

**Nanaimo Association For Community Living**  
**Financial Statements**  
*March 31, 2022*

# Nanaimo Association For Community Living Contents

*For the year ended March 31, 2022*

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## **Management's Responsibility**

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To the Members of Nanaimo Association For Community Living:

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian accounting standards for not-for-profit organizations. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Board of Directors is composed entirely of Directors who are neither management nor employees of the Society. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual report. The Board fulfills these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Board is also responsible for recommending the appointment of the Society's external auditors.

MNP LLP is appointed by the members to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically with, both the Board and management to discuss their audit findings.

August 15, 2022

  
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Executive Director

## Independent Auditor's Report

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To the Members of Nanaimo Association For Community Living:

### Report on the Audit of the Financial Statements

#### Qualified Opinion

We have audited the financial statements of Nanaimo Association For Community Living (the "Society"), which comprise the statement of financial position as at March 31, 2022, and the statements of operations and changes in fund balances 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, 2022, and the results of its 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

As explained in Note 11, the Society has not reclassified debt due on demand and debt with covenant violations to current liabilities as required by Canadian accounting standards for not-for-profit organizations. Had the long-term debt been reclassified, the current portion of long-term debt would increase and the long-term portion of long-term debt would decrease by \$2,949,897 (2021 - \$2,664,823).

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

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

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

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

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

#### 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.

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- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Society's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Society to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

#### **Report on Other Legal and Regulatory Requirements**

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

Nanaimo, British Columbia

August 15, 2022

*MNP* LLP

Chartered Professional Accountants

**Nanaimo Association for Community Living**  
**Statement of Financial Position**

*As at March 31, 2022*

|  | Operating<br>Fund | Gaming<br>Fund | Capital<br>Asset<br>Fund | Reserve<br>Fund | 2022       | 2021       |
|--|-------------------|----------------|--------------------------|-----------------|------------|------------|
| <b>Assets</b>                                |                   |                |                          |                 |            |            |
| <b>Current</b>                               |                   |                |                          |                 |            |            |
| Cash   | 2,619,014         | -              | -                        | -               | 2,619,014  | 1,820,872  |
| Accounts receivable                          | 24,153            | -              | 17,274                   | -               | 41,427     | 193,774    |
| Note receivable (Note 4)                     | 175,000           | -              | -                        | -               | 175,000    | 175,000    |
| Goods and Services Tax receivable            | 5,200             | -              | -                        | -               | 5,200      | 44,534     |
| Prepaid expenses                             | 100,967           | -              | -                        | -               | 100,967    | 67,018     |
| Interfund loans                              | (174,199)         | (7,293)        | 172,725                  | 8,767           | -          | -          |
|  | 2,750,135         | (7,293)        | 189,999                  | 8,767           | 2,941,608  | 2,301,198  |
| <b>Cash - internally restricted (Note 5)</b> | -                 | -              | -                        | 185,307         | 185,307    | 184,441    |
| <b>Cash - externally restricted (Note 5)</b> | -                 | 19,512         | 242,199                  | 79,893          | 341,604    | 333,171    |
| <b>Investments (Note 6)</b>                  | 350,613           | -              | -                        | -               | 350,613    | 343,264    |
| <b>Capital assets (Note 7)</b>               | -                 | -              | 12,236,482               | -               | 12,236,482 | 12,275,049 |
|  | 3,100,748         | 12,219         | 12,668,680               | 273,967         | 16,055,614 | 15,437,123 |
| <b>Liabilities</b>                           |                   |                |                          |                 |            |            |
| <b>Current</b>                               |                   |                |                          |                 |            |            |
| Accounts payable                             | 220,115           | -              | -                        | -               | 220,115    | 153,215    |
| Wages and benefits payable (Note 8)          | 1,067,200         | -              | -                        | -               | 1,067,200  | 1,009,770  |
| Deferred contributions (Note 9)              | 79,382            | -              | -                        | -               | 79,382     | 35,251     |
| Demand loan (Note 10)                        | -                 | -              | 2,084,567                | -               | 2,084,567  | 2,067,294  |
| Current portion of long-term debt (Note 11)  | -                 | -              | 194,402                  | -               | 194,402    | 411,876    |
|  | 1,366,697         | -              | 2,278,969                | -               | 3,645,666  | 3,677,406  |
| <b>Long-term debt (Note 11)</b>              | -                 | -              | 3,013,299                | -               | 3,013,299  | 3,207,636  |
|  | 1,366,697         | -              | 5,292,268                | -               | 6,658,965  | 6,885,042  |
| <b>Contingencies (Note 16)</b>               |                   |                |                          |                 |            |            |
| <b>Significant event (Note 17)</b>           |                   |                |                          |                 |            |            |
| <b>Fund Balances</b>                         |                   |                |                          |                 |            |            |
| Invested in capital assets                   | -                 | -              | 1,988,652                | -               | 1,988,652  | 1,632,680  |
| Internally restricted (Note 18)              | -                 | -              | -                        | 170,585         | 170,585    | 161,394    |
| Externally restricted (Note 18)              | -                 | 12,219         | 5,387,760                | 103,382         | 5,503,361  | 5,299,749  |
| Unrestricted                                 | 1,734,051         | -              | -                        | -               | 1,734,051  | 1,458,258  |
|  | 1,734,051         | 12,219         | 7,376,412                | 273,967         | 9,396,649  | 8,552,081  |
|  | 3,100,748         | 12,219         | 12,668,680               | 273,967         | 16,055,614 | 15,437,123 |

