

Financial Statements of

NELSON CARES SOCIETY

March 31, 2021

NELSON CARES SOCIETY
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March 31, 2021

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INDEPENDENT AUDITOR'S REPORT

To the Members of the
Nelson CARES Society

Grant Thornton
513 Victoria Street
Nelson, BC
V1L 4K7
T +1 250 352 3165
F +1 250 352 7166
www.GrantThornton.ca

Qualified Opinion

We have audited the accompanying financial statements of the Nelson CARES Society, ("the Society"), which comprise the statement of financial position as at March 31, 2021, 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, except for the possible effects of the matter described in the *Basis of Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Nelson CARES Society as at March 31, 2021, and its results of operations 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 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 donation revenue, excess of revenues over expenses, and cash flows from operations for the years ended March 31, 2021 and March 31, 2020, current assets as at March 31, 2021 and March 31, 2020, and net assets as at April 1 and March 31 for both the 2021 and 2020 years. The audit opinion on the financial statements for the year ended March 31, 2020 was modified accordingly because of the possible effects of this limitation in scope.

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

Report on the legal and regulatory requirements

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

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.

INDEPENDENT AUDITOR'S REPORT (Continued)

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 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 Society's preparation and fair presentation of the financial statements 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.

INDEPENDENT AUDITOR'S REPORT (Continued)

- 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.

Grant Thornton LLP

Chartered Professional Accountants

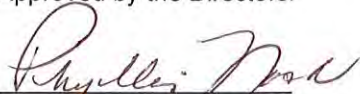

September 16, 2021

Nelson, B.C.

NELSON CARES SOCIETY
STATEMENT OF FINANCIAL POSITION
As At March 31, 2021

ASSETS	2021	2020
CURRENT ASSETS		
Cash	\$ 2,152,859	\$ 2,031,679
Accounts receivable	1,099,289	429,714
Prepaid expenses	91,939	94,031
	<u>3,344,087</u>	<u>2,555,424</u>
REPLACEMENT RESERVE CASH	382,436	354,674
CAPITAL ASSETS (Note 3)	21,289,399	13,931,797
	<u>\$ 25,015,922</u>	<u>\$ 16,841,895</u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 974,491	\$ 500,797
Government remittances payable	12,315	13,826
Wages payable	398,665	284,479
BC Housing subsidies received in advance	164,525	118,646
Deferred contributions (Note 4)	587,679	473,584
BC Housing - interim advances	11,389,712	3,677,492
Current portion of long-term debt	401,400	346,100
	<u>13,928,787</u>	<u>5,414,924</u>
BC HOUSING FORGIVABLE LOANS (Note 5)	1,719,846	1,779,559
LONG-TERM DEBT (Note 6)	5,875,770	6,281,867
DEFERRED CAPITAL CONTRIBUTIONS (Note 7)	1,854,742	1,950,500
REPLACEMENT RESERVES (Note 8)	282,608	314,477
	<u>23,661,753</u>	<u>15,741,327</u>
NET ASSETS		
Investment (deficiency) in capital assets (Note 9)	47,929	(103,722)
Internally restricted (Note 10)	1,017,917	1,031,656
Unrestricted	288,323	172,634
	<u>1,354,169</u>	<u>1,100,568</u>
	<u>\$ 25,015,922</u>	<u>\$ 16,841,895</u>

Approved by the Directors:

NELSON CARES SOCIETY
STATEMENT OF OPERATIONS
For the Year Ended March 31, 2021

	2021 Budget	2021	2020
REVENUE			
Grants - Provincial and Federal	\$ 6,977,145	\$ 5,912,501	\$ 4,787,160
Grants - Other	1,245,629	784,885	566,791
Rent contributions	1,051,152	1,081,042	1,075,073
Fee for service	43,185	28,006	54,575
Donations	108,099	139,949	81,698
Interest and sundry	523,521	23,292	28,330
Amortization of deferred capital contributions (Note 7)	-	127,415	123,490
BC Housing loan forgiveness (Note 5)	120,000	59,713	59,713
	10,068,731	8,156,803	6,776,830
EXPENDITURES			
Amortization	-	597,501	565,004
Insurance	88,665	90,823	82,700
Interest	245,367	216,797	245,296
Licenses and dues	4,851	3,452	5,669
Office and administration	111,448	79,092	65,582
Professional fees	843,734	121,313	88,951
Program costs	548,929	378,487	197,247
Property tax	43,707	43,844	44,207
Rent	194,681	186,217	97,658
Repairs and maintenance	881,469	409,246	294,118
Replacement reserve expenditures	38,427	99,859	69,117
Special projects	791,529	218,445	94,864
Telephone and utilities	355,052	346,626	342,121
Travel and staff development	45,606	20,063	46,131
Vehicle	35,073	30,669	30,557
Wages and employee benefits	5,840,193	5,060,768	4,253,579
	10,068,731	7,903,202	6,522,801
EXCESS OF REVENUE OVER EXPENDITURES	\$ -	\$ 253,601	\$ 254,029

