



Financial Statements

Nelson CARES Society

March 31, 2025

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Independent Auditor's Report

To the Members of
Nelson CARES Society

Qualified opinion

We have audited the financial statements of Nelson CARES Society, which comprise the statement of financial position as at March 31, 2025, 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 effects of the matter described in the Basis for qualified opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Society as at March 31, 2025, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for private enterprises.

Basis for qualified opinion

In common with many not-for-profit organizations, the Society derives revenue from fundraising activities the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Society. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising revenue, excess of revenues over expenses, and cash flows from operations for the years ended March 31, 2025 and 2024, current assets as at March 31, 2025 and 2024, and net assets as at April 1 and March 31 for both the 2025 and 2024 years. Our audit opinion on the financial statements for the year ended March 31, 2024 was modified accordingly because of the possible effects of this limitation in scope.

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

Report on other legal and regulatory matters

As required by the Society's Act of British Columbia, we report that, in our opinion, the accounting principles in Canadian accounting standards for not-for-profit organizations have been applied on a basis consistent with that of the preceding year.

Responsibilities of management and those charged with governance for the financial statements

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

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

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

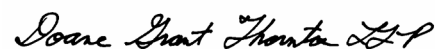
Auditor's responsibilities for the audit of the financial statements

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

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

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

Trail, Canada
September 17, 2025



Chartered Professional Accountants

Nelson CARES Society

Statement of Financial Position

March 31

2025

2024

Assets

Current

Cash	\$ 2,470,549	\$ 2,652,870
Accounts receivable	2,360,236	433,559
Prepaid expenses	373,734	358,536
	<u>5,204,519</u>	<u>3,444,965</u>

Replacement reserve cash (Note 3)	571,078	505,129
Tangible capital assets (Schedule 1) (Note 4)	<u>43,943,954</u>	<u>42,614,181</u>
	<u>\$ 49,719,551</u>	<u>\$ 46,564,275</u>

Liabilities

Current

Accounts payable and accrued liabilities	\$ 2,497,912	\$ 526,986
Government remittances payable	104,982	65,796
Wages payable	427,483	363,885
Deferred contributions (Note 5)	475,193	613,582
BC Housing - interim advances	13,903,271	10,745,354
Current portion of long-term debt (Note 7)	<u>649,800</u>	<u>632,300</u>
	<u>18,058,641</u>	<u>12,947,903</u>

BC Housing forgivable loans (Note 6)	12,003,308	12,582,566
Long-term debt (Note 7)	18,590,850	19,249,592
Deferred capital contributions (Note 8)	1,860,940	1,871,446
Replacement reserves (Note 3)	<u>571,078</u>	<u>505,129</u>
	<u>51,084,817</u>	<u>47,156,636</u>

Net assets

Investment in tangible capital assets (Note 10)	(3,064,214)	(2,467,076)
Internally restricted (Note 11)	822,461	774,611
Unrestricted	<u>876,487</u>	<u>1,100,104</u>
	<u>(1,365,266)</u>	<u>(592,361)</u>
	<u>\$ 49,719,551</u>	<u>\$ 46,564,275</u>

Contingent liabilities (Note 9)

