

**LOWER SIMILKAMEEN COMMUNITY
SERVICES SOCIETY**

Financial Statements

Year Ended March 31, 2023

LOWER SIMILKAMEEN COMMUNITY SERVICES SOCIETY

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Year Ended March 31, 2023

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INDEPENDENT AUDITOR'S REPORT

To the Members of Lower Similkameen Community Services Society

Report on the Financial Statements

Opinion

We have audited the financial statements of Lower Similkameen Community Services Society (the Society), which comprise the statement of financial position as at March 31, 2023, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Society as at March 31, 2023, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Society in accordance with ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The current year's supplementary information included in Schedules 1 through 5 are presented for purposes of additional analysis and are not a required part of the financial statements. Such supplementary information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with ASNPO, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Society's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Society's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Society to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

As required by the Societies Act of British Columbia, we report that, in our opinion, the accounting policies applied in preparing and presenting the financial statements in accordance with Canadian Accounting Standards for Not-for-profit Organizations have been applied on a basis consistent with that of the preceding year.

Omland Heal LLP
Chartered Professional Accountants

Penticton, BC
August 1, 2023

LOWER SIMILKAMEEN COMMUNITY SERVICES SOCIETY

Statement of Financial Position

March 31, 2023

	Society Fund	Capital Fund	Housing Restricted Fund	Specific Program Restricted Fund	2023	2022
Assets						
Cash & cash equivalents (Note 3)	\$ 664,920	\$ 290,531	\$ 63,785	\$ 94,280	\$ 1,113,516	\$ 1,676,240
Accounts receivable (Note 4)	107,360	-	-	-	107,360	99,876
Investment (Note 5)	148,079	-	-	255,034	403,113	444,332
Inventory	-	-	9,171	-	9,171	9,443
Prepaid expenses	-	-	29,490	1,928	31,418	-
	920,359	290,531	102,446	351,242	1,664,578	2,229,891
Tangible capital assets (Note 6)	-	16,775,551	-	-	16,775,551	13,947,127
	\$ 920,359	\$ 17,066,082	\$ 102,446	\$ 351,242	\$ 18,440,129	\$ 16,177,018

LOWER SIMILKAMEEN COMMUNITY SERVICES SOCIETY

Statement of Financial Position

March 31, 2023

	Society Fund	Capital Fund	Housing Restricted Fund	Specific Program Restricted Fund	2023	2022
Liabilities and Net assets						
Accounts payable and accrued liabilities (Note 7)	\$ 325,874	\$ -	\$ 96,918	\$ 50,356	\$ 473,148	\$ 702,421
Current portion of long term debt (Note 9)	-	103,797	-	-	103,797	77,968
Interfund	62,659	8,075	450,349	(521,083)	-	-
	388,533	111,872	547,267	(470,727)	576,945	780,389
Callable debt (Note 8)	-	13,590,506	-	-	13,590,506	11,143,581
	388,533	13,702,378	547,267	(470,727)	14,167,451	11,923,970
Long term debt (Note 9)	-	1,417,307	-	-	1,417,307	1,521,155
	388,533	15,119,685	547,267	(470,727)	15,584,758	13,445,125
Net assets	531,826	1,946,397	(444,821)	821,969	2,855,371	2,731,893
	\$ 920,359	\$ 17,066,082	\$ 102,446	\$ 351,242	\$ 18,440,129	\$ 16,177,018

