally restricted - capital fund (Note 9)	150,000	-
	<b>2,026,446</b>	<b>1,523,021</b>
	<b>\$19,947,510</b>	<b>\$ 19,007,646</b>

Approved on behalf of the Board:



Director



Director

The accompanying notes are an integral part of these financial statements.

Sea to Sky Community Services Society  
Statement of Operations

For the year ended March 31	2020	2019
<b>Revenue</b>		
Grants (Note 6 and 8)	\$ 7,090,523	\$ 6,537,442
Donations - receipted (Note 8)	466,346	195,498
Donations - unreceipted (Note 8)	33,199	34,055
Fundraising	58,569	91,643
Sales revenue - Reuse It	-	36,307
Childcare subsidies	65,599	56,063
User fees	1,017,363	825,122
Workshop revenue	1,149	3,360
Interest	33,411	27,496
Miscellaneous income	2,533	4,134
Rent	1,456,045	1,392,233
	<u>10,224,737</u>	<u>9,203,353</u>
<b>Expenses</b>		
Advertising	19,102	7,536
Amortization	714,280	729,444
Bank charges and interest	17,473	12,482
Bad debts (Note 3)	8,674	4,952
Client expense reimbursements	71,867	57,032
Client recreation fees	19,816	15,257
Contractor fees	410,877	486,573
Fees, licences and dues	26,972	17,048
Food	119,150	131,923
Freight	678	351
Fundraising costs	20,985	68,032
Honoraria	43,331	26,741
Insurance	82,212	75,499
Mortgage interest	544,083	559,444
Office and miscellaneous	424,483	432,042
Professional fees	83,040	53,442
Rent of facilities	152,464	171,213
Repairs and maintenance	419,497	347,029
Telephone, cable and Internet	58,851	50,000
Training costs	68,464	92,037
Utilities	437,978	382,699
Vehicles	139,774	138,855
Wages and benefits	5,837,261	5,210,359
	<u>9,721,312</u>	<u>9,069,990</u>
<b>Excess of revenue over expenses for the year</b>	<b>\$ 503,425</b>	<b>\$ 133,363</b>

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

For the year ended March 31

	Capital Fund	Operating Fund	2020	2019
Balance, beginning of year	\$ 824,414	\$ 698,607	\$ 1,523,021	\$ 1,389,658
Revenue	154,118	10,070,619	10,224,737	9,203,353
Expenses	(718,395)	(9,002,917)	(9,721,312)	(9,069,990)
Excess (deficiency) of revenue over expenses for the year	(564,277)	1,067,702	503,425	133,363
Capital acquisition	999,623	(999,623)	-	-
Capital acquisition financed by				
Construction loan	(840,446)	840,446	-	-
Mortgage principal payments	473,332	(473,332)	-	-
Balance, end of year	\$ 892,646	\$ 1,133,800	\$ 2,026,446	\$ 1,523,021
Represented by				
Externally restricted	\$ -	\$ 1,133,800	\$ 1,133,800	\$ 698,607
Invested in tangible capital assets	742,646	-	742,646	824,414
Externally restricted - capital fund	150,000	-	150,000	-
	\$ 892,646	\$ 1,133,800	\$ 2,026,446	\$ 1,523,021

Sea to Sky Community Services Society  
Statement of Cash Flows

For the year ended March 31	2020	2019
Cash provided by (used in)		
Operating activities		
Excess of revenue over expenses for the year	\$ 503,425	\$ 133,363
Items not requiring cash		
Amortization	714,280	729,444
Bad debts	8,674	4,952
Deferred contributions recognized as revenue	(159,539)	(152,620)
	1,066,840	715,139
Changes in non-cash working capital balances		
Accounts receivable	(32,099)	142,521
Prepaid expenses and deposits	(4,912)	22,696
Accounts payable and accruals	78,936	(197,104)
Wages and benefits payable	83,286	51,905
Contributions received and deferred	102,865	159,539
Government remittances payable	(36,223)	(11,359)
	1,258,693	883,337
Investing activities		
Tangible capital assets acquired	(999,623)	(658,053)
	(999,623)	(658,053)
Financing activities		
Proceeds of construction loan	840,446	-
Repayment of mortgages payable	(473,332)	(459,740)
Decrease (increase) in restricted cash	(20,180)	1,883
	346,934	(457,857)
Increase (decrease) in cash during the year	606,004	(232,573)
Cash, beginning of year	961,662	1,194,235
Cash, end of year	\$ 1,567,666	\$ 961,662

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# Sea to Sky Community Services Society

## Notes to the Financial Statements

March 31, 2020

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### 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.

