

The Semiahmoo Foundation
Financial Statements
March 31, 2024

The Semiahmoo Foundation Contents

For the year ended March 31, 2024

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Independent Auditor's Report

To the Members of The Semiahmoo Foundation:

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the financial statements of The Semiahmoo Foundation (the "Foundation"), which comprise the statement of financial position as at March 31, 2024, 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, 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 Foundation as at March 31, 2024, and its financial performance 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 Foundation 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 amount recorded in the records of the Foundation, and we were not able to determine whether any adjustments might be necessary to donation revenue, excess of revenue over expenses for the years ended March 31, 2024 and 2023, current assets as at March 31, 2024 and 2023, and net assets as at March 31, 2024 and March 31, 2023. Our audit opinion on the financial statements for the year ended March 31, 2023 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 Foundation 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 3, 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 Foundation'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 Foundation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Foundation'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 Foundation'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 Foundation'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 Foundation 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 have been applied consistently with that of the preceding year.

Nanaimo, British Columbia

September 19, 2024

MNP LLP

Chartered Professional Accountants

MNP
LLP

The Semiahmoo Foundation
Statement of Financial Position

As at March 31, 2024

	2024	2023
Assets		
Current		
Cash	179,424	151,268
Accounts receivable	4,671	2,802
Prepaid expenses and deposits	58,280	43,653
	242,375	197,723
Capital assets (Note 3)	3,349,246	3,433,382
Investments	142,327	128,023
Advances to related party (Note 4)	2,574,571	2,656,371
Restricted investments (Note 5)	1,394,035	1,262,466
	7,702,554	7,677,965
Liabilities		
Current		
Bank indebtedness (Note 6)	1,059,278	1,188,979
Accounts payable and accruals (Note 7)	92,561	45,513
Deferred contributions (Note 8)	29,656	28,309
Term loans due on demand (Note 9)	1,777,199	1,857,314
	2,958,694	3,120,115
Deferred contributions related to capital assets (Note 10)	10,000	10,000
Advances from related party (Note 11)	693,491	387,335
	3,662,185	3,517,450
Net Assets		
Capital asset fund	1,576,671	1,566,067
Restricted fund (Note 13)	25,627	31,622
Endowment fund (Note 13)	1,358,046	1,230,648
General fund	1,080,025	1,332,178
	4,040,369	4,160,515
	7,702,554	7,677,965

Approved on behalf of the Board of Directors

Director

Director

The accompanying notes are an integral part of these financial statements

The Semiahmoo Foundation
Statement of Operations
For the year ended March 31, 2024

	2024	2023
Revenue		
Rental income <i>(Note 12)</i>	530,893	530,593
Donations and miscellaneous contributions	135,095	134,158
Unrealized loss on value of investments	126,842	(24,763)
Interest and investment income <i>(Note 12)</i>	84,434	90,124
Grant revenue	15,000	14,384
	892,264	744,496
Expenses		
Administrative <i>(Note 12)</i>	114,599	147,519
Amortization	107,322	110,078
Bank charges and interest	13,202	14,654
Consulting	147,600	20,399
Community awareness	44,086	59,782
Computer support and equipment	29,691	23,702
Donation to Semiahmoo House Society <i>(Note 12)</i>	135,320	188,000
Donations	17,303	6,312
Education and training	8,931	11,235
Insurance	5,367	4,704
Interest on long term debt	95,072	81,815
Office	43,598	40,588
Professional fees	23,330	16,561
Rental	7,820	7,576
Repairs and maintenance	-	6,007
Salaries, wages and benefits	213,169	184,523
Wish Fund	6,000	4,385
	1,012,410	927,840
Deficiency of revenue over expenses	(120,146)	(183,344)

The accompanying notes are an integral part of these financial statements

The Semiahmoo Foundation
Statement of Changes in Net Assets

For the year ended March 31, 2024

	General Fund	Endowment Fund	Restricted Fund	Capital Asset Fund	2024	2023
Net assets, beginning of year	1,332,178	1,230,648	31,622	1,566,067	4,160,515	4,343,859
Deficiency of revenue over expenses	(134,227)	127,398	(5,995)	(107,322)	(120,146)	(183,344)
Investment in capital assets	(37,811)	-	-	37,811	-	-
Transfer to fund repayment of demand loan	(80,115)	-	-	80,115	-	-
Net assets, end of year	1,080,025	1,358,046	25,627	1,576,671	4,040,369	4,160,515

The Semiahmoo Foundation
Statement of Cash Flows
For the year ended March 31, 2024