On behalf of the Board

Director

Director

LOWER SIMILKAMEEN COMMUNITY SERVICES SOCIETY

Statement of Operations

Year Ended March 31, 2023

	Society Fund	Capital Fund	Housing Restricted Fund	Specific Program Restricted Fund	2023	2022
Revenue						
Program contract funding	\$ -	\$ -	\$ 584,512	\$ 782,758	\$ 1,367,270	\$ 1,344,520
Contracts and grants	3,179	-	758,493	26,894	788,566	702,744
Tenant rent contributions	33,160	-	863,867	-	897,027	696,213
Sundry	23,919	-	53,743	2,408	80,070	140,124
Donations	28,101	-	7,267	49,371	84,739	112,893
Gaming	-	-	-	42,450	42,450	39,845
Sale of services	40	-	9,440	41,221	50,701	39,411
Investment income	18,999	4,986	619	1,345	25,949	19,728
	107,398	4,986	2,277,941	946,447	3,336,772	3,095,478
Expenses						
Accounting and legal	1,124	-	18,226	8,861	28,211	41,745
Amortization	-	270,153	-	-	270,153	116,715
Building	(32,165)	-	289,461	66,010	323,306	180,660
Contingencies and smallwares	6,344	-	7,545	-	13,889	42,126
Food purchases	3	-	98,377	34,613	132,993	101,147
Gaming funds donated	-	-	-	20,550	20,550	17,945
Insurance	178	-	63,247	5,991	69,416	27,660
Mortgage interest	1,973	-	42,098	-	44,071	46,439
Office	27,914	-	18,712	9,190	55,816	52,332
Program expenses	22,645	-	5,296	72,159	100,100	397,546
Repairs and maintenance	22,659	-	143,259	749	166,667	108,028
Salaries, wages and benefits	(5,569)	-	1,394,384	593,416	1,982,231	1,707,452
Sundry	(77,968)	-	(42,365)	81,285	(39,048)	(6,876)
Travel and education	782	-	22,044	22,113	44,939	25,397
	(32,080)	270,153	2,060,284	914,937	3,213,294	2,858,316
Excess (deficiency) of revenue over expenses	\$ 139,478	\$ (265,167)	\$ 217,657	\$ 31,510	\$ 123,478	\$ 237,162

LOWER SIMILKAMEEN COMMUNITY SERVICES SOCIETY

Statement of Changes in Net Assets

Year Ended March 31, 2023

	Society Fund	Capital Fund	Housing Restricted Fund	Specific Program Restricted Fund	2023	2022
Net assets (deficiency) - beginning of year	\$ 422,052	\$ 1,432,094	\$ 85,973	\$ 791,774	\$ 2,731,893	\$ 2,494,731
Excess (deficiency) of revenue over expenses	139,478	(265,167)	217,657	31,510	123,478	237,162
Interfund transfers:						
Tangible capital assets acquired	(13,715)	3,098,576	(3,083,546)	(1,315)	-	-
Disposal of tangible capital assets	-	-	-	-	-	-
Mortgage principal repayments	(14,293)	478,018	(463,725)	-	-	-
Replacement reserve provision	(6,840)	79,994	(73,154)	-	-	-
Loan payments received, net	-	(2,846,925)	2,846,925	-	-	-
Loan discharge	-	-	-	-	-	-
Replacement reserve withdrawal	5,144	(30,193)	25,049	-	-	-
Net assets - end of year	531,826	1,946,397	(444,821)	821,969	2,855,371	2,731,893
Represented by:						
Externally restricted	-	-	(444,821)	821,969	377,148	877,747
Internally restricted	-	31,764	-	-	31,764	30,070
Replacement Reserve (Note 11)	-	290,531	-	-	290,531	237,438
Invested in tangible capital assets (Note 12)	-	1,624,102	-	-	1,624,102	1,164,586
Unrestricted	531,826	-	-	-	531,826	422,052
Net assets - end of year	\$ 531,826	\$ 1,946,397	\$ (444,821)	\$ 821,969	\$ 2,855,371	\$ 2,731,893

LOWER SIMILKAMEEN COMMUNITY SERVICES SOCIETY

Statement of Cash Flows

Year Ended March 31, 2023

	Society Fund	Capital Fund	Housing Restricted Fund	Specific Program Restricted Fund	2023	2022
Operating activities						
Excess (deficiency) of revenue over expenses	\$ 139,478	\$ (265,167)	\$ 217,657	\$ 31,510	\$ 123,478	\$ 237,162
Items not affecting cash:						
Amortization	-	270,153	-	-	268,990	116,715
Forgiveness of portion of BC Housing loan	-	-	-	-	-	(25,558)
Change in non-cash working capital:						
Accounts receivable	(7,484)	-	-	-	(7,484)	(8,679)
Prepays	-	-	(29,490)	(1,928)	(31,418)	-
Inventory	-	-	272	-	272	(2,180)
Accounts payable and accrued liabilities	(188,627)	-	(10,411)	(30,237)	(229,275)	(114,405)
Cash flow from operating activities	(56,633)	4,986	178,028	(655)	124,563	203,055
Investing activities						
Purchase of tangible capital assets	-	(3,098,576)	-	-	(3,098,576)	(7,219,428)
Proceeds on disposal of tangible capital assets	-	-	-	-	-	404,768
Change in investments	3,120	-	-	38,099	41,219	(12,335)
Cash flow used by investing activities	3,120	(3,098,576)	-	38,099	(3,057,357)	(6,826,995)

