

Semiahmoo House Society
Financial Statements
For the year ended March 31, 2023

Independent Auditor's Report

To the Members of Semiahmoo House Society:

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the financial statements of Semiahmoo House Society (the "Society"), which comprise the statement of financial position as at March 31, 2023, and the statements of revenues and expenses, 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, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, 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 its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

In common with many charitable organizations, the Society derives revenue from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of this revenue was limited to the amounts recorded in the records and we were not able to determine whether adjustments might be necessary to donation revenues and excess (deficiency) of revenues over expenses for the years ended March 31, 2023 and 2022, current assets as at March 31, 2023 and 2022, and net assets as at March 31, 2023 and March 31, 2022. Our audit opinion on the financial statements for the year ended March 31, 2022 was also modified accordingly because of the possible effects of this limitation in scope.

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 qualified opinion.

Supplementary Information

Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. Supplementary information including Schedules 1 to 10, has been presented for purposes of additional analysis. We do not express an opinion on the Schedules because our examination did not extend to the detailed information therein.

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.

MNP LLP

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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

September 11, 2023

MNP LLP

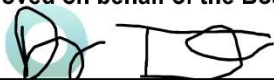
Chartered Professional Accountants

Semiahmoo House Society Statement of Financial Position

As at March 31, 2023

	2023	2022
Assets		
Current		
Cash	24,626	21,407
Accounts receivable	1,517,461	500,972
Prepaid expenses	112,448	210,461
Inventory	8,410	994
	1,662,945	733,834
Capital assets (Note 3)	1,224,150	1,066,992
Investments	5,505	5,505
Advances to related parties (Note 4)	1,699,103	1,949,387
Restricted cash and investments - capital reserves (Note 5)	2,287,381	2,478,981
Restricted cash and investments - contingency reserves (Note 6)	3,852,660	3,803,041
	10,731,744	10,037,740
Liabilities		
Current		
Bank indebtedness	808,031	304,047
Accounts payable and accruals (Note 7)	2,444,710	2,056,725
Deferred contributions (Note 8)	96,931	272,084
	3,349,672	2,632,856
Deferred capital contributions (Note 9)	20,777	23,085
	3,370,449	2,655,941
Guarantees (Note 11)		
Net Assets	7,361,295	7,381,799
	10,731,744	10,037,740

Approved on behalf of the Board of Directors



Director

The accompanying notes are an integral part of these financial statements

Semiahmoo House Society
Statement of Revenues and Expenses
For the year ended March 31, 2023

	2023	2022
Revenue		
Community Living of B.C.	15,567,278	14,395,440
Program and microboard fees	950,527	803,365
Ministry of Social Development & Poverty Reduction	357,087	293,276
Fraser Health Authority	277,944	262,813
Sales and service	234,217	213,361
Government of Canada	171,210	287,585
BC Housing	22,500	22,500
Total revenues	17,580,763	16,278,340
Expenses		
Amortization	135,736	112,515
Bank charges and interest	21,009	14,436
Community awareness	32,301	19,170
Computer consulting and equipment	209,704	300,341
Contracted services	3,945,401	3,718,160
Groceries and supplies	148,593	120,559
Health and First Aid	33,895	38,914
Inclusion BC Membership	10,800	10,000
Insurance	84,666	71,493
Occupancy costs (Note 15)	1,113,714	1,138,137
Office	30,490	39,568
Professional fees	41,150	23,793
Program recreation, education and supplies	108,660	78,831
Salaries, wages and benefits	12,024,328	11,592,723
Training and education	95,999	106,066
Transportation	205,661	167,993
Total expenses	18,242,107	17,552,699
Deficiency of revenues over expenses from operations	(661,344)	(1,274,359)
Other income		
Donations and miscellaneous contributions (Note 15)	297,378	288,939
Grant revenue	174,054	57,625
Interest	117,765	66,457
Rental revenue	51,500	48,000
Gaming Commission Access grants	43,000	43,000
Gain on disposal of capital assets	7,811	1,202,264
Canada Emergency Wage Subsidy	-	98,237
Unrealized gain (loss) on marketable securities	(50,668)	10,234
Total other income	640,840	1,814,756
Excess (deficiency) of revenues over expenses	(20,504)	540,397

The accompanying notes are an integral part of these financial statements

Semiahmoo House Society
Statement of Changes in Net Assets
For the year ended March 31, 2023