Approved by the Board:

Director

Kirsten Madsen

Director

The accompanying notes are an integral part of the financial statements

**Nanaimo Association for Community Living**  
**Statement of Operations and Changes in Fund Balances**

*For the year ended March 31, 2022*

|  | Operating<br>Fund | Gaming<br>Fund | Capital<br>Asset<br>Fund | Reserve<br>Fund | 2022              | 2021       |
|--|-------------------|----------------|--------------------------|-----------------|-------------------|------------|
| <b>Revenues</b>  |                   |                |                          |                 |                   |            |
| Community Living British Columbia                                      | 13,151,518        | -              | -                        | -               | <b>13,151,518</b> | 12,281,580 |
| Ministry of Children and Family Development                            | 815,906           | -              | -                        | -               | <b>815,906</b>    | 1,194,564  |
| Ministry of Social Development and Social Innovation                   | 297,918           | -              | -                        | -               | <b>297,918</b>    | 217,808    |
| Rental   | 270,142           | -              | -                        | -               | <b>270,142</b>    | 255,414    |
| Users fees   | 78,060            | -              | -                        | -               | <b>78,060</b>     | 71,363     |
| BC Housing   | 50,834            | -              | -                        | -               | <b>50,834</b>     | 1,472,240  |
| City of Nanaimo - Grant in Lieu (Note 12)                              | 43,087            | -              | -                        | -               | <b>43,087</b>     | 29,901     |
| Gaming   | -                 | 32,100         | -                        | -               | <b>32,100</b>     | 32,100     |
| Donations and other grants   | 28,208            | -              | -                        | -               | <b>28,208</b>     | 192,622    |
| Interest   | 19,077            | 69             | 1,133                    | 1,254           | <b>21,533</b>     | 16,388     |
| Miscellaneous  | 6,650             | -              | -                        | -               | <b>6,650</b>      | 28,210     |
| Ministry of Finance - pandemic pay                                     | -                 | -              | -                        | -               | -                 | 231,198    |
|  | 14,761,400        | 32,169         | 1,133                    | 1,254           | <b>14,795,956</b> | 16,023,388 |
| <b>Expenses</b>  |                   |                |                          |                 |                   |            |
| Administration   | 395,847           | -              | -                        | -               | <b>395,847</b>    | 464,148    |
| Amortization   | -                 | -              | 503,022                  | -               | <b>503,022</b>    | 399,705    |
| Homeshare contractor fees  | 3,397,704         | -              | -                        | -               | <b>3,397,704</b>  | 3,670,178  |
| Living costs   | 607,866           | -              | -                        | -               | <b>607,866</b>    | 532,000    |
| Occupancy  | 610,458           | -              | -                        | -               | <b>610,458</b>    | 582,638    |
| Wages and benefits   | 9,178,542         | -              | -                        | -               | <b>9,178,542</b>  | 8,520,842  |
|  | 14,190,417        | -              | 503,022                  | -               | <b>14,693,439</b> | 14,169,511 |
| <b>Excess (deficiency) of revenues over expenses before other item</b> | 570,983           | 32,169         | (501,889)                | 1,254           | <b>102,517</b>    | 1,853,877  |
| <b>Gain (loss) on disposal of capital assets</b>                       | -                 | -              | 742,051                  | -               | <b>742,051</b>    | (1,179)    |
| <b>Excess of revenues over expenses</b>                                | 570,983           | 32,169         | 240,162                  | 1,254           | <b>844,568</b>    | 1,852,698  |
| <b>Interfund transfers</b>   |                   |                |                          |                 |                   |            |
| Transfer from Gaming Fund for program costs                            | 21,045            | (21,045)       | -                        | -               | -                 | -          |
| Payment of principal portion of long-term debt by operations           | (190,013)         | -              | 190,013                  | -               | -                 | -          |
| Replacement reserve provision  | (40,240)          | -              | -                        | 40,240          | -                 | -          |
| Replacement reserve adjustment   | 4,213             | -              | -                        | (4,213)         | -                 | -          |
| Funding of capital asset purchases                                     | (81,871)          | -              | 81,871                   | -               | -                 | -          |
| Transfers to other reserves  | (8,324)           | -              | -                        | 8,324           | -                 | -          |
|  | (295,190)         | (21,045)       | 271,884                  | 44,351          | -                 | -          |
| <b>Net change in fund balance</b>                                      | 275,793           | 11,124         | 512,046                  | 45,605          | <b>844,568</b>    | 1,852,698  |
| <b>Fund balances, beginning of year</b>                                | 1,458,258         | 1,095          | 6,864,366                | 228,362         | <b>8,552,081</b>  | 6,699,383  |
| <b>Fund balances, end of year</b>                                      | 1,734,051         | 12,219         | 7,376,412                | 273,967         | <b>9,396,649</b>  | 8,552,081  |