NELSON CARES SOCIETY
STATEMENT OF CHANGES IN NET ASSETS
For the Year Ended March 31, 2021

	Internally Restricted	Unrestricted	Investment in Capital Assets	2021	2020
NET ASSETS (DEFICIENCY), BEGINNING OF YEAR	\$ 1,031,656	\$ 172,634	\$(103,722)	\$ 1,100,568	\$ 853,974
Excess (deficiency) of revenue over expenditures	-	663,974	(410,373)	253,601	254,029
BC Housing adjustment (Note 11)	-	-	-	-	(7,435)
Capital asset and development cost additions	-	(7,955,103)	7,955,103	-	-
Principal payments on mortgages	-	(350,798)	350,798	-	-
Proceeds from BCH advances and forgivable loans	-	7,712,220	(7,712,220)	-	-
Deferred capital contributions	-	31,657	(31,657)	-	-
Net transfers from internally restricted	(13,739)	13,739	-	-	-
CHANGES DURING THE YEAR	(13,739)	115,689	151,651	253,601	246,594
NET ASSETS, END OF YEAR	\$ 1,017,917	\$ 288,323	\$ 47,929	\$ 1,354,169	\$ 1,100,568

NELSON CARES SOCIETY
STATEMENT OF CASH FLOWS
For the Year Ended March 31, 2021

	2021	2020
OPERATING ACTIVITIES		
Excess of revenue over expenditures	\$ 253,601	\$ 254,029
Items not affecting cash flow:		
- Amortization of capital assets	597,501	565,004
- Amortization of deferred capital contributions	(127,415)	(123,490)
- BC Housing loan forgiveness	(59,713)	(59,713)
	<u>663,974</u>	<u>635,830</u>
Changes in non-cash working capital		
Accounts receivable	(669,575)	237,704
Prepaid expenses	2,092	70,707
Government remittances and wages payable	112,675	95,349
Accounts payable and accrued liabilities	473,694	40,870
BC Housing subsidies received in advance	45,879	11,135
Deferred contributions	114,095	208,270
	<u>78,860</u>	<u>664,035</u>
Cash Provided By Operating Activities	<u>742,834</u>	<u>1,299,865</u>
FINANCING ACTIVITIES		
Repayment of long-term debt	(350,797)	(336,255)
Proceeds from BC Housing on forgivable loans and interim advances	7,712,220	2,605,406
BC Housing adjustment	-	(7,435)
Replacement reserve net cash transfers	(59,631)	15,046
	<u>7,301,792</u>	<u>2,276,762</u>
Cash Provided By Financing Activities	<u>7,301,792</u>	<u>2,276,762</u>
INVESTING ACTIVITIES		
Purchase of capital assets and development costs	(7,955,103)	(3,020,469)
Capital contributions deferred	31,657	252,717
	<u>(7,923,446)</u>	<u>(2,767,752)</u>
Cash Used for Investing Activities	<u>(7,923,446)</u>	<u>(2,767,752)</u>
INCREASE IN CASH	121,180	808,875
CASH, BEGINNING OF YEAR	2,031,679	1,222,804
CASH, END OF YEAR	\$ 2,152,859	\$ 2,031,679

1. NATURE OF OPERATIONS

The Nelson CARES Society ("the Society") is incorporated under the Societies Act of British Columbia. The Society's principal activities are providing legal information, community education, crisis intervention, community living, shelter aid and independent life skills programs for individuals and families in need.

The Society is a registered charity under the Income Tax Act and therefore, as long as it is in compliance with the rules and regulations of the Income Tax Act, it is exempt from income taxes and may issue receipts to donors.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and those specific policies noted below.

Revenue recognition

The Society follows the deferral method of accounting for contributions and contract revenue. Restricted contributions and contract revenue are recognized as revenues in the year in which the related expenses are incurred. Unrestricted contributions and contract revenues are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Volunteers and other local businesses contribute significant services and other gifts to assist the Society. If determinable, in-kind contributions are recorded at their fair market value when received, provided that they will be used in the normal course of operations and would otherwise have been purchased.

