Sunshine Coast Community Services Society

Financial Statements

March 31, 2024

Sunshine Coast Community Services Society

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March 31, 2024

Crowe MacKay LLP
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Independent Auditor's Report

To the Members of Sunshine Coast Community Services Society

Qualified Opinion
We have audited the financial statements of Sunshine Coast Community Services Society (the "Society"), which comprise the statement of financial position as at March 31, 2024, and the statement of operations, statement of changes in net assets and statement of 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 effects of the matter described in the Basis for Qualified Opinion paragraph, the accompanying financial statements present fairly, in all material respects, the financial position of the Society as at March 31, 2024, and its financial performance and its 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, 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 unable to determine whether any adjustments might be necessary to fundraising revenue, excess of revenues over expenses, and cash flows from operations for the years ended March 31, 2024 and March 31, 2023, current assets and net assets as at March 31, 2024 and March 31, 2023.

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 opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements
Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Society's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Society or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Society's financial reporting process.

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Independent Auditor's Report, continued

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 of British Columbia, we report that, in our opinion, these principles have been applied on a basis consistent with that of the preceding year.

Crowe MacKay LLP

Sechelt, Canada
July 11, 2024

Chartered Professional Accountants

Sunshine Coast Community Services Society

Statement of Operations

For the year ended March 31,	Operating Fund	Capital Fund	Reserve fund	2024	2023 (Restated - Note 20)
Revenue					
Provincial grants	$ 4,024,225	$ -	$ -	$ 4,024,225	$ 3,420,949
Federal grants	128,737	21,678	-	150,415	115,293
Donations	614,560	-	-	614,560	591,165
Local government grants	194,509	-	-	194,509	206,958
Fees for service	12,252	-	-	12,252	10,182
Rental	53,954	-	-	53,954	59,015
BC Housing grants and subsidies (Note 20)	1,541,811	-	-	1,541,811	1,368,368
Interest income	384,383	-	-	384,383	210,578
Thrift store and other revenues	150,923	-	-	150,923	151,247
Grants from other charities and societies	602,366	-	-	602,366	677,618
	7,707,720	**21,678**	**-**	**7,729,398**	6,811,373
Expenditures					
Advertising and publicity	39,460	-	-	39,460	43,418
Amortization	-	110,409	-	110,409	81,112
Audit and legal	46,423	-	-	46,423	40,610
Bank charges and interest	9,831	-	-	9,831	9,720
Client transportation	63,299	-	-	63,299	54,560
Computer and IT costs	238,719	-	-	238,719	165,392
Consulting fees	155,146	-	-	155,146	89,763
Insurance	63,040	-	-	63,040	55,728
Maintenance	102,279	-	-	102,279	145,649
Mortgage and lease interest	3,664	35,935	-	39,599	37,048
Office expense	46,344	-	-	46,344	46,769
Program expense	803,475	-	-	803,475	765,193
Salaries and wages (Notes 17 & 18)	5,377,015	-	-	5,377,015	4,660,702
Staff, volunteer and board development	96,837	-	-	96,837	72,037
Subcontracts	59,896	-	-	59,896	59,896
Subscriptions and dues	13,354	-	-	13,354	16,220
Telephone and Internet	76,083	-	-	76,083	76,864
Utilities, rent and security	240,517	-	-	240,517	231,265
	7,435,382	**146,344**	**-**	**7,581,726**	6,651,946

Sunshine Coast Community Services Society

Statement of Operations

For the year ended March 31,	Operating Fund	Capital Fund	Reserve fund	2024	2023 (Restated - Note 20)
Excess (deficiency) of revenues over expenditures	**272,338**	**(124,666)**	**-**	**147,672**	159,427
Gain on sale of tangible capital assets	**-**	**-**	**-**	**-**	(450)
Excess (deficiency) of revenues over expenditures	**$ 272,338**	**$ (124,666)**	**$ -**	**$ 147,672**	$ 159,877

Sunshine Coast Community Services Society

Statement of Changes In Net Assets

For the year ended March 31,	Operating Fund	Capital Fund	Reserve fund	Total 2024	Total 2023 (Restated - Note 20)
Balance, beginning of year (Note 20)	**$ -**	**$ 1,251,190**	**$ 1,487,743**	**$ 2,738,933**	$ 2,573,417
Excess (deficiency) of revenues over expenditures	**272,338**	**(124,666)**	**-**	**147,672**	159,877
Interfund transfers (Note 13)	**(283,066)**	**147,295**	**135,771**	**-**	-
Refund of prior year deficit (Note 14)	**10,728**	**-**	**-**	**10,728**	5,639
Balance, ending of year	**$ -**	**$ 1,273,819**	**$ 1,623,514**	**$ 2,897,333**	$ 2,738,933