	Restricted for capital reserves	Restricted for contingency reserves	Capital fund	Operations fund	2023	2022
Net assets, beginning of year	2,478,981	3,803,041	1,046,246	53,532	7,381,799	6,841,402
Excess (deficiency) of revenue over expenses	(191,600)	37,414	(133,428)	277,910	(20,504)	540,397
Disposals of capital assets net of purchases	-	-	292,893	(292,893)	-	-
Transfers	-	12,205	-	(12,205)	-	-
Net assets, end of year	2,287,381	3,852,660	1,205,711	26,344	7,361,295	7,381,799

The accompanying notes are an integral part of these financial statements

Semiahmoo House Society
Statement of Cash Flows
For the year ended March 31, 2023

	2023	2022
Cash provided by (used for) the following activities		
Operating		
Excess (deficiency) of revenue over expenses	(20,504)	540,397
Amortization	135,736	112,515
Gain on disposal of capital assets	(7,811)	(1,202,264)
Unrealized (gain) loss on marketable securities	50,668	(10,234)
Deferred capital contribution amortization	(2,309)	(2,565)
Non cash vehicle donation	(6,568)	-
	149,212	(562,151)
Changes in working capital accounts		
Accounts receivable	(1,016,489)	371,118
Inventory	(7,416)	-
Prepaid expenses	98,013	(159,694)
Accounts payable and accruals	387,985	303,032
Deferred contributions	(175,153)	18,264
	(563,848)	(29,431)
Investing		
Advances to related parties	-	(408,884)
Repayment of advances to related parties	250,284	-
Purchase of capital assets	(286,420)	(47,876)
Proceeds on disposal of capital assets	7,906	1,315,984
Net advances to restricted cash and investments	91,313	(1,954,630)
Advances of bank indebtedness	503,984	304,047
	567,067	(791,359)
Increase (decrease) in cash resources	3,219	(820,790)
Cash resources, beginning of year	21,407	842,197
Cash resources, end of year	24,626	21,407

The accompanying notes are an integral part of these financial statements

1. Incorporation and nature of the organization

Semiahmoo House Society (the "Society") is incorporated under the Societies Act as a not-for-profit organization and is a registered charity exempt from income tax under the Income Tax Act (the "Act"). In order to maintain its status as a registered charity under the Act, the Society must meet certain requirements within the Act. In the opinion of management, these requirements have been met.

The objective of the Society is to provide quality services, advocacy and support to people with disabilities and their families within the community. The Society operates five group homes and also supports individuals in other residential settings such as a Family Care Home, five vocational/day services and a variety of individualized programs such as a Family Support program for persons with disabilities.

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, which are part of Canadian generally accepted accounting principles, and include the following significant accounting policies:

Fund accounting

The Society records accounting transactions using the fund accounting method generally in use for not-for-profit organizations. A fund is determined for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. Each fund has its own statement of operations which presents the results of operations for the fund. The statement of financial position of the Society includes the assets, liabilities and equity of all funds presented in the financial statements.

The various funds are: the operations fund, which includes all of the programs of the Society; the capital fund, which includes the capital assets of the Society; the reserve funds noted below. The funds have been amalgamated for the purpose of presentation in the financial statements. Details of the operations of each program are set out in the supplementary schedules.

Net assets restricted for capital reserves are internally restricted by the Society's Board of Directors for the purposes of funding capital acquisitions and the repair and replacement of Society owned assets, including buildings, vehicles, furniture, and equipment. These funds may only be used with the approval of the Board of Directors. Interest earned on the reserves is also internally restricted.

Net assets restricted for contingency reserves are internally restricted by the Society's Board of Directors for the purposes of funding unexpected or contingent liabilities resulting from operations of the Society. These funds may only be used with the approval of the Board of Directors.

All inter-program balances have been eliminated on consolidation, but in order to present the results of operations for each specific program, transactions amongst programs have not necessarily been eliminated on the individual schedules.

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. The Society receives contributions under contract from Community Living B.C, the Government of Canada, the Fraser Health Authority, and BC Housing.

Restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Interest earned on the reserves is also internally restricted. Unrestricted investment income is recognized as revenue when earned.

Rental income is recorded in the year it is earned. At the end of each year management evaluates whether rent revenue is collectible and records a bad debt expense and allowance for doubtful accounts for those amounts designated as unlikely to be collected.

The Gaming Commission Access grants and other gaming revenue is recognized as it becomes receivable under the terms of the applicable funding agreements.

