

Financial Statements of

NELSON COMMUNITY SERVICES SOCIETY

March 31, 2022

NELSON COMMUNITY SERVICES SOCIETY
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March 31, 2022

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Independent auditor's report

To the Members of
Nelson Community Services Society

Opinion

We have audited the financial statements of Nelson Community Services Society, ("the Society"), which comprise the statement of financial position as at March 31, 2022, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

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

In preparing the financial statements, management is responsible for assessing the Society's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to 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 Matters

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

Nelson, Canada
July 21, 2022



Chartered Professional Accountants

NELSON COMMUNITY SERVICES SOCIETY
STATEMENT OF FINANCIAL POSITION
As At March 31, 2022

ASSETS	General Fund	Cicada Place	Total 2022	Total 2021
CURRENT ASSETS				
Cash	\$ 635,376	\$ 16,133	\$ 651,509	\$ 474,871
Accounts receivable	13,016	206	13,222	50,041
Short-term investments (note 3)	844,933	-	844,933	164,324
Interfund balances	2,464	(2,464)	-	-
Prepaid expenses	2,740	7,614	10,354	8,675
	1,498,529	21,489	1,520,018	697,911
RESERVE FUND (note 8)	-	159,346	159,346	156,948
INVESTMENTS	-	-	-	666,261
TANGIBLE CAPITAL ASSETS (note 4)	179,491	980,771	1,160,262	1,219,129
	\$ 1,678,020	\$ 1,161,606	\$ 2,839,626	\$ 2,740,249
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Accounts payable and accrued liabilities	\$ 24,383	\$ 9,134	\$ 33,517	\$ 34,141
Grants received in advance	80,196	6,617	86,813	82,219
Wages payable	135,989	-	135,989	126,531
Deferred contributions (note 5)	215,903	-	215,903	181,306
Current portion of long-term debt (note 7)	-	44,000	44,000	43,000
	456,471	59,751	516,222	467,197
DEFERRED CAPITAL CONTRIBUTIONS (note 6)	235	225,687	225,922	235,504
LONG-TERM DEBT (note 7)	-	577,852	577,852	621,890
RESERVE FUND (note 8)	-	159,346	159,346	156,948
NET ASSETS				
Unrestricted	45,040	(6,246)	38,794	30,441
Internally restricted general (note 9)	884,718	11,984	896,702	827,110
Internally restricted BC Housing (note 10)	112,300	-	112,300	82,424
Invested in tangible capital assets (note 11)	179,256	133,232	312,488	318,735
	1,221,314	138,970	1,360,284	1,258,710
	\$ 1,678,020	\$ 1,161,606	\$ 2,839,626	\$ 2,740,249

COMMITMENT (note 12)

Approved by the Directors:

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Cathy Leung

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NELSON COMMUNITY SERVICES SOCIETY
STATEMENT OF OPERATIONS
For the Year Ended March 31, 2022

	General Fund	Cicada Place	Total 2022	Total 2021
REVENUE				
Ministry of Children and Family Development	\$ 880,291	\$ -	\$ 880,291	\$ 846,250
Ministry of Public Safety and Solicitor General	314,378	-	314,378	325,074
BC Housing	962,476	80,856	1,043,332	988,476
Other grants	349,760	-	349,760	314,495
Donations	23,787	-	23,787	65,861
Interest and sundry	14,797	5,557	20,354	19,695
Tenant contributions	-	56,665	56,665	54,095
Tenant cost recoveries	-	6,035	6,035	3,765
Amortization of deferred capital contributions	1,375	8,207	9,582	10,250
	2,546,864	157,320	2,704,184	2,627,961
EXPENDITURES				
Advertising	3,084	-	3,084	3,278
Amortization of tangible capital assets	23,980	34,887	58,867	59,880
Audit	16,787	5,935	22,722	13,261
Bank charges	563	25	588	215
Board expenditures	6,721	-	6,721	6,318
Client rental supplements	112,025	-	112,025	97,253
Clinical supervision	6,690	-	6,690	1,425
Food	19,753	-	19,753	17,443
Insurance	10,794	7,977	18,771	8,871
Interest on long-term debt	-	15,551	15,551	16,574
I.T. support	7,785	-	7,785	6,696
Legal	52	-	52	513
Maintenance and repairs	37,174	16,182	53,356	53,866
Membership dues	5,357	-	5,357	4,298
Office and COVID-19 adaptation supplies	27,740	-	27,740	70,569
Professional development	7,539	-	7,539	8,660
Program expenses	54,242	-	54,242	48,084
Rent	81,327	-	81,327	81,327
Salaries and employee benefits	2,012,257	29,028	2,041,285	1,999,293
Telephone and internet	16,728	-	16,728	15,504
Tenant repairs	-	488	488	1,942
Tenant utilities	-	1,476	1,476	1,479
Travel	12,257	-	12,257	11,229
Utilities	2,640	25,567	28,207	25,513
	2,465,495	137,116	2,602,611	2,553,491
EXCESS OF REVENUE OVER EXPENDITURES	\$ 81,369	\$ 20,204	\$ 101,573	\$ 74,470