The accompanying notes are an integral part of the financial statements

**Nanaimo Association For Community Living**  
**Statement of Cash Flows**  
*For the year ended March 31, 2022*

|   | <b>2022</b>      | <b>2021</b>      |
|---|------------------|------------------|
| <b>Cash provided by (used for) the following activities</b> |                  |                  |
| <b>Operating</b>  |                  |                  |
| Cash receipts from operations                               | 14,988,175       | 14,069,984       |
| Cash receipts from investment income                        | 14,184           | 10,281           |
| Cash paid for operating expenses                            | (4,842,032)      | (5,070,173)      |
| Cash paid for wages and benefits                            | (9,121,112)      | (8,233,879)      |
| Cash paid for interest                                      | (115,773)        | (137,282)        |
|   | <b>923,442</b>   | <b>638,931</b>   |
| <b>Financing</b>  |                  |                  |
| Repayment of long-term debt                                 | (411,811)        | (183,738)        |
| Advances for demand loan                                    | -                | 964,758          |
|   | <b>(411,811)</b> | <b>781,020</b>   |
| <b>Investing</b>  |                  |                  |
| Purchase of capital assets                                  | (518,281)        | (2,548,413)      |
| Proceeds on disposal of capital assets                      | 814,091          | -                |
| Grant funding through forgivable loan                       | -                | 2,077,001        |
| (Increase) decrease in restricted cash                      | (9,299)          | 25,305           |
|   | <b>286,511</b>   | <b>(446,107)</b> |
| <b>Increase in cash resources</b>                           | <b>798,142</b>   | <b>973,844</b>   |
| <b>Cash resources, beginning of year</b>                    | <b>1,820,872</b> | <b>847,028</b>   |
| <b>Cash resources, end of year</b>                          | <b>2,619,014</b> | <b>1,820,872</b> |

*The accompanying notes are an integral part of these financial statements*



# Nanaimo Association For Community Living

## Notes to the Financial Statements

For the year ended March 31, 2022

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### 1. Purpose of the society

Nanaimo Association for Community Living (the "Society") was incorporated under the laws of the Societies Act of British Columbia as a not-for-profit organization on July 22, 1986. The Society is a registered charity under the Income Tax Act and is exempt from income tax as long as certain conditions are met. It is management's opinion that these conditions have been met.

