



Lookout Housing and Health Society
Financial Statements
For the Year Ended 31 March 2022



Tel: 604 688 5421
Fax: 604 688 5132
vancouver@bdo.ca
www.bdo.ca

BDO Canada LLP
Unit 1100 - Royal Centre
1055 West Georgia Street
Vancouver BC V6E 3P3 Canada

Independent Auditor's Report

To the Directors of Lookout Housing and Health Society

Opinion

We have audited the accompanying financial statements of Lookout Housing and Health 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 a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Society as at March 31, 2022 and its results of operations, changes in net assets, and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Society in accordance with 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.

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.

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 (BC), 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 one of the preceding year.

BDO Canada LLP

Chartered Professional Accountants

Vancouver, British Columbia

June 21, 2022

Statement of Financial Position

As at 31 March	Note	2022	2021
ASSETS			
Current Assets			
Cash and equivalents		\$ 16,153,168	\$ 11,086,164
Investments – current portion	(4)	4,281	2,925,290
Accounts receivable	(8)	2,811,069	1,966,710
Goods and services tax receivable		186,740	77,349
Prepaid amounts and deposits		627,335	391,834
Due from Lookout Foundation	(10)	11,231	-
		19,793,824	16,447,347
Investments – long term portion	(4)	5,616,023	3,936,336
Cash held in trust by B.C. Housing Management Commission	(5)	35,607	35,607
Capital Assets	(6)	72,866,742	72,661,504
		\$ 98,312,196	\$ 93,080,794
LIABILITIES			
Current Liabilities			
Accounts payable and accrued liabilities	(7)	\$ 8,358,237	\$ 6,934,639
Security deposits		305,495	307,408
Deferred contributions	(9)	13,443,827	9,697,629
Current portion of mortgages payable	(12)	1,511,406	1,306,408
Due to Lookout Foundation	(10)	-	97,345
		23,618,965	18,343,429
Replacement Reserves	(11)	1,984,697	1,868,296
Mortgages Payable	(12)	36,124,399	37,630,826
Forgivable Loans Payable	(13)	7,833,566	6,910,618
Deferred Capital Contributions	(14)	16,190,048	16,317,248
		\$ 85,751,675	\$ 81,070,417
NET ASSETS			
Invested in capital assets		10,794,124	10,083,205
Internally restricted	(16)	1,582,822	1,532,788
Unrestricted		183,575	394,384
		12,560,521	12,010,377
		\$ 98,312,196	\$ 93,080,794



Director



Director

Statement of Operations

For the year ended 31 March	Note	2022	2021
Revenue			
British Columbia Housing Management Commission		\$ 30,419,831	\$ 29,893,443
Vancouver Coastal Health Authority		6,457,686	5,694,923
Rental income		5,758,515	5,814,489
Fraser Health Authority		4,880,727	4,151,465
Not-for-profit grants/subcontracts		2,405,828	1,638,579
Provincial government		2,019,618	1,526,283
Vancouver Island Health Authority		1,385,374	721,089
Amortization of deferred capital contributions		1,160,373	893,013
Client user fees		940,596	687,788
Municipal governments		557,076	271,536
Other revenue		539,071	281,073
Federal government		507,740	474,850
Recognition of forgivable loans payable		210,149	210,150
Donations	(17)	209,304	690,026
Investment income		155,213	166,056
		\$ 57,607,101	\$ 53,114,763
Expenses			
Salaries and benefits		\$ 35,095,175	\$ 32,889,278
Renovations, repairs and maintenance		5,183,715	3,439,509
Program delivery		4,159,510	4,355,296
Service contracts	(10)	3,336,806	3,441,643
Amortization of capital assets		2,470,082	2,056,507
Food		1,892,559	2,150,664
Utilities		1,555,250	1,349,074
Office and general		1,371,136	1,466,080
Interest on mortgages payable		980,951	994,447
Professional fees		338,282	251,595
Insurance		285,656	252,065
Transportation and travel		218,398	182,533
Property taxes		169,437	198,245
		57,056,957	53,026,941
Excess of revenue over expense		\$ 550,144	\$ 87,822