Sunshine Coast Community Services Society

Statement of Financial Position

As at March 31,	Operating Fund	Capital Fund	Reserve fund	Total 2024	Total 2023 (Restated - Note 20)
Assets					
Current					
Cash	$ 8,432,542	$ -	$ -	$ 8,432,542	$ 5,380,638
Accounts receivable (Note 7)	162,710	-	-	162,710	213,264
Prepaid expenses	109,701	-	-	109,701	49,992
Restricted cash (Note 4)	332,074	-	-	332,074	377,942
Interfund balances (Note 13)	-	-	1,623,514	-	-
	9,037,027	-	**1,623,514**	**9,037,027**	6,021,836
Tangible capital assets (Note 5)	**-**	**2,212,581**	-	**2,212,581**	2,088,690
Property under development (Note 6)	**-**	**1,336,343**	-	**1,336,343**	961,786
	$ 9,037,027	**$ 3,548,924**	**$ 1,623,514**	**$ 12,585,951**	$ 9,072,312

Sunshine Coast Community Services Society

Statement of Financial Position

As at March 31,	Operating Fund	Capital Fund	Reserve fund	Total 2024	Total 2023 (Restated - Note 20)
Liabilities					
Current					
Accounts payable and accrued liabilities	$ 177,270	$ 62,828	$ -	$ 240,098	$ 218,408
Accrued wages and benefits (Note 7)	442,506	-	-	442,506	393,691
Deferred contributions (Notes 8, 9 & 20)	2,953,799	-	-	2,953,799	1,975,768
Development loan (Note 12)	-	1,175,896	-	1,175,896	922,752
Current portion of long-term debt (Note 10)	-	629,148	-	629,148	44,546
Current portion of obligation under capital lease (Note 11)	-	21,730	-	21,730	21,220
Interfund balances (Note 13)	1,592,320	31,194	-	-	-
	5,165,895	**1,920,796**	-	**5,463,177**	3,576,385
Long-term debt (Note 10)	-	-	-	-	629,067
Obligation under capital lease (Note 11)	-	**120,872**	-	**120,872**	142,602
Deferred contributions (Notes 8, 9 & 20)	**3,871,132**	**233,437**	-	**4,104,569**	1,985,325
	9,037,027	**2,275,105**	-	**9,688,618**	6,333,379
Net Assets					
Internally restricted (Notes 15 & 20)	-	-	**1,623,514**	**1,623,514**	1,487,743
Invested in tangible capital assets	-	**1,273,819**	-	**1,273,819**	1,251,190
	-	**1,273,819**	**1,623,514**	**2,897,333**	2,738,933
	$ 9,037,027	**$ 3,548,924**	**$ 1,623,514**	**$ 12,585,951**	$ 9,072,312

Lease Commitment (Note 16)

Approved on behalf of the board

_______________ Director

_______________ Director

See accompanying notes

Sunshine Coast Community Services Society

Statement of Cash Flows

For the year ended March 31	2024	2023 (Restated - Note 20)
Operating activities		
Excess of revenues over expenditures	$ 147,672	$ 159,877
Adjustments for		
Amortization	110,409	81,112
Gift in kind donations received	17,221	14,782
Gift in kind donations expensed	(17,221)	(14,782)
Gain on disposition of tangible capital asset	-	(450)
Total adjustments	110,409	80,662
	258,081	240,539
Change in non-cash working capital items		
Accounts receivable	50,554	(184,923)
Prepaid expenses	(59,711)	(8,732)
Restricted cash	45,867	35,910
Accounts payable and accrued liabilities	21,690	100,088
Accrued wages and benefits	48,815	2,033
	365,296	184,915
Investing activities		
Purchase of tangible capital assets	(234,300)	(57,301)
Inlet development costs	(374,557)	(337,705)
Proceeds on sale of tangible capital assets	-	450
	(608,857)	(394,556)
Financing activities		
Principal payments of long-term debt	(44,465)	(44,673)
Principal payments of obligation under capital lease	(21,220)	(20,722)
Development loan advances	253,147	337,865
Refund of prior year deficit	10,728	5,639
Deferred contributions	3,097,275	629,692
	3,295,465	907,801
Increase in cash	**3,051,904**	698,160
Cash, beginning of year	**5,380,638**	4,682,478
Cash, end of year	**$ 8,432,542**	$ 5,380,638

1. Nature of operations

Sunshine Coast Community Services Society (the "Society") delivers community based programs under contracts with the Federal, Provincial and Municipal governments and through grants and donations from individuals, businesses, clubs, societies and foundations. The Society is incorporated under the British Columbia Societies Act and is a registered charity under the Income Tax Act.