Financial instruments

Initial measurement

The Society's financial instruments are measured at fair value when issued or acquired. For financial instruments subsequently measured at cost or amortized cost, fair value is adjusted by the amount of the related financing fees and transaction costs, if applicable.

Subsequent measurement

At each reporting date, the Society measures its financial assets and liabilities at cost or amortized cost (less impairment in the case of financial assets). The financial instruments measured at amortized cost are cash and cash equivalents, receivables, payables and accruals, government remittance payable, wages payable, and long-term debt.

For financial assets measured at cost or amortized cost, the Society regularly assesses whether there are any indications of impairment. If there is an indication of impairment, and the Society determines that there is a significant adverse change in the expected timing or amount of future cash flows from the financial asset, it recognizes an impairment loss in the statement of operations. Any reversals of previously recognized impairment losses are recognized in operations in the year the reversal occurs.

Capital assets

Purchased tangible capital assets are recorded at cost plus any cost of betterment less accumulated amortization. Contributed tangible capital assets are recorded at fair value at the date of contribution if the fair value is reasonably determinable.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Rates of amortization applied on a straight-line basis, to write off the cost of tangible capital assets over their estimated lives, are as follows:

Buildings	25 years
Buildings and improvements on leased land	25 years
Furniture and equipment	5 years
Vehicles	7 years
Leasehold improvements	10 years
Computers	4 years

Cedar Grove Estates and Copper Mountain Court are constructed on leased land. The leases required payment of rent for the entire lease period up front and prepaid rent is charged to amortization expense on a straight-line basis over the term of the leases.

Deferred capital contributions

Contributions restricted for capital purposes are recorded as deferred capital contributions when the amount is invested in tangible capital assets and are amortized to revenue on the same basis as the related tangible capital assets are amortized to expense.

Impairment of tangible capital assets

The Society tests tangible capital assets, or groups of tangible capital assets, for impairment whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. An impairment loss is recognized when the carrying amount of the tangible capital asset or group of tangible capital assets exceeds the asset's fair value or replacement cost.

Allocation of expenses

Expenses are allocated to various programs based on management's estimate of the program's proportionate share of the actual expenditure.

Use of estimates

Management reviews the carrying amounts of items in the financial statements at each balance sheet date to assess the need for revision or any possibility of impairment. Many items in the preparation of these financial statements require management's best estimate. Management determines these estimates based on assumptions that reflect the most probable set of economic conditions and planned courses of action. These estimates are reviewed periodically and adjustments are made to net revenue as appropriate in the year they become known.

Items subject to significant management estimates include allowance for doubtful accounts, tangible capital asset estimated useful life and related amortization and amortization of deferred capital contributions.

NELSON CARES SOCIETY
NOTES TO FINANCIAL STATEMENTS (Continued)
As At March 31, 2021