Statement of Changes in Net Assets

	Invested in capital Assets	Internally restricted	Unrestricted	Total
Balance as of 01 April 2020	\$ 8,362,122	\$ 2,761,901	\$ 120,789	\$ 11,244,812
Excess (deficiency) of revenue over expense	(953,344)	-	1,041,166	87,822
Receipt of forgivable loan	(104,714)	-	104,714	-
Acquisition of capital assets	10,037,863	-	(10,037,863)	-
Capital donation for land purchase	677,743	-	-	677,743
Net change in mortgage payable	(5,140,612)	-	5,140,612	-
Net change in promissory note payable	(448,806)	-	448,806	-
Net change in cash held in trust by BC				
Housing	(302,432)	-	302,432	-
Receipt of deferred capital contributions	(2,044,615)	-	2,044,615	-
Interfund transfers	-	(1,229,115)	1,229,113	-
Balance as of 31 March 2021	\$ 10,083,205	\$ 1,532,788	\$ 394,384	\$ 12,010,377
Balance as of 01 April 2021	\$ 10,083,205	\$ 1,532,788	\$ 394,384	\$ 12,010,377
Excess (deficiency) of revenue over expense	(1,207,111)	-	1,757,255	550,144
Receipt of forgivable loan	(1,133,098)	-	1,133,098	-
Acquisition of capital assets	3,154,474	-	(3,154,474)	-
Net change in mortgage payable	1,301,429	-	(1,301,429)	-
Receipt of deferred capital contributions	(1,404,775)	-	1,404,775	-
Interfund transfers	-	50,034	(50,034)	-
Balance as of 31 March 2022	\$ 10,794,124	\$ 1,582,822	\$ 183,575	\$ 12,560,521

Statement of Cash Flows

For the year ended 31 March	2022	2021
Operating Activities		
Excess of revenue over expense	\$ 550,144	\$ 87,822
Adjustments for non-cash items:		
Amortization of deferred capital contributions	(1,160,373)	(893,013)
Recognition of forgivable loan payable	(210,149)	(210,150)
Net loss on disposal capital assets	107,551	-
Amortization of capital assets	2,470,082	2,056,507
	\$ 1,757,255	\$ 1,041,166
Changes in non-cash working capital items		
Accounts receivable	\$ (844,358)	\$ (1,239,575)
Goods and services tax recoverable	(109,390)	(18,310)
Prepaid expenses and deposits	(235,501)	(165,211)
Accounts payable and accrued liabilities	1,423,598	860,701
Deferred contributions	3,746,198	3,774,467
Security deposits	(1,913)	53,004
Due from (to) Lookout Foundation	(108,576)	238,963
	\$ 5,627,313	\$ 4,545,205
Financing Activities		
Proceeds from mortgages payable	\$ -	\$ 6,511,500
Repayment of mortgages payable	(1,301,429)	(1,370,888)
Receipt of forgivable loans	1,133,098	104,714
Replacement reserves funding	394,278	304,566
Expenditures of replacement reserves	(277,877)	(277,930)
Receipt of deferred capital contributions	1,404,776	2,044,615
	\$ 1,352,846	\$ 7,316,577
Investing activities		
Proceeds from (acquisitions of) in investments	\$ 1,241,321	\$ (451,470)
Increase in cash held by BC Housing Management Commission	-	302,432
Acquisition of capital assets	(3,154,476)	(10,037,863)
	\$ (1,913,155)	\$ (10,186,901)
Net increase in cash	\$ 5,067,004	\$ 1,674,881
Cash and cash equivalents, beginning of the year	11,086,164	9,411,283
Cash and cash equivalents, end of year	\$ 16,153,168	\$ 11,086,164

Notes to the Financial Statements for the year ended 31 March 2022

1. Nature of operations

Lookout Housing and Health Society was incorporated on 19 July 1974 under the laws of the Societies Act (BC) as a not-for-profit organization originally under the name of Lookout Emergency Aid Society and is a registered charity under the Income Tax Act. The Society provides housing and a range of support services to adults with low or no income who have few, if any, housing or support options. The Society operates 104 programs located with 57 sites and includes 1,397 housing and shelter units.

2. Summary of Significant Accounting Policies

These financial statements are prepared in accordance with Canadian Accounting Standards for Not for Profit Organizations and reflect the following significant accounting policies:

a) Revenue Recognition

The Society follows the deferral method of accounting for contributions.

