

Sea to Sky Community Services Society
Financial Statements
For the year ended March 31, 2022

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Financial Statements
For the year ended March 31, 2022

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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, 2022, 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, 2022, 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, 2022 and 2021, current assets as at March 31, 2022 and 2021, and net assets as at April 1 and March 31 for both the 2022 and 2021 fiscal years. Our audit opinion on the financial statements for the year ended March 31, 2021 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 organizations have been applied on a basis consistent with that of the preceding year.

BDO Canada LLP

Chartered Professional Accountants

September 13, 2022
Whistler, British Columbia

Sea to Sky Community Services Society Statement of Financial Position

For the year ended March 31	2022	2021
Assets		
Current		
Cash and cash equivalents (Note 2)	\$ 3,328,275	\$ 2,602,954
Restricted cash (Note 2)	458,328	417,331
Accounts receivable (Note 3)	724,719	2,008,943
GST receivable	266,942	175,169
Prepaid expenses and deposits	73,130	43,549
	4,851,394	5,247,946
Tangible Capital Assets (Note 4)	33,464,564	21,929,409
	\$38,315,958	\$ 27,177,355

Liabilities and Fund Balances

Liabilities

Current		
Accounts payable and accruals	\$ 1,837,567	\$ 1,942,913
Wages and benefits payable	485,314	482,140
Government remittances payable	123,073	24,136
Construction holdbacks payable	1,374,225	361,070
Current portion of mortgages payable (Note 5)	4,103,492	503,082
Deferred contributions from operations (Note 6)	123,542	104,297
Construction loan (Note 7)	7,261,510	-
	15,308,723	3,417,638
Mortgages Payable (Note 5)	10,974,236	15,077,728
	26,282,959	18,495,366
Fund Balances (Note 9)	12,032,999	8,681,989
	\$38,315,958	\$ 27,177,355

Approved on behalf of the Board:

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Sea to Sky Community Services Society
Statement of Operations

For the year ended March 31	2022	2021
Revenue		
Grants - operating fund (Note 8)	\$ 9,073,469	\$ 8,276,430
Grants - capital fund (Note 8)	3,059,543	6,123,961
Donations - receipted (Note 8)	113,897	285,918
Donations - unreceipted (Note 8)	29,839	45,727
Fundraising	21,522	27,942
Childcare subsidies	85,002	54,559
User fees	1,066,922	619,804
Workshop revenue	2,996	3,385
Interest	21,560	16,696
Miscellaneous income	35,631	12,908
Rent	1,501,722	1,477,965
	15,012,103	16,945,295
Expenses		
Advertising	34,587	9,463
Amortization	702,577	705,405
Bank charges and interest	11,514	13,114
Bad debts (Note 3)	9,163	-
Client expense reimbursements	44,381	47,757
Client recreation fees	59,719	26,157
Contractor fees	1,037,010	629,148
Fees, licences and dues	27,902	28,346
Food	171,807	157,292
Freight	482	281
Fundraising costs	21,175	21,853
Honoraria	41,307	9,824
Insurance	119,320	102,597
Mortgage interest	515,417	529,931
Office and miscellaneous	447,270	394,191
Professional fees	90,876	72,762
Rent of facilities	179,729	141,525
Repairs and maintenance	479,638	470,059
Telephone, cable and Internet	57,604	49,070
Training costs	58,015	34,301
Utilities	442,732	460,401
Vehicles	107,386	90,146
Wages and benefits	7,001,482	6,296,129
	11,661,093	10,289,752
Excess of revenue over expenses for the year	\$ 3,351,010	\$ 6,655,543

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

For the year ended March 31

	Capital Fund	Operating Fund	2022	2021
Balance, beginning of year	\$ 6,299,345	\$ 2,382,644	\$ 8,681,989	\$ 2,026,446
Revenue	3,059,543	11,952,560	15,012,103	16,945,295
Expenses	1,101,517	10,559,576	11,661,093	10,289,752
Excess of revenue over expenses for the year	1,958,026	1,392,984	3,351,010	6,655,543
Capital acquisition	12,237,732	(12,237,732)	-	-
Construction loan proceeds	(7,261,510)	7,261,510	-	-
Mortgage principal payments	503,082	(503,082)	-	-
Construction holdbacks	(1,013,155)	1,013,155	-	-
Interfund transfer	(2,400,344)	2,400,344	-	-
Balance, end of year	\$ 10,323,176	\$ 1,709,823	\$ 12,032,999	\$ 8,681,989
Represented by				
Externally restricted	\$ -	\$ 1,709,823	\$ 1,709,823	\$ 2,382,644
Invested in tangible capital assets	9,751,101	-	9,751,101	5,987,529
Externally restricted - capital fund	572,075	-	572,075	311,816
	\$ 10,323,176	\$ 1,709,823	\$ 12,032,999	\$ 8,681,989