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

GENERAL FUND	Invested in Tangible Capital Assets	Unrestricted	Internally Restricted General	Internally Restricted BCH	Total 2022	Total 2021
BALANCE, BEGINNING OF YEAR	\$ 201,861	\$ 36,020	\$ 819,640	\$ 82,424	\$ 1,139,945	\$ 1,080,767
Excess (deficiency) of revenue over expenditures	(22,605)	103,974	-	-	81,369	53,188
Transfer to internally restricted net assets	-	(65,078)	65,078	-	-	-
Transfer BCH surpluses	-	(29,876)	-	29,876	-	-
Subsidy adjustments (note 13)	-	-	-	-	-	5,990
BALANCE, END OF YEAR	\$ 179,256	\$ 45,040	\$ 884,718	\$ 112,300	\$ 1,221,314	\$ 1,139,945
CICADA PLACE						
BALANCE, BEGINNING OF YEAR	\$ 116,874	\$ (5,578)	\$ 7,470	\$ -	\$ 118,766	\$ 153,754
Land lease amortization	(2,250)	2,250	-	-	-	(49,500)
Excess (deficiency) of revenue over expenditures	(24,430)	44,634	-	-	20,204	21,282
Principal payments on debt	43,038	(43,038)	-	-	-	-
Transfer to internally restricted net assets	-	(4,514)	4,514	-	-	-
Subsidy adjustments (note 13)	-	-	-	-	-	(6,770)
BALANCE, END OF YEAR	\$ 133,232	\$ (6,246)	\$ 11,984	\$ -	\$ 138,970	\$ 118,766

NELSON COMMUNITY SERVICES SOCIETY
STATEMENT OF REPLACEMENT RESERVE (NOTE 8)
CICADA PLACE
For the Year Ended March 31, 2022

	2022	2021
BALANCE, BEGINNING OF YEAR	\$ 156,948	\$ 155,373
Interest earned	2,398	2,123
Expenditures	-	(548)
BALANCE, END OF YEAR	159,346	156,948

NELSON COMMUNITY SERVICES SOCIETY
STATEMENT OF CASH FLOWS
For the Year Ended March 31, 2022

	2022	2021
OPERATING ACTIVITIES		
Excess of revenue over expenditures	\$ 101,573	\$ 74,470
Items not affecting cash flow		
- amortization of tangible capital assets	58,867	59,880
- amortization of deferred capital contributions	(9,582)	(10,250)
	150,858	124,100
Changes in non-cash working capital		
Accounts receivable	36,819	(40,273)
Prepaid expenses	(1,679)	(148)
Accounts payable and accrued liabilities	(623)	10,553
Wages payable	9,458	37,644
Grants received in advance	4,594	3,327
Deferred contributions	34,597	128,016
	83,166	139,119
Cash Provided by Operating Activities	234,024	263,219
FINANCING ACTIVITIES		
Repayment of long-term debt	(43,038)	(42,014)
Repayment of prior year surplus to BC Housing (note 13)	-	(780)
Cash Used for Financing Activities	(43,038)	(42,794)
INVESTING ACTIVITIES		
Purchase of short-term investments	(14,348)	(13,452)
Cash Used for Investing Activities	(14,348)	(13,452)
INCREASE IN CASH	176,638	206,973
CASH, BEGINNING OF YEAR	474,871	267,898
CASH, END OF YEAR	\$ 651,509	\$ 474,871

NELSON COMMUNITY SERVICES SOCIETY

NOTES TO FINANCIAL STATEMENTS

As At March 31, 2022

1. PURPOSE OF THE ORGANIZATION

The Nelson Community Services Society (the "Society") supports the diverse needs of families, youth, and individuals by providing outreach support, counselling support, education, and emergency/supportive housing. The Society is committed to working with local, regional, and provincial partners to improve the social health and well-being of the community. The Society is incorporated under the Society Act of British Columbia and is a registered charity under the Income Tax Act.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian Accounting Standards for Not-for-Profit Organizations ("ASNPO") and include the following significant accounting policies:

Revenue Recognition

The Society follows the deferral method of accounting for contributions.