3. CAPITAL ASSETS

	Cost	2021 Accumulated Amortization	Net Book Value	Cost	2020 Accumulated Amortization	Net Book Value
Ward Street Place						
Land	\$ 208,000	\$ -	\$ 208,000	\$ 208,000	\$ -	\$ 208,000
Buildings	<u>3,912,248</u>	<u>1,740,615</u>	<u>2,171,633</u>	<u>3,814,099</u>	<u>1,584,125</u>	<u>2,229,974</u>
	<u>\$ 4,120,248</u>	<u>\$ 1,740,615</u>	<u>\$ 2,379,633</u>	<u>\$ 4,022,099</u>	<u>\$ 1,584,125</u>	<u>\$ 2,437,974</u>
Vernon Street						
Land	\$ 290,000	\$ -	\$ 290,000	\$ 290,000	\$ -	\$ 290,000
Buildings	<u>874,489</u>	<u>197,245</u>	<u>677,244</u>	<u>874,489</u>	<u>162,266</u>	<u>712,223</u>
	<u>\$ 1,164,489</u>	<u>\$ 197,245</u>	<u>\$ 967,244</u>	<u>\$ 1,164,489</u>	<u>\$ 162,266</u>	<u>\$ 1,002,223</u>
West Houston Street						
Land	\$ 45,200	\$ -	\$ 45,200	\$ 45,200	\$ -	\$ 45,200
Buildings	<u>298,300</u>	<u>221,628</u>	<u>76,672</u>	<u>298,300</u>	<u>209,696</u>	<u>88,604</u>
	<u>\$ 343,500</u>	<u>\$ 221,628</u>	<u>\$ 121,872</u>	<u>\$ 343,500</u>	<u>\$ 209,696</u>	<u>\$ 133,804</u>
Cedar Grove Estates						
Prepaid land lease	\$ 38,854	\$ 8,468	\$ 30,386	\$ 38,854	\$ 7,472	\$ 31,382
Building and leasehold improvements	4,164,392	1,055,507	3,108,885	4,164,392	912,817	3,251,575
Development in progress	<u>3,053,452</u>	<u>-</u>	<u>3,053,452</u>	<u>35,416</u>	<u>-</u>	<u>35,416</u>
	<u>\$ 7,256,698</u>	<u>\$ 1,063,975</u>	<u>\$ 6,192,723</u>	<u>\$ 4,238,662</u>	<u>\$ 920,289</u>	<u>\$ 3,318,373</u>
Copper Mountain Court						
Prepaid land lease	\$ 229,600	\$ 43,050	\$ 186,550	\$ 229,600	\$ 38,267	\$ 191,333
Building and leasehold improvements	<u>3,096,092</u>	<u>1,021,693</u>	<u>2,074,399</u>	<u>3,017,723</u>	<u>897,849</u>	<u>2,119,874</u>
	<u>\$ 3,325,692</u>	<u>\$ 1,064,743</u>	<u>\$ 2,260,949</u>	<u>\$ 3,247,323</u>	<u>\$ 936,116</u>	<u>\$ 2,311,207</u>

NELSON CARES SOCIETY
NOTES TO FINANCIAL STATEMENTS (Continued)
As At March 31, 2021

3. CAPITAL ASSETS (continued)

	2021			2020		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Lakeside Place - Homeless at Risk						
Land	\$ 237,000	\$ -	\$ 237,000	\$ 237,000	\$ -	\$ 237,000
Buildings	683,000	232,220	450,780	683,000	204,900	478,100
	<u>\$ 920,000</u>	<u>\$ 232,220</u>	<u>\$ 687,780</u>	<u>\$ 920,000</u>	<u>\$ 204,900</u>	<u>\$ 715,100</u>
Lakeside Place Development						
Land	\$ 237,000	\$ -	\$ 237,000	\$ 237,000	\$ -	\$ 237,000
Development in progress	7,732,390	-	7,732,390	3,263,060	-	3,263,060
	<u>\$ 7,969,390</u>	<u>\$ -</u>	<u>\$ 7,969,390</u>	<u>\$ 3,500,060</u>	<u>\$ -</u>	<u>\$ 3,500,060</u>
Administration and Other						
Leasehold	\$ 140,922	\$ 140,922	\$ -	\$ 140,922	\$ 139,918	\$ 1,004
Furniture and equipment	270,989	156,498	114,491	315,224	224,617	90,607
Vehicles	204,709	106,170	98,539	181,749	110,597	71,152
Development in progress - Hall Street	496,776	-	496,776	350,293	-	350,293
	<u>\$ 1,113,396</u>	<u>\$ 403,590</u>	<u>\$ 709,806</u>	<u>\$ 988,188</u>	<u>\$ 475,132</u>	<u>\$ 513,056</u>
Total						
	Cost	2021 Accumulated Amortization	Net Book Value	Cost	2020 Accumulated Amortization	Net Book Value
Land	\$ 1,017,200	\$ -	\$ 1,017,200	\$ 1,017,200	\$ -	\$ 1,017,200
Prepaid land leases	268,455	51,518	216,937	268,454	45,739	222,715
Buildings	5,768,037	2,391,708	3,376,329	5,669,888	2,160,987	3,508,901
Buildings and improvements on leased land	7,260,484	2,077,200	5,183,284	7,182,115	1,810,666	5,371,449
Leasehold	140,922	140,922	-	140,922	139,918	1,004
Furniture and equipment	270,989	156,498	114,491	315,224	224,617	90,607
Vehicles	204,709	106,170	98,539	181,749	110,597	71,152
Developments in progress	11,282,619	-	11,282,619	3,648,769	-	3,648,769
	<u>\$ 26,213,415</u>	<u>\$ 4,924,016</u>	<u>\$ 21,289,399</u>	<u>\$ 18,424,321</u>	<u>\$ 4,492,524</u>	<u>\$ 13,931,797</u>