The purposes of the Society are:

- 1) To relieve conditions associated with disability by providing and operating:
  - Athletic, recreational, and social programs to support the physical, mental, and emotional well-being of persons with developmental disabilities residing on Vancouver Island, British Columbia;
  - Job training and job placement assistance to persons with developmental disabilities residing on Vancouver Island;
  - Non-profit employment programs to offer long-term, meaningful employment to persons with developmental disabilities;
  - Trained personnel and specialized services that assist persons with developmental disabilities in their daily activities;
  - Life management counselling and other supportive services to assist persons with developmental disabilities to become and remain more independent and integrated within the community; and
  - Specially adapted and integrated residential accommodation, incidental facilities, and support to persons with developmental disabilities;
- 2) To relieve poverty by providing residential accommodation at below market rate, and by providing support and incidental facilities to individuals or families who are in need; and
- 3) To do all such other things as are incidental and ancillary to the attainment of the foregoing purposes and the exercise of the powers of the Society.

The Society currently operates various residential programs, a day program, employment services, a Snoezelen Room, and administers numerous homeshare funding and contractor agreements. The Society also provides respite care and community respite by referral, and is accredited by the Commission on Accreditation of Rehabilitation Facilities (CARF).

### 2. Significant accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations set out in Part III of the CPA Canada Handbook - Accounting, as issued by the Accounting Standards Board in Canada and include the following significant accounting policies:

#### ***Fund accounting***

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

The Operating Fund reports unrestricted and restricted operating grants, revenues and expenses related to the Society's program delivery and administrative activities.

The Gaming Fund reports revenues from the Society's participation in gaming activities and contributions to the operating fund for a specific program and contributions to the capital fund for capital asset acquisitions relating to that program.

The Capital Asset Fund is used to account for all capital assets of the Society and to present the flow of funds related to their acquisition and disposal, unexpended capital resources and debt commitments.

The Reserve Fund reports the assets, equity, revenues and expenses related to internally and externally restricted reserves for future capital asset repair and replacement activities and other future expenditures.

#### ***Contributed materials and services***

Contributions of materials and services are recognized both as contributions and expenses in the statement of operations when a fair value can be reasonably estimated and when the materials and services are used in the normal course of the Society's operations and would otherwise have been purchased.

# Nanaimo Association For Community Living

## Notes to the Financial Statements

For the year ended March 31, 2022

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### 2. Significant accounting policies (Continued from previous page)

#### **Revenue recognition**

Restricted operating contributions including Community Living British Columbia, the Ministry of Children and Family Development, the Ministry of Social Development and Social Innovation, and BC Housing are recognized in the year in which the related services are provided. All other restricted contributions are recognized as revenues of the appropriate restricted fund when the amount can be reasonably estimated and collection is reasonably assured.

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

Gaming revenues are recognized when received or when the amount becomes receivable.

Rental income and user fees are recognized as revenues in the year that the service is provided.

Interest income is recognized as revenues in the year in which the investment income is earned.

Donations are recognized when received.

#### **Capital assets**

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution if fair value can be reasonably determined.

Amortization is provided using the straight-line method at rates intended to amortize the cost of assets down to their residual values over their estimated useful lives. Capital assets not yet placed into use, such as construction in progress, are not amortized until they are put into use.

|                        | <b>Rate</b>     |
|------------------------|-----------------|
| Buildings              | 25 and 40 years |
| Vehicles               | 10 years        |
| Fences                 | 10 years        |
| Furniture and fixtures | 3 years         |
| Computer equipment     | 3 years         |
| Computer software      | 5 years         |

#### **Measurement uncertainty (use of estimates)**

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Accounts receivable and note receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives and estimated residual values of capital assets.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in excess of revenues and expenses in the periods in which they become known.