Externally restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Restricted contributions for the purchase of capital assets that will be amortized are deferred and recognized as revenue on the same basis as the amortization related to the acquired capital asset. 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.

Tenant contributions and tenant cost recoveries are recognized when the related service is performed and when reasonable assurance exists regarding the measurement and collection of the consideration received. Revenue from investments are recorded as revenue when earned.

Cash

Cash consist of cash on deposit net of any outstanding deposits or withdrawals.

Cost Allocation

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

Tangible Capital Assets

Purchased tangible capital assets are recorded at cost. Contributed capital assets are recorded at the fair value at the date of contribution. Amortization is provided on a straight-line basis over the assets' estimated useful lives as follows:

Building	2%
Office furniture and equipment	10%
Leasehold improvements	lesser of the useful life or the lease term

Impairment of Long Lived Assets

Tangible capital assets are reviewed for impairment when events or circumstances indicate that their carrying value exceeds the sum of the undiscounted cash flows expected from their use and eventual disposal. An impairment loss is measured as the amount by which the tangible capital assets' carrying value exceeds the fair value. Accordingly, the Society reviews tangible capital assets for indicators of impairment annually.

NELSON COMMUNITY SERVICES SOCIETY
NOTES TO FINANCIAL STATEMENTS (Continued)
As AT March 31, 2022

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial Instruments

The Society considers any contract creating a financial asset, liability or equity instrument as a financial instrument, except in certain limited circumstances. The Society accounts for the following as financial instruments:

- Cash
- Accounts receivable
- Investments
- Reserve funds
- Accounts payable and accrued liabilities
- Wages payable
- Long-term debt

A financial asset or liability is recognized when the Society becomes party to contractual provisions of the instrument.

Initial measurement:

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

Initial measurement of related party transactions:

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

Subsequent measurement:

The Society subsequently measures all of its financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value; investments in equity instruments that are not quoted in an active market, which are measured at cost less any reduction for impairment; derivative contracts, which are measured at fair value; and certain financial assets and financial liabilities which the Society has elected to measure at fair value. Changes in fair value are recognized in net income.

Financial assets measured at amortized cost include cash, accounts receivable, investments, and reserve funds.

Financial liabilities measured at amortized cost include accounts payables and accrued liabilities, wages payable, long-term debt.

Impairment

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

NELSON COMMUNITY SERVICES SOCIETY
NOTES TO FINANCIAL STATEMENTS (Continued)
As At March 31, 2022

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of Estimates and Measurement Uncertainty

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the amounts of revenue and expenses for the reported period. Management reviews the carrying amounts of items in the financial statements at each balance sheet date to assess the need for revision or any possibility of impairment. Management determines these estimates based on assumptions that reflect the most probable set of economic conditions and planned courses of action. Actual results could differ from those estimates.

Significant estimates included in these financial statements are the estimated useful lives of capital assets. Actual results could differ from those estimates.

3. INVESTMENTS

Investments consist of term deposits bearing interest between 0.35% and 1.60% per annum, maturing between May 25, 2022 and November 29, 2022.

4. TANGIBLE CAPITAL ASSETS

GENERAL FUND

	2022		2021	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Office furniture and equipment	\$ 170,186	\$ 151,176	\$ 170,186	\$ 144,968
Leasehold improvements	291,113	130,632	291,113	112,860
	<u>461,299</u>	<u>281,808</u>	<u>461,299</u>	<u>257,828</u>
Cost less accumulated amortization	<u>\$ 179,491</u>		<u>\$ 203,471</u>	

CICADA PLACE

	2022		2021	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land lease	\$ 135,000	\$ 51,750	\$ 135,000	\$ 49,500
Building	1,631,856	734,335	1,631,856	701,698
Furniture and equipment	39,975	39,975	39,975	39,975
	<u>1,806,831</u>	<u>826,060</u>	<u>1,806,831</u>	<u>791,173</u>
Cost less accumulated amortization	<u>\$ 980,771</u>		<u>\$ 1,015,658</u>	

The land upon which the Cicada Place complex is situated, is owned by the Provincial Rental Housing Corporation, and is occupied by the Nelson Community Services Society under the terms of a long-term lease that will expire April 30, 2059. The operating agreement stipulates that occupancy is restricted to youth who at the date of tenancy are homeless or at high risk of becoming homeless because of a physical, social, or mental condition, or disability.