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Sea to Sky Community Services Society  
Notes to the Financial Statements

March 31, 2020

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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, 2020

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>																								

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Sea to Sky Community Services Society  
Notes to the Financial Statements

March 31, 2020

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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.

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Sea to Sky Community Services Society  
Notes to the Financial Statements

March 31, 2020

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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.

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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:

	2020	2019
Castle Rock Replacement Reserve	130,103	122,588
Riverstones Replacement Reserve	170,885	168,185
Riverstones Strata Contingency Reserve Fund	93,425	86,958
Centrepont Contingency Reserve Fund	19,504	16,006
	<u>\$ 413,917</u>	<u>\$ 393,737</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 (2019 - \$Nil).

Sea to Sky Community Services Society  
Notes to the Financial Statements

March 31, 2020

3. Accounts Receivable

	2020	2019
Grants and subsidies	\$ 263,833	\$ 234,643
User fees	12,064	17,832
	\$ 275,897	\$ 252,475

Included in grants and subsidies receivable is \$100,032, of which \$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 2020 (Note 10).

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

	2020		2019	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Buildings under capital lease	\$12,813,688	\$ 3,936,087	\$ 8,877,601	\$ 9,328,417
Buildings	8,314,856	682,989	7,631,867	7,844,690
Computer equipment	26,062	18,932	7,130	8,614
Construction in progress	979,912	-	979,912	5,638
Furniture and equipment	347,785	249,188	98,597	105,338
Leasehold improvements	823,224	814,409	8,815	12,083
Paving/fencing	37,524	22,514	15,010	17,511
Vehicles	56,479	22,935	33,544	44,839
	\$23,399,530	\$ 5,747,054	\$17,652,476	\$ 17,367,130

Construction in progress includes \$951,827 (\$2019 - \$Nil) in preliminary development costs for the construction of a new affordable housing project at 38648 Buckley Avenue, Squamish, BC ("the Buckley Avenue Project") and \$28,085 (2019 - \$5,638) in development costs for the addition of a Youth Hub within the same building as the Buckley Avenue Project.

The Buckley Avenue Project will provide affordable housing to low income families. The Preliminary Development Phase of this project has been financed through the BC Housing Management Commission ("BCHMC") (Note 7). Subsequent to year end, the Preliminary Development Phase of the project was completed and negotiations with BCHMC for the Construction Phase financing have commenced and a general contractor has been selected.

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.

Sea to Sky Community Services Society  
Notes to the Financial Statements

March 31, 2020

5. Long-term Debt

	2020	2019
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.	\$ 1,623,771	\$ 1,836,073
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.	7,879,008	8,032,978
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.	2,796,654	2,847,030
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.	3,769,951	3,826,635
Total mortgage balance	\$16,069,384	\$ 16,542,716
Current portion of long-term debt	(488,543)	(473,637)
	<u>\$15,580,841</u>	<u>\$ 16,069,079</u>

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:

	2020	2019
Castle Rock housing complex	\$ 1,610,827	\$ 1,821,367
Riverstones housing complex	7,262,028	7,507,115
Centrepont residential housing complex	4,040,796	4,153,983
Centrepont Community Centre	3,029,750	3,114,614
	<u>15,943,401</u>	<u>16,597,079</u>

Sea to Sky Community Services Society  
Notes to the Financial Statements

March 31, 2020

5. Long-term Debt (continued)

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

Year	Amount
2021	\$ 488,543
2022	503,082
2023	4,103,494
2024	467,890
2025	7,505,932
Thereafter	<u>3,000,443</u>
	<u>\$ 16,069,384</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.

	2020	2019
Castle Rock Housing	\$ -	\$ 21,624
Direct Access - Gaming	100,000	86,500
Community Living Whistler	-	20,746
Other	2,865	30,669
	<u>\$ 102,865</u>	<u>\$ 159,539</u>

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

	2020	2019
Unamortized balance, beginning of year	\$ 159,539	\$ 152,620
Contributions received in the year	7,029,731	6,544,361
Recognized as revenue	<u>(7,086,405)</u>	<u>(6,537,442)</u>
Unamortized balance, end of year	<u>\$ 102,865</u>	<u>\$ 159,539</u>

Sea to Sky Community Services Society  
Notes to the Financial Statements

March 31, 2020

7. Construction Loan

	2020	2019
BC Housing Management Commission ("BCHMC"), Interest free promissory note up to \$906,750, for the Preliminary Development Phase of the affordable housing project at 38648 Buckley Avenue, Squamish, BC, repayable upon first advancement of Construction Phase funding.	<u>\$ 840,446</u>	<u>\$ -</u>

After year end, the remaining available balance on the Preliminary Development Phase promissory note was received from BCHMC. The Society is currently in negotiations with BCHMC to secure financing for the Construction Phase of the above named project. It is anticipated that the Construction Phase financing will be interest free and repayable upon project completion.