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LOWER SIMILKAMEEN COMMUNITY SERVICES SOCIETY

Statement of Cash Flows *(continued)*

Year Ended March 31, 2023

	Society Fund	Capital Fund	Housing Restricted Fund	Specific Program Restricted Fund	2023	2022
Financing activities						
Callable debt acquired	-	2,846,925	-	-	2,846,925	7,227,978
Repayment of callable debt	-	(400,000)	-	-	(400,000)	(404,768)
Repayment of long term debt	-	(78,018)	-	-	(78,018)	(75,657)
Cash flow from financing activities	-	2,368,907	-	-	2,368,907	6,747,553
Increase (decrease) in cash flow	(53,513)	(724,683)	178,028	37,444	(563,887)	123,613
Interfund transfers	(559,396)	777,753	(144,358)	(73,999)	-	-
Cash - beginning of year	1,277,829	237,461	30,115	130,835	1,676,240	1,552,627
Cash - end of year	\$ 664,920	\$ 290,531	\$ 63,785	\$ 94,280	\$ 1,113,516	\$ 1,676,240

LOWER SIMILKAMEEN COMMUNITY SERVICES SOCIETY

Notes to Financial Statements

Year Ended March 31, 2023

1. Purpose of the Society

Lower Similkameen Community Services Society (the "Society") is incorporated provincially under the Society Act of British Columbia as a not-for-profit organization, and is a registered charity under the Canadian Income Tax Act. As a registered charity the Society is exempt from the payment of income tax under Section 149(1) of the Income Tax Act.

The Society operates to provide various community based programs improving social conditions, health and education. The Society also provides low cost specialized housing to seniors and people with disabilities through projects subsidized by the BC Housing Management Commission ("BC Housing").

2. Summary of significant accounting policies

Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPO).

Cash and cash equivalents

Cash includes cash and cash equivalents. Cash equivalents are investments in treasury bills or other short term investments and are valued at cost plus accrued interest. The carrying amounts approximate fair value due to the short term nature of the deposits.

Investments

Investments for which there are quoted prices in an active market are carried at fair value. Unrealized gains or losses are reported as part of net income. Investments for which there is not an active market are carried at amortized cost except when it is established that their value is impaired. Impairment losses, or reversal of previously recognized impairment losses, are reported as part of net income.

Inventory

Inventory is valued at the lower of cost and net realizable value with the cost being determined on a first-in, first-out basis.

Tangible capital assets

Tangible capital assets are stated at cost or deemed cost less accumulated amortization and are amortized over their estimated useful lives on a straight-line basis at the following rates:

Buildings	40 years
Equipment	10 years
Computer equipment	5 years
Leasehold improvements	10 years

The Society regularly reviews its tangible capital assets to eliminate obsolete items.

Tangible capital assets acquired during the year but not placed into use are not amortized until they are placed into use.

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LOWER SIMILKAMEEN COMMUNITY SERVICES SOCIETY

Notes to Financial Statements

Year Ended March 31, 2023

2. Summary of significant accounting policies (*continued*)

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 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 the carrying value exceeds its fair value.

Callable debt

The Society's demand loans are classified as current liabilities because the lender has the right to demand repayment within one year.

Revenue recognition

Lower Similkameen Community Services Society follows the restricted fund method of accounting for contributions.

Restricted contributions related to general operations are recognized as revenue of the Society Fund in the year in which the related expenses are incurred. All other restricted contributions are recognized as revenue of the appropriate restricted fund.

Unrestricted contributions are recognized as revenue of the Society Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Program funding and other grants are recognized as revenue in the appropriate restricted fund when received or receivable, in accordance with the terms of the funding contract.

Contributions from BC Housing for the Replacement Reserve are recorded as interfund transfers to the Capital Fund.

Tenant rent contributions are recorded on the first day of the month as established by the rental agreement.

Gaming revenue is recorded as revenue when received in accordance with the funding agreement.

Donations are recorded at their fair value at the date of contribution, in the appropriate fund. Donated goods and materials are subject to a fair value appraisal to verify their value. Contributed services are recorded in the financial statements when the fair value of those services can be reasonably estimated.

Investment income is recognized as revenue as it is earned, in the appropriate fund.

Revenue from the sale of goods and services is recognized when title passes to the customer, which generally coincides with the delivery and acceptance of the goods and services.

