

*Financial Statements of*

**NELSON CARES SOCIETY**

*March 31, 2022*

**NELSON CARES SOCIETY**  
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March 31, 2022

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## INDEPENDENT AUDITOR'S REPORT

To the Members of the  
Nelson CARES Society

### **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, 2022, 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, 2022, 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, 2022 and March 31, 2021, current assets as at March 31, 2022 and March 31, 2021, and net assets as at April 1 and March 31 for both the 2022 and 2021 years. The audit opinion on the financial statements for the year ended March 31, 2021 was modified accordingly because of the possible effects of this limitation in scope.

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

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.

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Grant Thornton LLP

513 Victoria Street  
Nelson, BC  
V1L 4K7

T +1 250 352 3165

F +1 250 352 7166



## 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 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.
- 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


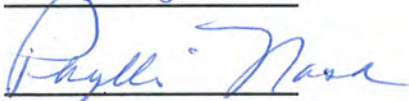
October 24, 2022

Nelson, B.C.

**NELSON CARES SOCIETY**  
**STATEMENT OF FINANCIAL POSITION**  
As At March 31, 2022

<b>ASSETS</b>	<b>2022</b>	<b>2021</b>
<b>CURRENT ASSETS</b>		
Cash	\$ 1,957,889	\$ 2,152,859
Accounts receivable	1,586,623	1,099,289
Prepaid expenses	332,185	308,875
	<b>3,876,697</b>	<b>3,561,023</b>
<b>REPLACEMENT RESERVE CASH</b>	<b>345,715</b>	<b>382,436</b>
<b>TANGIBLE CAPITAL ASSETS (Note 3)</b>	<b>43,671,701</b>	<b>21,072,463</b>
	<b>\$ 47,894,113</b>	<b>\$ 25,015,922</b>
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 485,680	\$ 974,491
Government remittances payable	17,719	12,315
Wages payable	455,659	398,665
BC Housing subsidies received in advance	174,528	164,525
Deferred contributions (Note 4)	714,061	587,679
BC Housing - interim advances	18,891,602	11,389,712
Current portion of long-term debt (Note 6)	467,200	401,400
	<b>21,206,449</b>	<b>13,928,787</b>
<b>BC HOUSING FORGIVABLE LOANS (Note 5)</b>	<b>6,502,533</b>	<b>1,719,846</b>
<b>LONG-TERM DEBT (Note 6)</b>	<b>16,515,033</b>	<b>5,875,770</b>
<b>DEFERRED CAPITAL CONTRIBUTIONS (Note 7)</b>	<b>1,908,578</b>	<b>1,854,742</b>
<b>REPLACEMENT RESERVES (Note 8)</b>	<b>362,332</b>	<b>282,608</b>
	<b>46,494,925</b>	<b>23,661,753</b>
<b>NET ASSETS</b>		
Investment in tangible capital assets (Note 9)	( 606,244)	( 169,006)
Internally restricted (Note 10)	970,072	1,017,917
Unrestricted	1,035,360	505,258
	<b>1,399,188</b>	<b>1,354,169</b>
	<b>\$ 47,894,113</b>	<b>\$ 25,015,922</b>

Approved by the Directors:



**NELSON CARES SOCIETY**  
**STATEMENT OF OPERATIONS**  
For the Year Ended March 31, 2022

	2022 Budget	2022	2021
<b>REVENUE</b>			
Grants - Provincial and Federal	\$ 6,575,097	\$ 6,340,093	\$ 5,912,501
Grants - Other	1,455,051	885,517	784,885
Rent contributions	1,421,529	1,427,709	1,080,814
Fee for service	60,756	48,367	28,886
Donations	147,240	137,666	139,949
Interest and sundry	25,977	57,587	22,640
Gain on sale of tangible capital assets	-	595,157	-
Amortization of deferred capital contributions (Note 7)	-	132,272	127,415
BC Housing loan forgiveness (Note 5)	-	59,713	59,713
	<b>9,685,650</b>	<b>9,684,081</b>	<b>8,156,803</b>
<b>EXPENSES</b>			
Amortization	-	1,525,982	591,722
Insurance	136,780	143,056	90,823
Interest	599,058	120,693	216,797
Licenses and dues	5,175	4,594	3,452
Office and administration	342,200	42,127	62,094
Professional fees	409,914	110,898	121,313
Program costs	400,884	318,956	382,483
Property tax	74,610	70,939	43,844
Rent	200,009	158,847	191,996
Repairs and maintenance	475,755	681,639	417,298
Replacement reserve expenses	85,968	51,447	99,859
Special projects	468,009	484,920	218,445
Telephone and utilities	426,678	438,541	346,626
Travel and staff development	58,417	40,227	20,063
Vehicle	30,459	26,161	30,669
Wages and employee benefits	5,971,734	5,420,035	5,065,718
	<b>9,685,650</b>	<b>9,639,062</b>	<b>7,903,202</b>
<b>EXCESS OF REVENUE OVER EXPENSES</b>	<b>\$ -</b>	<b>\$ 45,019</b>	<b>\$ 253,601</b>

