

**NANAIMO YOUTH SERVICES
ASSOCIATION**

FINANCIAL STATEMENTS

(UNAUDITED)

March 31, 2023

Partners

Grant McDonald, CPA, CA*

Lee-Anne Harrison, CPA, CA*

Anna Jones, CPA, CA*

Joanne Novak, CPA, CA*

*incorporated



INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

To the Members:

Report on the Financial Statements

We have reviewed the accompanying financial statements of **Nanaimo Youth Services Association** that are comprised of the statement of financial position as at, **March 31, 2023**, and the statements of revenues and expenditures and net assets, changes in net assets, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility 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.

Practitioner's Responsibility

Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these financial statements.

REVIEW ENGAGEMENT REPORT

(Continued)

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the financial statements do not present fairly, in all material respects, the financial position of the **Nanaimo Youth Services Association** as at **March 31, 2023**, 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.

Report on Other Legal and Regulatory Requirements

As required by the *Societies Act of British Columbia*, we report that, in our opinion, these principles have been applied on a basis consistent with that of the preceding year.

Church Pickard

CHURCH PICKARD

Chartered Professional Accountants

Nanaimo, B.C.
September 11, 2023

NANAIMO YOUTH SERVICES ASSOCIATION

STATEMENT OF FINANCIAL POSITION

As at **March 31, 2023**

(unaudited)

	2023	2022
Assets		
Current		
Cash	\$ 954,335	\$ 1,250,732
Accounts receivable - Notes 2 and 8	231,545	85,530
Prepaid expenses	<u>14,857</u>	<u>12,909</u>
	1,200,737	1,349,171
Long-term		
Restricted cash - Note 9	125,962	110,878
Property and equipment - Note 3	<u>2,164,508</u>	<u>2,225,329</u>
	<u>\$ 3,491,207</u>	<u>\$ 3,685,378</u>
Liabilities		
Current		
Accounts payable and accrued liabilities - Note 2	\$ 69,756	\$ 122,817
Deferred revenue - Note 4	205,900	318,931
Current portion of long-term debt - Note 5	<u>141,100</u>	<u>98,700</u>
	416,756	540,448
Callable debt - Note 7	<u>107,731</u>	<u>108,875</u>
	524,487	649,323
Long-term debt - Note 5	1,704,016	1,845,164
Deferred capital contributions - Note 6	<u>60,172</u>	<u>58,341</u>
	<u>2,288,675</u>	<u>2,552,828</u>
Net Assets		
Unrestricted	885,081	867,423
Investment in property and equipment	191,489	154,249
Externally restricted - Note 9	<u>125,962</u>	<u>110,878</u>
	<u>1,202,532</u>	<u>1,132,550</u>
	<u>\$ 3,491,207</u>	<u>\$ 3,685,378</u>

Approved:



(3)



NANAIMO YOUTH SERVICES ASSOCIATION

STATEMENT OF REVENUES AND EXPENDITURES AND NET ASSETS For the year ended **March 31, 2023**

(unaudited)

	2023	2022
Revenue		
Provincial and federal funding	\$ 1,442,900	\$ 1,532,796
Other income	150,174	154,709
Tenant fees	139,929	151,069
Donations	61,685	14,065
Deferred capital contributions - Note 6	<u>6,400</u>	<u>7,691</u>
	<u>1,801,088</u>	<u>1,860,330</u>
Expenses		
Wages and benefits	989,912	962,144
Program costs	291,556	318,137
Rent	87,539	84,858
Amortization	69,052	71,244
Building maintenance	67,414	55,573
Utilities (net of recoveries)	58,113	66,480
General and administration	53,550	74,337
Professional fees	50,673	42,961
Loan interest	37,690	40,082
Insurance	20,551	18,877
Advertising	<u>5,056</u>	<u>1,762</u>
	<u>1,731,106</u>	<u>1,736,455</u>
Excess of revenue over expenses	69,982	123,875
Net assets, beginning of the year	<u>1,132,550</u>	<u>1,008,675</u>
Net assets, end of the year	<u>\$ 1,202,532</u>	<u>\$ 1,132,550</u>