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LOWER SIMILKAMEEN COMMUNITY SERVICES SOCIETY

Notes to Financial Statements

Year Ended March 31, 2023

2. Summary of significant accounting policies (*continued*)

Restricted fund accounting

The Society follows the restricted fund method of accounting for contributions.

The Society Fund accounts for the Society's fundraising, membership activities and various other projects and programs.

The Capital Fund reports the ownership and equity related to the Society's property and equipment as well as the assets, liabilities, revenues and expenses related to tangible capital assets of the Replacement Reserve.

The Housing Restricted Fund reports restricted operating grants, revenue, expenses, asset and liabilities related to the operation of the following properties:

- Mountain View Manor
- Tumbleweed Terrace
- Kyalami Place (Assisted Living)
- Cactus Court
- Quail Crossing
- Ambrosia

The Specific Program Restricted Fund reports restricted operating grants, revenue, expenses, asset and liabilities related to externally restricted program funding and gaming funding.

Administration costs

Administration costs are allocated among housing components based on the actual time spent. Administration costs for all other programs are allocated based on a percentage of income.

Subsidy adjustments

BC Housing conducts an annual review of the Financial Statements and may adjust for any operating surplus or deficit. Prior year funding adjustments are recognized in the fiscal year they are determined.

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LOWER SIMILKAMEEN COMMUNITY SERVICES SOCIETY

Notes to Financial Statements

Year Ended March 31, 2023

2. Summary of significant accounting policies (*continued*)

Financial instruments

Initial measurement

The Society initially measures its financial assets and liabilities originated or exchanged in arm's length transactions at fair value. Financial assets and 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.

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

Subsequent measurement

The Society subsequently measures all its financial assets and liabilities at cost or amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in income in the period incurred.

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

Financial assets measured at amortized cost using the straight-line method include cash and cash equivalents and accounts receivable.

Financial liabilities measured at amortized cost using the straight-line method include accounts payable and accrued liabilities, callable debt and long term debt.

Financial assets measured at fair value include investments.

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 costs related to financial instruments originated or exchanged in an arm's length transaction that are subsequently measured at cost or amortized cost are recognized in the original cost of the instrument. When the instrument is measured at amortized cost, transaction costs are recognized in income over the life of the instrument using the straight-line method.

Impairment

For financial assets measured at cost or amortized cost, the Society determines whether there are indications of possible impairment. When there are, and the Society determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows, a write-down is recognized in income. If the indicators of impairment have decreased or no longer exist, the previously recognized impairment loss may be reversed to the extent of the improvement. The carrying amount of the financial asset may be no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in income.

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LOWER SIMILKAMEEN COMMUNITY SERVICES SOCIETY

Notes to Financial Statements

Year Ended March 31, 2023

2. Summary of significant accounting policies (continued)

Measurement uncertainty

Certain amounts in the financial statements are subject to measurement uncertainty and are based on the Society's best information and judgment. Actual results could differ from these estimates.

Examples of significant estimates include:

- provision for amortization of tangible capital assets;
- the estimated useful lives of assets;
- the recoverability of tangible assets;
- the allowance for doubtful accounts;

3. Cash and cash equivalents

	2023	2022
<u>Cash designated for specific purposes is segregated as follows:</u>		
Capital Fund- externally restricted replacement reserves	\$ 290,531	\$ 237,461
Housing Restricted Funds		
- Mountain View Manor - internally restricted security deposits	12,846	13,055
- Tumbleweed Terrace - internally restricted security deposits	7,965	7,467
- Assisted Living - internally restricted security deposits	10,488	9,593
- Ambrosia - internally restricted security deposits	18,603	-
- Quail Crossing - internally restricted security deposits	4,150	-
- Cactus Court- internally restricted security deposits	9,732	-
Specific Program Restricted Fund - externally restricted gaming funds	19,712	21,646
Specific Program Restricted Fund - externally restricted specific program funds	58,328	109,189
Total restricted cash and cash equivalents	432,355	398,411
Unrestricted cash and cash equivalents	681,161	1,277,829
Total cash and cash equivalents	\$ 1,113,516	\$ 1,676,240

4. Accounts receivable

	2023	2022
Federal government receivables	\$ 73,651	\$ 38,675
Trade receivables	13,809	52,649
Provincial government receivables	19,900	8,552
	\$ 107,360	\$ 99,876

No allowance has been made for doubtful accounts as management asserts all amounts receivable are collectible.