2. Significant accounting policies

The Society applies Canadian accounting standards for not-for-profit organizations.

(a) Fund accounting

The Operating Fund reflects assets, liabilities, revenues and expenditures relating to the general operations of the Society.

The Capital Fund reports the assets, liabilities, revenues and expenditures related to the Society's tangible capital assets and capital expenditures.

The Reserve Fund reports the assets, liabilities, revenue and expenditures related to the Society's internally restricted reserves.

(b) Cash and cash equivalents

Cash and cash equivalents include cash and short-term investments with maturities of three months or less from their date of acquisition, which are readily convertible into a known amount of cash, and are subject to an insignificant risk to changes in their fair value.

(c) Financial instruments

Initial measurement
Financial assets originated or acquired or financial liabilities issued or assumed in an arm's length transaction are initially measured at their fair value. In the case of a financial asset or financial liability not subsequently measured at its fair value, the initial fair value is adjusted for financing fees and transaction costs that are directly attributable to its origination, acquisition, issuance or assumption. Such fees and costs in respect of financial assets and liabilities subsequently measured at fair value are expensed.

Financial assets or liabilities originated or exchanged in related party transactions except for those that involve parties whose sole relationship with the Society is in the capacity of management, are initially measured at cost.

2. Significant accounting policies, continued

(c) **Financial instruments, continued**

The cost of a financial instrument in a related party transaction depends on whether the instrument has repayment terms. If the instrument does, the cost is determined using the instruments undiscounted cash flows, excluding interest and dividend payments, less any impairment losses previously recognized by the transferor. Otherwise cost is determined using the consideration transferred or received by the Society in the transaction.

Transactions, with parties whose sole relationship with the Society is in the capacity of management, are accounted for as arm's length transactions.

Subsequent measurement

The Society subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in debt instruments, equity instruments and forward exchange contracts that are quoted in an active market, which are measured at fair value without any adjustment for transaction costs. Changes in fair value are recognized in net income in the period in which they occur.

Financial assets measured at cost or amortized cost include cash, restricted cash and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities, accrued wages and benefits, long-term debt and development loan.

The Society does not have financial assets measured at fair value.

Transaction costs

Transaction costs attributable to financial instruments subsequently measured at fair value and to those originated or exchanged in a related party transaction are recognized in income in the period incurred. Transaction cost for financial instruments originated or exchanged in an arm's length transaction that are subsequently measured at amortized cost are recognized in the original cost of the instrument and recognized in income over the life of the instrument using the straight-line method

Impairment

At the end of each reporting period, management assesses whether there are any indications that financial assets measured at cost or amortized cost may be impaired. If there is an indication of impairment, management determines whether a significant adverse change has occurred in the expected timing or the amount of future cash flows from the asset, in which case the asset's carrying amount is reduced to the highest expected value that is recoverable by either holding the asset, selling the asset or by exercising the right to any collateral. The carrying amount of the asset is reduced directly or through the use of an allowance account and the amount of the reduction is recognized as an impairment loss in operations. Previously recognized impairment losses may be reversed to the extent of any improvement. The amount of the reversal, to a maximum of the related accumulated impairment charges recorded in respect of the particular asset, is recognized in operations.

2. Significant accounting policies, continued

(d) Tangible capital assets

Tangible capital assets are recorded at cost. The Society provides for amortization using the following methods at rates designed to amortize the cost of the tangible capital assets over their estimated useful lives. The annual amortization rates and methods are as follows:

Buildings	Declining balance	4%
Equipment	Declining balance	20%
Vehicles	Declining balance	30%
Furniture and fixtures	Declining balance	20%
Leasehold improvements	Straight-line	10 years
Computer equipment	Declining balance	100%
Computer software	Declining balance	100%

Assets under development are recorded at cost including direct development costs, and overhead costs directly attributable to the development. Assets under development are not amortized until complete and put into use.

