

Victoria Cool Aid Society
Financial Statements
Year Ended March 31, 2022

Independent Auditor's Report

To the Members of Victoria Cool Aid Society

Report on the Financial Statements

Opinion

We have audited the financial statements of Victoria Cool Aid Society (the organization), 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 the organization as at March 31, 2022, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

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 organization in accordance with 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 ASNPO, 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 organization'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 organization or to cease operations, or has no realistic alternative but to do so.

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

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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:

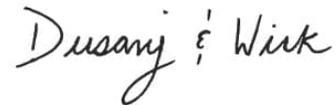
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting 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 organization'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 organization'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 organization 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

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The supplementary information included in Schedules 1 and 2 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

As required by the Societies Act of British Columbia, we report that, in our opinion, the accounting policies applied in preparing and presenting the financial statements in accordance with Canadian Accounting Standards for Not-for-profit Organizations have been applied on a basis consistent with that of the preceding year.



Victoria, British Columbia
June 29, 2022

Chartered Professional Accountants

Victoria Cool Aid Society

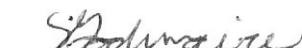
Statement of Financial Position

As at March 31, 2022 with comparative figures for 2021

	2022	2021
	\$	(restated – Note 26) \$
Assets		
Current:		
Cash and short-term investments (Note 3)	12,433,535	10,877,347
Accounts receivable (Note 4)	1,207,473	1,179,046
Inventory	108,282	135,779
Prepaid expenses (Note 5)	316,715	574,788
	<u>14,066,005</u>	<u>12,766,960</u>
Cash – Restricted Funds (Note 6)	1,730,340	1,685,179
Long-term accounts receivable (Note 7)	207,870	207,870
Prepaid leases (Note 8)	129,932	198,132
Property and equipment (Note 9)	60,217,819	44,660,305
	<u>76,351,966</u>	<u>59,518,446</u>
Total assets		
Liabilities		
Current:		
Bank loans payable (Note 10)	49,302	1,016,100
Accounts payable and accrued liabilities	7,660,501	4,759,844
Government remittances payable	781,079	387,997
Security deposits	121,070	124,058
Deferred contributions (Note 11)	5,247,570	6,008,766
Current portion of long-term debt (Note 15)	9,477,213	1,830,816
	<u>23,336,735</u>	<u>14,127,581</u>
Deferred contributions related to restricted funds (Note 12)	149,850	150,240
Deferred contributions related to land lease (Note 13)	12,194	36,582
Deferred contributions related to property and equipment (Note 14)	27,401,378	11,204,831
Long-term debt (Note 15)	9,644,088	18,193,435
Forgivable debt (Note 16)	10,460,398	10,460,398
	<u>71,004,643</u>	<u>54,173,067</u>
Total liabilities		
Net Assets		
Invested in property and equipment (Note 18)	1,422,878	1,162,363
Externally restricted replacement reserves – B.C. Housing (Note 6)	1,548,955	1,503,488
Internally restricted (Note 19)	1,513,745	1,326,029
Unrestricted	861,745	1,353,499
	<u>5,347,323</u>	<u>5,345,379</u>
Total net assets		
Total liabilities and net assets	<u>76,351,966</u>	<u>59,518,446</u>

Approved by the board:

 Director

 Director

The accompanying notes are an integral part of these financial statements

Victoria Cool Aid Society

Statement of Operations

Year ended March 31, 2022 with comparative figures for 2021

	2022	2021
	\$	\$
Revenue		
B.C. Housing Management Commission	17,171,455	15,391,769
Island Health Authority	9,731,285	8,686,757
Pharmacy revenue	2,938,110	2,777,011
Rental income and occupancy fees	3,215,795	3,199,925
Donations & grants	2,509,585	2,509,129
Forensic Psychiatric Services Commission	1,014,696	900,852
Fees - Dental	566,803	478,286
Amortization of deferred contributions	395,321	412,232
Society and real estate development fees	151,200	-
Other	164,353	60,983
Gaming grant	100,000	100,000
Research grants	99,172	168,248
Investment income	37,592	30,835
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	38,095,367	34,716,027
Salaries and benefits	22,998,913	20,475,376
Supplies and equipment - health centre	2,547,104	2,330,443
Building occupancy costs	4,173,207	3,560,389
Physician & Dentist fees	3,051,242	2,774,633
Program expense and client support	2,037,613	2,221,779
Amortization expense	1,294,777	1,278,554
Mortgage interest and loan fees	539,897	587,788
Amounts transferred to replacement reserves	258,414	258,414
Office supplies, and equipment	364,997	455,879
Advertising, promotion, and fundraising	323,271	211,181
Travel and vehicle expenses	70,947	77,081
Professional fees	231,103	81,345
Bank charges and interest	39,116	63,698
Staff development and training	102,361	102,408
Licenses, memberships and dues	29,873	27,895
Miscellaneous	92,778	4,556
	<hr/>	<hr/>
	38,155,613	34,511,419
Excess of revenue over expenses from operations	(60,246)	204,608