LOWER SIMILKAMEEN COMMUNITY SERVICES SOCIETY

Notes to Financial Statements

Year Ended March 31, 2023

5. Investments

	2023		2022	
Odlum Brown	\$	255,034	\$	293,133
Credential Securities		148,079		151,199
	\$	403,113	\$	444,332

6. Tangible capital assets

	Cost	Accumulated amortization	2023 Net book value	2022 Net book value
Land	\$ 345,766	\$ -	\$ 345,766	\$ 345,766
Buildings	17,805,554	1,582,307	16,223,247	13,449,610
Leasehold improvements	222,991	106,331	116,660	93,593
Equipment	159,299	72,321	86,978	56,904
Computer equipment	11,072	8,172	2,900	1,254
	\$ 18,544,682	\$ 1,769,131	\$ 16,775,551	\$ 13,947,127

7. Accounts payable and accrued liabilities

	2023		2022	
Wages payable	\$	214,300	\$	252,068
Damage deposits payable		63,581		29,486
Source deductions payable		63,564		40,962
Trade accounts payable		113,037		370,506
WCB payable		18,666		9,399
	\$	473,148	\$	702,421

8. Callable debt

	2023		2022	
BC Housing loan, due on demand and non interest bearing.	\$	13,590,506	\$	11,143,581
		-		-

LOWER SIMILKAMEEN COMMUNITY SERVICES SOCIETY

Notes to Financial Statements

Year Ended March 31, 2023

9. Long term debt

	2023	2022
MCAP Financial Corporation mortgage loan bearing interest at 2.8% per annum, repayable in monthly blended payments of \$8,831. The loan matures on December 1, 2025 and is secured by first mortgage on assets which have a carrying value of \$1,949,125.	\$ 1,482,880	\$ 1,546,605
Valley First Credit Union mortgage loan bearing interest at 4.4% per annum, repayable in monthly blended payments of \$1,360. The loan matures on September 1, 2023 and is secured by first mortgage on assets which have a carrying value of \$207,204.	38,224	52,518
	1,521,104	1,599,123
Amounts payable within one year	(103,797)	(77,968)
	<u>\$ 1,417,307</u>	<u>\$ 1,521,155</u>

Principal repayment terms are approximately:

2024	\$ 103,746
2025	67,369
2026	1,349,989
	<u>\$ 1,521,104</u>

10. Externally restricted net assets

	2023	2022
Restricted BC Housing programs:		
Restricted - Mountain View	\$ (68,162)	\$ 30,070
Restricted - Tumbleweed Terrace	(3,237)	26,448
Restricted - Assisted Living	303,083	322,145
Restricted - Cactus Court	(23,641)	16,457
Restricted - Quail Crossing	(20,078)	(50,440)
Restricted - Ambrosia	(527,067)	(179,497)
Total restricted BC Housing programs	(339,102)	165,183
Specific Program Restricted Fund - restricted to specific programs and gaming expenditures	821,969	791,772
Capital - restricted replacement reserves (Note 11)	290,531	237,438
	<u>\$ 773,398</u>	<u>\$ 1,194,393</u>

LOWER SIMILKAMEEN COMMUNITY SERVICES SOCIETY

Notes to Financial Statements

Year Ended March 31, 2023

11. Replacement reserve

	Capital Fund Net assets, beginning of the year	Transfers to/(from) fund	Interest earned	Capital Fund Net assets, end of year
Externally restricted:				
Tumbleweed Terrace	\$ 139,892	\$ 8,229	\$ 2,938	\$ 151,059
Assisted Living	97,546	(11,656)	2,048	87,938
Ambrosia	-	33,246	-	33,246
Cactus Court	-	12,384	-	12,384
Quail Crossing	-	5,904	-	5,904
Total externally restricted	237,438	48,107	4,986	290,531
Internally restricted	30,070	1,696	-	31,766
	\$ 267,508	\$ 49,803	\$ 4,986	\$ 322,297

Under the terms of the operating agreement with BC Housing, the Replacement Reserve accounts are to be credited in the amount determined by the budget provision plus interest earned. These funds, along with accumulated interest, must be held in a separate bank account and/or invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation, the Credit Union Deposit Insurance Corporation, investments guaranteed by the Canadian government, or in other investment instruments as agreed upon with BC Housing. The reserve funds may only be used for capital repairs and replacements in accordance with the operating agreement.

The Replacement Reserve is funded and maintained in accordance with the operating agreement and all interest accruing to the fund has been recorded.