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

Sales and services revenues are recognized as services are rendered or goods are sold, once amounts can be reasonably measured, and collectibility is reasonably assured, on an accrual basis.

Program and microboard fees, donations and miscellaneous revenue are recognized as revenue in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Contributed materials

The Society accounts for contributed materials at their fair value if the fair value can be reasonably estimated and they are used in the normal course of operations and would otherwise have been purchased. The value of volunteer labour is not capable of reasonable estimation and is not included in these statements.

Financial instruments

The Society recognizes its 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 Section 3840 *Related Party Transactions* (refer to Note 15).

At initial recognition, the Society may irrevocably elect to subsequently measure any 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 quoted market prices. 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, with transaction costs and financing fees are added to the carrying amount of the Society's financial instruments.

Financial asset impairment

The Society assesses impairment of all of its financial assets measured at cost or amortized cost. 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; 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 (deficiency) 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 the excess of excess (deficiency) in the year the reversal occurs.

Capital assets

Capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution if fair value can be reasonably determined.

Amortization is provided using the declining balance method at the rates below, intended to amortize the cost of assets over their estimated useful lives.

	Rate
Buildings	5 %
Computer equipment	20 %
Computer software	20 %
Furniture and fixtures	20 %
Leasehold improvements	30 %
Motor vehicles	10 %

Employee future benefits

The Society is a participating employer in the Municipal Pension Plan of B.C. (the "Plan"). The Plan is a multi-employer plan and as a result, required contributions to the Plan are expensed as incurred.

Semiahmoo House Society
Notes to the Financial Statements
For the year ended March 31, 2023

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

Measurement uncertainty

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, and amounts due from related parties are stated after evaluation as to their collectibility and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of capital assets.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in (deficiency) excess of revenues over expenses in the periods in which they become known. The financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the significant accounting policies.

3. Capital assets

	Cost	Accumulated amortization	2023 Net book value	2022 Net book value
Land	461,502	-	461,502	461,502
Buildings	292,620	197,293	95,327	100,344
Computer equipment	365,027	246,571	118,456	101,445
Computer software	303,130	251,308	51,822	64,778
Furniture and fixtures	860,380	839,044	21,336	26,742
Leasehold improvements	434,288	211,685	222,603	192,582
Motor vehicles	995,018	741,914	253,104	119,599
	3,711,965	2,487,815	1,224,150	1,066,992

4. Advances to related parties

The advances to related parties, both related by common board membership, bear no interest, unsecured, and have no fixed terms of repayment.

	2023	2022
The Semiahmoo Foundation	3,235,702	883,316
Peninsula Estates Housing Society	(1,536,599)	1,066,071
	1,699,103	1,949,387

5. Capital reserves

	2023	2022
Cash	1,359,940	1,545,928
Investment held with Manulife (2022: Investors Group)	927,441	933,053
	2,287,381	2,478,981

Semiahmoo House Society
Notes to the Financial Statements
For the year ended March 31, 2023

6. Contingency reserves

	2023	2022
Cash	1,893,673	2,722,670
Investment held with Manulife (2022: Investors Group)	974,475	980,371
Investment held with Royal Bank of Canada	984,512	100,000
	3,852,660	3,803,041

7. Accounts payable and accruals

	2023	2022
Accounts payable and accruals	229,853	199,827
Wages payable	1,889,328	1,685,756
Source deductions payable	135,685	112,108
Employee benefits and other deductions payable	189,844	59,034
	2,444,710	2,056,725

8. Deferred contributions

Deferred contributions consist of unspent contributions received from contributors who have restricted their use to specific purposes. Recognition of these amounts as revenue is deferred to periods when the specified expenditures are made.

Changes in the deferred contributions balance are as follows:

	2023	2022
Balance, beginning of year	272,084	253,820
Amounts received during the year	1,624,843	384,629
Less: Amounts recognized as revenue during the year	(1,799,996)	(366,365)
Balance, end of year	96,931	272,084

9. Deferred capital contributions

Deferred capital contributions represent contributions restricted for the purpose of renovating the Treehouse basement.

The changes in the deferred contributions balance for the year are as follows:

	2023	2022
Balance, beginning of year	23,085	25,650
Less: Amount recognized as revenue during the year	(2,308)	(2,565)
Balance, end of year	20,777	23,085

10. Commitments

The Society has entered into two operating lease for office space subject to minimum monthly rent payments of \$4,950 and \$1,850 until April 2026 and September 2026. Annual payment for 2024 is \$81,000.