Revenue is recognized from various sources as outlined below:

- i) Restricted contributions are recognized as revenue in the year in which the related expenses are incurred.
- ii) Restricted contributions for the purchase of capital assets that will not be amortized, such as land, are recognized as direct increase in net assets.
- iii) Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.
- iv) Capital contributions received for the acquisition of capital assets are deferred and amortized at the same rate as the amortization of the cost of the related capital asset.
- v) Investment income includes dividend and interest income recorded on the accrual basis, as well as realized investment gains and losses and unrealized gains and losses on financial instruments subsequently measured at fair value. Investment income is included in the statement of operations, or deferred depending on the nature of any external restrictions imposed on the investment income. Restricted investment income, including those related to replacement reserves, is recognized as revenue in the year in which the related expenses are incurred. Unrestricted investment income is recognized as revenue when earned.
- vi) Forgivable loans are recorded as liabilities and are amortized to income evenly over the life of the related acquired asset. The portion of the loan related to land is recorded as a direct contribution to net assets.

b) Cash Equivalents

Cash equivalents include highly liquid financial instruments with a term of maturity of ninety days or less at the date of acquisition. Cash equivalents are recorded at the lower of cost plus accrued interest and market value.

Notes to the Financial Statements for the year ended 31 March 2022

c) Capital Assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at estimated fair value at the date of contribution.

Capital assets are carried at cost less accumulated amortization. Amortization of capital assets is calculated using the straight line method over their estimated useful lives. The amortization periods applicable to the various classes of property and equipment are as follows:

Buildings	35-40 years
Leasehold improvements	30-40 years
Furniture and fixtures	5 years
Automotive	3 years
Computer hardware/software	3 years

The leased land is amortized over the lease term of 60 years, and is recorded at historical cost less accumulated amortization. Upon expiration of the lease contract, the property will revert to the lessor.

The prepaid building lease has a term of 60 years, and is recorded at historical cost less accumulated amortization.

Construction in progress is not amortized until completion of the project when the asset is ready for use.

d) Contributed Materials and Services

Contributed materials are recorded, when received, at estimated fair market value, only if they would otherwise be purchased.

The Society benefits greatly from contributed services in the form of volunteer time. Management estimates that 5,021 volunteers (2021 – 5,313 volunteers) contributed approximately 19,104 hours (2021 – 26,693 hours) to assist the Society in carrying out its services. Due to the difficulty in determining their fair value, contributed services are not recognized in the financial statements.

e) Employee Future Benefits

The Society and its employees make contributions to the Municipal Pension Plan and the employees accrue benefits under this plan based on service. The Society's contributions to the Municipal Pension Plan are expensed when incurred.

f) Use of Estimates

The preparation of financial statements in conformity with Canadian accounting standards for not for profit organizations requires the Society's management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in operations in the period in which they become known.

Notes to the Financial Statements for the year ended 31 March 2022

The areas requiring the greatest degree of estimation are the impairment of long-lived assets, the useful lives of capital assets, determining the fair value of contributed assets, and allocation of forgivable loans between land and buildings.

g) Financial Instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, equities traded in an active market are reported at fair value, with any unrealized gains or losses reported in operations. All other financial instruments are reported at cost or amortized cost less impairment, if applicable. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed for those items remeasured at fair value and added to the financial instrument's cost for those measured at amortized cost.

3. Financial Instruments Risk

The Society, through its financial assets and liabilities, is exposed to various risks. The following analysis provides a measurement of those risks on 31 March 2022. There have not been any changes in the risks from the prior year.

a) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Society is exposed to interest rate risk from the interest rate differentials between the market rate and the rates used on investments and mortgages payable.

In seeking to minimize the risk from interest rate fluctuations, the interest rates on the mortgages and investments are fixed. Therefore, the Society is not exposed to significant interest rates risk with respect to future cash flow.

b) Credit Risk

Credit risk is the risk that the Society will incur a loss due to the failure by its debtors to meet their contractual obligations. The organization is exposed to credit risk arising from its accounts receivable, which is managed by contracting with high quality funding partners with defined contracts and by initiating a prompt collection process.

c) Liquidity Risk

Liquidity risk is the risk that the Society will not be able to meet its obligations as they fall due. The Society maintains adequate levels of working capital to ensure all its obligations can be met when they fall due. Management and the Board prepare detailed budgets and cash flow forecasts to monitor the available cash to manage liquidity.

Notes to the Financial Statements for the year ended 31 March 2022

d) Foreign Exchange Risk

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instruments will fluctuate because of changes in foreign exchange rates. The Society's exposure to foreign exchange risk is not material.