**NELSON CARES SOCIETY**  
**STATEMENT OF CHANGES IN NET ASSETS**  
For the Year Ended March 31, 2022

	Internally Restricted	Unrestricted	Investment in Tangible Capital Assets	2022	2021
<b>NET ASSETS (DEFICIENCY), BEGINNING OF YEAR</b>	\$ 1,017,917	\$ 505,258	\$( 169,006)	\$ 1,354,169	\$ 1,100,568
Excess (deficiency) of revenue over expenses	-	1,379,016	( 1,333,997)	45,019	253,601
Tangible capital asset and development cost additions	-	( 24,170,421)	24,170,421	-	-
Tangible capital asset disposals	-	45,201	( 45,201)	-	-
Proceeds on mortgages	-	10,609,765	( 10,609,765)	-	-
Principal payments on mortgages	-	( 401,478)	401,478	-	-
Proceeds from BCH advances and forgivable loans	-	12,841,067	( 12,841,067)	-	-
Deferred capital contributions	-	179,107	( 179,107)	-	-
Net transfers from internally restricted	( 47,845)	47,845	-	-	-
<b>CHANGES DURING THE YEAR</b>	( 47,845)	530,102	( 437,238)	45,019	253,601
<b>NET ASSETS, END OF YEAR</b>	\$ 970,072	\$ 1,035,360	\$( 606,244)	\$ 1,399,188	\$ 1,354,169

**NELSON CARES SOCIETY**  
**STATEMENT OF CASH FLOWS**  
For the Year Ended March 31, 2022

	2022	2021
<b>OPERATING ACTIVITIES</b>		
Excess of revenue over expenses	\$ 45,019	\$ 253,601
Items not affecting cash flow:		
- Amortization of capital assets	1,525,982	591,722
- Amortization of deferred capital contributions	( 132,272)	( 127,415)
- BC Housing loan forgiveness	( 59,713)	( 59,713)
- Gain on sale of capital assets	( 595,157)	-
	<u>783,859</u>	<u>658,195</u>
Changes in non-cash working capital		
Accounts receivable	( 487,334)	( 669,575)
Prepaid expenses	( 23,310)	7,871
Government remittances and wages payable	62,398	112,675
Accounts payable and accrued liabilities	( 488,811)	473,694
BC Housing subsidies received in advance	10,003	45,879
Deferred contributions	126,382	114,095
	<u>( 800,672)</u>	<u>84,639</u>
<b>Cash Provided By Operating Activities</b>	<u>( 16,813)</u>	<u>742,834</u>
<b>FINANCING ACTIVITIES</b>		
Proceeds from long term debt	10,609,764	-
Repayment of long-term debt	( 401,478)	( 350,797)
Proceeds from BC Housing on forgivable loans and interim advances	12,841,067	7,712,220
Replacement reserve net cash transfers	116,445	( 59,631)
<b>Cash Provided By Financing Activities</b>	<u>23,165,798</u>	<u>7,301,792</u>
<b>INVESTING ACTIVITIES</b>		
Purchase of capital assets and development costs	( 24,170,421)	( 7,955,103)
Proceeds from disposal of capital assets	640,358	-
Deferred capital contributions	186,108	31,657
<b>Cash Used for Investing Activities</b>	<u>( 23,343,955)</u>	<u>( 7,923,446)</u>
<b>INCREASE IN CASH</b>	<u>( 194,970)</u>	<u>121,180</u>
<b>CASH, BEGINNING OF YEAR</b>	<u>2,152,859</u>	<u>2,031,679</u>
<b>CASH, END OF YEAR</b>	<u>\$ 1,957,889</u>	<u>\$ 2,152,859</u>
<b>Supplemental disclosure of noncash items</b>		
Reduction in long- term debt	\$ 575,000	\$ -



## 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.

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## 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.