12. Equity in tangible capital assets

	2023	2022
Balance, beginning of year	\$ 1,164,586	\$ 1,192,705
Mortgage principal repayments	78,018	75,657
Tangible capital assets acquired	3,098,576	7,219,430
Disposal of tangible capital assets	-	(383,281)
BC Housing loan advances	(2,846,925)	(7,227,978)
BC Housing loan repayment	400,000	404,768
Deferred credits	-	-
Amortization	(270,153)	(116,715)
Balance, end of year	\$ 1,624,102	\$ 1,164,586

LOWER SIMILKAMEEN COMMUNITY SERVICES SOCIETY

Notes to Financial Statements

Year Ended March 31, 2023

13. Pension liability

The Society and its employees contribute to the Municipal Pension Plan (a jointly trustee pension plan ("the Plan")). The board of trustees, representing plan members and employers, is responsible for administering the Plan, including investment of assets and administration of benefits. The Plan is a multi-employer defined benefit pension plan. Basic pension benefits provided are based on a formula. As at December 31, 2021, the Plan has about 227,000 active members and approximately 118,000 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 calculation contribution rate is based on 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 unfunded actuarial liability.

The most recent valuation for the Plan as at December 31, 2021, indicated a \$3,761 million funding surplus for basic pension benefits on a going concern basis.

The Society paid \$46,508 for employer contributions to the Plan in the fiscal year (2022 - \$38,456).

The next valuation will be December 31, 2024, with results available in 2025.

Employers participating in the Plan record their pension expense as the amount of employer contributions made 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, resulting in no consistent and reliable basis for allocating the obligation, assets and cost to individual employers participating in the Plan.

14. Subsidy assistance payments

The Society received subsidy assistance from BC Housing, on behalf of the Provincial Government to provide low income housing for seniors. The amount of assistance received for the fiscal year was \$173,639 (2022 - \$177,265).

15. Subsidy adjustment

BC Housing conducts an annual review of the financial statements and may adjust for any operating surplus or deficit. Prior year funding adjustments are recognized in the fiscal year they are determined. In the current period, the review of the 2022 financial statements provided no additional subsidies to the Society (2021 - nil).

16. Tenant rent

The Society has verification of the income and assets of all tenants on file, as required by the operating agreement with BC Housing. The tenant rent contributions, as approved by BC Housing, are being charged to the rent-geared-to-income tenants.

LOWER SIMILKAMEEN COMMUNITY SERVICES SOCIETY

Notes to Financial Statements

Year Ended March 31, 2023

17. Financial instruments

The Society is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Society's risk exposure and concentration as of March 31, 2023.

(a) Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Society is exposed to credit risk from customers. In order to reduce its credit risk, the Society reviews a new customer's credit history before extending credit and conducts regular reviews of its existing customers' credit performance. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information. The credit risk relating to tenant accounts receivable and trade receivables is limited due to the active collection and management of these accounts. The Society has a significant number of customers which minimizes concentration of credit risk.

(b) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Society is exposed to this risk mainly in respect of its receipt of funds from its tenants and other related sources, callable debt, long-term debt, contributions to the pension plan and accounts payable. The Society minimizes liquidity risk by management of working capital, cash flows and the availability of borrowing facilities.

(c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency rate risk, interest rate risk and other price risk. The Society is mainly exposed to interest rate risk and other price risk.

(d) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the Society manages exposure through its normal operating and financing activities. The Society is exposed to interest rate risk primarily through its credit facilities.

(e) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Society is exposed to other price risk through its investment in quoted shares.

Unless otherwise noted, it is management's opinion that the Society is not exposed to significant other price risks arising from these financial instruments.

18. Contingent liability

In 2022 the Society self-assessed GST on the new Ambrosia building resulting in an amount owing of \$633,959 including interest at March 31, 2023. The Society has also applied for Municipal status with the Canada Revenue Agency, which is in the process of being assessed. As it is unlikely that the Municipal Status is not granted to the CRA and likely that the GST owing will be reversed this liability has not been accrued in the financial statements.

