

LIFT COMMUNITY SERVICES OF QATHET SOCIETY

Financial Statements

Year Ended March 31, 2023

LIFT COMMUNITY SERVICES OF QATHET SOCIETY

Index to Financial Statements

Year Ended March 31, 2023

	Page
INDEPENDENT AUDITOR'S REPORT	1 - 2
FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statement of Revenues and Expenditures	4
Statement of Changes in Net Assets	5
Statement of Cash Flows	6
Notes to Financial Statements	7 - 10



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INDEPENDENT AUDITOR'S REPORT

To the Members of Lift Community Services of qathet Society

Report on the Financial Statements

Opinion

We have audited the financial statements of Lift Community Services of qathet Society (the Society), which comprise the statement of financial position as at March 31, 2023, and the statements of revenues and expenditures, 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 Society as at March 31, 2023, 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 Society 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 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.

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

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

Report on Other Legal and Regulatory Requirements

As required by the Societies Act 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.

Powell River, British Columbia
June 29, 2023



CHARTERED PROFESSIONAL ACCOUNTANTS

LIFT COMMUNITY SERVICES OF QATHET SOCIETY

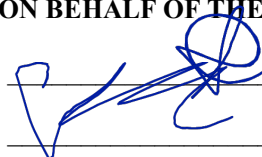
Statement of Financial Position

March 31, 2023

	2023	2022
ASSETS		
CURRENT		
Cash	\$ 1,609,592	\$ 2,202,690
Short term investments <i>(Note 3)</i>	3,262,200	-
Accounts receivable	247,561	293,892
Goods and services tax recoverable	28,249	53,241
Prepaid expenses and deposits	87,267	51,148
	5,234,869	2,600,971
TANGIBLE CAPITAL ASSETS <i>(Note 4)</i>	439,432	466,700
	\$ 5,674,301	\$ 3,067,671
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 54,939	\$ 37,710
Wages and benefits payable	207,681	106,445
Deferred grants <i>(Note 5)</i>	3,429,407	1,031,620
	3,692,027	1,175,775
DEFERRED GRANTS <i>(Note 5)</i>	243,726	219,136
	3,935,753	1,394,911
NET ASSETS		
Unrestricted	488,548	1,364,525
Internally restricted operating reserve	1,250,000	500,000
Internally restricted food programs	-	(191,765)
	1,738,548	1,672,760
	\$ 5,674,301	\$ 3,067,671

LEASE COMMITMENTS *(Note 6)*

ON BEHALF OF THE BOARD


Director
Director

The accompanying notes form an integral part of these financial statements.

LIFT COMMUNITY SERVICES OF QATHET SOCIETY

Statement of Revenues and Expenditures

Year Ended March 31, 2023

	2023	2022 <i>(Note 8)</i>
REVENUES		
BC Housing	\$ 1,769,125	\$ 1,662,864
BC Ministry of Social Development and Poverty Reduction	1,735,015	1,618,569
Vancouver Coastal Health Authority	1,259,422	519,921
Other grants	579,451	641,539
Government of Canada	321,358	496,881
Fee income and rent	206,003	238,593
Government of BC - Other	171,555	152,851
Interest	98,759	12,815
Sales	38,682	27,445
Donations	10,493	26,889
	<u>6,189,863</u>	<u>5,398,367</u>
EXPENSES		
Advertising and promotion	26,599	29,843
Amortization	145,573	102,669
Bad debts	44	-
Board expenses	-	189
Client accommodation	82,056	254,099
Client support	354,558	217,436
Communications	49,597	41,413
Equipment and furniture	98,648	75,624
Facility maintenance	79,990	60,131
GST not recoverable	23,158	37,677
Honorariums	293,476	258,182
Insurance	29,897	24,890
Interest and bank charges	2,726	2,232
Janitorial	74,056	37,518
Memberships, permits and fees	62,653	35,840
Merchandise purchases	40,943	43,940
Office	27,631	28,869
Professional fees	169,087	188,878
Program supplies and materials	342,849	366,908
Rent and utilities	340,641	251,195
Training - staff	33,681	59,882
Travel	16,608	13,185
Wages and benefits	3,749,604	3,158,171
	<u>6,044,075</u>	<u>5,288,771</u>
EXCESS OF REVENUES OVER EXPENSES FROM OPERATIONS	145,788	109,596
OTHER INCOME		
Loss on contractor <i>(Note 10)</i>	<u>(80,000)</u>	<u>-</u>
EXCESS OF REVENUES OVER EXPENSES	\$ 65,788	\$ 109,596

The accompanying notes form an integral part of these financial statements.