NELSON COMMUNITY SERVICES SOCIETY
NOTES TO FINANCIAL STATEMENTS (Continued)
As At March 31, 2022

5. DEFERRED CONTRIBUTIONS

Deferred contributions represent unspent externally restricted grants and donations for specific purposes.

	Beginning Balance	Received	Earned	Ending Balance
Ministry of Public Safety and Solicitor General \$	22,758	\$ 340,493	\$ 314,379	\$ 48,872
BC Society of Transition Houses	55,200	2,000	54,911	2,289
Ministry of Children and Family Development	-	880,291	880,291	-
Columbia Basin Trust	1,523	-	1,523	-
Civil Forfeiture	24,232	82,758	55,961	51,029
Women's Shelters Canada	52,167	62,871	64,820	50,218
Vancouver Foundation	13,445	-	7,240	6,205
Nelson CARES Society	8,018	59,000	67,018	-
Multi-funded - Youth Support Project	-	83,860	26,570	57,290
Multi-funded - Street Outreach Project	3,963	79,692	83,655	-
	\$ 181,306	\$ 1,590,965	\$ 1,556,368	\$ 215,903

6. DEFERRED CAPITAL CONTRIBUTIONS

	2022	2021
Balance, beginning of year	\$ 235,504	\$ 245,754
Amortization	(9,582)	(10,250)
Balance, end of year	\$ 225,922	\$ 235,504

7. LONG-TERM DEBT

	2022	2021
Peoples Trust Company mortgage repayable in monthly installments of \$4,882, including interest at 2.41% per annum, maturing May 1, 2034. Secured by land and building with a net book value of \$980,771.	\$ 621,852	\$ 664,890
Less: Current portion	44,000	43,000
	\$ 577,852	\$ 621,890
Future principal payments for the remaining term are as follows:		
2023	\$ 44,000	
2024	\$ 45,000	
2025	\$ 46,000	
2026	\$ 47,000	
Thereafter	\$ 439,852	

NELSON COMMUNITY SERVICES SOCIETY
NOTES TO FINANCIAL STATEMENTS (Continued)
As At March 31, 2022

8. REPLACEMENT RESERVE FUND

Under the Homes B.C. Program as agreed with BCHMC, the Society is required to prepare a schedule setting out the projected capital repairs and improvements over the 20-year period for Cicada Place, and to create a reserve for capital repairs and replacements in accordance with the schedule. The Society is required to fund the reserve at least annually, to use or dispose of the Reserve Fund only for capital repairs and replacements in accordance with the schedule. The Society is required to deposit reserve funds in a separate account along with accumulated interest. These funds are held in term deposits bearing interest between 1.60% - 2.05% per annum, maturing between May 23, 2022 and June 8, 2025.

9. INTERNALLY RESTRICTED NET ASSETS GENERAL

GENERAL FUND	2022	2021
Strategic Plan	\$ 287,717	\$ 311,717
Boyer Estate Donation	168,001	164,325
Transition House Household Furnishing Reserve	4,047	4,246
Donations	78,031	72,169
Operational Contingency	220,000	200,000
Special Projects	77,000	27,000
Accreditation	16,500	2,500
50th Anniversary Fund	2,000	-
Employee Social Fund	1,900	1,797
Street Outreach Fundraising	29,522	35,886
	<u>\$ 884,718</u>	<u>\$ 819,640</u>

These balances have been restricted by the Board of Directors to be used for special projects or contingencies, and are not available for other purposes without Board approval.

CICADA PLACE - Apartment Furnishing Replacement

The Society collects revenue from tenants to cover expenses not funded through BC Housing. The ending balance has been set aside to be used for the repair and or replacement of apartment furnishings.

	2022	2021
Balance, beginning of year	\$ 7,470	\$ 6,200
Received from tenants	4,514	2,348
Furnishing replacement	-	(1,078)
Balance, end of year	<u>\$ 11,984</u>	<u>\$ 7,470</u>

NELSON COMMUNITY SERVICES SOCIETY
NOTES TO FINANCIAL STATEMENTS (Continued)
As At March 31, 2022

10. INTERNALLY RESTRICTED NET ASSETS BC HOUSING**GENERAL FUND**

	2022	2021
Transition House	\$ 48,892	\$ 32,042
Homeless Outreach - Program and Rental Supplements	26,956	25,735
Homeless Prevention - Program and Rental Supplements	<u>36,452</u>	<u>24,647</u>
	<u>\$ 112,300</u>	<u>\$ 82,424</u>

These balances have been restricted for projects for the benefit of the clients, where such programs are related to the services and are consistent with the goals of the agreement in place with BC Housing. Alternatively, they may be used for improvements, capital renovations, and other payments approved by BC Housing.