Sea to Sky Community Services Society
Statement of Cash Flows

For the year ended March 31	2022	2021
Cash provided by (used in)		
Operating activities		
Excess of revenue over expenses for the year	\$ 3,351,010	\$ 6,655,543
Items not requiring cash		
Amortization	702,577	705,405
Bad debts	9,163	-
Deferred contributions recognized as revenue	<u>(104,297)</u>	<u>(102,865)</u>
	<u>3,958,453</u>	<u>7,258,083</u>
Changes in non-cash working capital balances		
Accounts receivable	1,275,061	(1,733,046)
GST receivable	(91,773)	(175,169)
Prepaid expenses and deposits	(29,581)	(5,995)
Accounts payable and accruals	(105,346)	1,457,273
Wages and benefits payable	3,174	133,497
Contributions received and deferred	123,542	104,297
Government remittances payable	<u>98,937</u>	<u>(49,950)</u>
	<u>5,232,467</u>	<u>6,988,990</u>
Investing activities		
Tangible capital assets acquired	<u>(12,237,732)</u>	<u>(4,982,339)</u>
Financing activities		
Proceeds of construction loan	7,261,510	990,754
Repayment of construction loan	-	(1,831,200)
Repayment of mortgages payable	(503,082)	(488,573)
Construction holdbacks	1,013,155	361,070
Increase in restricted cash	<u>(40,997)</u>	<u>(3,414)</u>
	<u>7,730,586</u>	<u>(971,363)</u>
Increase in cash during the year	725,321	1,035,288
Cash, beginning of year	<u>2,602,954</u>	<u>1,567,666</u>
Cash, end of year	<u>\$ 3,328,275</u>	<u>\$ 2,602,954</u>

Sea to Sky Community Services Society

Notes to the Financial Statements

March 31, 2022

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 offer programs that align with best and promising practices in social service delivery and to explore and develop services not previously available in community.

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 supported by various funding sources including individual donors, foundations, and government partners.

Adult and Family Services

The Society provides clinical and therapeutic care for adults and families through a wide range of supports, from counselling to group parenting to family education, including:

- Family Development
- Women's Counselling and Outreach Services
- Community-Based Victim Services
- Counselling Subsidy Program
- Sexual Abuse Intervention Program

Children Services

The Society promotes and nurtures the development of positive habits and strategies for preparing children of all abilities, offering a variety of programs and services to support parents and their children, including:

- Child Care Resource and Referral Program
- Early Years Program - SPARK, Positive Discipline Parenting and Circle of Security
- StrongStart
- Healthy Pregnancy Outreach Program
- Infant Development Program
- Occupational and Physical Therapy Programs
- Fetal Alcohol Spectrum Disorder and Complex Behaviour Key Worker Program
- Supported Child Development Program

Childcare Services

Childcare programs provide families with quality care and education for their children, support in the early years and a supportive relationship with the caregivers and teachers. The Society offers a total of 184 childcare spaces for preschool-aged children (Squamish) and out-of-school care spaces for school-aged children (Squamish & Pemberton).

Sea to Sky Community Services Society

Notes to the Financial Statements

March 31, 2022

1. Summary of Significant Accounting Policies (continued)

Purposes of the Society (continued)

Youth Services

The Society offers programs and services on individual, group, and drop-in basis for young people under the age of 24, including:

- Behavioural Support Program
- Special Needs Resource Program
- Squamish Youth Services (Youth Hub)
- Foundry Centre

Community Outreach Services

Community outreach programs and services are designed to reach individual adults, seniors, and families who experience barriers or crisis-level needs in accessing services. These include:

Better at Home

- Homeless Outreach and Prevention
- Pemberton Food Bank and Food Hub
- Legal Advocacy Program

Community Living Services

The Society operates programs for adults with developmental disabilities in the Sea to Sky corridor. Services are offered in a coordinated fashion and guided by goals and priorities set by the participant. These include:

- Community and Employment Services program
- Life Skills and Community Access Program
- Group Home Programs (Newport and Harmony)
- Home Share Program

Affordable Housing

156 units of affordable housing for low to moderate income earners, including rent-geared-to-income units for families and seniors.

- Castle Rock Family Housing
- Riverstones Housing
- Centrepoint Apartments

The Society operates Castle Rock Family Housing, a 40-unit government subsidized housing complex located in Squamish. Townhouse-style units are available for rent to families with children up to 18 years of age.

The Society operates 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.

Sea to Sky Community Services Society
Notes to the Financial Statements

March 31, 2022

1. Summary of Significant Accounting Policies (continued)

Purposes of the Society (continued)

Affordable Housing (continued)

There are five buildings within the housing complex of which two are BC Housing Management Commission ("BC Housing") Regulated Gross Income 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 three 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 Centrepoint 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.