LOWER SIMILKAMEEN COMMUNITY SERVICES SOCIETY

Statement of Financial Position of Housing Funds

(Schedule 1)

Year Ended March 31, 2023

	Mountain View Manor	Tumbleweed Terrace	Assisted Living	Cactus Court	Quail Crossing	Ambrosia	2023	2022
Assets								
Cash and cash equivalents	\$ 12,847	\$ 7,965	\$ 10,488	\$ 9,732	\$ 4,150	\$ 18,603	\$ 63,785	\$ 30,115
Inventory	4,648	-	4,523	-	-	-	9,171	9,443
Prepaid expenses	1,714	-	26,813	105	858	-	29,490	-
	\$ 19,209	\$ 7,965	\$ 41,824	\$ 9,837	\$ 5,008	\$ 18,603	\$ 102,446	\$ 39,558
Liabilities and Net assets (deficiency)								
Accounts payable and accrued liabilities	\$ 20,132	\$ 9,068	\$ 27,767	\$ 11,709	\$ 4,745	\$ 23,497	\$ 96,918	\$ 107,329
Interfund	67,238	2,134	(289,026)	21,769	20,341	627,893	450,349	(232,954)
	87,370	11,202	(261,259)	33,478	25,086	651,390	547,267	(125,625)
Net assets (deficiency)	(68,161)	(3,237)	303,083	(23,641)	(20,078)	(632,787)	(444,821)	165,183
	\$ 19,209	\$ 7,965	\$ 41,824	\$ 9,837	\$ 5,008	\$ 18,603	\$ 102,446	\$ 39,558

See notes to financial statements

LOWER SIMILKAMEEN COMMUNITY SERVICES SOCIETY

Statement of Operations and Transfers to Capital for Housing Fund

(Schedule 2)

Year Ended March 31, 2023

	Mountain View Manor (Schedule 4)	Tumbleweed Terrace	Assisted Living (Schedule 3)	Cactus Court	Quail Crossing	Ambrosia	2023	2022
Revenue								
Tenant rent contributions	\$ 312,315	\$ 111,802	\$ 277,838	\$ 38,865	\$ 64,578	\$ 58,469	\$ 863,867	\$ 689,968
Program contract funding	67,533	-	516,979	-	-	-	584,512	599,909
Contracts and grants	63,518	2,101	285,860	1,301	650	3,496	356,926	383,893
Donations	745	-	627	-	-	-	1,372	620
Sundry	2,430	1,748	2,688	455	520	1,736	9,577	136,237
Investment income	267	157	195	-	-	-	619	293
Sale of services	3,670	-	2,646	-	-	3,125	9,441	2,046
	450,478	115,808	1,086,833	40,621	65,748	66,826	1,826,314	1,812,966
Expenses								
Accounting and legal	6,278	1,566	10,382	-	-	-	18,226	17,525
Building operations	47,021	49,155	65,873	17,084	18,279	74,362	271,774	170,949
Contingencies and smallwares	-	869	5,449	-	-	-	6,318	20,277
Food purchases	58,673	-	38,800	-	-	-	97,473	90,538
Insurance	5,383	1,646	18,224	159	706	37,129	63,247	22,041
Mortgage interest	-	-	42,098	-	-	-	42,098	43,849
Office	4,906	907	11,300	604	301	1,164	19,182	17,930
Program expenses	2,528	-	2,048	8	-	695	5,279	10,435
Repairs and maintenance	9,880	25,411	36,135	14,085	7,543	39,781	132,835	79,561
Salaries, wages and benefits	298,325	57,293	809,693	33,966	27,131	147,456	1,373,864	1,044,784
Sundry	1,053	(3,313)	(40,105)	-	-	-	(42,365)	(7,555)
Travel and education	1,704	1,240	15,864	653	376	2,194	22,031	2,888
	435,751	134,774	1,015,761	66,559	54,336	302,781	2,009,962	1,513,222
Excess (deficiency) of revenue over expenses	\$ 14,727	\$ (18,966)	\$ 71,072	\$ (25,938)	\$ 11,412	\$ (235,955)	\$ (183,648)	\$ 299,744
Transfers to capital	(87,926)	(10,719)	(90,134)	(12,384)	(5,904)	(429,787)	(636,854)	(74,404)
	(73,199)	(29,685)	(19,062)	(38,322)	5,508	(665,742)	(820,502)	225,340

See notes to financial statements

LOWER SIMILKAMEEN COMMUNITY SERVICES SOCIETY

Statement of Operations and Transfers to Capital for Assisted Living

(Schedule 3)