Victoria Cool Aid Society

Statement of Changes in Net Assets

Year ended March 31, 2022 with comparative figures for 2021

	Invested in Property and Equipment <i>(Note 18)</i> \$	Externally Restricted B.C. Housing <i>(Schedule 1)</i> \$	Internally Restricted <i>(Note 19)</i> \$	Endowment Fund <i>(Note 20)</i> \$	Unrestricted \$	2022 Total \$	2021 Total \$
Balance, beginning of the year, as previously stated	2,020,831	1,503,488	1,326,029	-	495,031	5,345,379	5,045,780
Prior period adjustment <i>(Note 26)</i>	(858,468)	-	-	-	858,468	-	-
Balance, beginning of year, as restated	1,162,363	1,503,488	1,326,029	-	1,353,499	5,345,379	5,045,780
Allocation of income:							
Excess of revenues over expenses	-	-	-	-	(60,246)	(60,246)	204,608
Transfers between funds:							
Amortization of property and equipment, net	(855,644)	-	-	-	855,644	-	-
Interest income and bank charges	-	3,499	70	-	(3,569)	-	-
Investment in property and equipment	1,502,378	-	-	-	(1,502,378)	-	-
Contributions	-	-	187,646	-	(187,646)	-	-
Interfund loan	(406,441)	-	-	-	406,441	-	-
Transfers to (from) replacement reserves:							
Amounts expended to replacement reserve	-	(216,446)	-	-	-	(216,446)	(183,645)
Replacement reserve provision <i>(Note 6)</i>	-	258,414	-	-	-	258,414	258,414
Direct increases (decreases) to net assets:							
Endowment funds received	-	-	-	25,000	-	25,000	15,400
Endowment funds transferred	-	-	-	(25,000)	-	(25,000)	(15,400)
Contributions related to land	20,222	-	-	-	-	20,222	20,222
	260,515	45,467	187,716	-	(491,754)	1,944	299,599
Balance, end of year	1,422,878	1,548,955	1,513,745	-	861,745	5,347,323	5,345,379

Victoria Cool Aid Society

Statement of Cash Flows

Year ended March 31, 2022 with comparative figures for 2021

	2022	2021
	\$	\$
Cash flows from operating activities:		
Excess (deficiency) of revenue over expenses	(60,246)	204,608
Items not involving cash:		
Amortization	1,294,777	1,278,554
Amortization of deferred contributions	(395,321)	(412,232)
Transfers to replacement reserves	41,968	74,769
Cash provided by (used in) changes in non-cash working capital items:		
Accounts receivable	(28,426)	(488,669)
Prepaid expenses	258,073	(221,495)
Inventory	27,496	(18,697)
Accounts payable and accrued liabilities	2,900,657	2,438,925
Government remittances payable	393,082	91,494
Security deposits	(2,988)	(4,397)
Deferred contributions	(674,100)	2,027,280
	<u>3,754,972</u>	<u>4,970,140</u>
Cash flows from (used by) financing and investing activities:		
Mortgage and construction financing	(1,869,747)	(868,140)
Construction and purchase of property and equipment, net	(16,763,869)	(3,969,165)
Deferred contributions related to property and equipment	16,479,993	4,162,423
	<u>(2,153,623)</u>	<u>(674,882)</u>
Net increase in cash	1,601,349	4,295,258
Cash, beginning of year	<u>12,562,526</u>	<u>8,267,268</u>
Cash, end of year	<u>14,163,875</u>	<u>12,562,526</u>
Represented by:		
Cash and short-term investments	12,433,535	10,877,347
Cash – Restricted funds	1,730,340	1,685,179
	<u>14,163,875</u>	<u>12,562,526</u>

The accompanying notes are an integral part of these financial statements

Victoria Cool Aid Society

Notes to the Financial Statements

Year ended March 31, 2022 with comparative figures for 2021

1. Purpose

The Victoria Cool Aid Society (the "Society") was incorporated October 28, 1976 under the Society Act of British Columbia and transitioned to the British Columbia Societies Act on June 21, 2017.

Cool Aid envisions a community where no one is forced to sleep on the street or go hungry and everyone has the dignity that comes with home, health, and connection. Working with our partners in the Capital Region, we offer life-changing services to people who are impacted by poverty, colonization, stigma, and homelessness. These services include permanent housing, emergency shelter, health and dental care, employment assistance, and social and recreational opportunities.

The Society is a registered charity under the Income Tax Act and as such is not subject to taxation.

2. Significant Accounting Policies

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies.

a) Revenue Recognition

The Society follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount can be reasonably estimated and collection is reasonably assured.

Restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Unrestricted investment income is recognized as revenue when earned. Contributions to endowment funds held by a foundation of which the Society is a beneficiary are not recognized as revenue.

b) B.C. Housing Replacement Reserves

B.C. Housing replacement reserves are accounted for in accordance with the B.C. Housing Financial Responsibilities Guide. This requires that contributions from B.C. Housing for replacement reserves be recognized as revenue when they are received and then transferred to externally restricted replacement reserves. The replacement reserves are increased by interest earned on these funds and reduced by purchases of eligible items included in B.C. Housing's Standardized List of Replacement Reserve items.

c) Contributed Materials and Services

The Society receives contributions of both materials and services. However, due to the difficulty in determining their fair value, contributed materials and services are not recognized in the financial statements.

d) Inventories

Inventories are measured at the lower of cost and net realizable value, with cost being determined using the specific identification method. Net realizable value is the estimated selling price in the ordinary course of business, less any applicable variable selling costs.

The cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Victoria Cool Aid Society

Notes to the Financial Statements

Year ended March 31, 2022 with comparative figures for 2021

Significant Accounting Policies (continued)

e) Joint Arrangement

The Society has an agreement with AVI Health & Community Services Society to jointly operate the Access Health Centre at 713 Johnson Street, a building owned by both parties. The Society recognizes its two-third share of the assets, liabilities, revenues, and expenses relating to the project in its statements of financial position and operations.

f) Property and Equipment

Property and equipment are recorded at cost. Except for the housing developments under B.C. Housing's Homeless at Risk Housing Program, amortization is provided over the estimated useful life of the assets on a straight-line basis as follows:

Building improvements	25 years
713/715 Johnson St. Building	25 years
Pandora Gymnasium	25 years
Furniture and equipment	5 years
Vehicles	5 years

At the time of acquisition, B.C. Housing required that amortization of the buildings on the following Homeless at Risk housing developments be equal to the principal reduction on the mortgage for the fiscal year: Swift & Store Street, Pandora, Johnson Manor, Fairway Woods, Hillside Terrace, Next Steps, Mike Gidora Place, and Cedar Grove. The Society continues to apply this amortization policy.

Computer hardware and software are expensed in the year of acquisition.

Deferred capital contributions related to property and equipment are amortized into income over the same period and using the same basis as the relating asset.

g) 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 amount of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. These estimates are reviewed periodically and adjustments are made to income as appropriate in the year they become known. Actual results could differ from those estimates.

h) Financial Instruments

The Society initially measures its financial assets and financial liabilities at fair value. The Society subsequently measures all its financial assets and financial liabilities at amortized cost, except for cash and 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 operations.

Financial assets measured at amortized cost include short-term investments and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities, government remittances payable, bank loan payable, long-term debt and forgivable debt.

i) Employee Future Benefits

The Society and its employees contribute to the Municipal Pension Plan, a multi-employer plan for group benefits. Defined contribution plan accounting is applied to multi-employer defined benefit plans and accordingly, contributions to these plans are expensed.

Victoria Cool Aid Society

Notes to the Financial Statements

Year ended March 31, 2022 with comparative figures for 2021

3. Cash and Short-term Investments

Cash and short-term investments include a deposit in the B.C. Non-Profit Housing Association Pooled for Increased Earnings Program (PIE) of \$3,914,274 earning interest at 0.60%. The PIE Program is invested with Vancity Savings Credit Union. The investment has no fixed term, no notice requirement or withdrawal penalty. Deposits are guaranteed by the Credit Union Deposit Insurance Corporation of B.C.

4. Accounts Receivable

	2022 \$	2021 \$
Trade and other receivables	242,962	386,837
Government assistance receivable	964,511	792,209
	<u>1,207,473</u>	<u>1,179,046</u>

5. Prepaid expenses

	2022 \$	2021 \$
Property under development	-	294,914
Prepaid expenses	316,715	279,874
	<u>316,715</u>	<u>574,788</u>

6. Cash – Restricted Funds

	2022 \$	2021 \$
Replacement Reserves – B.C. Housing	1,548,955	1,503,488
Replacement Reserves – Shelters	31,847	31,786
Mike Gidora Vision Fund	25,960	26,450
Carl Young Pets In Need	23,578	23,455
Gaming Fund	100,000	100,000
	<u>1,730,340</u>	<u>1,685,179</u>

Replacement Reserves – B.C. Housing

Under the terms of the operating agreement with B.C. Housing, the Society is required to maintain a replacement reserve for major repair and furnishing replacements for the housing facilities referred to as Swift House, Pandora, Fairway Woods, Hillside Terrace, Johnson Manor, Mike Gidora Place, Olympic Vista, Transitional Housing-Rock Bay Landing, Cottage Grove and Tally Ho. The replacement reserve accounts are to be credited in the amount determined by the annual budget plus interest earned. This is done by an annual transfer from operations. These funds along with the accumulated interest must be held in a separate bank

Victoria Cool Aid Society

Notes to the Financial Statements

Year ended March 31, 2022 with comparative figures for 2021

6. Cash – Restricted Funds (continued)

account. The reserve funds may only be used for repairs and replacements in accordance with the operating agreement. The corresponding net assets are reflected in Externally Restricted Replacement Reserves – B.C. Housing.

During the year the B.C. Housing replacement reserves were fully funded and maintained in accordance with the operating agreements and all interest accruing to the funds has been recorded.

Replacement Reserves – Shelters

The Society maintains a replacement reserve for the purpose of providing extraordinary or major repairs and furnishing replacements for the shelter facilities. These funds earn interest and are maintained in a separate bank account.

Cash – Mike Gidora Vision Fund

The Mike Gidora Vision Fund was originally created within the Society to honour the memory and spirit of Mike Gidora. Mike believed that individuals can find strength within themselves to create positive change; he had the ability to see things, not only as they are, but as they could be. This fund supports Cool Aid clients who are struggling to create or sustain a positive change in their circumstance. These funds earn interest and are maintained in a separate bank account.

Cash – Carl Young Pets In Need

The Society was the sole beneficiary of the estate of Carl Young. In keeping with the wishes of Mr. Young, the Society established the Carl Young Pets In Need Fund with a portion of the proceeds from his estate. The Fund will be available to assist current and former tenants and clients with pet expenses such as pet food, veterinary bills and other pet-related expenses.

Cash - Gaming Fund

The Society maintains a fund received from Gaming and Enforcement Branch of the Provincial Government, and gaming fund contributions from other organizations for the purpose of assistance with the operating of the Downtown Community Activity Centre and the REES Program or as designated by the contributor. This fund balance earns interest and is maintained in a separate bank account.

7. Long-term Accounts Receivable

The Society has long-term accounts receivable consisting of \$19,728 (2021: \$19,728) held in trust by B.C. Housing.

The Society also has long-term accounts receivable from AVI Health & Community Services Society for amounts contributed by the Society to the Access Health Centre construction project of \$188,142 (2021: \$188,142). This amount is repayable by AVI Health & Community Services Society upon a sale of their interest in the building at 713 Johnson Street.