On behalf of the Board

Director

Director

Nelson CARES Society

Statement of Operations

Year ended March 31	2025 Budget	2025 Actual	2024 Actual
Revenues			
Grants - provincial and federal	\$ 14,269,278	\$ 7,881,884	\$ 7,863,975
Rent	2,233,207	2,268,945	2,192,612
Grants - other	1,569,944	606,529	859,529
BC Housing loan forgiveness	-	598,616	59,713
Fee for service	165,546	177,096	171,583
Donations	220,622	148,170	158,474
Amortization of deferred capital contributions	-	183,814	143,920
Interest and sundry	30,426	26,797	29,124
Gain on sale of tangible capital assets	-	-	22,308
	<u>18,489,023</u>	<u>11,891,851</u>	<u>11,501,238</u>
Expenses			
Amortization	-	2,245,792	2,061,639
Insurance	423,647	330,809	307,030
Interest	1,342,002	694,322	709,548
Licenses and dues	7,080	5,535	9,552
Office and administration	171,758	112,109	82,278
Other expenses and write offs	30,000	31,010	-
Professional fees	388,950	132,917	76,699
Program costs	543,836	310,858	360,419
Property taxes	119,370	118,523	115,960
Rent	119,321	130,660	205,761
Repairs and maintenance	7,745,866	974,999	827,657
Replacement reserve expenses	133,710	135,296	34,904
Special projects	264,582	294,582	226,538
Telephone and utilities	620,327	632,800	610,364
Travel and staff development	56,471	49,070	75,970
Vehicle	16,932	23,518	30,686
Wages and employee benefits	6,505,171	6,441,956	6,815,780
	<u>18,489,023</u>	<u>12,664,756</u>	<u>12,550,785</u>
Deficiency of revenues over expenses	\$ -	\$ (772,905)	\$ (1,049,547)

Nelson CARES Society

Statement of Changes in Net Assets

Year ended March 31

	Unrestricted	Internally restricted (Note 10)	Investment in tangible capital assets (Note 9)	Total 2025	Total 2024
Balance, beginning of year	\$ 1,100,104	\$ 774,611	\$ (2,467,076)	\$ (592,361)	\$ 457,186
Deficiency of revenues over expenses	(772,905)	-	-	(772,905)	(1,049,547)
Tangible capital asset and development cost additions	(3,575,565)	-	3,575,565	-	-
Principal payments on long-term debt	(641,242)	-	641,242	-	-
Deferred capital contributions	173,308	-	(173,308)	-	-
Net transfers from internally restricted net assets	(47,850)	47,850	-	-	-
Proceeds from BCH advances and forgivable loans	3,177,275	-	(3,177,275)	-	-
Loan forgiveness	(598,616)	-	598,616	-	-
Amortization of capital assets	2,245,792	-	(2,245,792)	-	-
Amortization of deferred contributions	(183,814)	-	183,814	-	-
Balance, end of year	<u>\$ 876,487</u>	<u>\$ 822,461</u>	<u>\$ (3,064,214)</u>	<u>\$ (1,365,266)</u>	<u>\$ (592,361)</u>

Nelson CARES Society

Statement of Cash Flows

Year ended March 31

2025

2024

Increase (decrease) in cash

Operating

Deficiency of revenues over expenses	\$ (772,905)	\$ (1,049,547)
Items not affecting cash		
Amortization of tangible capital assets	2,245,792	2,061,639
Amortization of deferred capital contributions	(183,814)	(143,920)
Additions to deferred capital contributions	173,308	210,285
Gain on sale of tangible capital assets (schedule 1)	-	(22,308)
BC Housing loan forgiveness	(598,616)	(59,713)
	<u>863,765</u>	<u>996,436</u>
Change in non-cash working capital items		
Accounts receivable	(1,926,677)	629,445
Prepaid expenses	(15,198)	8,481
Accounts payable and accrued liabilities	1,970,926	105,057
Government remittances	39,186	13,229
Wages payable	63,598	(442,223)
Deferred contributions	(138,389)	34,069
	<u>857,211</u>	<u>1,344,494</u>

Financing

Repayment of long-term debt	(641,242)	(626,017)
Net proceeds from BC Housing forgivable loans and interim advances	<u>3,177,275</u>	<u>422,428</u>
	<u>2,536,033</u>	<u>(203,589)</u>

Investing

Purchase of tangible capital assets	(3,575,565)	(694,595)
Proceeds on disposal of tangible capital assets	<u>-</u>	<u>22,308</u>
	<u>(3,575,565)</u>	<u>(672,287)</u>

(Decrease) increase in cash (182,321) 468,618

Cash

Beginning of year	<u>2,652,870</u>	<u>2,184,252</u>
End of year	<u>\$ 2,470,549</u>	<u>\$ 2,652,870</u>