Year Ended March 31, 2023

	Kyalami Housing	Kyalami Hospitality	2023	2022
Revenue				
Rent subsidy - BC				
Housing	\$ 106,106	\$ 410,873	\$ 516,979	\$ 525,071
Contracts and grants	7,843	278,017	285,860	347,508
Tenant rent contributions	121,753	156,085	277,838	289,980
Sundry	662	2,026	2,688	5,609
Sale of services	-	2,646	2,646	2,035
Donations	-	627	627	375
Investment income	195	-	195	92
	236,559	850,274	1,086,833	1,170,670
Expenses				
Accounting and legal	1,634	8,748	10,382	9,674
Building	58,738	7,135	65,873	51,625
Contingencies and smallwares	13	5,436	5,449	9,433
Food purchases	-	38,800	38,800	36,305
Insurance	12,462	5,762	18,224	16,044
Mortgage interest	42,098	-	42,098	43,849
Office	1,247	10,053	11,300	10,758
Program expenses	181	1,867	2,048	2,069
Repairs and maintenance	35,998	137	36,135	62,002
Salaries, wages and benefits	35,614	774,079	809,693	761,875
Sundry	(40,661)	556	(40,105)	(16,170)
Travel and education	707	15,157	15,864	1,593
	148,031	867,730	1,015,761	989,057
Excess (deficiency) of revenue over expenses	\$ 88,528	\$ (17,456)	\$ 71,072	\$ 181,613
Transfers to capital	(90,134)	-	(90,134)	(95,349)
	(1,606)	(17,456)	(19,062)	86,264

See notes to financial statements

LOWER SIMILKAMEEN COMMUNITY SERVICES SOCIETY

Statement of Operations and Transfers to Capital for Mountain View Manor

(Schedule 4)

Year Ended March 31, 2023

	Mountain View Manor Hospitality	Mountain View Manor Housing	2023	2022
Revenue				
Tenant rent contributions				
- subsidized	\$ 209,531	\$ 102,784	\$ 312,315	\$ 294,798
Rent subsidy - BC				
Housing	67,533	-	67,533	74,839
Contracts and grants	-	63,518	63,518	14,870
Sale of services	3,669	-	3,669	12
Sundry	427	2,003	2,430	399
Donations	745	-	745	245
Investment income	-	267	267	121
	281,905	168,572	450,477	385,284
Expenses				
Accounting and legal	6,278	-	6,278	5,255
Building	15,905	31,116	47,021	34,253
Contingencies and smallwares	-	-	-	10,830
Food purchases	58,673	-	58,673	54,234
Insurance	5,383	-	5,383	4,621
Office	3,571	1,335	4,906	3,709
Program expenses	2,528	-	2,528	2,450
Repairs and maintenance	84	9,796	9,880	11,444
Salaries, wages and benefits	179,392	118,933	298,325	231,836
Sundry	512	541	1,053	1,594
Travel and education	603	1,101	1,704	877
	272,929	162,822	435,751	361,103
Excess of revenue over expenses	\$ 8,976	\$ 5,750	\$ 14,726	\$ 24,181
Transfers to capital	-	(87,926)	(87,926)	(21,969)
	8,976	(82,176)	(73,200)	2,212

See notes to financial statements

LOWER SIMILKAMEEN COMMUNITY SERVICES SOCIETY

Schedule Five - Statement of operations construction fund

(Schedule 5)

Year Ended March 31, 2023

	Cactus Court Construction	Quail Crossing Construction	Ambrosia Construction	Ambrosia Phase 2	Project Ambrosia	2023
Revenue						
Contracts and grants	\$ 13,727	\$ 5,203	\$ 366,973	\$ 15,664	\$ -	\$ 401,567
Donations	-	-	-	-	5,895	5,895
Sundry	8,228	4,464	31,473	-	-	44,165
Revenue total	21,955	9,667	398,446	15,664	5,895	451,627
Expenses						
Building operations	7,555	4,272	5,860	-	-	17,687
Contingencies and smallwares	500	-	727	-	-	1,227
Food purchases	-	-	904	-	-	904
Office	12	11	444	-	(937)	(470)
Program expenses	-	-	-	-	17	17
Repairs and maintenance	573	121	9,730	-	-	10,424
Salaries, wages and benefits	15,078	5,442	-	-	-	20,520
Travel and education	13	-	-	-	-	13
Expenses total	23,731	9,846	17,665	-	(920)	50,322
Excess (deficiency) of revenue over expenses	\$ (1,776)	\$ (179)	\$ 380,781	\$ 15,664	\$ 6,815	\$ 401,305

See notes to financial statements