NELSON CARES SOCIETY
NOTES TO FINANCIAL STATEMENTS (Continued)
As At March 31, 2021

4. DEFERRED CONTRIBUTIONS

Deferred contributions represent unspent externally restricted grants and donations for specific purposes. Changes during the year were as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
BC Housing - other grants	\$ 20,813	\$ -	\$(3,651)	\$ 17,162
Columbia Basin Trust	234,568	81,088	(95,314)	220,342
Gaming Funds	30,000	33,000	(30,000)	33,000
Heritage BC	51,077	52,077	(86,820)	16,335
Law Foundation - Advocacy	1,798	195,000	(191,425)	5,373
Legal Services Society - Advocacy	-	20,000	(20,000)	-
Ministry of Public Safety	-	104,443	(95,873)	8,570
Osprey Foundation - Age Friendly	22,500	34,650	(32,718)	24,432
Other restricted grants	105,040	61,326	(66,931)	99,435
Regional District of Central Kootenay	5,000	-	(5,000)	-
Rent received in advance	-	37,062	-	37,062
Service Canada	-	743,343	(638,283)	105,060
United Way - Better at Home	-	91,294	(80,520)	10,774
Vancouver Foundation	2,788	61,623	(54,277)	10,134
	<u>\$ 473,584</u>	<u>\$ 1,514,906</u>	<u>\$(1,400,812)</u>	<u>\$ 587,679</u>

5. BC HOUSING FORGIVABLE LOANS

	2021	2020
Ward Street Place BC Housing Corporation, for renovations of Ward Street Place basement into separate units. Secured by a second mortgage over the property. The loan forgiveness period is 35 years and will be forgiven 1/25 each year beginning in 2026.	\$ 364,897	\$ 364,897
Vernon Street BC Housing Corporation, for shelter renovations. Secured by a second mortgage over the property. The loan forgiveness period is 30 years and will be forgiven 1/20 each year beginning in 2026.	347,983	347,983
Cedar Grove Estates BC Housing Corporation, CGE retaining wall and perimeter drainage. Secured by a second mortgage over the property. The loan forgiveness period is 10 years and will be forgiven 1/10 each year beginning in 2020.	477,700	537,413
Cedar Grove Estates BC Housing Corporation, CGE basement suites. Secured by a second mortgage over the property. The loan forgiveness period is to be determined.	<u>529,266</u>	<u>529,266</u>
	<u>\$ 1,719,846</u>	<u>\$ 1,779,559</u>

NELSON CARES SOCIETY
NOTES TO FINANCIAL STATEMENTS (Continued)
As At March 31, 2021

6. LONG-TERM DEBT

	2021	2020
Ward Street Place Peoples Trust Company, mortgage repayable in monthly instalments of \$4,767 including interest at 2.43% per annum, renewing April 1, 2025. Secured by a registered charge and fire insurance proceeds on the property.	\$ 1,193,931	\$ 1,221,899
Vernon Street Peoples Trust Company, mortgage repayable in monthly instalments of \$2,722 including interest at 2.43% per annum, renewing April 1, 2025. Secured by a registered charge and fire insurance proceeds on the property.	595,929	613,952
Cedar Grove Estates BC Housing Corporation, mortgage repayable in monthly instalments of \$13,895 including interest at 2.60% per annum, renewing June 1, 2027. Secured by a registered charge, an assignment of rents, and fire insurance proceeds on the property.	961,306	1,101,273
Copper Mountain Court TD Canada Trust mortgage, repayable in monthly instalments of \$23,121 including interest at 4.57%, maturing February 1, 2031. Secured by a registered charge, an assignment of rents, and fire insurance proceeds on the property.	3,001,820	3,142,154
Lakeside Homeless at Risk TD Canada Trust mortgage, repayable in monthly instalments of \$4,037 including interest at 4.57%, maturing February 1, 2031. Secured by a registered charge, an assignment of rents, and fire insurance proceeds on the property.	<u>524,184</u>	<u>548,689</u>
	<u>6,277,170</u>	<u>6,627,967</u>
Less: Current portion	<u>401,400</u>	<u>346,100</u>
	<u>\$ 5,875,770</u>	<u>\$ 6,281,867</u>

Estimated principal payments required in each of the next five years, provided the loans maturing in April 2025 are refinanced on similar terms, are as follows:

2022	\$ 401,400
2023	\$ 409,700
2024	\$ 418,100
2025	\$ 426,800
2026	\$ 435,700

NELSON CARES SOCIETY
NOTES TO FINANCIAL STATEMENTS (Continued)
As At March 31, 2021

7. DEFERRED CAPITAL CONTRIBUTIONS

Contributions restricted for the purchase of capital assets are deferred and recognized as revenue over the useful life of the acquired capital asset to reflect the fact that the contribution provides benefits in all the periods in which the Society has the use of the capital asset.