Basis of Presentation

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

Fund Accounting

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).

Tangible Capital Assets

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:

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

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.

Revenue Recognition

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.

Sea to Sky Community Services Society
Notes to the Financial Statements

March 31, 2022

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, 2022

1. Summary of Significant Accounting Policies (continued)

Financial Instruments The Society's financial instruments consist of cash and cash equivalents, restricted cash, accounts receivable, GST receivable, accounts payable and accruals, wages and benefits payable, government remittances payable, construction holdbacks payable, construction loan 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 and bank balances.

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:

	2022	2021
Castle Rock Replacement Reserve	\$ 91,457	\$ 90,564
Riverstones Replacement Reserve	163,548	164,249
Riverstones Strata Contingency Reserve Fund	124,959	109,835
Centrepoint Replacement Reserve	35,813	23,926
Centrepoint Strata Contingency Reserve Fund	42,551	28,757
	<u>\$ 458,328</u>	<u>\$ 417,331</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 (2021 - \$Nil).

Sea to Sky Community Services Society
Notes to the Financial Statements

March 31, 2022

3. Accounts Receivable

	2022	2021
Grants and subsidies	\$ 703,168	\$ 1,984,965
User fees and rent	21,551	23,978
	\$ 724,719	\$ 2,008,943

Included in grants and subsidies receivable is \$178,937, of which \$172,677 relates to the 2019 to 2021 fiscal years, 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 1.00 (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

	2022		2021	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Buildings under capital lease	\$12,813,688	\$ 4,824,005	\$ 7,989,683	\$ 8,220,820
Buildings	8,314,856	1,108,634	7,206,222	7,631,867
Computer equipment	26,062	26,062	-	2,401
Construction in progress	18,129,172	-	18,129,172	5,890,939
Furniture and equipment	347,785	277,332	70,453	84,525
Leasehold improvements	823,224	817,935	5,289	7,052
Paving/fencing	37,524	27,518	10,006	12,508
Vehicles	114,328	60,589	53,739	79,297
	\$40,606,639	\$ 7,142,075	\$33,464,564	\$ 21,929,409

Also included in construction in progress is \$17,555,030 (2021 - \$5,802,755) in development costs for the construction of a new affordable housing project, Spirit Creek Apartments, for low income families at 38648 Buckley Avenue, Squamish, BC and \$477,124 (2021 - \$78,184) in development costs for a Youth Hub, Foundry Sea to Sky, within the same building. The affordable housing project is being financed by BC Housing through a forgivable loan and additional repayable construction financing (Notes 7 and 8). Foundry Sea to Sky will provide young people and families with health and wellness resources and is financed separately from the affordable housing project.

Sea to Sky Community Services Society
Notes to the Financial Statements

March 31, 2022

5. Long-term Debt

	2022	2021
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.	\$ 1,182,662	\$ 1,405,923
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.	7,554,665	7,719,634
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.	2,691,466	2,744,813
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.	3,648,935	3,710,440
Total mortgage balance	\$15,077,728	\$ 15,580,810
Current portion of long-term debt	(4,103,492)	(503,082)
	\$10,974,236	\$ 15,077,728

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

Management plans to refinance the Centrepont - Community Centre loan, maturing in November 2022, on similar terms at current prevailing interest rates.

The carrying values of the mortgaged properties are as follows:

	2022	2021
Castle Rock housing complex	\$ 1,213,084	\$ 1,411,955
Riverstones housing complex	6,771,854	7,016,941
Centrepont residential housing complex	3,814,421	3,927,608
Centrepont Community Centre	2,860,023	2,944,887
	14,659,382	15,301,391

Sea to Sky Community Services Society
Notes to the Financial Statements

March 31, 2022

5. Long-term Debt (continued)

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

Year	Amount
2023	\$ 4,103,492
2024	467,890
2025	7,505,929
2026	306,512
2027	293,359
Thereafter	<u>2,400,546</u>
	<u>\$ 15,077,728</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.

	2022	2021
Direct Access - Gaming	100,000	100,000
Other	23,542	4,297
	<u>\$ 123,542</u>	<u>\$ 104,297</u>

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

	2022	2021
Unamortized balance, beginning of year	\$ 104,297	\$ 102,865
Contributions received in the year	123,542	104,297
Recognized as revenue	<u>(104,297)</u>	<u>(102,865)</u>
Unamortized balance, end of year	<u>\$ 123,542</u>	<u>\$ 104,297</u>

7. Construction Loan

	2022	2021
BC Housing ("BCHMC"), Interest free loan for construction of the Spirit Creek Apartments affordable housing project at 38648 Buckley Avenue, Squamish, BC.	<u>\$ 7,261,510</u>	<u>\$ -</u>

Sea to Sky Community Services Society
Notes to the Financial Statements

March 31, 2022

7. Construction Loan (continued)

The Construction Phase of the project commenced during 2021 with financing from BC Housing, first through the advance of a forgivable loan (Note 8).