11. Guarantees

The Society has guaranteed the mortgages of The Semiahmoo Foundation to a maximum balance of \$2,800,000. As at March 31, 2023, the balance in this mortgage was \$1,857,314 (2022 - \$1,939,696).

12. Pension benefits

The Society and its employees contribute to the Municipal Pension Plan, a jointly trustee pension plan. The Board of Trustees, representing plan members and employers, is responsible for administering the plan, including investment of assets and administration of benefits. The plan is a multi-employer defined benefit pension plan. Basic pension benefits are based on a formula. As at December 31, 2021, the plan has about 227,000 active members and approximately 118,000 retired members. Active members include approximately 42,000 contributors from local governments.

Every three years an actuarial valuation is performed to assess the financial position of the plan and the adequacy of plan funding. The actuary determines an appropriate combined employer and member contribution rate to fund the plan. The actuary's calculated contribution rate is based on the entry age normal cost method, which produces the long-term rate of member and employer contributions sufficient to provide benefits for average future entrants to the plan. This rate may be adjusted for the amortization of any actuarial funding surplus and will be adjusted for the amortization of any unfunded actuarial liability.

The most recent actuarial valuation for the Municipal Pension Plan as at December 31, 2021, indicated a \$3,761 million funding surplus for basic pension benefits on a going concern basis.

The Society's employer contributions to the Plan of \$740,979 (2022 - \$725,844) were expensed during the year.

The next valuation will be as at December 31, 2024, with results available in 2025.

Employers participating in the plan record their pension expense as the amount of employer contributions made during the fiscal year (defined contribution pension plan accounting). This is because the plan records accrued liabilities and accrued assets for the plan in aggregate, resulting in no consistent and reliable basis for allocating the obligation, assets and cost to individual employers participating in the plan.

13. Economic dependence

The Society's primary source of revenue is funding from Community Living of B.C. The funding can be cancelled if the Society does not observe certain established guidelines. The Society's ability to continue viable operations is dependent upon following the criteria within the government guidelines, and receipt of government funding. As at the date of these financial statements, the management of the Society believes that it is in compliance with the guidelines.

Semiahmoo House Society
Notes to the Financial Statements
For the year ended March 31, 2023

14. Controlled entities

The Society controls two entities which have not been consolidated in the financial statements. The Semiahmoo Foundation (TSF) and Peninsula Estates Housing Society (PEHS). The Board of Directors of the Society are the members of TSF and PEHS.

	<i>TSF</i>	<i>PEHS</i>
	<i>March 31,</i>	<i>March 31,</i>
	<i>2023</i>	<i>2023</i>
BALANCE SHEET		
Total assets	\$ 7,677,965	\$ 17,437,453
Total liabilities	(3,517,450)	(15,570,041)
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Total net assets	\$ 4,160,515	\$ 1,867,412
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REVENUE AND EXPENSES		
Total revenue	\$ 744,496	\$ 1,980,286
Total expenses	(927,839)	(1,854,083)
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Excess of revenue over expenses	\$ (183,343)	\$ 126,203
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CASH FLOWS		
Cash provided by operations	\$ (106,114)	\$ 476,050
Cash used in financing and investing activities	(24,795)	(791,896)
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Increase in cash	\$ (130,909)	\$ (315,846)

15. Related party transactions

Included in revenue for the current year are donations of \$185,000 (2022 - \$153,634) and administration fees of \$104,406 (2022 - \$121,908) received from The Semiahmoo Foundation, and management fees of \$104,720 (2022 - \$144,934) received from Peninsula Estates Housing Society.

Included in occupancy costs expense for the current year is \$508,993 (2022 - \$508,993) paid to The Semiahmoo Foundation and \$43,326 (2022 - \$48,470) paid to Peninsula Estates Housing Society.

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

16. Comparative figures

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

17. Management remuneration

During the year ended March 31, 2023, the Society paid a total of \$1,068,373 (2022 - \$1,039,692) for its ten (2022 - ten) most highly remunerated employees and persons under contract for services paid in excess of \$75,000.

The Directors of the Society receive no compensation.

18. 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.

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.

As at March 31, 2023, the Society is exposed to significant interest rate risk related to restricted cash and investments.

Liquidity risk

Liquidity risk refers to the risk that the entity will encounter difficulty in meeting obligations associated with financial liabilities. The Society enters into transactions to borrow funds from financial institutions for which repayment is required at various maturity dates.