Victoria Cool Aid Society

Notes to the Financial Statements

Year ended March 31, 2022 with comparative figures for 2021

8. Prepaid Leases

The Society leases the property on which the 753/755/757 Pandora building and gymnasium were constructed. The \$1,130,000 lease was prepaid by the Society and the lease expires on January 31, 2056.

The Society leases the property on which Johnson Manor was constructed. The \$575,000 lease was prepaid by the Society and the lease expires on September 14, 2061.

The land leases are amortized over a 25 year period, to match the expected useful lives of the respective buildings.

9. Property and Equipment

	2022		2021	
	\$		\$	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	14,030,656	-	14,744,501	-
Buildings				
467 Swift & 1634 Store Street	11,481,793	5,921,958	11,481,793	5,510,142
753/755/757 Pandora Avenue (Pandora)	3,014,420	1,731,804	3,014,420	1,615,222
749 Pandora Avenue (Mike Gidora Place)	3,040,638	1,773,255	2,984,276	1,683,521
1153 Johnson Street (Johnson Manor)	1,901,300	554,437	1,901,300	494,644
597 Goldstream Avenue (Fairway Woods)	3,554,757	1,109,535	3,554,757	1,007,081
713 Johnson Street (Access Health Centre)	3,121,274	1,501,491	3,102,976	1,377,372
1460 Hillside Avenue (Hillside Terrace)	6,947,436	2,021,031	6,947,436	1,842,191
2317 Dowler Place (Next Steps)	393,263	248,390	393,263	233,875
210 Gorge Road East (Cedar Grove)	-	-	-	-
3020 Douglas St (Tally Ho)	1,707,348	-	1,707,348	-
959 Balmoral Road	-	-	275,259	-
100 Saghalie Road	217,628	-	203,128	-
650 Speed Avenue	2,185,076	163,909	2,185,076	78,927
Furniture, equipment and computers	1,425,308	1,306,868	1,390,310	1,268,664
Vehicles	216,729	136,792	185,369	131,255
Redevelopment costs				
210 Gorge Road East (Cedar Grove)	12,279,774	-	3,976,391	-
3020 Douglas St (Tally Ho)	11,169,889	-	1,855,596	-
	76,687,289	16,469,470	59,903,199	15,242,894
Less: Accumulated amortization	<u>16,469,470</u>		<u>15,242,894</u>	
Net Book Value	<u>60,217,819</u>		44,660,305	

The land values include property at 749 Pandora Avenue, 713 Johnson Street, 2317 Dowler Place, 210 Gorge Road East, 3020 Douglas Street, 100 Saghalie Rd, and 650 Speed Avenue.

Victoria Cool Aid Society

Notes to the Financial Statements

Year ended March 31, 2022 with comparative figures for 2021

9. Property and Equipment (continued)

During the year the Society capitalized redevelopment costs for 210 Gorge Road East and 3020 Douglas Street.

During the year the Society sold the property located at 959 Balmoral Road for \$997,580. The property consisted of building and land which was recorded at a cost of \$275,259 and \$722,321 respectively.

The Swift and Store Street building (467 Swift & 1634 Store Street) provides facilities for Swift House Apartments. The building is situated on property leased from the Provincial Rental Housing Corporation. The lease required a single payment of \$377,800 in 1991, which was included in the cost of the building. The lease expires in 2051.

Mike Gidora Place is situated on property that includes a portion donated by the City of Victoria in 1999 with a fair market value of \$393,000.

Fairway Woods, a supportive housing facility, is situated on property leased from the Island Health Authority for a dollar, with the use of land restricted to affordable housing.

The 713 Johnson Street building represents the Society's share (in partnership with AVI Health & Community Services Society) of the site for the Access Health Centre, which houses Cool Aid's Community Health Centre, Dental Clinic and Pharmacy. These financial statements reflect only the Society's proportionate interest in the costs incurred.

Hillside Terrace, a senior's supportive housing facility, is situated on property leased from the Island Health Authority for \$10, with the first floor leased back to the Island Health Authority for \$10.

10. Bank Loans Payable

	2022	2021
	\$	\$
VANCITY, limit of \$925,000, interest payable monthly at prime plus 1.00%, balance due on demand, general security agreement against all present and after-acquired property specific to 959 Balmoral Street. The property was sold in the current year and the loan was repaid in full.	-	925,000
VANCITY, limit of \$600,000, interest payable monthly at prime plus 1.00%.	49,302	91,100
	<u>49,302</u>	<u>1,016,100</u>

Victoria Cool Aid Society

Notes to the Financial Statements

Year ended March 31, 2022 with comparative figures for 2021

11. Deferred Contributions

Deferred contributions represent contributions received in the current year that are related to a subsequent year. Changes in the deferred contributions balance are as follows:

	2022	2021
	\$	\$
Beginning balance	6,008,766	3,980,066
Less: Amounts recognized as revenue in the year	(4,138,082)	(2,054,616)
Less: Amounts applied to capital purchases	(550,372)	-
Add: Amount received related to the following years	3,344,132	4,083,316
Add: Amount transferred to deferred capital contributions	583,126	-
	<u>5,247,570</u>	<u>6,008,766</u>

Government assistance of \$2,022,739 (2021: \$2,551,691) received in the year is included in deferred contributions.