11. INVESTMENT IN CAPITAL ASSETS

	2022	2021
Investment in capital assets is calculated as follows:		
Capital assets	<u>\$ 1,160,262</u>	<u>\$ 1,219,129</u>
Amounts financed by:		
Deferred capital contributions	225,922	235,504
Long-term debt	<u>621,852</u>	<u>664,890</u>
	<u>847,774</u>	<u>900,394</u>
	<u>\$ 312,488</u>	<u>\$ 318,735</u>

The balance of investment in capital assets relates to:

General Fund	\$ 179,256	\$ 201,861
Cicada Place	<u>133,232</u>	<u>116,874</u>
	<u>\$ 312,488</u>	<u>\$ 318,735</u>

Change in net assets invested in capital assets is calculated as follows:

	General Fund	Cicada Place	Total 2022	Total 2021
Balance, beginning	\$ 201,861	\$ 116,874	\$ 318,735	\$ 375,851
Purchase of capital assets	-	-	-	-
Repayment of long-term debt	-	43,038	43,038	42,014
Amortization of capital assets	(23,980)	(32,637)	(56,617)	(59,880)
Amortization of deferred contributions	1,375	8,207	9,582	10,250
Amortization of land lease	-	(2,250)	(2,250)	(49,500)
Balance, ending	<u>\$ 179,256</u>	<u>\$ 133,232</u>	<u>\$ 312,488</u>	<u>\$ 318,735</u>

NELSON COMMUNITY SERVICES SOCIETY
NOTES TO FINANCIAL STATEMENTS (Continued)
As At March 31, 2022

12. COMMITMENT

The Society is committed under a property lease through to March 31, 2027 for monthly payments totaling to \$58,509 for each year.

13. SUBSIDY ADJUSTMENTS

BC Housing conducts an annual review of the financial statements and may adjust for any operating surplus or deficit. Prior years' funding adjustments are recognized in the fiscal year they are determined. At the request of BC Housing, the Society repaid \$nil (2021 - \$6,770) of the 2021 (2021 - 2020) surplus for Cicada Place and received a payment for a subsidy underpayment for the Homelessness Prevention Program of \$nil (2021 - \$5,990) for a net repayment of \$nil (2021 - \$780).

14. MUNICIPAL PENSION PLAN

The Society and its employees contribute to the Municipal Pension Plan (the plan), a jointly trustee pension plan. The Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the pension plan, including investment of the assets and administration of benefits. The plan is a multi-employer contributory pension plan. Basic pension benefits provided are based on a formula. As at December 31, 2020, the plan has about 220,000 active members and approximately 112,000 retired members. Active members include approximately 42,000 contributors from local government.

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 is 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 at December 31, 2018 indicated a \$2,866 million funding surplus for basic pension benefits on a going concern basis. The next valuation will be as at December 31, 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 plan accounting). This is because the plan records accrued liabilities and accrued assets for the plan in aggregate resulting in no consistent and reliable basis for allocating the obligation, assets and cost to individual employers participating in the plan.

The Nelson Community Services Society paid \$108,221 for employer contributions to the plan in 2022 (2021 - \$113,191).

15. ECONOMIC DEPENDENCE

The Society receives the majority of its revenue in the form of government grants and contracts. The Society depends on these funds to continue to operate.

NELSON COMMUNITY SERVICES SOCIETY
NOTES TO FINANCIAL STATEMENTS (Continued)
As At March 31, 2022

16. EMPLOYEE AND CONTRACTOR REMUNERATION

The Society Act of British Columbia has a requirement for the disclosure in the financial statements of the remuneration of directors, employees, and contractors. For employee and contractor remuneration the requirement is to disclose amounts paid to individuals whose remuneration was greater than \$75,000. For the fiscal year ending March 31, 2022, two employees were paid remuneration above \$75,000 (2021 - none). No remuneration above \$75,000 was paid to contractors, and no remuneration was paid to the directors.

17. COMPARATIVE FIGURES

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

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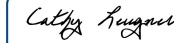
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