Additional construction financing for the project has also been agreed upon with BC Housing to a maximum of \$14,567,364. 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:

	2022	2021
Government of Canada	\$ 182,120	\$ 235,129
Province of British Columbia	6,910,791	6,559,640
Municipalities	309,184	289,996
Other - Charities and Corporations	1,671,374	1,191,665
Total grant revenue - operating fund	\$ 9,073,469	\$ 8,276,430
Province of British Columbia - loan forgiveness (i)	\$ 2,400,344	\$ 5,733,961
Province of British Columbia - capital grant	-	250,000
Other capital grants	659,199	140,000
Total grant revenue - capital fund	\$ 3,059,543	\$ 6,123,961

(i) BC Housing has extended \$78,305 (2021 - \$Nil) in funding in relation to construction financing for the capital improvement project at the Castle Rock Family Housing complex (Note 4). The associated financing has been finalized subsequent to year end by way of a \$4,099,800 forgivable loan to be advanced as project expenditures are incurred. The full amount is forgivable provided that the Society remains compliant under the related agreements by utilizing the funding for capital improvements and continuing to operate the premises as intended. One 10th of the principal is forgiven annually beginning in the year following loan commencement. 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.

BC Housing has also extended the final \$2,322,039 (2021 - \$5,733,931) in funding in relation to a \$8,056,000 forgivable loan for the affordable housing project at 38648 Buckley Avenue (Note 4). 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. 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 in the year received. The forgivable loan is fully drawn as at year end.

Donation revenue is derived primarily from corporations and individuals.

Sea to Sky Community Services Society Notes to the Financial Statements

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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.

Sea to Sky Community Services Society Notes to the Financial Statements

March 31, 2022

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.

Spirit Creek Apartments and Foundry Sea to Sky

The Spirit Creek Apartments affordable housing project and Foundry Sea to Sky project entered the construction phase in 2021, with substantial completion anticipated for the 2023 fiscal 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. 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. Subsequent to year end, this agreement has been extended for a five year term ending August 10, 2027.

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.

Sea to Sky Community Services Society
Notes to the Financial Statements

March 31, 2022

10. Commitments and Contractual Obligations (continued)

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, 2022, \$60,000 has not yet been forgiven under this agreement (2021 - \$70,000). 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 has 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.

Leases

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 five years are as follows:

Year	Vehicles	Equipment	Premises	Total
2023	\$ 10,715	\$ 18,925	\$ 82,165	\$ 111,805
2024	9,441	16,986	77,423	103,850
2025	9,441	15,183	79,651	104,275
2026	6,286	15,183	82,715	104,184
2027	872	15,183	86,057	102,112
Total	\$ 36,755	\$ 81,460	\$ 408,011	\$ 526,226

Sea to Sky Community Services Society Notes to the Financial Statements

March 31, 2022

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, 2021, the plan has about 220,000 active members and approximately 112,000 retired members. Active members include approximately 42,000 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. The next valuation will be as at December 31, 2021 with results available later in 2022.

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 \$385,470 (2021 - \$343,474) for employer contributions while employees contributed \$345,429 (2021 - \$300,296) to the Plan in fiscal 2022.

12. Economic Dependence

The Province of British Columbia provided 63% (2021 - 74%) of the Society's revenue recognized in 2022. 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, 2022. These risks remain unchanged from prior year.

Sea to Sky Community Services Society
Notes to the Financial Statements

March 31, 2022

13. Financial Instrument Risk (continued)

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, 2022, the Society's maximum exposure to credit risk is \$4,511,322 (2021 - \$5,029,228).

To mitigate the risk, the Society has deposited its cash and cash equivalents with reputable financial institutions. Grants and subsidies receivable of \$703,168 (2021 - \$1,984,965) 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.

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, 2022, the recorded value of instruments subject to interest rate risk totaled \$15,077,728 (2021 - \$15,580,810).

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

14. 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 (2021 - \$Nil). A total of 7 (2021 - 3) employee received remuneration in excess of \$75,000 which resulted in an expenditure of \$602,712 (2021 - \$279,602).

Sea to Sky Community Services Society
Notes to the Financial Statements

March 31, 2022

15. 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.

16. Uncertainty Due to COVID-19

COVID-19, declared a global pandemic by the World Health Organization in March 2020, has had a significant impact on the Canadian economy. As the impacts of COVID-19 continue, there could be further impact on the Society, its stakeholders, employees, suppliers and other third party business associates. These circumstances could impact the timing and amounts realized on the Society's assets and its ability to deliver services in the future. The financial impact on the Society arising from COVID-19 cannot be reasonably estimated at this time.

17. Comparative Figures

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