12. Deferred Contributions Related to Restricted Funds

Deferred contributions represent contributions received in the current year that are related to a subsequent year and for a restricted purpose. Changes in the deferred contributions related to restricted fund balances are as follows:

	M. Gidora Vision Fund	C. Young Pets In Need	Gaming	2022	2021
	\$	\$	\$	\$	\$
Beginning balance	26,455	23,759	100,026	150,240	151,662
Less: Amounts recognized as revenue in the year	(843)	(553)	(100,026)	(101,422)	(101,551)
Amount received related to the following years	358	605	100,069	101,032	100,129
	<u>25,970</u>	<u>23,811</u>	<u>100,069</u>	<u>149,850</u>	<u>150,240</u>

Government assistance of \$100,069 (2021: \$100,026) received in the year is included in deferred contributions related to restricted funds.

Victoria Cool Aid Society

Notes to the Financial Statements

Year ended March 31, 2022 with comparative figures for 2021

13. Deferred Contributions Related to Land Lease

Deferred contributions relate to funding received in prior years for the lease on the Pandora property as described in Note 8. The contribution is being amortized to revenue over 25 years from the start of the lease (October 1997).

14. Deferred Contributions Related to Property and Equipment

Deferred contributions related to property and equipment represent contributions restricted to acquiring property and equipment. Deferred contributions are amortized on the same basis as the related property and equipment. The changes in the deferred contributions balance for the year are as follows:

	2022	2021
	\$	\$
Beginning balance	11,204,831	7,430,252
Add: Contributions related to property and equipment	16,567,480	4,162,424
Less: Amounts amortized to revenue	(370,933)	(387,845)
	<u>27,401,378</u>	<u>11,204,831</u>

The Society's share of total contributions received for the construction of the Access Health Centre of \$2,960,075 (2021: \$2,958,069) have been deferred as part of deferred contributions related to property and equipment for the year. These contributions include funding from the Island Health Authority, the Capital Regional Hospital District (CRHD), the Province of British Columbia, United Way of Greater Victoria, Victoria Foundation, City of Victoria, B.C. Housing, Civic Heritage Trust, Coast Capital Savings Credit Union, and contributions from members of the community.

Government assistance of \$16,386,400 (2021: \$4,136,423) received in the year is included in deferred contributions related to property and equipment.

15. Long-term Debt

	2022	2021
	\$	\$
BC HOUSING MANAGEMENT COMMISSION mortgage on Store Street, 1.13%, repayable in blended monthly payments of \$12,063, due March 31, 2026.	565,857	701,653
BC HOUSING MANAGEMENT COMMISSION mortgage on Swift Street, 1.13%, repayable in blended monthly payments of \$7,712, due March 31, 2026.	361,778	448,598
MCAP mortgage on Store/Swift Street, 2.15%, repayable in blended monthly payments \$6,895.49, due March 1, 2025, secured by an interest in the appliances, mechanical equipment and fixtures.	<u>1,501,931</u>	<u>1,551,948</u>
Carried forward	<u>2,429,566</u>	<u>2,702,199</u>

Victoria Cool Aid Society

Notes to the Financial Statements

Year ended March 31, 2022 with comparative figures for 2021

15. Long-term Debt (continued)

Brought forward	2,429,566	2,702,199
ROYAL BANK OF CANADA mortgage on Store/Swift Street, 3.04%, repayable in blended monthly payments of \$9,436, due July 1, 2022, secured by an assignment of rents.	2,002,879	2,054,751
PEOPLES TRUST mortgage on Dowler Place, 2.965%, repayable in monthly payments of \$1,868, due September 1, 2027, secured by a first charge on the property and contents of the building at 2317 Dowler Place.	344,567	356,633
MCAP mortgage on Gorge Road, 3.43%, repayable in monthly payments of \$3,763, due April 1, 2024, secured by a first charge on the property and contents of the building at 210 Gorge Road East.	700,281	721,203
PEOPLE'S TRUST mortgage on Pandora Avenue, 3.84%, repayable in blended monthly payments of \$13,495, due November 1, 2023, secured by a first charge in the leasehold interest, building and contents of the building 753, 755, 757 Pandora Avenue and an assignment of rents.	1,401,026	1,507,385
FIRST NATIONAL FINANCIAL, mortgage on Fairway Woods, 3.53%, repayable in blended monthly payments of \$10,229, due August 1, 2023, secured by a first charge on the land at 597 Goldstream Avenue and an assignment of rents.	1,530,429	1,598,251
MCAP, mortgage on Mike Gidora Place, 2.439%, repayable in blended monthly payments of \$10,554, due September 1, 2025, secured by a first charge on the property and contents of the building at 749 Pandora Avenue and an assignment of rents.	1,720,587	1,804,377
MCAP mortgage on Johnson Manor, 2.84%, repayable in blended monthly payments of \$9,996, due January 1, 2030, secured by a first charge in the leasehold interest, building and contents of the building at 1153 Johnson Street and an assignment of rents.	1,452,354	1,530,109
MCAP mortgage on Hillside Terrace, 3.518%, repayable in blended monthly payments of \$23,749, due February 1, 2023, secured by a first charge in the leasehold interest, building and contents of the building at 1460 Hillside Avenue and an assignment of rents.	3,939,909	4,084,515
VANCITY commercial mortgage on 650 Speed Ave, 2.95%, repayable in monthly payments \$12,538. Due March 31, 2023, secured by a first charge on the land at 650 Speed Ave and an assignment of rents.	2,874,703	2,939,828
Mortgage on 100 Saghali Road, 2%, principal and interest repayable at end of term December 23, 2024, secured by the property at 100 Saghali Road.	725,000	725,000
	19,121,301	20,024,251
Less: Current Portion	9,477,213	1,830,816
	<u>9,644,088</u>	<u>18,193,435</u>

The B.C. Housing Management Commission mortgages place a charge on the Swift and Store Street building, furnishings and equipment, fire and B.C. Housing insurance and housing unit's rentals. The monthly mortgage payment is offset by a grant from B.C. Housing resulting in an effective annual interest rate of 2%.

