Lift Community Services of qathet Society

Financial Statements

March 31, 2026

Lift Community Services of qathet Society

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Management's Responsibility

To the Members of Lift Community Services of qathet Society:

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian accounting standards for not-for-profit organizations and ensuring that all information in the annual report is consistent with the statements. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Board of Directors is composed entirely of Directors who are neither management nor employees of the Society. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities. The Board fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Board is also responsible for recommending the appointment of the Society's external auditors.

MNP LLP is appointed by the Members to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Board and management to discuss their audit findings.

June 25, 2026

K Markel

Executive Director

Independent Auditor's Report

To the Members of Lift Community Services of qathet Society:

Report on the Audit of 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, 2026, 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 Society as at March 31, 2026, 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.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Society in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

The financial statements for the year ended March 31, 2025 were audited by another firm who expressed an unmodified opinion on those statements on June 25, 2025.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Society's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Society or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Society's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Society's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Society to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on Other Legal and Regulatory Requirements

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

Nanaimo, British Columbia

June 25, 2026

MNP LLP

Chartered Professional Accountants

MNP LLP

Lift Community Services of qathet Society
Statement of Financial Position
As at March 31, 2026

	2026	2025
Assets		
Current		
Cash	**707,915**	1,773,048
Term deposits *(Note 3)*	**1,531,094**	750,000
Accounts receivable	**159,459**	444,430
Goods and Services tax recoverable	**29,952**	82,754
Prepaid expenses and deposits	**72,125**	64,460
	2,500,545	3,114,692
Capital assets *(Note 4)*	**1,590,047**	1,546,171
Long-term deposits *(Note 3)*	**-**	750,000
Internally resticted cash *(Note 5)*	**1,510,012**	1,350,000
	5,600,604	6,760,863
Liabilities		
Current		
Accounts payable and accruals	**38,983**	57,062
Current portion of deferred contributions *(Note 6)*	**2,388,562**	4,292,105
Wages payable	**200,872**	142,265
	2,628,417	4,491,432
Deferred contributions *(Note 6)*	**548,945**	215,031
Deferred contributions related to capital assets *(Note 7)*	**111,426**	-
	3,288,788	4,706,463
Net Assets		
Unrestricted	**801,804**	704,400
Internally restricted capital maintenance reserve *(Note 5)*	**150,012**	100,000
Internally restricted operating reserve *(Note 5)*	**1,360,000**	1,250,000
	2,311,816	2,054,400
	5,600,604	6,760,863

Approved on behalf of the Board

Director

M. Hathaway

June 25, 2026.

Director

Lee Coulter

June 25/26

The accompanying notes are an integral part of these financial statements

Lift Community Services of qathet Society
Statement of Operations
For the year ended March 31, 2026

	2026	*2025*
Revenue		
Vancouver Coastal Health Authority	**2,827,406**	2,625,660
BC Housing	**2,235,879**	2,617,467
BC Ministry of Social Development and Poverty Reduction	**1,492,746**	1,654,462
Other grants	**302,576**	549,366
Fee income and rent	**252,988**	244,429
Interest	**125,139**	240,605
Government of Canada	**92,730**	434,995
Government of BC other grants	**58,002**	81,964
Donations	**1,050**	4,153
Sales	**-**	3,068
	7,388,516	8,456,169
Expenses		
Advertising and promotion	**36,515**	52,545
Amortization	**249,169**	150,586
Bank charges and interest	**2,781**	4,235
Client payments	**384,785**	469,615
Communications	**54,431**	50,947
Furniture and equipment	**80,533**	46,293
Goods and services tax unrecoverable	**29,952**	43,876
Honorariums	**91,088**	100,570
Insurance	**46,985**	43,665
Janitorial	**70,389**	94,679
Loss on sale of assets	**-**	250,221
Memberships, permits and fees	**75,685**	84,147
Office	**43,232**	62,181
Professional fees	**351,743**	147,249
Program supplies and materials	**477,417**	515,057
Property taxes	**27,915**	38,716
Rent and utilities	**275,739**	355,013
Repairs and maintenance	**138,297**	161,409
Salaries and benefits	**4,624,599**	5,276,154
Subcontracts	**-**	285,071
Training and education	**34,127**	29,508
Travel	**35,718**	17,887
	7,131,100	8,279,624
Excess of revenue over expenses	**257,416**	176,545

The accompanying notes are an integral part of these financial statements

Lift Community Services of qathet Society
Statement of Changes in Net Assets
For the year ended March 31, 2026