NANAIMO YOUTH SERVICES ASSOCIATION

STATEMENT OF CHANGES IN NET ASSETS

For the year ended **March 31, 2023**

(unaudited)

	Investment in Property and Equipment	Externally Restricted	Unrestricted	Total 2023	Total 2022
Balance, beginning of the year.	\$ 154,249	\$ 110,878	\$ 867,423	\$ 1,132,550	\$ 1,008,675
Revenue over expenses (expenses over revenue)	(62,652)	15,084	117,550	69,982	123,875
Net purchase (disposal) of tangible capital assets	8,231	-	(8,231)	-	-
Deferred capital contributions	(8,231)	-	8,231	-	-
Repayment of debt	99,892	-	(99,892)	-	-
Balance, end of the year	\$ 191,489	\$ 125,962	\$ 885,081	\$ 1,202,532	\$ 1,132,550

(Note 9)

NANAIMO YOUTH SERVICES ASSOCIATION

STATEMENT OF CASH FLOWS

For the year ended **March 31, 2023**

(unaudited)

	2023	2022
Cash provided (used):		
Operating activities		
Revenue over expenses	\$ 69,982	\$ 123,875
Items not involving cash		
Amortization	69,052	71,244
Amortization of deferred capital contributions	<u>(6,400)</u>	<u>(7,691)</u>
	132,634	187,428
Changes in non-cash operating accounts		
(Increase) decrease in accounts receivable	(146,015)	118,920
Increase in prepaid expenses	(1,948)	(1,237)
(Decrease) increase in accounts payable and accrued liabilities	(53,061)	12,038
(Decrease) increase in deferred revenue	<u>(113,031)</u>	<u>132,839</u>
	<u>(181,421)</u>	<u>449,988</u>
Investing activities		
Purchase of property and equipment	(8,231)	(4,168)
(Increase) decrease in externally restricted cash	<u>(15,084)</u>	<u>(10,689)</u>
	<u>(23,315)</u>	<u>(14,857)</u>
Financing activities		
Repayment of long-term debt	(98,748)	(96,441)
Deferred capital contributions	8,231	-
Decrease in callable debt	<u>(1,144)</u>	<u>(1,112)</u>
	<u>(91,661)</u>	<u>(97,553)</u>
(Decrease) increase in cash	(296,397)	337,578
Cash, beginning of the year	<u>1,250,732</u>	<u>913,154</u>
Cash, end of the year	<u>\$ 954,335</u>	<u>\$ 1,250,732</u>

NANAIMO YOUTH SERVICES ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

For the year ended **March 31, 2023**

(unaudited)

Purpose of the association

Nanaimo Youth Services Association is incorporated under the *Societies Act of British Columbia*. The association is a registered charity under the *Income Tax Act* and as such is a non-taxable entity.

It is the intent of Nanaimo Youth Services Association to assist youth (aged 16 to 30) and those with special needs in the Central Vancouver Island area to achieve well-being, and lead independent, productive lives by providing support services and programs, such as counselling, referrals, access to basic needs, life skills training, employment and job search training, community involvement projects, and housing. In housing projects where BC Housing has provided financial assistance, residents shall have low or low-to-moderate income.

1. Significant accounting policies

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and are in accordance with Canadian generally accepted accounting principles.

- Cash and cash equivalents

Cash and cash equivalents consists of cash on hand, cash on deposit, and short-term deposits with maturity dates of less than 90 days, net of cheques issued and outstanding at the reporting date.

- Property and equipment

Property and equipment are recorded at cost and amortized.

Amortization is recorded on a declining-balance basis over the estimated useful life and/or lease term of the assets as follows, except for the security systems, leasehold improvements and Waddington which is recorded on a straight-line basis:

Building - Haliburton	4%
Furniture and equipment	20%
Computer hardware	30%
Leasehold improvements	3 - 5 years
Building - Waddington	60 years

NANAIMO YOUTH SERVICES ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

For the year ended **March 31, 2023**

(unaudited)

1. Significant accounting policies - cont.

- Funding of deficit

BC Housing assesses financial information to determine adjustments for repayments of surplus and funding deficits. The repayment of surplus or funding of deficits is recognized on a cash basis.