4. Investments

As at year ended 31 March	2022	2021
Term deposits maturing between October 2021 and April 2024, at rates varying from 0.60% to 2.25%	\$ 4,477,079	\$ 5,740,525
GAFF Term deposit maturing February 2024, at a rate of 1.35%	327,345	320,944
RBC Premium Money Market Fund	783,788	764,854
Royal Bank of Canada shares	11,749	11,720
Other shares	20,343	23,583
	5,620,304	6,861,626
Less: Current portion	(4,281)	(2,925,290)
	\$ 5,616,023	\$ 3,936,336

5. Cash held in Trust by BC Housing Management Commission (BCHMC)

As at year ended 31 March	2022	2021
Cedar Valley Residential	\$ 35,607	\$ 35,607
	\$ 35,607	\$ 35,607

Notes to the Financial Statements for the year ended 31 March 2022

6. Capital Assets

As at year ended 31 March 2022	Cost	Accumulated Amortization	2022 Net Book Value
Land	\$ 20,911,022	\$ -	\$ 20,911,022
Buildings	63,925,692	23,136,044	40,789,648
Leasehold improvements	1,413,520	185,240	1,228,280
Leased land	3,224,436	1,257,144	1,967,292
Prepaid building lease	3,875,000	239,999	3,635,001
Furniture and fixtures	1,720,310	1,438,515	281,795
Automotive	850,915	623,863	227,052
Computer hardware/software	1,248,160	638,266	609,894
Construction in progress	3,216,758	-	3,216,758
	\$ 100,385,813	\$ 27,519,071	\$ 72,866,742

As at year ended 31 March 2021	Cost	Accumulated Amortization	2021 Net Book Value
Land	\$ 20,911,021	\$ -	\$ 20,911,021
Buildings	64,595,724	21,882,484	42,713,240
Leasehold improvements	1,541,472	183,971	1,357,501
Leased land	3,224,436	1,203,403	2,021,033
Prepaid building lease	3,875,000	175,416	3,699,584
Furniture and fixtures	1,607,100	1,307,647	299,453
Automotive	521,137	500,131	21,006
Computer hardware/software	343,165	330,896	12,269
Construction in progress	1,626,397	-	1,626,397
	\$ 98,245,452	\$ 25,583,948	\$ 72,661,504

7. Accounts payable and accrued liabilities

As at year end 31 March	2022	2021
Trade accounts and other payables	\$ 3,546,091	\$ 2,644,658
Accrued payroll and benefits	3,681,011	3,202,569
Promissory note payable	933,648	918,888
Government remittances payable	197,487	168,524
	\$ 8,358,237	\$ 6,934,639

Notes to the Financial Statements for the year ended 31 March 2022

8. Accounts receivable

As at year end 31 March	2022	2021
Health Authorities	\$ 977,418	\$ 284,122
Not-for-profits	934,518	747,075
BC Housing	568,995	764,201
Province of BC	219,036	66,022
Rents	80,931	81,237
Other	30,171	24,053
	\$ 2,811,069	\$ 1,966,710

9. Deferred Contributions

	Grants	Rents	Donations	Total
Balance as of 01 April 2020	\$ 5,609,908	\$ 263,254	\$ 50,000	\$ 5,923,162
Amounts received during the year	7,116,324	244,194	-	7,360,518
Amounts recognized into revenue	(3,322,797)	(263,254)	-	(3,586,051)
Balance as of 31 March 2021	\$ 9,403,435	\$ 244,194	\$ 50,000	\$ 9,697,629
Balance as of 01 April 2021	\$ 9,403,435	\$ 244,194	\$ 50,000	\$ 9,697,629
Amounts received during the year	34,455,541	352,486	-	34,808,027
Amounts recognized into revenue	(30,817,635)	(244,194)	-	(31,061,829)
Balance as of 31 March 2022	\$ 13,041,341	\$ 352,486	\$ 50,000	\$ 13,443,827

10. Due to/from Lookout Foundation

The Lookout Foundation (the "Foundation") was incorporated in 2011 under the laws of the Societies Act (BC) as a not-for-profit organization and is a registered charity under the Income Tax Act. Its purpose includes soliciting and receiving donations and administering and distributing those funds to support the objectives and activities of the Society. The Foundation is not a controlled entity of the Society as the organizations have an independent board of directors with no common board members. The amount receivable from or due to the Foundation is non-interest bearing, unsecured and repayable on demand.