	Unrestricted	*Capital Maintenance Reserve*	*Operating Reserve*	***2026***	*2025*
Net assets, beginning of year	**704,400**	**100,000**	**1,250,000**	**2,054,400**	1,877,855
Excess of revenue over expenses	**257,404**	**12**	**-**	**257,416**	176,545
Transfers	**(160,000)**	**50,000**	**110,000**	**-**	-
Net assets, end of year	**801,804**	**150,012**	**1,360,000**	**2,311,816**	2,054,400

The accompanying notes are an integral part of these financial statements

Lift Community Services of qathet Society
Statement of Cash Flows
For the year ended March 31, 2026

	2026	*2025*
Cash provided by (used for) the following activities		
Operating		
Cash received from contributions	**6,234,373**	7,716,590
Cash receipts from interest	**140,911**	201,552
Cash paid for program service expenses	**(2,230,273)**	(2,541,853)
Cash paid for salaries and benefits	**(4,565,992)**	(5,281,065)
	(420,981)	95,224
Investing		
Purchase of capital assets	**(293,046)**	(1,255,173)
Proceeds on maturity of term deposits	**750,000**	3,427,451
Purchase of term deposits	**(781,094)**	(1,500,000)
Transfer to internally restricted cash	**(160,012)**	(1,350,000)
	(484,152)	(677,722)
Decrease in cash resources	**(905,133)**	(582,498)
Cash resources, beginning of year	**1,773,048**	2,355,546
Cash resources, end of year	**867,915**	1,773,048

The accompanying notes are an integral part of these financial statements

1. Incorporation and nature of the organization

Lift Community Services of qathet Society (the “Society”) was incorporated under the Societies Act of British Columbia in 1984 as a not-for-profit organization. It is a registered charity under the Income Tax Act and is thus exempt from income taxes under section 149(1)(1) of the Income Tax Act as long as certain conditions are met. It is management's opinion that these requirements have been met.

The Society’s 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. Significant accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations set out in Part III of the CPA Canada Handbook - Accounting, as issued by the Accounting Standards Board in Canada and include the following material accounting policies:

Fund accounting

The Society follows the deferral method of accounting for contributions and reports using fund accounting, and maintains three funds: Unrestricted Reserve, Operating Reserve, and Capital Maintenance Reserve.

The Unrestricted Reserve reports the Society’s assets, liabilities, revenue and expenses related to program delivery and administrative activities.

The Operating Reserve reports the Society’s assets, liabilities, revenue and expenses related to future operations, which is internally restricted by the Board of Directors.

The Capital Maintenance Reserve reports the Society’s assets, liabilities, revenue and expenses related to Lift Community Services of qathet Society’s ongoing maintenance of their owned administration services building, which is internally restricted by the Board of Directors.

Capital assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution plus all costs directly attributable to the acquisition.

Amortization is provided using the straight-line method at rates intended to amortize the cost of assets over their estimated useful lives.

	Method	Rate
Buildings	straight-line	15 years
Automotive	straight-line	5 years
Computer equipment	straight-line	3 years
Furniture and equipment	straight-line	5 years
Leasehold improvements	straight-line	5 years

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 to be received can be reasonably estimated and collection is reasonably assured. Endowment contributions are recognized as direct increases in net assets.

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 received specifically for the purchase of capital assets are deferred and recognized as revenue at the same rate that the related capital asset is amortized.

Fee income and rent is recognized as revenue in the year in which its collection is reasonably assured and the service is provided.

2. Significant accounting policies *(Continued from previous page)*

Financial instruments

The Society recognizes financial instruments when the Society becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value, including financial assets and liabilities originated and issued in a related party transaction with management. Financial assets and liabilities originated and issued in all other related party transactions are initially measured at their carrying or exchange amount in accordance with CPA Canada Handbook - Accounting Section 3840 Related Party Transactions.

At initial recognition, the Society may irrevocably elect to subsequently measure any arm's length financial instrument at fair value. The Society has not made such an election during the year.