### Allocation of expenses

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

### Financial instruments

The Society considers any contract creating a financial asset, liability or equity instrument as a financial instrument, except in certain limited circumstances. A financial asset or liability is recognized when the Society becomes party to the contractual provisions of the instrument.

- cash
- accounts receivables
- accounts payable and accrued liabilities
- wages payable
- BC Housing advances and loans
- long term debt

Initial measurement:

Financial assets or liabilities obtained in arm's length transactions are initially measured at their fair value. In the case of a financial asset or liability not being subsequently measured at fair value, the initial fair value will be adjusted for financing fees and transaction costs that are directly attributable to its origination, acquisition, issuance or assumption.

Financial assets or liabilities obtained in related party transactions are measured in accordance with the accounting policy for related party transactions except for those transactions that are with a person or entity whose sole relationship with the Society is in the capacity of management in which case they are accounted for in accordance with financial instruments.



**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Subsequent measurement:

The Society subsequently measures all of its financial assets and financial liabilities at amortized cost.

Impairment

Financial assets measured at cost are tested for impairment when there are indicators 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 on the Statement of Operations. Previously recognized impairment losses are reversed to the extent of the improvement provided the asset is not carried at an amount, at the date of the reversal, greater than the amount that would have been the carrying amount had no impairment loss been recognized previously. The amounts of any write-downs or reversals are recognized in the Statement of Operations.

**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.

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

**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.

**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.

**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, 2022**

**3. CAPITAL ASSETS**

	2022			2021		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
<b>Ward Street Place</b>						
Land	\$ 208,000	\$ -	\$ 208,000	\$ 208,000	\$ -	\$ 208,000
Buildings	4,151,133	1,906,660	2,244,473	3,912,248	1,740,615	2,171,633
	<u>\$ 4,359,133</u>	<u>\$ 1,906,660</u>	<u>\$ 2,452,473</u>	<u>\$ 4,120,248</u>	<u>\$ 1,740,615</u>	<u>\$ 2,379,633</u>
<b>Vernon Street</b>						
Land	\$ 290,000	\$ -	\$ 290,000	\$ 290,000	\$ -	\$ 290,000
Buildings	874,489	232,225	642,264	874,489	197,245	677,244
	<u>\$ 1,164,489</u>	<u>\$ 232,225</u>	<u>\$ 932,264</u>	<u>\$ 1,164,489</u>	<u>\$ 197,245</u>	<u>\$ 967,244</u>
<b>Hall Street</b>						
Land	\$ 979,200	\$ -	\$ 979,200	\$ -	\$ -	\$ -
Buildings	15,352,124	614,085	14,738,039	-	-	-
	<u>\$ 16,331,324</u>	<u>\$ 614,085</u>	<u>\$ 15,717,239</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>West Houston Street</b>						
Land	\$ -	\$ -	\$ -	\$ 45,200	\$ -	\$ 45,200
Buildings	-	-	-	298,300	221,628	76,672
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 343,500</u>	<u>\$ 221,628</u>	<u>\$ 121,872</u>
<b>Cedar Grove Estates</b>						
Building and leasehold improvements	10,145,843	1,437,456	8,708,387	4,164,392	1,055,507	3,108,885
Development in progress	-	-	-	3,053,452	-	3,053,452
	<u>\$ 10,145,843</u>	<u>\$ 1,437,456</u>	<u>\$ 8,708,387</u>	<u>\$ 7,217,844</u>	<u>\$ 1,055,507</u>	<u>\$ 6,162,337</u>
<b>Copper Mountain Court</b>						
Building and leasehold improvements	3,105,135	1,145,898	1,959,237	3,096,092	1,021,693	2,074,399
	<u>\$ 3,105,135</u>	<u>\$ 1,145,898</u>	<u>\$ 1,959,237</u>	<u>\$ 3,096,092</u>	<u>\$ 1,021,693</u>	<u>\$ 2,074,399</u>