During the year, the Society paid the Foundation services contract fees of \$2,997,161 (2021 - \$3,037,533) for administrative and facilities management, human resources and financial services, public relations and fundraising, as the senior operating team for Lookout Society are employees of Lookout Foundation. The Society paid expense recoveries of \$115,428 (2021 - \$213,946) of which \$3,828 (2021 - \$172,693) was for salaries. The transactions are recorded at the exchange amount, being the consideration established and agreed to by the related parties.

Notes to the Financial Statements for the year ended 31 March 2022

The Society transferred donations received for capital and operating contributions of \$550,796 (2021 - \$379,831), in which \$115,316 (2021 - \$237,765) was for unrestricted use and \$435,480 (2021 - \$142,066) is restricted to future programs.

The Society received contributions from the Foundation of \$898,772 (2021 - \$1,624,036) which were restricted building contributions of \$184,498 (2021 - \$937,739); vehicle and equipment of \$200,000 (2021 - \$304,474); and operational support of \$514,274 (2021 - \$284,822).

11. Replacement Reserves

As at year ended Mar 31	Annual			
	2021	Allocation	Expenditures	2022
First Place (BCH)	\$ 698,023	\$ 98,751	\$ 59,124	\$ 737,650
Yukon Housing Centre (BCH)	170,849	1,122	30,997	140,974
Jim Green (BCH)	119,130	34,626	75,069	78,687
Cliff Block (BCH)	163,245	1,220	11,324	153,141
Jeffrey Ross (BCH)	109,302	15,016	26,932	97,386
Rhoda Kaellis (BCH)	166,352	18,156	74,431	110,077
Belcourt Residence (City of Vancouver)	441,395	225,387	-	666,782
	<u>\$ 1,868,296</u>	<u>\$ 394,278</u>	<u>\$ 277,877</u>	<u>\$ 1,984,697</u>

Under the terms of the agreements with BC Housing, Canada Mortgage and Housing Corporation, and the City of Vancouver, the Replacement Reserve accounts are to be credited in the amount determined by the budget provision per annum plus interest earned. As approved expenditures are made, the funding is drawn from the reserve and recognized as revenue.

The funders will review the expenditures and remaining funding on a periodic basis to ensure alignment with the relevant agreements. If expenditures are denied as eligible for replacement reserve funding adjustments will be recognized. At this time, BC Housing has not completed its reviews for the 2021 fiscal year end. There were no adjustments recorded in the fiscal 2022 financial statements.

Notes to the Financial Statements for the year ended 31 March 2022

12. Mortgages Payable

For the years ended 31 March	2022	2021
544 Columbia Street, New Westminster Vancouver City Savings Credit Union mortgage, bearing interest at 2.50% per annum, repayable in monthly payments of \$23,518 including principal and interest. The repayment terms are due for renewal on 8 March 2026.	\$ 5,096,635	\$ 5,250,000
558 Keefer Street, Vancouver Vancouver City Savings Credit Union mortgage, bearing interest at 3.05% per annum, repayable in monthly payments of \$4,997 including principal and interest. The mortgage will mature on 30 July 2025.	1,001,896	1,031,010
524-528 Powell Street CMHC loan bears interest of the Canada Prime rate plus 2% as determined on the maturity date of the loan. The loan matures on the third anniversary of the effective date, 19 June 2022	211,500	211,500
13802-13804 Grosvenor Road, Surrey MCAP Financial Corporation mortgage, bearing interest at 2.22% per annum, and repayable in monthly payments of \$4,211 including principal and interest. The repayment terms are due for renewal on 1 June 2030.	915,611	945,496
Belcourt; 947 East Hastings Street, Vancouver MCAP Financial Corporation mortgage, bearing interest at 2.482% per annum, and repayable in monthly payments of \$13,789 including principal and interest. The mortgage will mature on 1 October 2029.	3,701,400	3,774,492
Cedar Valley Residence; 7251 Cedar Valley Connector, Mission MCAP Financial Corporation mortgage, bearing interest at 2.86% per annum, and repayable in monthly payments of \$45,896 including principal and interest. The mortgage will mature on 1 December 2029.	11,728,667	11,942,657
Center Street Residence; 2386-88 Center Street, Abbotsford Vancouver City Savings Credit Union mortgage, bearing interest at 3.65% per annum, repayable in monthly payments of \$3,734 including principal and interest. The mortgage will mature on 29 March 2023.	753,961	771,114
Chilliwack Residence; 46101 Princess Avenue, Chilliwack Vancouver City Savings Credit Union mortgage, bearing interest at 3.65% per annum, repayable in monthly payment of \$3,734 including principal and interest. The mortgage will mature on 7 June 2023.	621,469	635,397
Cliff Block Residence; 606 Clarkson Street, New Westminster TD Canada Trust mortgage, bearing interest at 3.21% per annum, repayable in monthly payments of \$2,803 including principal and interest. The repayment terms are due for renewal on 1 July 2028.	427,948	447,618
Crawford Manor; 10008-10010 128th Street, Surrey Vancouver City Savings Credit Union mortgage, bearing interest at 2.85% per annum, repayable in monthly payments of \$3,075 including principal and interest. The repayment terms are due for renewal on 8 June 2026.	552,551	572,623
High Drive Residence; 34860-64 High Drive, Abbotsford Vancouver City Savings Credit Union mortgage, bearing interest at 3.65% per annum, repayable in monthly payments of \$3,744 including principal and interest. The mortgage will mature on 29 March 2023	755,872	773,075
Jeffrey Ross Residence; 510 Alexander Street, Vancouver Canada Mortgage and Housing Corporation mortgage, bearing interest at 2.61% per annum, repayable in monthly payments of \$14,378 including principal and interest. The repayment terms are due for renewal on 1 December 2023.	1,067,783	1,210,587