# Nanaimo Association For Community Living

## Notes to the Financial Statements

For the year ended March 31, 2022

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### 2. Significant accounting policies (Continued from previous page)

#### **Financial instruments**

The Society recognizes its financial instruments when the Society becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value, including financial assets and liabilities originated and issued in a related party transaction with management. Financial assets and liabilities originated and issued in all other related party transactions are initially measured at their carrying or exchange amount in accordance with CPA Canada 3840 Related Party Transactions.

At initial recognition, the Society may irrevocably elect to subsequently measure any financial instrument at fair value. The Society has not made such an election during the year.

The Society subsequently measures investments in equity instruments quoted in an active market and all derivative instruments, except those designated in a qualifying hedging relationship, at fair value. Fair value is determined by published price quotations. Investments in equity instruments not quoted in an active market are subsequently measured at cost less impairment. All other financial assets and liabilities are subsequently measured at amortized cost.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in excess of revenues over expenses. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at amortized cost or cost.

#### **Financial asset impairment**

The Society assesses impairment of all its financial assets measured at cost or amortized cost. The Society groups assets for impairment testing when available information is not sufficient to permit identification of each individually impaired financial asset in the group. Management considers other criteria such as, whether the issuer is having significant financial difficulty; whether there has been a breach in contract, such as a default or delinquency in interest or principal payments; in determining whether objective evidence of impairment exists. When there is an indication of impairment, the Society determines whether it has resulted in a significant adverse change in the expected timing or amount of future cash flows during the year. If so, the Society reduces the carrying amount of any impaired financial assets to the highest of: the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets; and the amount expected to be realized by exercising any rights to collateral held against those assets. Any impairment, which is not considered temporary, is included in current year earnings/loss.

The Society reverses impairment losses on financial assets when there is a decrease in impairment and the decrease can be objectively related to an event occurring after the impairment loss was recognized. The amount of the reversal is recognized in current year earnings/loss in the year the reversal occurs.

### 3. Financial instruments

The Society, as part of its operations, carries a number of financial instruments. It is management's opinion that the Society is not exposed to significant interest, currency, credit, liquidity or other price risks arising from these financial instruments except as otherwise disclosed.

#### **Credit concentration**

As at March 31, 2022, two parties accounted for 72% (2021 - three parties for 97%) of the total accounts receivable. The Society believes that there is no unusual exposure associated with the collection of these amounts.

### 4. Note receivable

Due from Cedar Opportunities Co-operative, bearing interest at 5% per annum.

**Nanaimo Association For Community Living**  
**Notes to the Financial Statements**  
*For the year ended March 31, 2022*

**5. Restricted cash**

|                                     | 2022    | 2021    |
|-------------------------------------|---------|---------|
| <b>Cash - internally restricted</b> |         |         |
| Future expenditures reserve         | 106,138 | 105,642 |
| Vehicle replacement reserve         | 329     | 327     |
| General capital reserve             | 78,840  | 78,472  |
|                                     | 185,307 | 184,441 |
| <b>Cash - externally restricted</b> |         |         |
| BC Housing replacement reserve      | 79,893  | 83,719  |
| Gaming                              | 19,512  | 8,386   |
| Capital asset funding               | 242,199 | 241,066 |
|                                     | 341,604 | 333,171 |
|                                     | 526,911 | 517,612 |

**6. Investments**

The investments consist of a GIC maturing in December 2024, with an interest rate of 2.25%. The GIC is pledged as security for the line of credit.

**7. Capital assets**

|                          | Cost       | Accumulated<br>amortization | 2022<br>Net book<br>value | 2021<br>Net book<br>value |
|--------------------------|------------|-----------------------------|---------------------------|---------------------------|
| Land                     | 2,235,230  | -                           | 2,235,230                 | 2,253,230                 |
| Buildings                | 11,743,119 | 2,548,457                   | 9,194,662                 | 9,659,175                 |
| Vehicles                 | 863,025    | 537,547                     | 325,478                   | 296,798                   |
| Fences                   | 44,586     | 32,553                      | 12,033                    | 14,017                    |
| Furniture and fixtures   | 522,977    | 516,421                     | 6,556                     | 14,526                    |
| Computer equipment       | 96,854     | 96,061                      | 793                       | 4,585                     |
| Computer software        | 32,494     | 32,188                      | 306                       | 920                       |
| Construction in progress | 461,424    | -                           | 461,424                   | 31,798                    |
|                          | 15,999,709 | 3,763,227                   | 12,236,482                | 12,275,049                |

**8. Wages and benefits payable**

Included in wages and benefits payable is \$198,276 (2021 - \$175,507) owing for government remittances.