**NELSON CARES SOCIETY**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**As At March 31, 2022**

**3. CAPITAL ASSETS (continued)**

	2022			2021		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
<b>Lakeside Place - Homeless at Risk</b>						
Land	\$ 237,000	\$ -	\$ 237,000	\$ 237,000	\$ -	\$ 237,000
Buildings	683,000	259,540	423,460	683,000	232,220	450,780
	<u>\$ 920,000</u>	<u>\$ 259,540</u>	<u>\$ 660,460</u>	<u>\$ 920,000</u>	<u>\$ 232,220</u>	<u>\$ 687,780</u>
<b>Lakeside Place Development</b>						
Land	\$ 237,000	\$ -	\$ 237,000	\$ 237,000	\$ -	\$ 237,000
Development in progress	12,794,016	-	12,794,016	7,732,390	-	7,732,390
	<u>\$ 13,031,016</u>	<u>\$ -</u>	<u>\$ 13,031,016</u>	<u>\$ 7,969,390</u>	<u>\$ -</u>	<u>\$ 7,969,390</u>
<b>Administration and Other</b>						
Leasehold Furniture and equipment	\$ 140,922	\$ 140,922	\$ -	\$ 140,922	\$ 140,922	\$ -
Vehicles	369,310	237,850	131,460	270,989	156,498	114,491
Development in progress - Hall Street	204,709	125,546	79,163	204,709	106,170	98,539
	-	-	-	496,776	-	496,776
	<u>\$ 714,941</u>	<u>\$ 504,318</u>	<u>\$ 210,623</u>	<u>\$ 1,113,396</u>	<u>\$ 403,590</u>	<u>\$ 709,806</u>
<b>Total</b>						
	Cost	2022 Accumulated Amortization	Net Book Value	Cost	2021 Accumulated Amortization	Net Book Value
Land	\$ 1,951,200	\$ -	\$ 1,951,200	\$ 1,017,200	\$ -	\$ 1,017,200
Buildings	31,206,589	4,449,966	26,756,623	5,768,037	2,391,708	3,376,329
Buildings and improvements on leased land	3,105,135	1,145,898	1,959,237	7,260,484	2,077,200	5,183,284
Leasehold	140,922	140,922	-	140,922	140,922	-
Furniture and equipment	369,310	237,850	131,460	270,989	156,498	114,491
Vehicles	204,709	125,546	79,163	204,709	106,170	98,539
Developments in progress	12,794,018	-	12,794,018	11,282,620	-	11,282,620
	<u>\$ 49,771,883</u>	<u>\$ 6,100,182</u>	<u>\$ 43,671,701</u>	<u>\$ 25,944,961</u>	<u>\$ 4,872,498</u>	<u>\$ 21,072,463</u>

**NELSON CARES SOCIETY**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**As At March 31, 2022**

**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	\$ 17,162	\$ 70,000	\$ -	\$ 87,162
Columbia Basin Trust	220,342	39,000	( 19,332)	240,010
Gaming Funds	33,000	33,000	( 33,000)	33,000
Heritage BC	16,335	170,766	( 187,101)	-
Inclusion BC	-	141,500	( 6,432)	135,068
Law Foundation - Advocacy	5,373	195,000	( 198,111)	2,262
Legal Services Society - Advocacy	-	28,383	( 17,674)	10,709
May and Stanley Smith Foundation	-	125,843	-	125,843
Ministry of Public Safety	8,570	103,731	( 96,842)	15,459
Osprey Foundation - Age Friendly	24,432	32,766	( 55,932)	1,266
Other restricted grants	99,435	44,527	( 88,889)	55,073
Regional District of Central Kootenay	-	8,209	-	8,209
Rent received in advance	37,062	-	( 37,062)	-
Service Canada	105,060	-	( 105,060)	-
United Way - Better at Home	10,774	88,001	( 98,775)	-
Vancouver Foundation	10,134	58,398	( 68,532)	-
	<b>\$ 587,679</b>	<b>\$ 1,139,124</b>	<b>\$( 1,012,742)</b>	<b>\$ 714,061</b>

**5. BC HOUSING FORGIVABLE LOANS**

	2022	2021
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.	<b>\$ 364,897</b>	<b>\$ 364,897</b>
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.	<b>347,983</b>	<b>347,983</b>
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.	<b>417,987</b>	<b>477,700</b>
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.	<b>529,266</b>	<b>529,266</b>



**NELSON CARES SOCIETY**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
As At March 31, 2022

**5. BC HOUSING FORGIVABLE LOANS (continued)**

Hall Street

BC Housing Corporation, for purchase of property. Secured by a second mortgage over the property. The loan forgiveness period is 25 years and will be forgiven 1/25 each year beginning in 2031.