Notes to the Financial Statements for the year ended 31 March 2022

Jim Green Residence: 415 Alexander Street, Vancouver Peoples Trust Company mortgage, bearing interest at 2.41% per annum, repayable in monthly payments of \$25,792 including principal and interest. The repayment terms are due for renewal on 1 May 2026.	2,545,229	2,790,632
Macmillan House: 11184 and 11186 143A Street, Surrey Vancouver City Savings Credit Union mortgage, bearing interest at 4.00% per annum, repayable in monthly payments of \$2,235 including principal and interest. The repayment terms are due for renewal on 5 December 2024.	341,419	354,420
North Shore Apartment: 101-719 West 3rd Street North Vancouver Vancouver City Union mortgage, bearing interest at 3.65% per annum, and repayable in monthly payments of \$1,694 including principal and interest. The mortgage will mature on 31 May 2023.	300,674	309,861
Rhoda Kaellis Residence: 1105 Royal Avenue, New Westminster MCAP mortgage, bearing interest at 1.519% per annum, repayable in monthly payments of \$22,669 including principal and interest. The mortgage will mature on 01 January 2031.	5,439,473	5,627,587
Yukon Housing Centre: 2088 Yukon Street, Vancouver TD Canada Trust mortgage, bearing interest at 2.63% per annum, repayable in monthly payments of \$14,472 including principal and interest. The repayment terms are due for renewal on 1 May 2027.	2,173,717	2,289,165
	37,635,805	38,937,234
Less: current portion	(1,511,406)	(1,306,408)
	\$ 36,124,399	\$ 37,630,826

Principal payments due in the next five years and thereafter are as follows:

2023	\$ 1,511,406
2024	1,321,267
2025	1,359,544
2026	1,398,973
2027	1,437,869
Thereafter	30,606,746
	\$ 37,635,805

All the mortgages are secured by fixed charges on the real property. The related net book value of the secured properties is \$61.7 million.