Nelson CARES Society

Notes to the Financial Statements

March 31, 2025

1. Nature of operations

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, affordable housing, 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

The Society follows accounting principles generally accepted in Canada in preparing its financial statements. The significant accounting policies used are as follows:

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. The Society accounts for the following as financial instruments:

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

Nelson CARES Society

Notes to the Financial Statements

March 31, 2025

2. Summary of significant accounting policies (continued)

Financial instruments (continued)

Financial instruments in arm's length transactions

Initial measurement

The Society initially measures financial assets and financial liabilities originating, acquired, issued or assumed in arm's length transactions at fair value.

Subsequent measurement

The Society subsequently measures all of its financial assets and financial liabilities at amortized cost, except for cash which is measured at fair value. Changes in financial instruments measured at fair value are recognized in excess of revenues over expenses.

Financing fees and transaction costs

At initial recognition, the value of financial assets and financial liabilities in arm's length transactions that are subsequently measured at cost or amortized cost are adjusted for financing fees and transaction costs that are directly attributable to their origination, acquisition, issuance or assumption. The fees and costs are subsequently amortized into excess of revenues over expenses using the effective interest rate method. All other transaction costs are recognized in excess of revenues over expenses in the period incurred.

Derecognition

The Society removes financial liabilities, or a portion of, when the obligation is discharged, cancelled or expires.

Impairment

Financial assets measured at cost or amortized cost are tested for impairment when indicators of impairment exist at the end of the reporting period. Previously recognized impairment losses are reversed to the extent of the improvement provided the financial 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 excess of revenues over expenses.

Tangible 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:

Nelson CARES Society

Notes to the Financial Statements

March 31, 2025

2. Summary of significant accounting policies (continued)

Tangible capital assets (continued)

Buildings	25 years
Buildings and improvements on leased land	25 years
Furniture and equipment	5 years
Vehicles	7 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.

BC Housing forgivable loans

Forgivable loans restricted for capital purposes 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.

3. 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:

Nelson CARES Society

Notes to the Financial Statements

March 31, 2025

3. Replacement reserves (continued)

Cedar Grove Estates

	<u>2025</u>	<u>2024</u>
Balance, beginning of year	\$ 162,126	\$ 100,854
Interest	268	182
Replacement reserve funding received from BCH	34,560	70,560
Replacement expenses	<u>(8,481)</u>	<u>(9,470)</u>
	<u>\$ 188,473</u>	<u>\$ 162,126</u>

Copper Mountain Court

Balance, beginning of year	\$ 107,116	\$ 61,823
Interest	252	172
Replacement reserve funding received from BCH	31,968	65,268
Replacement expenses	<u>(15,714)</u>	<u>(20,147)</u>
Balance, end of year	<u>\$ 123,622</u>	<u>\$ 107,116</u>

Lakeside Place - Homeless at Risk

Balance, beginning of year	\$ 139,768	\$ 133,462
Interest	6	6
Replacement reserve funding received from BCH	-	-
Replacement expenses	(6,833)	(6,547)
Other transfers	<u>3,965</u>	<u>12,847</u>
Balance, end of year	<u>\$ 136,906</u>	<u>\$ 139,768</u>

Hall Street

Balance, beginning of year	\$ 96,119	\$ 63,982
Interest	246	167
Replacement reserve funding received from BCH	31,968	31,970
Replacement expenses	<u>(6,255)</u>	<u>-</u>
	<u>\$ 122,078</u>	<u>\$ 96,119</u>

Total replacement reserves	<u>\$ 571,078</u>	<u>\$ 505,129</u>
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Nelson CARES Society