LIFT COMMUNITY SERVICES OF QATHET SOCIETY

Statement of Changes in Net Assets

Year Ended March 31, 2023

	2022 Balance <i>(Note 8)</i>	Excess (deficiency) of revenues over expenses	Transfers	2023 Balance
Unrestricted Reserve	\$ 1,364,525	\$ -	\$ (875,977)	\$ 488,548
Administration	-	14,950	(14,950)	-
Trans qathet	-	(20,437)	20,437	-
Work BC	-	139,886	(139,886)	-
Community Resource Centre	-	(40,381)	40,381	-
Family Place	-	(2,265)	2,265	-
BC Settlement & Immigrations Services	-	(15,965)	15,965	-
qathet Community Justice	-	(10,000)	10,000	-
Food Programs - internally restricted	(191,765)	-	191,765	-
Operating Reserve - internally restricted	500,000	-	750,000	1,250,000
	\$ 1,672,760	\$ 65,788	\$ -	\$ 1,738,548

	2021 Balance <i>(Note 8)</i>	Excess (deficiency) of revenues over expenses	Transfers	2022 Balance <i>(Note 8)</i>
Unrestricted Reserve	\$ 1,207,431	\$ -	\$ 157,094	\$ 1,364,525
Administration	-	78,531	(78,531)	-
Work BC	-	178,512	(178,512)	-
Community Resource Centre	-	(22,081)	22,081	-
Family Place	-	(5,126)	5,126	-
BC Settlement & Immigrations Services	-	(11,746)	11,746	-
Supportive Housing	-	(22,656)	22,656	-
BC Housing Emergency Fund	-	(38,340)	38,340	-
Food Programs - internally restricted	(144,267)	(47,498)	-	(191,765)
Operating Reserve - internally restricted	500,000	-	-	500,000
	\$ 1,563,164	\$ 109,596	\$ -	\$ 1,672,760

The accompanying notes form an integral part of these financial statements.

LIFT COMMUNITY SERVICES OF QATHET SOCIETY**Statement of Cash Flows
Year Ended March 31, 2023**

	2023	2022
OPERATING ACTIVITIES		
Excess of revenues over expenses	\$ 65,788	\$ 109,596
Item not affecting cash:		
Amortization of tangible capital assets	145,573	102,669
	<u>211,361</u>	<u>212,265</u>
Changes in non-cash working capital:		
Accounts receivable	46,331	(57,898)
Goods and services tax recoverable	24,992	(4,085)
Prepaid expenses and deposits	(36,119)	(32,386)
Accounts payable	17,227	(10,037)
Deferred grants	2,422,377	707,807
Wages payable	101,236	2,895
Deferred grants received related to tangible capital assets	(150,000)	(242,050)
	<u>2,426,044</u>	<u>364,246</u>
Cash flow from operating activities	<u>2,637,405</u>	<u>576,511</u>
INVESTING ACTIVITIES		
Purchase of tangible capital assets	(118,303)	(371,080)
Deferred grants received related to tangible capital assets	150,000	242,050
Cash flow from (used by) investing activities	<u>31,697</u>	<u>(129,030)</u>
FINANCING ACTIVITY		
Purchase of short term investments	(3,262,200)	-
INCREASE (DECREASE) IN CASH FLOW	(593,098)	447,481
Cash - beginning of year	<u>2,202,690</u>	<u>1,755,209</u>
CASH - END OF YEAR	\$ 1,609,592	\$ 2,202,690

The accompanying notes form an integral part of these financial statements.