Notes to the Financial Statements for the year ended 31 March 2022

13. Forgivable Loans Payable

	2022	2021
Cedar Valley Residence: 7251 Cedar Valley Connector, Mission		
BCHMC forgivable loan is non-interest bearing and will be forgiven over twenty-five years beginning on the first day of the eleventh year following the commencement date of 19 August 2019. If there is a default under the loan agreement, unearned principal plus interest of 2% per annum in excess of the prime rate computed from the date of default will be repayable. Secured by a fixed charge on real property.	\$ 6,800,000	\$ 6,800,000
Less amounts amortized	(2,188,325)	(2,065,347)
	<u>\$ 4,611,675</u>	<u>\$ 4,734,653</u>
Cliff Block Residence: 606 Clarkson Street, New Westminster		
CMHC forgivable loan bears interest at 8.125% per annum and will be forgiven over fifteen years at the rate of \$21,200 annually, beginning on 1 January 2004. If there is a default under the loan or the operating agreement, unearned principal plus interest computed from the date of default will be repayable. Terms expire on 1 January 2019. Secured by a fixed charge on real property.	\$ 318,000	\$ 318,000
Less amounts amortized	(163,543)	(154,459)
	<u>\$ 154,457</u>	<u>\$ 163,541</u>
Dover Court Residence: 1606 Lynn Valley Road, North Vancouver		
BCHMC forgivable loan is non-interest bearing and will be forgiven over fifteen years beginning on the first day of the eleventh year following the commencement date of 17 February 2017. If there is a default under the loan agreement, unearned principal plus interest of 2% per annum in excess of the prime rate computed from the date of default will be repayable. Secured by a fixed charge on real property.	\$ 1,494,000	\$ 1,494,000
Less amounts amortized	(1,148,684)	(1,138,795)
	<u>\$ 345,316</u>	<u>\$ 355,205</u>
North Shore Shelter: 705 West 2nd Street, North Vancouver		
CMHC forgivable loan is non-interest bearing and will be forgiven over fifteen years at a rate of \$27,470 annually, beginning on 1 December 2005. If there is a default under the loan agreement, unearned principal computed from the date of default will be repayable. Terms expire on 1 November 2020. Secured by a fixed charge on real property.	\$ 412,020	\$ 412,020
Less amounts amortized	(176,384)	(165,354)
	<u>\$ 235,643</u>	<u>\$ 246,666</u>
North Shore Transitional Housing: 705 West 2nd Street, North Vancouver		
BCHMC forgivable loan is non-interest bearing and will be forgiven over twenty-five years beginning on the first day of the eleventh year following the commencement date of 1 April 2005. If there is a default under the loan agreement, unearned principal plus interest of 2% per annum in excess of the prime rate computed from the date of default will be repayable. Secured by a fixed charge on real property.	\$ 545,380	\$ 545,380
Less amounts amortized	(233,464)	(218,871)
	<u>\$ 311,916</u>	<u>\$ 326,509</u>
Powell Street Gateway: 524-528 E. Hastings Street, Vancouver		
BCHMC forgivable mortgage which is non-interest bearing, the total commitment is \$10,275,000, will be forgivable 1/25 each year, commencing on the 11th anniversary of the commencement date, until the loan is completely forgiven.	\$ 934,851	-
Less amounts amortized	-	-
	<u>\$ 934,851</u>	<u>-</u>

Notes to the Financial Statements for the year ended 31 March 2022

Cliff Block Renovation: 606 Clarkson Street, New Westminster		
BCHMC forgivable loan is non-interest bearing and will be forgiven over ten years beginning on the first year of the anniversary of the commencement date of 5 January 2021. If there is a default under the loan agreement, unearned principal plus interest of 2% per annum in excess of the prime rate computed from the date of default will be repayable. Secured by a fixed charge on real property	\$ 302,959	\$ 104,713
Less amounts amortized	-	-
	<u>\$ 302,959</u>	<u>\$ 104,713</u>
Rhoda Kaellis Residence: 1105 Royal Avenue, New Westminster		
BCHMC forgivable loan is non-interest bearing and will be forgiven over twenty-five years at a rate of \$21,815 beginning on the first day of the eleventh year following the commencement date of 1 January 2009. If there is a default under the loan agreement, unearned principal plus interest of 2% per annum in excess of the prime rate computed from the date of default will be repayable. Secured by a fixed charge on real property.	\$ 1,650,000	\$ 1,650,000
Less amounts amortized	(713,281)	(670,669)
	<u>\$ 936,719</u>	<u>\$ 979,331</u>
	<u>\$ 7,833,566</u>	<u>\$ 6,910,618</u>

14. Deferred Capital Contributions

	2022	2021
BCHMC	\$ 6,437,615	\$ 5,989,803
Other capital grants	5,471,564	6,275,519
Service Canada	4,280,869	4,051,926
	<u>\$ 16,190,048</u>	<u>16,317,248</u>

15. Employee Future Benefits

The Society and its employees contribute to the Municipal Pension Plan (the "Plan"), a jointly trustee pension plan. The Plan's 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 31 December 2019, plan membership is broken down into 210,000 active members and approximately 105,000 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 valuation for the Municipal Pension Plan as of 31 December 2018, indicated a \$2,866 million funding surplus for basic pension benefits on a going concern basis. The Society paid \$1,493,661



Notes to the Financial Statements for the year ended 31 March 2022

(2020-\$1,497,981) for employer contributions to the Plan in fiscal 2021. The next valuation will be as at 31 December 2021, with results available later 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.