Notes to the Financial Statements

March 31, 2025

4. Tangible capital assets (schedule 1)

	<u>2025</u>		<u>2024</u>	
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Cost</u>	<u>Accumulated Amortization</u>
Land	\$ 1,951,200	\$ -	\$ 1,951,200	\$ -
Buildings	35,981,015	7,306,837	35,742,124	5,867,597
Buildings and improvements on leased land	17,037,871	4,307,866	14,090,822	3,650,235
Furniture and equipment	548,708	286,911	552,733	337,869
Vehicles	220,518	118,739	220,518	87,515
Developments in progress	<u>224,995</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>55,964,307</u>	<u>12,020,353</u>	<u>52,557,397</u>	<u>9,943,216</u>
Net book value	<u>\$ 43,943,954</u>		<u>\$ 42,614,181</u>	

Current year additions include \$224,995 related to an asset that is not currently in use and have not been amortized as of March 31, 2025.

Nelson CARES Society

Notes to the Financial Statements

March 31, 2025

5. Deferred contributions

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

	Balance, beginning of year	Received	Recognized	Grants related to TCA	Balance, end of year
BC Housing - other grants	\$ 258,651	\$ 3,183,928	\$ -	\$ (3,343,501)	\$ 99,078
Columbia Basin Trust	-	38,000	-	-	38,000
Gaming Funds	33,000	33,000	(33,000)	-	33,000
Inclusion BC	128,697	-	-	-	128,697
Law Foundation - Advocacy	18,438	225,000	(200,437)	-	43,001
Legal Services Society - Advocacy	5,507	33,460	(38,967)	-	-
Ministry of Public Safety	11,904	128,334	(119,943)	-	20,295
Other restricted grants	66,592	-	-	-	66,592
Service Canada	67,953	673,349	(699,122)	-	42,180
United Way - Better at Home	15,450	256,429	(271,879)	-	-
Nelson Community Services	1,233	16,233	(17,466)	-	-
Osprey Community Foundation	6,157	33,000	(39,157)	-	-
Vancouver Foundation	-	8,600	(4,250)	-	4,350
	\$ 613,582	\$ 4,629,333	\$ (1,424,221)	\$ (3,343,501)	\$ 475,193

Nelson CARES Society

Notes to the Financial Statements

March 31, 2025

6. BC Housing forgivable loans	2025	2024
Ward Street Place BC Housing Corporation, for renovations of Ward Street Place basement into separate units. Secured by a second mortgage over the property.	\$ 233,534	\$ 364,898
Vernon Street BC Housing Corporation, for shelter renovations. Secured by a second mortgage over the property.	222,709	347,983
Cedar Grove Estates BC Housing Corporation, CGE retaining wall and perimeter drainage. Secured by a second mortgage over the property.	453,815	298,563
Cedar Grove Estates BC Housing Corporation, CGE basement suites. Secured by a second mortgage over the property.	539,945	529,266
Hall Street BC Housing Corporation, for purchase of property. Secured by a second mortgage over the property.	4,835,145	4,826,465
Cedar Grove Estates BC Housing Corporation, for capital improvement of a 40 unit project. Secured by a second mortgage over the property.	<u>5,718,160</u>	<u>6,215,391</u>
	<u>\$ 12,003,308</u>	<u>\$ 12,582,566</u>

Nelson CARES Society

Notes to the Financial Statements

March 31, 2025

7. Long-term debt

	<u>2025</u>	<u>2024</u>
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.	\$ 1,075,052	\$ 1,103,317
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.	519,322	537,537
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.	364,106	519,268
Copper Mountain Court MCAP mortgage, repayable in monthly instalments of \$18,840 including interest at 1.59%, renewing February 1, 2031. Secured by a registered charge, an assignment of rents, and fire insurance proceeds on the property.	2,265,072	2,453,655
Lakeside Homeless at Risk MCAP mortgage, repayable in monthly instalments of \$3,290 including interest at 1.59%, renewing February 1, 2031. Secured by a registered charge, an assignment of rents, and fire insurance proceeds on the property.	395,531	428,462
Hall Street The Bank of Nova Scotia mortgage, repayable in monthly instalments of \$50,227 including interest at 4.19%, renewing October 1, 2032. Secured by a registered charge, an assignment of rents, and fire insurance proceeds on the property.	10,743,438	10,902,039
Lakeside Place The Bank of Nova Scotia mortgage, repayable in monthly instalments of \$17,556 including interest at 3.92%, renewing August 1, 2032. Secured by a registered charge, an assignment of rents, and fire insurance proceeds on the property.	<u>3,878,129</u>	<u>3,937,614</u>
	19,240,650	19,881,892
Less current portion	<u>649,800</u>	<u>632,300</u>
Due beyond one year	<u>\$ 18,590,850</u>	<u>\$ 19,249,592</u>