Changes in deferred contributions related to capital assets during the year are as follows:

	2021	2020
Balance, beginning of year	\$ 1,950,500	\$ 1,821,273
Additions	31,657	252,717
Less: Amounts amortized to revenue	<u>(127,415)</u>	<u>(123,490)</u>
Balance, end of year	<u>\$ 1,854,742</u>	<u>\$ 1,950,500</u>
Balance, end of year consists of:		
Cedar Grove Estates	\$ 662,082	
Lakeside Place - HAR	136,091	
Technology upgrades	30,066	
Ward Street Place - Room to Live Campaign	580,439	
Ward Street Place - Other	361,813	
Vernon Street - Stepping Stones	<u>84,251</u>	
Total	<u>\$ 1,854,742</u>	

Total unspent contributions included in the above balance are \$59,777 for future capital purchases for Ward Street Place.

NELSON CARES SOCIETY
NOTES TO FINANCIAL STATEMENTS (Continued)
As At March 31, 2021

8. REPLACEMENT RESERVES

Under the Homes B.C. Program as agreed with BCHMC, the Society is required to prepare a schedule setting out the projected capital repairs and improvements over the 20-year period, and to create a reserve for capital repairs and replacements in accordance with the schedule. The Society is required to fund the reserve at least annually, and to use or dispose of the Reserve Fund only for capital repairs and replacements in accordance with the schedule. The Society is required to hold reserve funds in a separate account along with accumulated interest.

The Society holds replacement reserves with respect to the following properties:

CEDAR GROVE ESTATES

	2021	2020
Balance, beginning of year	\$ 85,180	\$ 89,406
Interest	375	876
Replacement reserve funding received from BCH	34,560	34,560
Replacement expenditures	<u>(42,575)</u>	<u>(39,662)</u>
Balance, end of year	<u>\$ 77,540</u>	<u>\$ 85,180</u>

COPPER MOUNTAIN COURT

	2021	2020
Balance, beginning of year	\$ 23,718	\$ 13,998
Interest	122	256
Replacement reserve funding received from BCH	31,968	31,968
Replacement expenditures	<u>(45,643)</u>	<u>(22,504)</u>
Balance, end of year	<u>\$ 10,165</u>	<u>\$ 23,718</u>

LAKESIDE PLACE - HOMELESS AT RISK

	2021	2020
Balance, beginning of year	\$ 205,579	\$ 210,734
Interest	965	1,796
Replacement expenditures	<u>(11,641)</u>	<u>(6,951)</u>
Balance, end of year	<u>\$ 194,903</u>	<u>\$ 205,579</u>

TOTAL REPLACEMENT RESERVES

	<u>\$ 282,608</u>	<u>\$ 314,477</u>
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NELSON CARES SOCIETY
NOTES TO FINANCIAL STATEMENTS (Continued)
As At March 31, 2021

9. INVESTMENT IN CAPITAL ASSETS

Investment (deficiency) in capital assets is calculated as follows:

	2021	2020
Capital assets	<u>\$ 21,289,399</u>	<u>\$ 13,931,797</u>
Less amounts financed by:		
Deferred capital contributions	1,854,742	1,950,500
Long-term debt	6,277,170	6,627,967
BCH forgivable loans and advances	<u>13,109,558</u>	<u>5,457,052</u>
	<u>21,241,470</u>	<u>14,035,519</u>
	<u>\$ 47,929</u>	<u>\$ (103,722)</u>

The balance is comprised of:

Ward Street Place	\$(121,447)
Vernon Street	(60,919)
West Houston Street	121,872
Cedar Grove Estates	508,900
Copper Mountain Court	(847,962)
Lakeside Place Development	237,000
Lakeside Place - HAR	27,505
Administration	<u>182,980</u>
Total investment	<u>\$ 47,929</u>

Changes in net assets invested in capital assets are as follows:

	2021	2020
Balance, beginning of year	\$(103,722)	\$(220,522)
Capital asset additions	7,955,103	3,020,469
Repayment of long-term debt	350,798	336,255
Loan forgiveness	59,713	59,713
Amortization of capital assets	(597,501)	(565,004)
Amortization of deferred contributions	127,415	123,490
Proceeds of BCH loans and advances	(7,712,220)	(2,605,406)
Current year deferred capital contributions	<u>(31,657)</u>	<u>(252,717)</u>
Balance, end of year	<u>\$ 47,929</u>	<u>\$ (103,722)</u>

NELSON CARES SOCIETY
NOTES TO FINANCIAL STATEMENTS (Continued)
As At March 31, 2021

10. INTERNALLY RESTRICTED NET ASSETS

	2021	2020
Administrative housing contingencies	\$ 115,242	\$ 76,082
CGE - Basement Suites	12,300	8,700
Equipment replacement	12,625	11,124
Lakeside Place	150,893	150,260
Office relocation	104,859	180,000
Operational contingencies	131,787	131,787
Planning	50,000	50,000
Professional development	7,315	7,315
Project development	100,000	100,000
Sick time	13,112	13,112
Vehicle replacement	41,875	29,875
Vernon Street	30,184	45,088
Ward Street Place	229,552	211,294
West Houston	18,173	17,019
	\$ 1,017,917	\$ 1,031,656

11. BC HOUSING ADJUSTMENT

BC Housing conducts an annual review of the financial statements and may adjust for any operating surplus or deficit. Prior years' funding adjustments are recognized in the fiscal year they are determined. In the current year, adjustments totaling \$nil (2020 - \$7,435) were recognized for the fiscal year ended March 31, 2020. BC Housing has not yet provided an annual review of the prior or current financial statements and thus the adjustment that might be required to these financial statements cannot be determined and no estimate has been made.

12. 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 pension plan, including investment of the assets and administration of benefits. The plan is a multi-employer defined benefit pension plan. Basic pension benefits provided are based on a formula. The plan has about 213,000 active members and approximately 106,000 retired members. Active members include approximately 40,000 contributors from local governments.

Every three years an actuarial valuation is performed to assess the financial position of the plan and the 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 valuation as at December 31, 2018 indicated a \$2,866 million for basic pension benefits on a going concern basis. The next valuation will be as at December 31, 2021, with results available in 2022.

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.

The Society paid \$187,437 (2020 - \$183,378) for employer contributions to the plan in the fiscal year.

13. FINANCIAL INSTRUMENTS

The following represents the Society's exposure to risks through its financial instruments:

Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment. The Society is exposed to credit risk in the event of non-performance by counterparties in connection with its accounts receivable. The Society does not obtain collateral or other security to support the accounts receivable subject to credit risk but mitigates this risk by dealing only with what management believes to be financially sound counterparties and, accordingly, does not anticipate significant loss for non-performance.

Liquidity Risk

Liquidity risk is the risk that the Society will encounter difficulty in meeting obligations associated with financial liabilities. The Society is exposed to liquidity risk arising primarily from the accounts payable. The Society's ability to meet obligations depends on the receipt of funds from its operations and other related sources, whether in the form of revenue or grants.

14. BRITISH COLUMBIA SOCIETIES ACT

The British Columbia Societies Act has a requirement to disclose the remuneration paid to all directors, the ten highest paid employees, and all contractors who were paid at least \$75,000 annually. The Society had one individual who fell into this category for the year ended March 31, 2021.

15. COMPARATIVE FIGURES

Certain comparative figures from the prior year have been reclassified to conform with the current year presentation.

16. SUBSEQUENT EVENT

On May 4, 2021, the Society acquired the property at 205 Hall Street, Nelson BC for \$15,034,879. The final costs associated to the acquisition are to be determined when the mortgage on the property is finalized on November 1, 2021.

NELSON CARES SOCIETY
SCHEDULE OF OPERATIONS BY FUND
For the Year Ended March 31, 2021