- Donated assets

Donated property and equipment are recognized in the financial statements when the fair value can be reasonably determined and they are used in the normal course of the association's operations and would have otherwise been purchased.

- Bank overdraft

One of the association's bank accounts has a revolving credit line attached. The total limit of this revolving credit line is \$50,000, with an interest rate of 8.70%.

- Revenue recognition

Nanaimo Youth Services Association follows the deferral method of accounting for contributions. As such, revenue is recognized on a cost-recovery method on a contract-by-contract basis. The revenue in excess of expenses or expenses in excess of revenue on the contracts are realized when the contract requirements are fully met which can extend past the contract end date. This method allows the association to better match the revenues and expenses on a contract-by-contract basis.

- Use of estimates

The preparation of the financial statements of the association in accordance 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 expenditures during the reporting period. Significant areas requiring the use of management estimates relate to the determination of the collectibility of accounts receivable, estimated useful life of property and equipment, the amount of deferred revenue, and the provision for contingencies. Actual results could differ from those estimates. Adjustments, if any, will be reflected in operations in the period of settlement.

NANAIMO YOUTH SERVICES ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

For the year ended **March 31, 2023**

(unaudited)

1. Significant accounting policies - cont.

- Financial instruments

Financial instruments are recorded at fair value on initial recognition and subsequently measured at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in the statement of income and retained earnings.

Financial assets measured at amortized cost include cash, prepaid expenses, and accounts receivable.

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

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in the Statement of Revenues and Expenditures and Net Assets. Any previously recognized impairment loss may be reversed to the extent of the improvement, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously.

2. Government remittances

The association has the following amounts receivable (owing) for government remittances at March 31, 2023:

	2023	2022
Public Service Body Rebate	\$ 5,539	\$ 5,605
WorkSafe BC	\$ (2,545)	\$ (3,027)
Payroll source deductions	\$ (17,244)	\$ (40,897)

NANAIMO YOUTH SERVICES ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

For the year ended **March 31, 2023**

(unaudited)

3. Property and equipment

	Cost	Accumulated Amortization	Net 2023	Net 2022
Land	\$ 129,857	\$ -	\$ 129,857	\$ 129,857
Building - Haliburton	733,358	233,867	499,491	520,303
Furniture and equipment	42,436	32,146	10,290	4,290
Computer hardware	162,201	160,914	1,287	1,839
Leasehold improvements	26,908	25,300	1,608	7,531
Building - Waddington	<u>2,372,052</u>	<u>850,077</u>	<u>1,521,975</u>	<u>1,561,509</u>
	<u>\$ 3,466,812</u>	<u>\$ 1,302,304</u>	<u>\$ 2,164,508</u>	<u>\$ 2,225,329</u>

4. Deferred revenue

Deferred revenue consists of funding received that is related to a subsequent period as well as damage deposits paid by tenants, and donations designated for specific programs. Deferred revenue is comprised of:

	2023	2022
Prepaid funding	\$ 127,278	\$ 238,411
Gaming	65,131	63,135
Designated donations	-	4,025
Damage deposits	13,438	12,945
Prepaid rent	<u>53</u>	<u>415</u>
	<u>\$ 205,900</u>	<u>\$ 318,931</u>

NANAIMO YOUTH SERVICES ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

For the year ended **March 31, 2023**

(unaudited)