Nelson CARES Society

Notes to the Financial Statements

March 31, 2025

7. 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:

2026	\$	649,800
2027		667,800
2028		561,400
2029		533,600
2030		548,900

8. 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:

	<u>2025</u>	<u>2024</u>
Balance, beginning of year	\$ 1,871,446	\$ 1,805,081
Additions	173,308	210,285
Amounts amortized to revenue	<u>(183,814)</u>	<u>(143,920)</u>
Balance, end of year	<u>\$ 1,860,940</u>	<u>\$ 1,871,446</u>

Balance, end of year consists of:

Cedar Grove Estates	\$ 501,577	\$ 541,703
Lakeside Place - HAR	103,099	111,347
Ward Street Place - Room to Live Campaign	469,680	497,693
Ward Street Place - Other	467,876	477,997
Vernon Street - Stepping Stones	69,040	72,843
Administrative	<u>249,668</u>	<u>169,863</u>
	<u>\$ 1,860,940</u>	<u>\$ 1,871,446</u>

9. Contingent liabilities

Under the terms of the Agreements with British Columbia Housing Management Commission ("BCHMC"), any surplus arising from the operating phases may be repayable to BCHMC. In the event the Society were to sell its buildings, the outstanding mortgage balances would be repayable to BCHMC. This liability, which reduces as the mortgages are repaid or forgiven, has not been recorded in these financial statements because it is contingent upon the sale of the property.

Nelson CARES Society

Notes to the Financial Statements

March 31, 2025

10. Investment in tangible capital assets

Deficiency in tangible capital assets is calculated as follows:

	<u>2025</u>	<u>2024</u>
Tangible capital assets	\$ 43,943,954	\$ 42,614,181
Less amounts financed by:		
Deferred capital contributions (Note 7)	(1,860,940)	(1,871,446)
Long-term debt	(19,240,650)	(19,881,892)
BCH forgivable loans and advances	(25,906,578)	(23,327,919)
	(47,008,168)	(45,081,257)
	\$ (3,064,214)	\$ (2,467,076)

The balance is comprised of:

Ward Street Place	\$ (206,192)	\$ (293,480)
Vernon Street	16,254	(96,058)
Hall Street	(1,492,244)	(1,182,169)
Cedar Grove Estates	201,487	55,954
Copper Mountain Court	(972,566)	(895,252)
Lakeside Place Development	(824,729)	(300,083)
Lakeside Place - HAR	79,869	66,011
Administration	133,907	178,001
	\$ (3,064,214)	\$ (2,467,076)

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

Balance, beginning of year	\$ (2,467,076)	\$ (1,552,153)
Tangible capital asset additions	3,575,565	694,595
Repayment of long-term debt	641,242	626,017
Loan forgiveness	598,616	59,713
Amortization of capital assets	(2,245,792)	(2,061,639)
Amortization of deferred contributions	183,814	143,920
Proceeds of BCH loans and advances	(3,177,275)	(167,244)
Deferred capital contributions	(173,308)	(210,285)
	\$ (3,064,214)	\$ (2,467,076)