LIFT COMMUNITY SERVICES OF QATHET SOCIETY

Notes to Financial Statements

Year Ended March 31, 2023

1. DESCRIPTION OF OPERATIONS

Lift Community Services of qathet Society (the 'Society') was incorporated in 1984 under the Society Act of British Columbia as a not-for-profit organization and is exempt from income tax under section 149(1)(l) of the Income Tax Act. The Society serves the Powell River (qathet) community as a multifaceted organization providing administration and operations of a wide range of community-based services and programs such as employment, mental health, literacy, community resource, and parenting support.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

Fund accounting

Revenues and expenses related to program delivery and administrative activities are reported in their respective Fund.

Measurement uncertainty

Certain amounts in the financial statements are subject to measurement uncertainty and are based on the Society's best information and judgment. Actual results could differ from these estimates.

Examples of significant estimates include:

- providing for amortization of tangible capital assets;
- the estimated useful lives of tangible capital assets; and
- the recoverability of tangible capital assets.

Financial instruments policy

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

Tangible capital assets

Tangible capital assets are stated at cost or deemed cost less accumulated amortization. Tangible capital assets are amortized over their estimated useful lives at the following rates and methods:

Computer equipment	3 years	straight-line method
Furniture and equipment	5 years	straight-line method
Leasehold improvements	5 years	straight-line method

The Society regularly reviews its tangible capital assets to eliminate obsolete items.

Tangible capital assets acquired during the year but not placed into use are not amortized until they are placed into use.

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LIFT COMMUNITY SERVICES OF QATHET SOCIETY

Notes to Financial Statements

Year Ended March 31, 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Net assets

1. Internally restricted net assets are funds which have been designated for a specific purpose by the Society's Board of Directors.
2. Program net assets are the excess of revenue over expenses accumulated by the specific program each year, net of transfers, and are available for specific program purposes.
3. Unrestricted net assets comprise the excess of revenue over expenses accumulated by the Society each year, net of transfers, and are available for general purposes.

Revenue recognition

Lift Community Services of qathet 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. If a contribution is received for the purchase of a specific tangible capital asset, the grant revenues are recognized in income in conjunction with the amortization of the tangible 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.

Donations

Donations are recorded as revenue in the year received.

3. SHORT TERM INVESTMENTS

	2023	2022
High interest savings bearing a variable interest rate	\$ 1,209,811	\$ -
National Bank GIC bearing interest at 4.35% per annum, maturing January 15, 2024	1,009,177	-
National Bank GIC bearing interest at 4.65% per annum, maturing on January 15, 2024	1,043,212	-
	\$ 3,262,200	\$ -

Balances include interest accrued to March 31, 2023.

4. TANGIBLE CAPITAL ASSETS

	2023		2022	
	Cost	Accumulated amortization	Cost	Accumulated amortization
Computer equipment	\$ 42,503	\$ 37,386	\$ 40,511	\$ 33,214
Furniture and equipment	130,051	57,108	120,056	34,202
Leasehold improvements	670,881	309,509	564,564	191,015
	\$ 843,435	\$ 404,003	\$ 725,131	\$ 258,431
Net book value	\$ 439,432		\$ 466,700	