Victoria Cool Aid Society

Notes to the Financial Statements

Year ended March 31, 2022 with comparative figures for 2021

15. Long-term Debt (continued)

Principal repayments required on long-term debt for the next five years are as follows:

<u>Year</u>	<u>Amount \$</u>
2023	9,477,213
2024	3,238,939
2025	3,200,988
2026	1,793,122
2027	103,508
Thereafter	<u>1,307,531</u>
	<u>19,121,301</u>

Principal repayments include payments relating to mortgages that will be renewed and funded by BC Housing. The 2023 principal repayment of \$9,477,213 includes repayments of \$8,817,491 relating to three mortgages that will be renewed and funded.

16. Forgivable Debt

BCHMC forgivable loan 3020 Douglas Street – payments on account of principal and interests under the loan will be forgiven, provided the property is continuously used for the intended purpose and no default under the loan or operating agreement. The loan will be forgiven 1/10 each year, commencing in the 11th year. Term 20 years, to end March 31, 2037.

	<u>2022</u>	<u>2021</u>
	<u>\$</u>	<u>\$</u>
	10,460,398	10,460,398
	<u>10,460,398</u>	<u>10,460,398</u>

17. Financial Instruments and Risk Management

At March 31, 2022, the estimated fair value of cash, accounts receivable, accounts payable and accrued liabilities approximated their respective carrying values due to their short-term nature.

Short-term investments are recorded at market value based on quoted market prices at the statement of financial position date. Any unrealized gains and losses arising from the adjustment to market value are recognized in the statement of operations for the current period.

The carrying values of the bank loan payable and long-term debt approximate their fair values because interest charges under the terms of the loans are based on current Canadian bank lending rates.

The Society has a comprehensive risk management framework to monitor, evaluate and manage the principal risks assumed with financial instruments. The risks that arise from transacting financial instruments include credit risk, currency risk, interest rate risk, liquidity risk and other price risk. There have been no significant changes in the Society's risk exposure from the prior year.

Victoria Cool Aid Society

Notes to the Financial Statements

Year ended March 31, 2022 with comparative figures for 2021

17. Financial Instruments and Risk Management (continued)

Credit risk

Credit risk is the risk that one party to a financial instrument will cause financial loss for the other party by failing to discharge an obligation. Financial instruments that potentially subject the Society to credit risk consist primarily of accounts receivable. Accounts receivable are not concentrated with any single party, and therefore the Society is not subject to any significant concentration of credit risk.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Society is not exposed to significant currency risks arising from its financial instruments.

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. Financial instruments that potentially subject the Society to interest rate risk consist primarily of long-term debt. The Society manages this risk by having a substantial amount of its long-term debt at fixed rates of interest.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. Cash flow from operations provides a substantial portion of the Society's cash requirements. Additional cash requirements are met with bank borrowings under long-term credit arrangements. The Society is not exposed to significant liquidity risks.

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate or foreign currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Society is not exposed to significant other price risk.

18. Net Assets Invested in Property and Equipment

The Society's investment in property and equipment is calculated as follows:

	2022	2021
	\$	\$
Property and equipment (<i>Note 9</i>)	60,217,819	44,660,305
Accounts receivable, B.C. Housing (<i>Note 7</i>)	19,728	19,728
Less amounts financed by:		
Accounts payable	(668,011)	(128,480)
Loan and mortgages payable	(28,884,254)	(30,709,553)
Direct increase in net assets related to land	231,026	210,804
Deferred capital contributions (<i>Note 14</i>)	(27,401,378)	(11,204,831)
Interfund loan	(2,092,052)	(1,685,610)
	<u>1,422,878</u>	<u>1,162,363</u>

Victoria Cool Aid Society

Notes to the Financial Statements

Year ended March 31, 2022 with comparative figures for 2021

19. Net Assets Internally Restricted

Internally restricted funds include a reserve for Health Services expansion and new initiatives, a Building and Equipment reserve to cover renovations and furniture replacements for programs that are not covered by other reserves; a Shelter Facilities reserve for providing major repairs and furnishing replacements, and a Housing Development fund to support the strategic goals of the Society to end homelessness through housing development initiatives.

The balance of net assets internally restricted is comprised of the following:

	Building & Equipment \$	Health Services Fund \$	Shelters Reserve \$	Housing Development Fund \$	2022 \$	2021 \$
Beginning balance	95,094	199,145	31,790	1,000,000	1,326,029	1,325,965
Less: Amounts used in the year	-	-	-	-	-	-
Add: Interest income	-	-	70	-	70	64
Add: Contributions in the year	-	187,646	-	-	187,646	-
	<u>95,094</u>	<u>386,791</u>	<u>31,860</u>	<u>1,000,000</u>	<u>1,513,745</u>	<u>1,326,029</u>

20. Endowment Funds

The Society established a Hosted Endowment Fund (Cool Aid Housing, Health, and Shelter & Community Services Fund) with the Victoria Foundation in 2008. The funds are managed for the benefit of the Society and are held permanently. Gifts are made from time to time as determined by the Society or in accordance with the wishes of contributors. The Fund earns investment income in accordance with the Investment Policy of the Victoria Foundation. Distributions from the fund are determined by the Distribution Policy of the Victoria Foundation.