**Nanaimo Association For Community Living**  
**Notes to the Financial Statements**  
*For the year ended March 31, 2022*

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**9. Deferred contributions**

Deferred contributions represent operating funds received in the current or previous years that relate to a subsequent year.

|  | <b>2022</b>     | 2021      |
|--|-----------------|-----------|
| Balance, beginning of year                     | <b>35,251</b>   | 205,283   |
| Amounts received during the year               | <b>94,745</b>   | 5,000     |
| Amounts recognized as revenues during the year | <b>(50,614)</b> | (175,032) |
| Balance, end of year                           | <b>79,382</b>   | 35,251    |

**Balances at end of year are comprised of:**

|  |               |        |
|--|---------------|--------|
| Ministry of Social Development and Social Innovation | 31,628        | 20,433 |
| Inclusion BC   | 20,387        | -      |
| Ministry of Children and Family Development          | 8,641         | -      |
| BC Housing   | 2,950         | 2,615  |
| Other  | 15,776        | 12,203 |
|  | <b>79,382</b> | 35,251 |

**10. Demand loan**

|   | <b>2022</b>      | 2021      |
|---|------------------|-----------|
| BC Housing construction mortgage loan, interest variable with a limit of prime plus 1%, due on demand, secured by a first priority mortgage over real property with a net book value of \$6,623,547 (2021 - \$6,895,498). | <b>2,084,567</b> | 2,067,294 |
|   |                  |           |

# Nanaimo Association For Community Living

## Notes to the Financial Statements

*For the year ended March 31, 2022*

### 11. Long-term debt

|   | 2022             | 2021      |
|---|------------------|-----------|
| Coastal Community Credit Union term mortgage on Hammond Bay home.   | -                | 223,230   |
| BC Housing mortgage on Turner home. Repayable in monthly instalments of \$847 including interest at 1.69% and a maturity date of August 2024, secured by real property with a net book value of \$22,900 (2021 - \$22,900).   | <b>24,062</b>    | 33,736    |
| BC Housing mortgage on Kennedy home. Repayable in monthly instalments of \$889 including interest at 1.01% with a maturity date of May 2026, secured by real property with a net book value of \$54,932 (2021 - \$59,915).  | <b>43,505</b>    | 53,673    |
| Coastal Community Credit Union line of credit used for vehicle purchases. Interest is charged at 3.20%. Due on demand. Secured by a GIC with a book value of \$350,613 (2021 - \$343,264).  | <b>32,618</b>    | 49,314    |
| Demand Loan - Coastal Community Credit Union term mortgage on Victoria Crescent building. Repayable in monthly instalments of \$6,800 including interest at 3.0%, secured by real property with a net book value of \$1,499,942 (2021 - \$1,550,261). Unless otherwise demanded, the loan will mature in February 2026.                   | <b>637,541</b>   | 699,004   |
| Demand loan - Coastal Community Credit Union term mortgage on Caspers Way home. Repayable in monthly instalments of \$1,795 including interest at 3.0%, secured by real property with a net book value of \$386,105 (2021 - \$401,198). Unless otherwise demanded, the loan will mature in February 2026.                                 | <b>181,789</b>   | 197,616   |
| Scotiabank vehicle loans. Repayable with total monthly payments of \$752 including interest at 3.49% and 4.49%, with maturity dates of October 2024 and April 2025, secured by two vehicles having a net book value of \$23,585 (2021 - two vehicles at \$28,963).  | <b>24,098</b>    | 32,342    |
| Demand Loan - Coastal Community Credit Union term mortgage on 3401 Uplands and 4224 Jingle Pot properties. Repayable in monthly instalments of \$2,745 including interest at 3.70%, secured by real property with a net book value of \$1,307,033 (2021 - \$1,343,023). Unless otherwise demanded, the loan will mature in December 2024. | <b>505,369</b>   | 519,326   |
| Demand loan - Coastal Community Credit Union commercial mortgage on Maxey Road home. Repayable in monthly instalments of \$2,840 including interest at 3.0%. Secured by real property with a net book value of \$840,704 (2021 - \$859,476). Unless otherwise demanded, the loan will mature in April 2026.                               | <b>531,491</b>   | 549,388   |
| Demand Loan - Coastal Community Credit Union term mortgage on Hammond Bay duplex. Repayable in monthly instalments of \$2,641 including interest at 4.25%. Secured by real property with a net book value of \$694,729 (2021 - \$708,095). Unless otherwise demanded, the loan will mature in February 2024.                              | <b>450,952</b>   | 463,192   |
| Demand Loan - Coastal Community Credit Union term mortgage on 3401 Uplands property. Repayable in monthly instalments of \$4,265 including interest at 3.70%, secured by real property with a net book value of \$1,307,033 (2021 - \$1,343,023). Unless otherwise demanded, the loan will mature in December 2024.                       | <b>776,276</b>   | 798,691   |
|   | <b>3,207,701</b> | 3,619,512 |
| Less: Current portion   | <b>194,402</b>   | 411,876   |
|   | <b>3,013,299</b> | 3,207,636 |