Nelson CARES Society

Notes to the Financial Statements

March 31, 2025

11. Internally restricted net assets

	<u>2025</u>	<u>2024</u>
Administrative housing contingencies	\$ 12,487	\$ 12,487
Advocacy	-	15,871
CGE - Basement Suites	22,195	19,405
Equipment replacement	16,529	14,849
Lakeside Place	105,244	68,579
Kootenay seniors	-	16,648
Operational contingencies	156,168	140,200
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	50,264	44,264
Vernon Street	64,020	60,863
Ward Street Place	202,222	189,342
Hall Street Residence	22,904	21,676
	<u>\$ 822,460</u>	<u>\$ 774,611</u>

12. Municipal pension plan

The Society and its employees contribute to the Municipal Pension Plan (a jointly trustee pension 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, 2023, the plan has about 256,000 active members and approximately 129,000 retired members. Active members include approximately 45,000 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, 2021 indicated a \$3,761 million funding surplus for basic pension benefits on a going concern basis. The Society paid \$287,245 (2024 - \$270,280) for employer contributions to the plan in the fiscal year.

The next valuation will be as at December 31, 2024.

Nelson CARES Society

Notes to the Financial Statements

March 31, 2025

12. Municipal pension plan (continued)

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.

13. Financial instruments

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

(a) 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.

(b) 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 requires disclosure of remuneration paid to directors as well as remuneration greater than \$75,000 paid to employees and contractors. For the year ending March 31, 2025, the Society paid total remuneration of \$838,024 (2024 - \$1,026,587) to nine (2024 - eleven) employees for services, each of whom received annual remuneration of \$75,000 or greater. The directors of the Society received no remuneration for the performance of their responsibility as directors.

15. Comparative figures

Comparative figures have been adjusted to conform to changes in the current year presentation.

NELSON CARES SOCIETY

Schedule 1 - Tangible Capital Assets

As At March 31, 2025

	2025			2024		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Ward Street Place						
Land	\$ 208,000	\$ -	\$ 208,000	\$ 208,000	\$ -	\$ 208,000
Buildings	4,243,051	2,411,086	1,831,965	4,183,805	2,241,364	1,942,441
	<u>\$ 4,451,051</u>	<u>\$ 2,411,086</u>	<u>\$ 2,039,965</u>	<u>\$ 4,391,805</u>	<u>\$ 2,241,364</u>	<u>\$ 2,150,441</u>
Vernon Street						
Land	\$ 290,000	\$ -	\$ 290,000	\$ 290,000	\$ -	\$ 290,000
Buildings	874,489	337,164	537,325	874,489	302,184	572,305
	<u>\$ 1,164,489</u>	<u>\$ 337,164</u>	<u>\$ 827,325</u>	<u>\$ 1,164,489</u>	<u>\$ 302,184</u>	<u>\$ 862,305</u>
Hall Street						
Land	\$ 979,200	\$ -	\$ 979,200	\$ 979,200	\$ -	\$ 979,200
Buildings	15,577,232	2,470,095	13,107,137	15,414,139	1,847,006	13,567,133
	<u>\$ 16,556,432</u>	<u>\$ 2,470,095</u>	<u>\$ 14,086,337</u>	<u>\$ 16,393,339</u>	<u>\$ 1,847,006</u>	<u>\$ 14,546,333</u>
Cedar Grove Estates						
Building and leasehold improvements	10,390,461	2,611,372	7,779,089	10,379,783	2,219,638	8,160,145
	<u>\$ 10,390,461</u>	<u>\$ 2,611,372</u>	<u>\$ 7,779,089</u>	<u>\$ 10,379,783</u>	<u>\$ 2,219,638</u>	<u>\$ 8,160,145</u>
Copper Mountain Court						
Building and leasehold improvements	6,647,409	1,696,494	4,950,915	3,711,040	1,430,598	2,280,442
	<u>\$ 6,647,409</u>	<u>\$ 1,696,494</u>	<u>\$ 4,950,915</u>	<u>\$ 3,711,040</u>	<u>\$ 1,430,598</u>	<u>\$ 2,280,442</u>

NELSON CARES SOCIETY**Schedule 1 - Tangible Capital Assets (Continued)****As At March 31, 2025**