(e) Assets under capital lease

Assets under capital lease are recorded at cost. The Society provides for amortization using the straight-line method at rates designed to amortize the cost of the assets under capital lease over their estimated useful lives. The annual amortization rates are as follows:

Asset under capital lease	60 years Straight-line

(f) Impairment of long-lived assets

The Society tests for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Recoverability is assessed by comparing the carrying amount to the projected undiscounted future net cash flows the long-lived assets are expected to generate through their direct use and eventual disposition. When a test for impairment indicates that the carrying amount of an asset is not recoverable, an impairment loss is recognized to the extent carrying value exceeds its fair value.

(g) Capital lease obligations

Assets financed by obligations under capital lease are recorded at their value at the inception of the lease with the principal portion of the rental obligation recorded as a long-term liability. Amortization is recorded as outlined in note 11 and the interest portion of the lease payments is expensed as incurred.

2. Significant accounting policies, continued

(h) Revenue recognition

The Society follows the deferral method of accounting for contributions.

Restricted contributions for housing and non-housing activities such as provincial grants, restricted donations, federal grants, federal and provincial housing grants and grants from other charities and societies are deferred and recognized as revenue in a year in which the related expenses occur. Any balances determined to be repayable are repaid and reduce the deferred balance when the repayments are made.

Restricted contributions for the purchase of capital assets are deferred and recorded into revenue at the same rate that the corresponding assets are amortized.

Unrestricted contributions such as donations and fundraising for projects are recognized as revenue when received or receivable as long as receipt is reasonably assured and the amount is determinable.

Thrift store, fee for service, rental and other revenues are recognized when collection is reasonably assured, amount is reliably measured and performance obligations have been satisfied.

Interest revenue is recognized on an accrual basis.

(i) Use of estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the statement of financial position date and the reported amounts of revenues and expenditures during the year. Significant estimates include the useful life of tangible capital assets. Actual results could differ from those estimates.

(j) Contributed goods and services

Volunteers contribute time to assist the Society in carrying out its programs. The Society also receives donations in kind. Where the value of the goods and services cannot be readily determined, it is not recognized in revenue.

3. Credit facility

The Society has an authorized line of credit of $38,900 bearing interest at prime plus 2.25%, none of which was used at year end. This facility is payable on demand and is secured against the buildings of the Society. As at March 31, 2024 the rate was 9.45% (2023 - 6.70%).

4. Restricted cash

	2024	2023
Gaming grants	$ **260,635**	$ 284,593
Replacement reserves:		
Legacy Housing	**33,707**	46,457
Transition Housing	**35,079**	34,865
Thyme 2nd Stage	**2,654**	12,027
	$ **332,074**	$ 377,942

Restricted cash represents amounts received for gaming grants and replacement reserves.

Gaming grants are restricted for specific purposes of the grants and therefore a separate bank account is maintained for these funds.

Under the terms of the agreements with BCHMC, the Replacement reserve accounts for Legacy Housing, Transition Housing and Thyme 2nd Stage are to be credited in the amount determined by the budget provision per annum, plus interest earned. These funds, along with the accumulated interest, must be held in a separate bank account and invested only in accounts or instruments under specific insurance.

5. Tangible capital assets

	Cost	Accumulated Amortization	2024 Net Book Value	2023 Net Book Value
Land	$ **818,580**	$ **-**	$ **818,580**	$ 818,580
Buildings	**1,379,714**	**727,678**	**652,036**	679,205
Equipment	**419,643**	**241,619**	**178,024**	43,051
Vehicles	**61,185**	**9,178**	**52,007**	-
Portable building	**45,938**	**27,537**	**18,401**	19,168
Furniture and fixtures	**165,623**	**127,447**	**38,176**	32,444
Leasehold improvements	**255,610**	**169,149**	**86,461**	112,022
Computer equipment	**37,464**	**37,464**	**-**	3,796
Computer software	**29,239**	**29,239**	**-**	-
	3,212,996	**1,369,311**	**1,843,685**	1,708,266
Building under capital lease (Note 11)	**691,680**	**322,784**	**368,896**	380,424
	$ **3,904,676**	$ **1,692,095**	$ **2,212,581**	$ 2,088,690

6. Property under development

The Society is in the development phase of a project to build a new six-story building in Sechelt comprising thirty five affordable units for women, including those with children. Sunshine Coast residents will be able to access the Society's more than thirty programs and services, including the food bank, in purpose-built spaces on the building's first two floors. Together, the housing and program spaces will support the development of a strong, healthy community that will benefit all Sunshine Coast residents.