8. Grant and Donation Revenue

Grant revenue is from the following sources:

	2020	2019
Government of Canada	\$ 179,411	\$ 162,927
Province of British Columbia	5,889,582	5,516,893
Municipalities	338,229	271,996
Other - Charities and Corporations	679,183	585,626
Total grant revenue - operating	\$ 7,086,405	\$ 6,537,442
Grants - capital fund	4,118	-
	<u>\$ 7,090,523</u>	<u>\$ 6,537,442</u>

Donation revenue is derived primarily from corporations and individuals.

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.

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9. Restricted Funds and Inter-Fund Transfers - Measurement Uncertainty (Continued)

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.

During the year \$Nil (2019 - \$358,770) was transferred within the Capital Fund to reflect acquisitions related to the construction of tangible capital assets.

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10. Commitments and Contractual Obligations

Castle Rock Family Housing Land Lease

The Society took over 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.

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.

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10. Commitments and Contractual Obligations (continued)

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.

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.

Centrepont 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 Centrepont 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 Centrepont 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, 2020, \$80,000 has not yet been forgiven under this agreement (2019 - \$90,000). 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.

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10. Commitments and Contractual Obligations (continued)

Lease Payments

The Society has committed to a number of leases for vehicles, equipment and premises. The minimum lease payments, including GST and operating costs incorporated into the agreements, in each of the next three years are as follows:

Year	Vehicles	Equipment	Premises	Total
2021	\$ 14,539	\$ 17,500	\$ 68,768	\$ 100,807
2022	14,539	13,852	68,758	97,149
2023	4,202	3,220	17,190	24,612
Total	<u>\$ 33,280</u>	<u>\$ 34,572</u>	<u>\$ 154,716</u>	<u>\$ 222,568</u>

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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.

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 \$313,822 (2019 - \$267,979) for employer contributions to the Plan in fiscal 2020.

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12. Economic Dependence

The Province of British Columbia provided 58% (2019 - 60%) of the Society's revenue recognized in 2020. As a result, the Society is economically dependent on the provincial government for the funding required to deliver its services and programs.

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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, 2020.

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, 2020, the Society's maximum exposure to credit risk is \$2,257,480 (2019 - \$1,607,874).

To mitigate the risk, the Society has deposited its cash and cash equivalents with reputable financial institutions. Grants and subsidies receivable of \$263,833 (2019 - \$234,643) are due from various levels of governments and governmental organizations. This risk remains unchanged from prior year.

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.

Liquidity risk has increased in the year due to the impact of COVID-19, which as described in Note 17, has disrupted the Society's operations and could impact its ability to continue to service debt and meet other obligations as they come due. The Society has cash reserves in place which mitigate this risk.

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, 2020, the recorded value of instruments subject to interest rate risk totaled \$16,069,384 (2019 - \$16,542,716).

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

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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.

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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 (2019 - \$Nil). A total of 1 (2019 - 2) employee received remuneration in excess of \$75,000 which resulted in an expenditure of \$110,633 (2019 - \$193,563).

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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.

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17. Uncertainty Due to COVID-19

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

During the health crisis, the Society continues to provide services necessary for the care, comfort, health and safety of communities in the Sea to Sky Corridor. There has been an immediate impact on the operations of the Society, including the scaling down of Childcare services effective March 2020. Childcare services provided user fee and subsidy revenue equal to 10% (2019 - 10%) of the Society's total revenue recognized in 2020. There has also been an increase in demand for foodbank services, located in Pemberton, beginning in March 2020. Therefore, certain revenues and expenses were affected in 2020 and into the 2021 fiscal year as Childcare operations remained constrained. A return to full capacity is anticipated for September 2020 but further waves of infection could affect actual results.

In response to this disruption, the Society has taken action to control certain payroll and other expenditures. Subsequent to year end, the Society has also applied for and received approximately \$217,000 of increased Provincial and other COVID-19 relief funding.

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17. Uncertainty Due to COVID-19 (Continued)

Although the disruption from the virus is expected to be temporary, 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. The Society's ability to continue to service debt and meet other obligations as they come due is dependent on the continued ability to generate revenues and cash flows. In addition, if the impacts of COVID-19 continue beyond current expectations, there could be further effects on the Society and its funding organizations that could affect the timing and amounts realized on the Society's assets and future financial sustainability. At this time, the full potential impact of COVID-19 on the Society is not known.

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18. Comparative Figures

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