	Cost	2025 Accumulated Amortization	Net Book Value	Cost	2024 Accumulated Amortization	Net Book Value
Lakeside Place - Homeless at Risk						
Land	\$ 237,000	\$ -	\$ 237,000	\$ 237,000	\$ -	\$ 237,000
Buildings	683,000	341,500	341,500	683,000	314,180	368,820
	<u>\$ 920,000</u>	<u>\$ 341,500</u>	<u>\$ 578,500</u>	<u>\$ 920,000</u>	<u>\$ 314,180</u>	<u>\$ 605,820</u>
Lakeside Place Development						
Land	\$ 237,000	\$ -	\$ 237,000	\$ 237,000	\$ -	\$ 237,000
Buildings	14,603,243	1,746,992	12,856,251	14,586,691	1,162,862	13,423,829
	<u>\$ 14,840,243</u>	<u>\$ 1,746,992</u>	<u>\$ 13,093,251</u>	<u>\$ 14,823,691</u>	<u>\$ 1,162,862</u>	<u>\$ 13,660,829</u>
Administration and Other						
Furniture and equipment	548,708	286,911	261,797	552,733	337,869	214,864
Vehicles	220,518	118,738	101,780	220,518	87,515	133,003
Development in progress - Front Street	224,995	-	224,995	-	-	-
	<u>\$ 994,221</u>	<u>\$ 405,649</u>	<u>\$ 588,572</u>	<u>\$ 773,251</u>	<u>\$ 425,384</u>	<u>\$ 347,867</u>

NELSON CARES SOCIETY

Schedule 2 - Statement of Operations by Funder

For the Year Ended March 31, 2025

	BC Housing		Community Living BC		NCOH	United Way			
	Affordable Housing	Emergency Services	Residential Living	Custom Fit Inclusion and Employment	Service Canada	Seniors	Others	2025	2024
REVENUE									
Grants - Provincial and Federal	\$ 2,260,141	\$ 1,351,040	\$ 2,630,072	\$ 672,640	\$ 699,122	\$ 15,450	\$ 201,300	\$ 7,829,765	\$ 7,863,975
Grants - Other	15,318	-	-	8,497	-	248,508	349,524	621,847	859,529
Replacement reserve transfers	36,800	-	-	-	-	-	-	36,800	-
Rent and utility contributions	1,164,244	19,916	130,791	-	-	-	953,993	2,268,944	2,192,612
Fees for service	113,418	-	-	-	-	29,540	34,139	177,097	171,583
Donations	-	5,217	-	150	-	9,520	133,283	148,170	158,474
Interest, laundry income, and sundry	420	-	-	-	-	-	26,378	26,798	29,124
Amortization of deferred capital contributions	-	-	-	-	-	-	183,814	183,814	143,920
BC Housing loan forgiveness	341,979	125,274	-	-	-	-	131,363	598,616	59,713
Gain on sale of tangible capital assets	-	-	-	-	-	-	-	-	22,308
Administrative fee - internal	-	-	-	-	-	-	712,951	712,951	535,266
	3,932,320	1,501,447	2,760,863	681,287	699,122	303,018	2,726,745	12,604,802	12,036,504
EXPENSES									
Administrative fee - internal	83,853	87,830	239,023	57,954	116,002	27,540	100,749	712,951	535,266
Amortization	1,291,876	39,941	32,714	4,226	-	-	877,035	2,245,792	2,061,639
Insurance	208,905	6,738	4,800	885	885	480	108,116	330,809	307,030
Interest	517,679	14,453	-	-	-	-	162,190	694,322	709,548
Licenses and dues	3,553	358	-	-	-	-	1,624	5,535	9,552
Office and administration	13,376	3,119	4,636	357	1,030	5,540	84,051	112,109	82,278
Professional fees	26,340	4,701	42,014	5,853	480	-	53,529	132,917	76,699
Program costs and rent subsidies	55,822	75,517	82,572	5,952	44,100	16,397	30,498	310,858	360,419
Property tax	63,055	-	1,728	-	-	-	53,740	118,523	115,960
Rent	-	-	18,888	18,912	19,524	11,100	62,236	130,660	205,761
Repairs and maintenance	570,849	93,043	17,293	3,995	8,285	1,372	280,161	974,998	827,657
Replacement reserve repairs	135,296	-	-	-	-	-	-	135,296	34,904
Special projects	-	-	-	-	270,588	-	23,994	294,582	226,538
Telephone and utilities	371,182	27,597	17,015	5,069	3,467	4,884	203,586	632,800	610,364
Travel and staff development	8,187	1,448	6,902	11,906	3,728	3,232	13,667	49,070	75,970
Vehicle	-	-	23,518	-	-	-	-	23,518	30,686
Wages and employee benefits	815,547	953,436	2,359,068	544,148	231,033	264,518	1,274,207	6,441,957	6,815,780
Other expenses and write offs	5,767	-	-	-	-	-	25,243	31,010	-
	4,171,287	1,308,181	2,850,171	659,257	699,122	335,063	3,354,626	13,377,707	13,086,051
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	\$ (238,967)	\$ 193,266	\$ (89,308)	\$ 22,030	\$ -	\$ (32,045)	\$ (627,881)	\$ (772,905)	\$ (1,049,547)