**Nanaimo Association For Community Living**  
**Notes to the Financial Statements**  
*For the year ended March 31, 2022*

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**11. Long-term debt** *(Continued from previous page)*

Principal repayments on long-term debt in each of the next five years have been calculated on the assumption that no demand for immediate repayments will be made by the credit union, and that interest will be renewed at comparable rates, and are as follows:

|      | <i>Principal</i> |
|------|------------------|
| 2023 | 194,402          |
| 2024 | 198,178          |
| 2025 | 180,705          |
| 2026 | 175,209          |
| 2027 | 171,461          |
|      | 919,955          |

Interest on long-term debt of \$114,201 (2021 - \$136,208) is included in occupancy expenses for \$113,078 (2021 - \$134,815) and living costs expenses for \$1,123 (2021 - \$1,393).

All of the above BC Housing mortgages are secured by a registered first charge and an assignment of fire insurance proceeds on specific land and buildings.

Loans and notes with repayment terms extending beyond one year with a demand feature have not been classified as current liabilities despite the ability of the credit union to demand repayment at any time. Canadian accounting standards for not-for-profit organizations require the reclassification of long-term debt to current liabilities when the debt has a demand feature. The financial statements do not reflect any adjustments to reclassify these Coastal Community Credit Union debt amounts, totalling \$2,949,897 (2021 - \$2,664,823), to current liabilities.

The Coastal Community Credit Union debt is subject to certain financial covenants with respect to the ratios of debt service coverage, debt to equity and working capital ratio. As at March 31, 2022, the Society was not in compliance with one of these financial covenants. Canadian accounting standards for not-for-profit organizations require the reclassification of long-term debt to current liabilities when the Society is not in compliance with one or more measurable debt covenants.

**12. Grant in lieu**

The Society receives a grant in lieu of property taxes from the City of Nanaimo on the properties at 83 Victoria Crescent and 3425 Uplands Drive.

**13. Economic dependence**

The Society is dependent on operating and mortgage subsidy assistance as contributed by Community Living British Columbia on behalf of the Provincial Government and BC Housing (formerly CMHC) on behalf of the Federal Government. The Society is also dependent upon operating subsidy assistance as contributed by the BC Ministry of Social Development and Social Innovation and the BC Ministry of Children and Family Development.

**14. Remuneration**

During the year, employee remuneration for positions paid more than \$75,000 totalled \$476,793 for five positions (2021 - \$315,804 for three positions).

The members of the Board of Directors did not receive remuneration in the current or prior year.

# Nanaimo Association For Community Living

## Notes to the Financial Statements

For the year ended March 31, 2022

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### 15. Employee pension benefits

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 are based on a formula. As at December 31, 2020, the plan has about 220,000 active members and approximately 112,000 retired members.