The Society subsequently measures investments in equity instruments quoted in an active market at fair value. Fair value is determined by published price quotations. Investments in equity instruments not quoted in an active market are subsequently measured at cost less impairment. All other financial assets and liabilities are subsequently measured at amortized cost.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in the deficiency of revenues over expenses for the current period. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

Financial asset impairment

The Society assesses impairment of all its financial assets measured at cost or amortized cost. Management considers whether the issuer is having significant financial difficulty in determining whether objective evidence of impairment exists. When there is an indication of impairment, the Society determines whether it has resulted in a significant adverse change in the expected timing or amount of future cash flows during the year. If so, the Society reduces the carrying amount of any impaired financial assets to the highest of: the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets at the statement of financial position date; and the amount expected to be realized by exercising any rights to collateral held against those assets. Any impairment, which is not considered temporary, is included in current year excess of revenues over expenses.

The Society reverses impairment losses on financial assets when there is a decrease in impairment and the decrease can be objectively related to an event occurring after the impairment loss was recognized. The amount of the reversal is recognized in excess of revenues over expenses in the year the reversal occurs.

Measurement uncertainty (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 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 expenses during the reporting period.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization of capital assets and deferred capital contributions are based on the estimated useful lives of capital assets.

By their nature, these judgments are subject to measurement uncertainty, and the effect on the financial statements of changes in such estimates and assumptions in future years could be material. These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in excess of revenues over expenses in the years in which they become known.

3. Term deposits

	2026	*2025*
Term deposit bearing interest at 3.30% per annum, maturing February 22, 2027	**750,000**	-
Term deposit bearing interest at 4.15% per annum, maturing August 22, 2026	**781,094**	750,000
Term deposit bearing interest at 4.45% per annum, maturing August 22, 2025	**-**	750,000
Less: Long-term deposits	**-**	(750,000)
	1,531,094	750,000

4. Capital assets

	Cost	***Accumulated amortization***	***2026 Net book value***	*2025 Net book value*
Land	**442,613**	**-**	**442,613**	442,613
Buildings	**419,880**	**34,394**	**385,486**	410,144
Automotive	**85,565**	**34,226**	**51,339**	68,452
Computer equipment	**18,384**	**14,285**	**4,099**	9,841
Furniture and equipment	**155,420**	**98,787**	**56,633**	69,166
Leasehold improvements	**966,415**	**316,538**	**649,877**	545,955
	2,088,277	**498,230**	**1,590,047**	1,546,171

5. Internally resticted cash

Internally restricted cash include funds accumulated from surpluses, donations, and other sources of income. These funds and the income earned from them are internally restricted for future operating requirements and capital maintenance as approved by the Board of Directors.

During the year, the Board of Directors approved transfers of $110,000 to the internally restricted operating reserve and $50,000 to the internally restricted capital maintenance reserve.

	2026	*2025*
Internally restricted capital maintenance reserve	**150,012**	100,000
Internally restricted operating reserve	**1,360,000**	1,250,000
	1,510,012	1,350,000

6. Deferred contributions

	2026	*2025*
Balance, beginning of year	**4,507,136**	5,062,250
Amount received during the year	**1,983,721**	3,739,494
Less: Amount recognized as revenue during the year	**(3,553,350)**	(4,294,608)
	2,937,507	4,507,136
Less: current portion	**2,388,562**	4,292,105
Balance, end of year	**548,945**	215,031

7. Deferred contributions related to capital assets

Deferred capital contributions consist of the unamortized amount of contributions received for the purchase of capital assets. Recognition of these amounts as revenue is deferred to periods when the related capital assets are amortized. Changes in deferred capital contributions are as follows:

	2026	*2025*
Amount received during the year	**111,426**	-
Balance, end of year	**111,426**	-

8. Economic dependence

The Society's primary source of revenue is government and government entity grants. The grant funding can be cancelled if the Society does not observe certain contractual requirements. The Society's ability to continue viable operations is dependent upon its continued receipt of this funding.

9. Financial instruments

The Society, as part of its operations, carries a number of financial instruments. It is management's opinion that the Society is not exposed to significant interest, currency, credit, liquidity or other price risks arising from these financial instruments except as otherwise disclosed.

Credit Risk

Financial instruments that potentially subject the Society to concentrations of credit risk consist primarily of cash, accounts receivables and term deposits. The maximum credit risk exposure is $3,946,789 (2025 - $5,150,232). The cash and term deposits are with a Canadian chartered bank. The Society believes that there is minimal risk associated with the cash and term deposits due to the credit quality of the bank.

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. Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk. The Society is exposed to interest rate risk primarily relating to its term deposits held.

10. 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, employees and contractors who are paid at least $75,000 annually. During the year, the Society paid nine (2025 - nine) employees a total of $890,132 (2025 - $855,137) in remuneration.

11. Comparative figures

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