	BC Housing		Community Living BC		NCOH		2020
	Affordable Housing	Stepping Stones for Success	Residential Living	Custom Fit Inclusion and Employment	Service Canada	Others	2021
REVENUE							
Grants - Provincial and Federal	\$ 529,734	\$ 1,306,186	\$ 2,618,687	\$ 465,204	\$ 638,283	\$ 354,407	\$ 5,912,501
Grants - Other	-	-	-	-	-	784,885	784,885
Replacement reserve transfers	33,331	-	-	-	-	-	33,331
Rent and utility contributions	589,435	16,732	-	-	-	441,544	1,047,711
Fees for service	-	-	-	-	-	28,006	28,006
Donations	-	9,540	-	-	-	130,409	139,949
Interest, laundry income, and sundry	232	-	-	-	-	23,060	81,698
Amortization of deferred capital contributions	-	-	-	-	-	23,292	28,330
BC Housing loan forgiveness	59,713	-	-	-	-	127,415	123,490
Administrative fee - internal	-	-	-	-	-	59,713	59,713
						423,226	423,226
	1,212,445	1,332,458	2,618,687	465,204	638,283	2,312,952	8,580,029
EXPENDITURES							
Administrative fee - internal	8,130	9,435	278,686	40,050	86,925	-	423,226
Amortization	423,285	36,432	43,869	4,036	-	89,879	597,501
Insurance	46,602	3,978	6,600	-	32,818	825	90,823
Interest	182,810	14,716	-	-	-	19,271	216,797
Licenses and dues	1,315	-	-	-	-	2,137	3,452
Office and administration	9,070	45,686	13,474	322	6,158	4,382	79,092
Professional fees	13,737	22,192	6,000	-	51,831	27,553	121,313
Program costs and rent subsidies	12,228	93,251	94,112	5,500	46,281	127,115	378,487
Property tax	19,999	-	4,416	-	-	19,429	43,844
Rent	-	-	-	18,449	57,815	109,953	186,217
Repairs and maintenance	103,759	61,638	26,588	10,140	2,823	204,298	409,246
Replacement reserve repairs	103,459	(17,402)	-	-	-	13,802	99,859
Special projects	-	-	-	-	97,500	120,945	218,445
Telephone and utilities	172,360	25,628	15,612	5,089	15,324	112,613	346,626
Travel and staff development	1,305	26	10,580	2,294	4,271	1,587	20,063
Vehicle	-	-	29,176	-	-	1,493	30,669
Wages and employee benefits	159,585	1,034,290	2,097,083	373,244	236,537	1,160,029	5,060,768
	1,257,644	1,329,870	2,626,196	459,124	638,283	2,015,311	8,326,428
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	\$(45,199)	\$ 2,588	\$(7,509)	\$ 6,080	\$ -	\$ 297,641	\$ 253,601
							\$ 254,029

NELSON CARES SOCIETY
SCHEDULE OF OPERATIONS FOR BC HOUSING AFFORDABLE HOUSING PROJECTS
For the Year Ended March 31, 2021

	Cedar Grove	Copper Mountain	Lakeside Place	Scattered Addresses	2021	2020
REVENUE						
Grants						
- Provincial - BC Housing subsidy	\$ 165,465	\$ 281,868	\$ 69,813	\$ 12,588	\$ 529,734	\$ 521,737
- Other - BC Housing grants	-	-	-	-	-	7,374
Replacement reserve net transfers	8,015	13,675	11,641	-	33,331	2,589
Rent contributions	228,645	271,928	35,806	53,056	589,435	497,029
Utility revenue	-	-	-	-	-	33,379
Interest and sundry	34	49	4	145	232	193
Amortization of deferred capital contributions	-	-	-	-	-	48,374
BC Housing loan forgiveness	59,713	-	-	-	59,713	59,713
	461,872	567,520	117,264	65,789	1,212,445	1,170,388
EXPENDITURES						
Administrative fee internal	-	-	-	8,130	8,130	225
Amortization	245,260	129,232	27,623	21,170	423,285	276,489
Insurance	19,605	21,396	5,601	-	46,602	36,725
Interest	26,778	132,836	23,196	-	182,810	201,284
Membership fees	374	712	229	-	1,315	1,478
Office	4,313	3,772	985	-	9,070	9,851
Professional fees	5,040	5,913	2,784	-	13,737	12,669
Program costs and rent subsidies	-	-	-	12,228	12,228	6,139
Property tax	9,390	9,905	-	704	19,999	18,596
Repairs and maintenance	45,499	48,562	9,617	81	103,759	63,807
Replacement reserve repairs	42,575	45,643	11,641	3,600	103,459	69,117
Telephone and utilities	68,572	84,128	18,993	667	172,360	178,921
Travel and staff development	426	570	189	120	1,305	1,156
Wages and employee benefits	33,276	70,637	16,462	39,210	159,585	163,505
	501,108	553,306	117,320	85,910	1,257,644	1,039,962
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	\$(39,236)	\$ 14,214	\$(56)	\$(20,121)	\$ 45,199	\$ 130,426