Every three years, an actuarial valuation is performed to assess the financial position of the plan and adequacy of plan funding. The actuary determines an appropriate combined employer and member contribution rate to fund the plan. The actuary's 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 actuarial valuation for the Municipal Pension Plan as at December 31, 2018, indicated a \$2.866 billion funding surplus for basic pension benefits on a going concern basis. The next valuation will be as at December 31, 2021, with results available in 2022.

The Society paid \$492,215 (2021 - \$453,513) for employer contributions to the plan in the year ended March 31, 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.

### 16. Contingencies

BC Housing holds a second priority mortgage for \$4,955,562 on the 3425 Uplands property for the sole purpose of ensuring the Society complies with the specific use of the building under the terms of the operating agreement. The interest rate is prime plus 2% which is compounded semi-annually. Payments on account of principal and interest will not be required unless there is default under the mortgage or operating agreement. If the Society uses the building for the intended purpose, and operates the project for eligible occupants, the loan will be forgiven 1/25 each year, commencing in the 11th year, which would be after June 2030. Interest does not start to accrue until after the loan is deemed to be in default and would be payable only on the balance outstanding at that time. The balance at March 31, 2022 is \$4,955,562 (2021 - \$4,955,562).

As at March 31, 2022 there were other outstanding claims against the Society, however no liability has been recorded because the likely outcome is undeterminable.

### 17. Significant event

In 2020 and continuing to 2022, there has been a global outbreak of COVID-19 (coronavirus), which has had a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown the extent of the impact the COVID-19 outbreak may continue to have on the Society as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and isolation/quarantine measures that are currently, or may be put, in place by Canada and other countries to fight the virus.



# Nanaimo Association For Community Living

## Notes to the Financial Statements

*For the year ended March 31, 2022*

### 18. Restricted fund balances

#### Internally restricted fund balances:

The Society has restricted funds to provide for the replacement of capital assets (General capital reserve), replacement of motor vehicles (Vehicle replacement reserve) and for other major replacement and repair costs and operating expenses (Future expenditures reserve). These internally restricted amounts are not available for other purposes without the approval of the Board of Directors.

#### Externally restricted fund balances:

The Society is required under terms of its operating agreement with BC Housing to establish reserves for major capital replacements and repairs for certain of the Society's residences. Under the terms of the agreement with BC Housing, the replacement reserve accounts are to be credited in the amount determined by the budget provision per annum plus interest earned. These funds, along with accumulated interest, must be held in a separate bank account and/or invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or the Credit Union Deposit Insurance Corporation; in investments guaranteed by a Canadian Government; or in other investment instruments as agreed upon with BC Housing.

The BC Housing replacement reserves are required to be fully funded.

|  | 2022      | 2021      |
|--|-----------|-----------|
| <b>Internally restricted fund balances</b>                                     |           |           |
| Future expenditures reserve  | 120,558   | 120,062   |
| Vehicle replacement reserve  | 329       | 327       |
| General capital reserve  | 49,698    | 41,005    |
|  | 170,585   | 161,394   |
| <b>Externally restricted fund balances</b>                                     |           |           |
| BC Housing replacement reserves  | 103,382   | 66,968    |
| Unspent Gaming Fund working capital  | 12,219    | 1,095     |
| Capital Asset Fund working capital   | 432,198   | 276,124   |
| BC Housing Forgivable Mortgage recognized as revenue in the Capital Asset Fund | 4,955,562 | 4,955,562 |
|  | 5,503,361 | 5,299,749 |
|  | 5,673,946 | 5,461,143 |

### 19. Funding review and subsidy adjustment

Community Living British Columbia may conduct a compensation increase review in order to determine whether the Society was over or under funded during the year. Any amount determined to be receivable or payable by the Society will be reflected in the accounts in the year of settlement.

BC Housing conducts an annual review of the financial statements and may adjust for any operating surplus or deficit. Prior year's funding adjustments are recognized in the fiscal year they are determined. \$11,931 (2021 - \$Nil) for prior year net funding adjustments were received from BC Housing during the year.

### 20. Comparative figures

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