7. Government remittances

Accrued wages and benefits include payroll remittances payable of $45,289 (2023 - $39,284), and accounts receivable include GST receivable of $11,942 (2023 - $3,787) and PST payable of $4,628 (2023 - $3,792).

8. Deferred contributions

	2024	2023
Balance, beginning of the year	$ 3,691,093	$ 3,158,423
Amounts received during the year	4,746,020	3,587,366
Amounts recognized as revenue	(1,378,745)	(2,784,696)
Balance, end of the year	**7,058,368**	3,961,093
Less current operational contributions	**(2,953,799)**	(1,975,768)
Long term and capital contributions	**$ 4,104,569**	$ 1,985,325

9. Deferred contributions summary

	2024	2023
BC Housing project surplus and replacement reserves	**$ 115,655**	**$ 86,809**
Capital Campaign	**2,059,827**	**1,632,273**
Foundry capital funding	**1,500,000**	**-**
Grants and other advances	**2,228,942**	**1,445,687**
Other restricted donations	**920,507**	**796,324**
Capital Grants	**233,437**	**-**
	$ 7,058,368	**$ 3,961,093**

10. Long-term debt

		2024		2023
Sunshine Coast Credit Union - 5.55% mortgage, payable in monthly blended payments of $6,700, secured by land and buildings, not including 5638 Inlet Ave, having a net carrying value of $1,027,308 (2023- $1,046,630).	**$**	**629,148**	$	673,614
Less current portion		**629,148**		44,547
Due beyond one year	**$**	**-**	$	629,067

Mortgage matures May 2034 and loan terms are up for renewal July 30, 2024. Management intends to seek the renewal of the mortgage.

Anticipated principal re-payments, assuming the mortgage is renewed under similar terms are as follows:

2025	$	47,054
2026		49,702
2027		52,498
2028		55,452
Subsequent years		424,442
	$	629,148

11. Obligation under capital lease

The Society has entered into a 60 year lease held by BC Housing Management Corporation ("BCHMC") for the Thyme Housing Program on March 16, 1995. The lease has monthly payments of $2,074 and yearly interest of 2.39% maturing on May 1, 2026 at which point lease terms will be reviewed.

		2024		2023
Obligations under capital lease	**$**	**142,602**	$	163,822
Less current portion		**21,730**		21,220
Due beyond one year	**$**	**120,872**	$	142,602

Estimated principal re-payments are as follows:

2025	$	21,730
2026		22,252
2027		76,890
	$	120,872

12. Development loan

British Columbia Housing Management Commission loan secured by a mortgage to facilitate the redevelopment project in the maximum amount of $1,252,160, of which $1,175,896 (2023- $922,752) is disbursed as at March 31, 2024 and $76,264 (2023 -$329,408) is available to be drawn down in future years as needed. The loan is repayable on demand and bears interest at prime +1.00% which is accrued monthly.

13. Interfund transfers and balances

	Operating Fund	Capital Fund	Reserve Fund
BC Gaming grant utilized	$ 27,388	$ (27,388)	$ -
Mortgage payments	44,465	(44,465)	-
Capital lease payments	21,220	(21,220)	-
Tangible capital asset additions	45,671	(45,671)	-
Operational transfers	144,322	(8,551)	(135,771)
Interfund transfers	$ (283,066)	$ 147,295	$ 135,771

Interfund amounts receivable/payable bear no interest and are not governed by terms of repayment.

14. Subsidy adjustment

BCHMC conducts an annual review of the financial statements for specific rental projects and may adjust an operating surplus or deficit. Prior years' funding adjustments are recognized in the fiscal year in which they are determined. During the year the Society received $10,728 (2023 - $5,639) from BC Housing.

15. Internally restricted funds

	April 1, 2023 balance (Restated - Note 20)	Transfers	Withdrawals	March 31, 2024 balance
Capital reserve	**$ 621,057**	**$ -**	**$ -**	**$ 621,057**
Designated reserve	**10,000**	**-**	**-**	**10,000**
Operating reserve	**856,686**	**135,771**	**-**	**992,457**
	$ 1,487,743	**$ 135,771**	**$ -**	**$ 1,623,514**

16. Lease commitment

The Society is party to lease agreement which was renewed on January 1, 2024, and expires on December 31, 2025, under which the Society is required to make annual lease payments of $30,250 plus a share of common area costs. At the end of the term the Society has the option to renew for up to an additional two years.