In 2015, the Society established a Hosted Endowment Fund with the Vancouver Foundation. Management and intention of this fund are the same as those of the Victoria Foundation Endowment Fund. The purpose of this fund is to enhance giving opportunities for those contributors outside of the Victoria area.

In 2016, the Society established a Hosted Endowment fund with the Victoria Foundation for the operation of the Pets In Need Fund (Carl Young). The initial gift for this fund was provided by the Carl Young estate. In keeping with Mr. Young's wishes, the fund was established to assist current and former tenants and clients with pet expenses such as pet food, veterinary bills and other pet-related expenses.

Contributions, investment income and grants paid are reported in the Cool Aid Housing, Health, Shelter & Community Fund by the Victoria Foundation and Vancouver Foundation and the Pets In Need Fund (Carl Young) by the Victoria Foundation.

Victoria Cool Aid Society

Notes to the Financial Statements

Year ended March 31, 2022 with comparative figures for 2021

20. Endowment Funds (continued)

	Victoria Foundation \$	Vancouver Foundation \$	Victoria Foundation Pets In Need \$	2022 \$	2021 \$
Beginning balance	228,495	13,763	33,279	275,537	218,171
Contributions	25,100	-	250	25,350	16,237
Grants paid	(8,159)	-	(1,197)	(9,356)	(8,671)
Net investment returns	12,443	721	1,895	15,059	49,801
	257,879	14,484	34,227	306,590	275,538

Fund values are reported at market value as at March 31, 2022.

21. Government Assistance

The Society receives government assistance from the B.C. Housing Management Commission, Island Health Authority, Forensic Psychiatric Services Commission, and other government agencies to fund its operations. During the year \$28,132,046 (2021: \$25,707,324) of government assistance received was recognized as revenue.

22. Tenant Rent

The Society has on file verification of the income and assets of tenants as required by the operating agreements with B.C. Housing. The tenant rent contributions, as approved by B.C. Housing, are being charged correctly to the rent-geared-to-income tenants.

23. Employee Future Benefits

The Society and its employees are members in the Municipal Pension Plan (the "pension plan"), a joint trustees 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 pension plan is a multi-employer contributory pension plan. Basic pension benefits provided are defined.

Every three years an actuarial valuation is performed to assess the financial position of the plan and the adequacy of the plan funding. The most recent valuation was December 31, 2021, with the final report due to be published in September 2022 and is expected to indicate the plan is fully funded on the basis that current contributions continue. The Society paid \$1,361,178 (2021: \$1,176,594) for employer contributions to the plan in fiscal 2022. The employer contribution rate was 9.74% of pensionable earnings from April 1, 2021 to December 31, 2021 and was reduced to 9.31% effective January 1, 2022 (2021: 9.74%).

Victoria Cool Aid Society

Notes to the Financial Statements

Year ended March 31, 2022 with comparative figures for 2021

24. Remuneration of employees and contractors

Under the British Columbia Societies Act, societies must disclose remuneration paid to directors, and to employees and contractors whose remuneration was at least \$75,000 for the fiscal year.

During the year, there were 40 employees who met this criterion, and the total amount of remuneration paid to these persons was \$3,738,098. During the prior year, there were 36 employees who met this criterion, and the total amount of remuneration paid to these persons was \$3,305,327.

During the year, there were 16 contractors who met this criterion, and the total amount of remuneration paid to these contractors was \$2,702,758. During the prior year, there were 19 contractors who met this criterion, and the total amount of remuneration paid to these contractors was \$3,960,961.

25. B.C. Housing Accumulated Operating Surplus

Some operating agreements with B.C. Housing may require the Society to manage accumulated operating surpluses for projects or services. All accumulated operating surpluses are accounted for and spent as required in the operating agreement.

26. Comparative figures

(a) The prior year's figures have been restated to give effect to the following prior period adjustment:

Invested in property and equipment has been reduced and unrestricted net assets increased by \$858,468 at March 31, 2021 to include the correct balance of the interfund loan at the year then ended.

(b) Certain prior year's figures have been reclassified for comparative purposes to conform with current year presentation.

27. Commitments

(a) 210 Gorge Road redevelopment

The Society has entered into a series of agreements for the construction of a new supportive and affordable housing building at 210 Gorge Road.

i. Financing agreement with BC Housing

The Society has entered into an agreement with BC Housing wherein BC Housing will provide certain financial supports for the new building.

Construction financing

BC Housing will provide up to \$15,126,663 in the form of a non-revolving construction loan to finance the construction of the new building. As of March 31, 2022, the advances from BC Housing for the development of 210 Gorge Road are \$10,983,398 which are included in the balance of deferred capital contributions.

Victoria Cool Aid Society

Notes to the Financial Statements

Year ended March 31, 2022 with comparative figures for 2021

27. Commitments (continued)

Take-out mortgage

Upon completion of the project the amount of the loan will be reduced from \$15,126,663 to \$5,676,663 and the construction loan will be partially repaid by a take-out mortgage for this amount. The take-out mortgage will bear interest at a fixed rate determined at the time of the financing.

ii. Construction contracts

The Society has entered into several contracts with suppliers of construction materials and services.

(b) 3020 Douglas Street redevelopment

The Society has entered into a series of agreements for the construction of a new multi-use development at 3020 Douglas Street.

i. Financing agreement with BC Housing

The Society has entered into an agreement with BC Housing wherein BC Housing will provide certain financial supports for the new building.

Construction financing

BC Housing will provide up to \$61,520,738 in the form of non-revolving construction loans to finance the construction of the new building. As of March 31, 2022, the advances from BC Housing for the development at 3020 Douglas Street are \$10,520,903 which are included in the balance of deferred capital contributions.