	<b>4,842,400</b>	-
	<b>\$ 6,502,533</b>	<b>\$ 1,719,846</b>

**6. LONG-TERM DEBT**

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.

	2022	2021
	<b>\$ 1,165,279</b>	<b>\$ 1,193,931</b>

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.

	577,466	595,929
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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.

	817,740	961,306
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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.

	2,822,389	3,001,820
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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.

	492,818	524,184
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Hall Street

BC Housing Corporation advances. (Note 15)

	11,106,541	-
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	16,982,233	6,277,170
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Less: Current portion

	467,200	401,400
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	<b>\$ 16,515,033</b>	<b>\$ 5,875,770</b>
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**NELSON CARES SOCIETY**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**As At March 31, 2022**

**6. LONG-TERM DEBT (continued)**

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:

2023	\$	467,200
2024	\$	560,300
2025	\$	575,000
2026	\$	590,200
2027	\$	605,900

**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:

	2022	2021
Balance, beginning of year	\$ 1,854,742	\$ 1,950,500
Additions	186,108	31,657
Less: Amounts amortized to revenue	<u>( 132,272)</u>	<u>( 127,415)</u>
Balance, end of year	<u>\$ 1,908,578</u>	<u>\$ 1,854,742</u>
Balance, end of year consists of:		
Cedar Grove Estates	\$ 621,956	\$ 662,082
Lakeside Place - HAR	127,843	136,091
Technology upgrades	-	30,066
Ward Street Place - Room to Live Campaign	553,718	580,439
Ward Street Place - Other	524,613	361,813
Vernon Street - Stepping Stones	<u>80,448</u>	<u>84,251</u>
Total	<u>\$ 1,908,578</u>	<u>\$ 1,854,742</u>

Total unspent contributions included in the above balance are \$7,001 for future capital purchases for Ward Street Place.

**NELSON CARES SOCIETY**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**As At March 31, 2022**

**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**

	2022	2021
Balance, beginning of year	\$ 77,540	\$ 85,180
Interest	177	375
Replacement reserve funding received from BCH	34,560	34,560
Replacement expenses	<u>( 9,533)</u>	<u>( 42,575)</u>
Balance, end of year	<u>\$ 102,744</u>	<u>\$ 77,540</u>

**COPPER MOUNTAIN COURT**

	2022	2021
Balance, beginning of year	\$ 10,165	\$ 23,718
Interest	33	122
Replacement reserve funding received from BCH	63,936	31,968
Replacement expenses	<u>( 11,396)</u>	<u>( 45,643)</u>
Balance, end of year	<u>\$ 62,738</u>	<u>\$ 10,165</u>

**LAKESIDE PLACE - HOMELESS AT RISK**

	2022	2021
Balance, beginning of year	\$ 194,903	\$ 205,579
Interest	497	965
Replacement expenses	<u>( 30,518)</u>	<u>( 11,641)</u>
Balance, end of year	<u>\$ 164,882</u>	<u>\$ 194,903</u>

**HALL STREET**

	2022	2021
Balance, beginning of year	\$ -	\$ -
Interest	-	-
Replacement reserve funding received from BCH	<u>31,968</u>	<u>-</u>
Balance, end of year	<u>\$ 31,968</u>	<u>\$ -</u>

**TOTAL REPLACEMENT RESERVES**

	<u>\$ 362,332</u>	<u>\$ 282,608</u>
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**NELSON CARES SOCIETY**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**As At March 31, 2022**

**9. INVESTMENT IN CAPITAL ASSETS**

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

	2022	2021
Capital assets	<u>\$ 43,671,701</u>	<u>\$ 21,072,463</u>
Less amounts financed by:		
Deferred capital contributions	1,901,577	1,854,742
Long-term debt	16,982,233	6,277,170
BCH forgivable loans and advances	<u>25,394,135</u>	<u>13,109,558</u>
	<u>44,277,945</u>	<u>21,241,470</u>
	<u>\$ ( 606,244)</u>	<u>\$ ( 169,007)</u>
The balance is comprised of:		
Ward Street Place	\$( 149,049)	\$( 121,447)
Vernon Street	( 73,632)	( 60,919)
Hall Street	( 231,702)	-
Cedar Grove Estates	339,986	478,530
Copper Mountain Court	( 979,287)	( 1,034,528)
Lakeside Place Development	237,000	237,000
Lakeside Place - HAR	39,799	27,505
West Houston Street	-	121,872
Administration	<u>210,641</u>	<u>182,980</u>
Total investment	<u>\$ ( 606,244)</u>	<u>\$ ( 169,007)</u>