17. Pension plan

The Society and its employees contribute to the Municipal Pension Plan (the "Plan"), a jointly-trusteed pension plan. The Plan's 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 the benefits. The pension plan is a multi-employer contributory pension plan. Basic pension benefits provided are defined. The plan has about 206,310 active members and approximately 109,996 retired members. Active members include approximately 53 contributors from the Society.

Every three years an actuarial valuation is performed to assess the financial position of the Plan and the adequacy of plan funding. The most recent valuation as at December 31, 2021 indicates a surplus of $3,761 million in basic pension benefits.

The Society and its employees contributed $496,534 to the Plan in the year ended March 31, 2024 (2023- $451,845).

18. Remuneration

During the year the Society had 9 (2023 - 14) employees with total remuneration over $75,000, for a total of $834,980 (2023 - 1,242,746).

19. Financial instruments

Transactions in financial instruments may result in an entity assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of financial statements in assessing the extent of risk related to financial instruments.

(a) Market risk

Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether the factors are specific to the instrument or all instruments traded in the market. The Society is exposed to market risk through its exposure to interest rate risk.

Increased economic uncertainty and changing inflation rates due to a range of economic factors has resulted in a change in market rate risk from the prior year. Uncertain economic conditions including events may result in a change in prime lending rates both nationally and internationally. The Society cannot predict changes in prime lending rates.

19. Financial instruments, continued

(i) **Interest rate risk**

The Society is exposed to interest rate risk. Interest rate risk is the risk that the Society has interest rate exposure on its available operating line of credit and development loan, which are variable based on the bank's prime rates. This exposure may have an effect on its earnings in future periods. The Society does not use derivative instruments to reduce its exposure to interest rate risk. In the opinion of management the interest rate risk exposure to the Society low.

Increased economic uncertainty and changing inflation rates due to a range of economic factors has resulted in a change in interest rate risk from the prior year. Uncertain economic conditions including events may result in a change in prime lending rates both nationally and internationally. The Society cannot predict changes in prime lending rates.

(b) **Credit risk**

The Society is subject to credit risk in accounts receivable of $162,710 (2023 - $213,264). Credit risk is the risk that one party to a transaction will fail to discharge an obligation and cause the other party to incur a financial loss.The Society reduces its exposure to credit risk by creating an allowance for bad debts when applicable. In the opinion of management the credit risk exposure to the Society is low and is not material.

Although the COVID-19 pandemic has ended, there is no change in credit risk for the organization as there is still potential risk of financial difficulty due to ongoing uncertain economic conditions resulting from the pandemic.

The Society is exposed to credit risk to the extent that substantially all cash and restricted cash are held at one financial institution. The financial institution is a BC Credit union and as such, the deposits held by the Credit Union are 100% insured by the Credit Union Deposit Insurance Corporation of British Columbia.

(c) **Liquidity risk**

The Society is subject to liquidity risk in the accounts payable and accrued liabilities, accrued wages and benefits, long-term debt, development loan and of $2,630,251 (2023 - $2,372,286). Liquidity risk is the risk that the Society cannot repay its obligations when they become due to its creditors. The Society reduces its exposure to liquidity risk by ensuring that it documents when authorized payments become due; maintains an adequate line of credit to repay trade creditors and repays long term debt interest and principal as they become due. In the opinion of management the liquidity risk exposure to the Society is low.

Increased economic uncertainty and changing inflation rates due to a range of economic factors has resulted in a change in liquidity risk from the prior year. Uncertain economic conditions including events may result in a change in prime lending rates both nationally and internationally and create increase pressure on the Society's cash flows due to increase in inflation rates.

20. Prior period adjustment

The comparative figures have been retroactively restated to correct an error in the application in the accounting guidance related to contributions which include any non-reciprocal transfers. Previously certain restricted contributions related to the BC Housing funded projects had been recognized into revenue as received and accounted for as externally restricted net assets. The prior period adjustment corrects this by reflecting these balances as deferred contributions.

As a result, the previously reported opening balance of net assets in the comparative period was decreased by $133,878, from $2,707,294 to $2,573,416, the previously reported balance of deferred contributions was increased by $86,807, from $3,874,286 to $3,961,093 and the previously reported amount of BC Housing grants and subsidies revenue was increased by $47,071 from $1,321,297 to $1,368,368.

21. Comparative amounts

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year earnings.