Notes to the Financial Statements for the year ended 31 March 2022

16. Internally Restricted Net Assets

	Replacement Reserve	Health and Training Reserves	Infrastructure Reserve	Capital Reserve	Total
1 April 2020	\$ 648,402	\$ 40,072	\$ 293,493	\$ 1,779,934	\$ 2,761,901
Re-classification	20,887	-	-	-	20,887
Transfer from unrestricted net assets	-	-	-	(1,250,000)	(1,250,000)
31 March 2021	\$ 669,299	\$ 40,072	\$ 293,493	\$ 529,934	\$ 1,532,788
	Replacement Reserve	Health and Training Reserves	Infrastructure Reserve	Capital Reserve	Total
1 April 2021	\$ 669,289	\$ 40,072	\$ 293,493	\$ 529,934	\$ 1,532,788
Transfer from unrestricted net assets	50,034	-	-	-	50,034
31 March 2022	\$ 719,323	\$ 40,072	\$ 293,493	\$ 529,934	\$ 1,582,822

Notes to the Financial Statements for the year ended 31 March 2022

17. Donations

For the year ended 31 March	2022	2021
Cash donations	\$ 115,316	\$ 237,765
Donations in kind	93,988	452,261
	\$ 209,304	\$ 690,026

18. Commitments

The Society leases office premises and residential buildings under various operating lease arrangements. The required minimum lease payments for base rent until lease maturity are as follows:

2023	\$ 285,784
2024	272,621
2025	191,530
2026	22,487
	\$ 772,422

In addition, the Society is required to pay property taxes, repairs and maintenance and other costs related to the properties which is not included in the above figures.

19. Contingent Liabilities

Under two agreements with BC Housing, BC Housing provided for the funding to the Society to enable the Society to complete building envelope repairs to the Jeffrey Ross Residence and the Jim Green Residence. The funding was comprised partially of repayable subsidies and loans. At the option of BC Housing, the repayable subsidy portion of the funding may be repayable to BC Housing, if any proceeds of litigation are received. There are no litigation proceeds expected and therefore no expectation to repay the subsidies. Accordingly, no liability has been recorded.

The Society is currently involved in negotiations with the BCGEU unionized employees and the Health Employers Association. The matter is in front of a mediator in order to settle certain benefit arrangements in the collective agreement. As the impact, if any, is uncertain at this time no additional provisions have been recorded in the financial statements.

20. Subsidy Adjustments

BC Housing conducts an annual review of the financial statements and may adjust for any operating surplus or deficit. Funding adjustments are accrued in the fiscal year they are determined by BC Housing. BC Housing has not completed the annual review of the Society's 2022 fiscal year. There are no expected significant net obligations to BC Housing related to fiscal 2022.

Notes to the Financial Statements for the year ended 31 March 2022

21. Remuneration of Directors, Employees and Contractors

The Societies Act (BC) requires that the Society discloses the total remuneration paid to directors, for either being a director or for acting in another capacity, as well as the total remuneration of the top ten most highly remunerated employees or contractors with annual remuneration equal to or greater than \$75,000.

During the years ended 31 March 2021 and 31 March 2022 the amounts paid to the Board of Directors of the Society for acting in their noted capacity was \$nil (2021 - \$nil).

Wages, employee benefits and contractor expenses for the year include ten employees or contractors that each earned over \$75,000 for a total of \$1,288,896 (2021 - \$1,242,721).

22. Funds Held in Trust

The Society administers funds for certain program participants. These funds are held in separate bank accounts by the Society and are not included as assets or liabilities on the statement of financial position. As at 31 March 2022, funds held in trust for participants was \$129,343 (2021 - \$105,025).

23. COVID-19

The impact of COVID-19 in Canada and on the global economy increased significantly. As the impacts of COVID-19 continue there could be an impact on the Society and its members, clients, contractors, supplies and other third part associates that could impact the timing and amounts realized on the Society's assets and future viability.

The Society has managed to continue on housing clients and providing programs and services as an essential service provider. At this time, there has been no material reduction or cancellation of any existing funding arrangements although some projects have been significantly impacted. Management has reviewed the Society's investments and noted no material impact as the amounts are held in fixed interest instruments or similar pooled funds.

Management has reviewed and revised their forecasts to account for any additional unexpected operating costs and related funding and is satisfied that there are sufficient reserves to be drawn upon to cover any unplanned deficits in fiscal 2022/23. The disruption from the virus is expected to be temporary, but the ultimate duration of disruption and financial impacts cannot be reasonably estimated with any certainty at this time, so the Society's Management will continue to monitor cash flows and financial projections and available reserves.