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

	2022	2021
Balance, beginning of year	\$( 169,007)	\$( 326,437)
Tangible capital asset additions	24,170,421	7,955,103
Tangible capital asset disposal	( 45,200)	-
Repayment of long-term debt	401,478	350,798
Loan forgiveness	59,713	59,713
Amortization of capital assets	( 1,525,982)	( 591,722)
Amortization of deferred contributions	132,272	127,415
Proceeds of BCH loans and advances	( 23,450,832)	( 7,712,220)
Net deferred capital contributions	<u>( 179,107)</u>	<u>( 31,657)</u>
Balance, end of year	<u>\$ ( 606,244)</u>	<u>\$ ( 169,007)</u>



**NELSON CARES SOCIETY**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**As At March 31, 2022**

**10. INTERNALLY RESTRICTED NET ASSETS**

	2022	2021
Administrative housing contingencies	\$ 115,243	\$ 115,242
Advocacy	15,671	-
CGE - Basement Suites	15,900	12,300
Equipment replacement	14,124	12,625
Lakeside Place	151,234	150,893
Kootenay seniors	18,664	-
Office relocation	-	104,859
Operational contingencies	139,609	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	53,875	41,875
Vernon Street	42,015	30,184
Ward Street Place	214,012	229,552
West Houston	19,298	18,173
	<u>\$ 970,072</u>	<u>\$ 1,017,917</u>

**11. MUNICIPAL PENSION PLAN**

The Society and its employees contribute to the Municipal Pension Plan ("the plan"), a jointly trustee pension plan. The Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the 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 220,000 active members and approximately 112,000 retired members. Active members include approximately 42,000 contributors from local governments.

Every three years an actuarial valuation is performed to assess the financial position of the plan and 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 \$224,204 (2021 - \$187,437) for employer contributions to the plan in the fiscal year.

**12. 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.

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**13. 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, 2022.

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**14. COMPARATIVE FIGURES**

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

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**15. SUBSEQUENT EVENTS**

Subsequent to year end, \$596,694 was fraudulently removed from one of the Society's bank accounts and as at the reporting date, \$211,079 has been returned.

Additionally, subsequent to year end the mortgage for Hall Street was finalized effective October 1, 2022. As a result of this agreement the amount due has been classified as long-term debt.

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**NELSON CARES SOCIETY**  
**SCHEDULE OF OPERATIONS BY FUNDER**  
For the Year Ended March 31, 2022