5. Long-term debt

	2023	2022
CEBA - Interest-free loan repayable by December 31, 2023 with potential forgiveness up to 33%; \$20,000 was recognized as income in the prior year as required by the Canada Revenue Agency (CRA)	\$ 40,000	\$ 40,000
Computershare Trust Company of Canada c/o MCAP Financial Corporation - mortgage - payable at \$2,128 per month including interest at 3.18%; secured by land and building with a carrying value of \$567,661 including assignment of rents; due June 1, 2024	224,627	242,705
BC Housing - forgivable mortgage - if the borrower uses the facility for eligible occupants as per the operating agreement, the loan is to be forgiven over 10 years commencing in the 11th year (2024) of the term (20-year term); if the property is not used for the intended purpose, interest will be charged at 2% in excess of the prime rate per annum on the principal amount outstanding as at the date of default	300,000	300,000
Computershare Trust Company of Canada c/o MCAP Financial Corporation- mortgage - payable at \$9,135 per month including interest at 2.196%; secured by land and building with a carrying value of \$1,581,549 including assignment of rents; due June 1, 2024	<u>1,280,489</u>	<u>1,361,159</u>
	1,845,116	1,943,864
Less: Current portion	<u>141,100</u>	<u>98,700</u>
	<u>\$ 1,704,016</u>	<u>\$ 1,845,164</u>

NANAIMO YOUTH SERVICES ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

For the year ended **March 31, 2023**

(unaudited)

5. Long-term debt- cont.

Principal payments due in each of the next five years, assuming debt is renewed with existing terms:

2024	\$ 141,100
2025	103,500
2026	106,000
2027	108,600
2028	<u>111,200</u>
	<u>\$ 570,400</u>

6. Deferred capital contributions

Deferred capital contributions represent cash contributions received for the purchase of 545 Haliburton Street and other donated property and equipment. The change in deferred contributions for the year are as follows:

	2023	2022
Balance, beginning of the year	\$ 58,341	\$ 66,032
Add: Capital contributions received	8,231	-
Less: Revenue recognized for the year	<u>6,400</u>	<u>7,691</u>
	<u>\$ 60,172</u>	<u>\$ 58,341</u>

NANAIMO YOUTH SERVICES ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

For the year ended **March 31, 2023**

(unaudited)

7. Callable debt

	2023	2022
BC Housing - demand loan - payable at \$222 per month including interest at 2.81%	\$ 53,993	\$ 55,137
Note payable - due to the Province of British Columbia, without interest	<u>53,738</u>	<u>53,738</u>
	<u>\$ 107,731</u>	<u>\$ 108,875</u>

The demand loans are secured by general security agreements.

8. Accounts receivable

	2023	2022
Accounts receivable	\$ 231,545	\$ 87,568
Allowance for doubtful accounts	<u>-</u>	<u>(2,038)</u>
	<u>\$ 231,545</u>	<u>\$ 85,530</u>

NANAIMO YOUTH SERVICES ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

For the year ended **March 31, 2023**

(unaudited)

9. Restricted cash

	2023	2022
Externally restricted		
BC Housing held in trust	\$ 6,987	\$ 6,715
Replacement reserve	109,065	94,253
Restricted by the Province of British Columbia	<u>9,910</u>	<u>9,910</u>
Total restricted cash	<u>\$ 125,962</u>	<u>\$ 110,878</u>

Pursuant to its agreement with BC Housing, the association is required to maintain separate deposits equal to the replacement reserves to cover approved replacements and major repairs. This amount is presented as a replacement reserve held in a separate savings account. In agreement with the Province of British Columbia, cash has been restricted for improvements to the Haliburton Street property.

10. Lease commitments

The association has entered into leases for the use of premises and office equipment. The total lease commitments over the next three years are as follows:

2024	\$ 15,625
2025	1,710
2026	<u>297</u>
	<u>\$ 17,632</u>

11. Remuneration of employees and contractors

During the year, one employee earned over \$75,000. The total remuneration paid to the individual by the society during the period was \$78,449.

NANAIMO YOUTH SERVICES ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

For the year ended **March 31, 2023**

(unaudited)

12. Financial risks and concentration of risk

- 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. Nanaimo Youth Services Association is exposed to interest rate risk on its mortgages subject to the prime rate.

- Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The society is exposed to credit risk in the event of non-performance by counterparties in connection with its accounts receivable. The society does not obtain collateral or other security to support the accounts receivable subject to credit risk but mitigates this risk by dealing only with what management believes to be financially sound counterparties and, accordingly, does not anticipate significant loss for non-performance.