LIFT COMMUNITY SERVICES OF QATHET SOCIETY

Notes to Financial Statements

Year Ended March 31, 2023

5. DEFERRED GRANTS

	Opening balance <i>(Note 8)</i>	Amount recognized as revenue	Amount received for subsequent year	Closing balance
Administration	\$ 96,000	\$ 53,000	\$ 40,204	\$ 83,204
Community Resource Centre	352,682	207,880	104,971	249,773
Family Place	51,886	51,886	58,412	58,412
Supportive Housing	141,681	98,250	17,855	61,286
Community Action Team	-	-	53,342	53,342
Sustain	112,000	12,000	6,250	106,250
Overdose Prevention Site	139,333	108,000	125,199	156,532
injectable Overdose Agonist Therapy	300,000	300,000	553,657	553,657
Complex Care Housing	-	-	2,338,058	2,338,058
qathet Community Justice	55,309	55,309	12,619	12,619
	<u>1,248,891</u>	<u>886,325</u>	<u>3,310,567</u>	<u>3,673,133</u>
Long term portion of Administration	(43,000)	(43,000)	-	-
Long term portion of Community Resource Centre	(144,803)	(40,410)	(12,000)	(116,393)
Long term portion of Overdose Prevention Site	(31,333)	(8,000)	-	(23,333)
Long term portion of Complex Care Housing	-	-	(104,000)	(104,000)
	<u>(219,136)</u>	<u>(91,410)</u>	<u>(116,000)</u>	<u>(243,726)</u>
	<u>\$ 1,029,755</u>	<u>\$ 794,915</u>	<u>\$ 3,194,567</u>	<u>\$ 3,429,407</u>

The grants for leasehold improvements and equipment are being amortized at the same rate as the related tangible capital assets. The long term portion of deferred grants is the amount that will be recognized in revenues subsequent to 2024.

6. LEASE COMMITMENTS

The Society is committed under lease agreements for premises beyond March 31, 2023 as follows:

For WorkBC: to March 2024; monthly lease payments of \$7,500 plus GST.

For Administration: to January 2024; monthly lease payments of \$1,986 plus GST.

For Community Resource Centre: to March 2025; monthly lease payments of \$2,625 plus GST.

For Immigration Services: to March 2025; monthly lease payments of \$1,197 plus GST.

7. FINANCIAL INSTRUMENTS

The Society is exposed to various risks through its financial instruments. The following analysis provides information about the Society's risk exposure and concentration as of March 31, 2023.

(a) Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Society is not exposed to significant credit risk from customers, as the primary sources of funding are from government bodies and the remaining non-government grants are from reputable funding agencies.

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LIFT COMMUNITY SERVICES OF QATHET SOCIETY

Notes to Financial Statements

Year Ended March 31, 2023

7. FINANCIAL INSTRUMENTS *(continued)*

(b) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Society is exposed to this risk in respect of its receipt of funds from its funders, other related sources and accounts payable.

(c) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the Society manages exposure through its investment policy and investment mix. The Society is exposed to interest rate risk through its floating interest rate on the operating cash account and high interest savings in the short term investments, but offset this with fixed rate GICs in the short term investments.

8. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.

During the year ended March 31, 2023, the following programs have been combined with the Community Resource Centre: Community Adult Literacy Program, Literacy Outreach Coordinator and Food Programs.

During the year ended March 31, 2023, the Healthy Care Pregnancy Program has been combined with the Family Place.

9. SUBSEQUENT EVENTS

Subsequent to March 31, 2023, the qathet Community Justice and Anti-Racism Action Project have been transferred to a separate, unrelated, not-for-profit organization. The new organization began managing operations on April 1, 2023, and assets will be transferred for any deferred funds held by Lift subsequent to the audit report date.

10. LOSS ON CONTRACTOR

During the year ended March 31, 2023 a contractor was paid advances for construction services related to leasehold improvements in the Complex Care Housing program (CCH), in the sum of \$100,000. Prior to the year end it was discovered that services and supplies were not rendered with the completed work and supplies being valued at \$20,000. A claim has been filed in the Supreme Court of British Columbia for the sum of \$80,000 plus costs and damages.

The likelihood of the recovery of the \$80,000 claim cannot be reasonably determined at this time.

11. ADDITIONAL DISCLOSURE REQUIRED UNDER THE SOCIETIES ACT

Included in the British Columbia Societies Act is a requirement to disclose the remuneration paid to all directors, the ten highest paid employees and all contractors who are paid at least \$75,000 annually. During the year, the Society paid five employees a total of \$456,010 in remuneration.

12. ECONOMIC DEPENDENCE

The Society derived 77% (2022 - 61%) of its revenues from three (2022 - two) government entities, and is economically dependent upon these entities to maintain the current structure of programs and operations.