	BC Housing		Community Living BC		NCOH		2021
	Affordable Housing	Emergency Services	Residential Living	Custom Fit Inclusion and Employment	Service Canada	Others	
<b>REVENUE</b>							
Grants - Provincial and Federal	\$ 492,222	\$ 1,841,567	\$ 2,629,974	\$ 500,114	\$ 759,896	\$ 129,517	\$ 5,912,501
Grants - Other	-	5,199	-	-	-	880,318	885,517
Replacement reserve transfers	( 13,217)	-	-	-	-	-	( 13,217)
Rent and utility contributions	863,101	24,489	134,953	-	-	405,166	1,427,709
Fees for service	9,175	-	-	-	-	39,192	48,367
Donations	-	68	-	-	-	137,666	139,949
Interest, laundry income, and sundry	20	-	-	-	2,000	55,567	57,587
Amortization of deferred capital contributions	-	-	-	-	-	132,272	127,415
BC Housing loan forgiveness	59,713	-	-	-	-	-	59,713
Gain on sale of tangible capital assets	-	-	-	-	-	595,157	595,157
Administrative fee - internal	-	-	-	-	-	445,384	445,384
	<b>1,411,014</b>	<b>1,871,343</b>	<b>2,764,927</b>	<b>500,114</b>	<b>761,896</b>	<b>2,820,171</b>	<b>8,580,029</b>
<b>EXPENSES</b>							
Administrative fee - internal	360	63,172	230,493	44,202	107,157	-	445,384
Amortization	1,147,559	34,980	24,829	4,036	-	314,578	1,525,982
Insurance	86,556	4,811	6,990	74	7,479	37,046	143,056
Interest	77,938	14,205	-	-	-	28,550	120,693
Licenses and dues	1,821	358	-	-	-	2,415	4,594
Office and administration	2,957	4,451	1,500	-	2,286	30,933	42,127
Professional fees	18,657	6,925	-	-	21,540	63,776	110,898
Program costs and rent subsidies	12,238	112,983	93,556	9,342	43,429	47,408	318,956
Property tax	41,150	-	1,761	-	-	28,028	70,939
Rent	-	8,000	-	20,777	40,857	89,213	158,847
Repairs and maintenance	203,969	221,113	20,228	3,132	9,213	223,984	681,639
Replacement reserve repairs	85,278	-	-	-	-	33,831	51,447
Special projects	-	-	-	19,507	289,740	175,673	484,920
Telephone and utilities	241,880	27,397	16,894	6,265	14,495	131,610	438,541
Travel and staff development	1,145	5,785	7,099	9,984	1,803	14,411	40,227
Vehicle	-	-	22,175	-	-	3,986	26,161
Wages and employee benefits	174,677	1,273,058	2,390,478	371,747	224,082	985,993	5,060,768
	<b>2,096,285</b>	<b>1,777,238</b>	<b>2,816,003</b>	<b>489,066</b>	<b>762,081</b>	<b>2,143,773</b>	<b>8,326,428</b>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES</b>	<b>\$( 685,271)</b>	<b>\$ 94,105</b>	<b>\$( 51,076)</b>	<b>\$ 11,048</b>	<b>\$( 185)</b>	<b>\$ 676,398</b>	<b>\$ 45,019</b>
							<b>\$ 253,601</b>



**NELSON CARES SOCIETY**  
**SCHEDULE OF OPERATIONS FOR BC HOUSING AFFORDABLE HOUSING PROJECTS**  
For the Year Ended March 31, 2022

	Hall Street	Cedar Grove	Copper Mountain	Lakeside Place	Scattered Addresses	2022	2021
<b>REVENUE</b>							
Grants							
- Provincial - BC Housing subsidy	\$ -	\$ 174,132	\$ 239,829	\$ 65,663	\$ 12,598	\$ 492,222	\$ 529,734
Replacement reserve net transfers	( 31,968)	( 15,484)	3,716	30,519	-	( 13,217)	33,331
Rent contributions	292,258	245,213	289,330	36,300	-	863,101	589,435
Fees for service	9,175	-	-	-	-	9,175	-
Interest and sundry	-	7	11	2	-	20	232
BC Housing loan forgiveness	-	59,713	-	-	-	59,713	59,713
	<b>269,465</b>	<b>463,581</b>	<b>532,886</b>	<b>132,484</b>	<b>12,598</b>	<b>1,411,014</b>	<b>1,212,445</b>
<b>EXPENSES</b>							
Administrative fee internal	-	-	-	-	-	-	8,130
Amortization	614,085	381,949	124,205	27,320	-	1,147,559	423,265
Insurance	35,276	21,114	25,541	4,725	-	86,656	46,602
Interest	-	23,178	46,648	8,112	-	77,938	182,810
Licenses and due	500	376	714	231	-	1,821	1,315
Office	1,087	634	1,207	29	360	3,317	9,070
Professional fees	4,920	5,040	5,913	2,784	-	18,657	13,737
Program costs and rent subsidies	-	-	-	-	12,238	12,238	12,228
Property tax	21,212	9,563	10,375	-	-	41,150	19,999
Repairs and maintenance	62,082	71,470	54,851	15,566	-	203,969	103,759
Replacement reserve repairs	-	19,076	35,684	30,518	-	85,278	103,459
Telephone and utilities	59,749	64,860	95,932	21,339	-	241,880	172,360
Travel and staff development	-	498	437	210	-	1,145	1,305
Wages and employee benefits	50,518	34,167	72,993	16,999	-	174,677	159,585
	<b>849,429</b>	<b>631,925</b>	<b>474,500</b>	<b>127,833</b>	<b>12,598</b>	<b>2,096,285</b>	<b>1,257,644</b>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES</b>	<b>\$( 579,964)</b>	<b>\$( 168,344)</b>	<b>\$ 58,386</b>	<b>\$ 4,651</b>	<b>\$ -</b>	<b>\$( 685,271)</b>	<b>\$( 45,199)</b>