Forgivable mortgage

Upon completion of the project, \$10,609,000 will be converted to a forgivable loan that will be forgiven 1/25 each year commencing on the 11th anniversary of the commencement date of the loan until the loan is completely forgiven.

Take-out mortgage

Upon completion of the project the remaining portion of the loan will be reduced from \$50,911,738 to \$33,093,857 and the construction loan will be partially repaid by a take-out mortgage for this amount. The take-out mortgage will bear interest at a fixed rate determined at the time of the financing.

ii. Construction contracts

The Society has entered into several contracts with suppliers of construction materials and services.

Victoria Cool Aid Society
Schedule 1
**Statement of Changes in Externally Restricted Replacement Reserves – B.C. Housing
Year ended March 31, 2022 with comparative figures for 2021**

	Fairway Woods \$	Hillside Terrace \$	Johnson Manor \$	Mike Gidora Place \$	Olympic Vista \$	Pandora Apts \$	Rock Bay Landing \$	Swift House Apts \$	Cottage Grove Apts \$	Tally Ho \$	2022 Total \$	2021 Total \$
Balance, beginning of year	159,530	174,443	196,357	38,101	38,765	335,879	128,258	231,239	133,572	67,344	1,503,488	1,450,535
Add:												
Transfer from operations for the year (Note 5)	15,828	32,400	14,971	32,400	25,920	28,800	16,800	21,455	32,400	37,440	258,414	258,414
Interest income	359	411	443	118	104	762	291	517	311	182	3,498	3,037
Less:												
Amounts expended on replacement reserve	(48,799)	(21,983)	(4,296)	(25,730)	(7,974)	(71,261)	(26,925)	(9,477)	-	-	(216,445)	(183,645)
Amounts expended related to prior year	-	-	-	-	-	-	-	-	-	-	-	(24,853)
Balance, end of year	126,918	185,271	207,475	44,889	56,815	294,180	118,424	243,734	166,283	104,966	1,548,955	1,503,488
Purchase of replacement items for year:												
Appliances	1,492	2,656	-	3,980	2,101	-	-	-	-	-	10,229	17,813
Exterior structure	2,563	-	533	-	4,745	1,369	10,895	-	-	-	20,105	-
Fencing	-	-	-	-	-	-	-	-	-	-	-	10,531
Flooring	9,191	17,981	1,147	9,623	-	29,852	1,561	-	-	-	69,355	44,688
Heating and hot water	-	-	-	-	-	10,897	-	-	-	-	10,897	-
Interior structure	-	866	866	-	-	22,035	8,646	9,477	-	-	41,890	-
Painting	34,883	-	1,394	10,275	-	5,346	5,135	-	-	-	57,033	74,479
Roofing	-	-	-	-	-	1,136	688	-	-	-	1,824	-
Special repairs & equipment	-	-	-	-	-	-	-	-	-	-	-	29,352
Window coverings	670	480	356	1,852	1,128	626	-	-	-	-	5,112	6,782
	48,799	21,983	4,296	25,730	7,974	71,261	26,925	9,477	-	-	216,445	183,645

Victoria Cool Aid Society

Schedule 2

Schedule of Housing Fund Surplus Accounts

Year ended March 31, 2022 with comparative figures for 2021

	Hillside Terrace	Sandy Merriman House	Next Steps	Rock Bay Landing (ESP)	Rock Bay Landing (PHI)	Mount Edwards Court	HOP RS	Cool Aid Seasonal Shelter
	\$	\$	\$	\$	\$	\$	\$	\$
Financial review closing balance March 31, 2021	(562,996)	169,175	35,654	170,181	-	129,071	44,234	(4,231)
Financial review adjustments Prior years	-	-	-	-	-	-	-	-
Financial review adjustments 2021	(386)	-	(31)	-	376	-	-	-
Revised accumulated surplus (deficit) 2021	(563,382)	169,175	35,623	170,181	376	129,071	44,234	(4,231)
Accumulated surplus (deficit) beginning	(563,382)	169,175	35,623	170,181	376	129,071	44,234	(4,231)
Current year operating surplus (deficit)	(70,769)	31,451	(4,222)	72,498	(97,631)	(48,314)	102	-
Accumulated surplus (deficit), end of year	(634,151)	200,626	31,401	242,679	(97,255)	80,757	44,336	(4,231)

Victoria Cool Aid Society

Schedule 2 continued

Schedule of Housing Fund Surplus Accounts

Year ended March 31, 2022 with comparative figures for 2021

	Swift House \$	Desmond House \$	Queens Manor \$	Tally Ho \$	Muncey Place (Tower) \$	Travelodge \$	Total 2022 \$	Total 2021 \$
Financial review closing balance March 31, 2021	13,937	1,454	(25,111)	15,922	44,208	26,799	58,297	(104,894)
Financial review adjustments Prior years	-	-	-	-	-	-	-	(3,937)
Financial review adjustments 2021	(830)	-	-	1	-	-	(870)	(7,433)
Subsidy repayment	-	(1,454)	25,111	-	-	-	23,657	59,264
Revised accumulated surplus (deficit) 2021	13,107	-	-	15,923	44,208	26,799	81,084	(57,000)
Accumulated surplus (deficit) beginning	13,107	-	-	15,923	44,208	26,799	81,084	(57,000)
Current year operating surplus (deficit)	(93)	14,059	(117,122)	19,724	(35,387)	(1,650)	(237,354)	115,297
Accumulated surplus (deficit), end of year	13,014	14,059	(117,122)	35,647	8,821	25,149	(156,270)	58,297