NELSON CARES SOCIETY

Schedule 3 - Statement of Operations for BC Housing Affordable Housing Projects

For the Year Ended March 31, 2025

	Hall Street	Cedar Grove	Copper Mountain	Lakeside Place	North Shore Inn	Scattered Addresses	2025	2024
REVENUE								
Grants								
- Provincial - BC Housing subsidy	\$ 507,551	\$ 226,473	\$ 275,785	\$ 90,940	\$ 1,151,796	\$ 7,596	\$ 2,260,141	\$ 1,773,020
Replacement reserves	6,255	7,998	15,714	6,833	-	-	36,800	-
Rent contributions	422,518	294,742	335,298	54,000	57,686	-	1,164,244	1,131,841
Fees for service	113,418	-	-	-	-	-	113,418	112,484
Interest and sundry	92	62	87	9	170	-	420	250
Other	-	-	-	15,318	-	-	15,318	-
BC Housing loan forgiveness	-	341,979	-	-	-	-	341,979	59,713
	1,049,834	871,254	626,884	167,100	1,209,652	7,596	3,932,320	3,077,308
EXPENSES								
Administrative fee internal	-	-	-	-	\$ 83,628	225	83,853	75,852
Amortization	625,187	370,864	267,407	27,567	851	-	1,291,876	1,168,480
Insurance	61,830	65,541	66,282	11,118	4,134	-	208,905	199,326
Interest	444,127	11,582	37,495	24,475	-	-	517,679	535,138
Licenses and due	876	484	751	240	1,202	-	3,553	2,403
Office and administration	827	1,182	1,201	211	9,955	-	13,376	15,331
Professional fees	6,528	5,544	6,504	3,063	4,701	-	26,340	34,728
Program costs and rent subsidies	41	33	-	-	48,377	7,371	55,822	78,072
Property tax	38,783	10,313	12,394	1,566	-	-	63,056	63,367
Rent	-	984	4,783	-	-	-	5,767	-
Repairs and maintenance	107,849	57,038	75,471	15,672	314,819	-	570,849	426,108
Replacement reserve repairs	38,223	42,558	47,682	6,833	-	-	135,296	483
Telephone and utilities	73,566	83,094	114,716	32,290	67,515	-	371,181	341,543
Travel and staff development	3,193	362	535	220	3,877	-	8,187	8,379
Wages and employee benefits	96,990	38,247	85,943	19,785	574,582	-	815,547	692,370
	1,498,020	687,826	721,164	143,040	1,113,641	7,596	4,171,287	3,641,580
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	\$ (448,186)	\$ 183,428	\$ (94,280)	\$ 24,060	96,011	\$ -	\$ (238,967)	\$ (564,272)