	2024	2023
Cash provided by (used for) the following activities		
Operating		
Deficiency of revenue over expenses	(120,146)	(183,343)
Amortization	107,322	110,078
Amortization of deferred capital contributions	-	(8,572)
Unrealized loss on value of investments	-	24,763
	(12,824)	(57,074)
Changes in working capital accounts		
Accounts receivable	(1,869)	1,366
Prepaid expenses and deposits	(14,627)	(20,506)
Accounts payable and accruals	47,048	(24,897)
Deferred contributions	1,347	21,988
	19,075	(79,123)
Financing		
Advances of advances from related party	306,155	(495,395)
Cash contributions received for capital assets	-	10,000
Repayment of demand loan	(80,115)	(82,382)
Advances (repayment) of bank indebtedness	(129,701)	278,139
	96,339	(289,638)
Investing		
Repayment of advances to related party	81,800	321,227
Purchase of capital assets	(23,185)	(45,338)
Purchase of investments	(14,304)	(25,253)
Purchase of restricted investments	(131,569)	(12,784)
	(87,258)	237,852
Increase (decrease) in cash resources	28,156	(130,909)
Cash resources, beginning of year	151,268	282,177
Cash resources, end of year	179,424	151,268

The accompanying notes are an integral part of these financial statements

The Semiahmoo Foundation

Notes to the Financial Statements

For the year ended March 31, 2024

1. Incorporation and nature of the organization

The Semiahmoo Foundation (the "Foundation") was incorporated on March 23, 1990 under the Societies Act of British Columbia. Its principal purpose is to raise funds to assist Semiahmoo House Society in the financing of capital and special projects.

The Foundation is a registered charitable organization as defined in the Income Tax Act (the "Act") and as such is exempt from income taxes and is able to issue donation receipts for income tax purposes. In order to maintain its status as a registered charity under the Act, the Foundation must meet certain requirements within the Act. In the opinion of management, these requirements have been met.

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 Foundation follows the deferral method of accounting for contributions and reports using fund accounting, and maintains four funds: General Fund, Capital Asset Fund, Endowment Fund, and Restricted Fund.

The General Fund provides funding required to meet the objectives of the Foundation.

The Capital Fund reports the Foundation's assets, liabilities, revenue and expenses related to the Foundation's capital assets.

The Endowment Fund provides income for Semiahmoo House Society (a separate commonly controlled society), which will be used to support program operating costs (not to be used for capital costs), to support the most needed unfunded program, and to support program expansion. Investment income earned on resources of the Endowment Fund is reported in the Endowment Fund. Gains and losses on disposals of investments of the Endowment Fund are reflected in the Endowment Fund.

The Restricted Fund provides therapeutic products and services to enhance the quality of life of developmentally disabled members of the community.

Revenue recognition

The Foundation uses the deferral method of accounting for contributions and reports on a fund accounting basis. Restricted contributions are recognized as revenue of the appropriate fund in the year in which the related expenses are incurred. Contributions externally restricted for the purchase of capital assets are deferred to period when the related capital assets are acquired and are recognized as revenue at the same rate as the related capital asset is amortized. Unrestricted contributions, donations, fundraising and grants are recognized as revenue in the General Fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Restricted investment income is recognized in the appropriate deferred contribution balance or in net assets depending on the nature of the restrictions. Unrestricted investment income is recognized as revenue in the General Fund when earned.

Investments

Investments are comprised of portfolio investments recorded at fair value as their prices are quoted in an active market. They have been classified as long-term assets in concurrence with the nature of the investments. Investments subject to restrictions that prevent their use for current purposes are included in restricted investments.

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

Capital assets

Purchased 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 following method at rates intended to amortize the cost of assets over their estimated useful lives.

	Method	Rate
Buildings	straight-line	2.5 - 5 %
Computer software	straight-line	10 - 20 %
Equipment	declining balance	15 %
Leasehold improvements	straight-line	15 %

Financial instruments

The Foundation recognizes its financial instruments when the Foundation 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 12).

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

The Foundation subsequently measures investments in equity instruments quoted in an active market at fair value. Fair value is determined by published price quotations. All other financial assets and liabilities are subsequently measured at amortized cost, with transaction costs and financing fees added to the carrying amount of the Foundation's financial instruments.

Financial asset impairment:

The Foundation assesses impairment of all of its financial assets measured at cost or amortized cost. When there is an indication of impairment, the Foundation 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 Foundation 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 of revenues over expenses.

The Foundation 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 revenues over expenses in the year the reversal occurs.

Deferred contributions related to capital assets

Deferred contributions related to capital assets represent the unamortized portion of contributed capital assets and restricted contributions that were used to purchase the Foundation's capital assets. Recognition of these amounts as revenue is deferred to periods when the related capital assets are amortized.

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 are stated after evaluation as to their collectability 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 excess of revenues over expenses in the periods in which they become known.

The Semiahmoo Foundation

Notes to the Financial Statements

For the year ended March 31, 2024

3. Capital assets

		<i>Accumulated amortization</i>	<i>2024 Net book value</i>	<i>2023 Net book value</i>
	<i>Cost</i>			
Land	1,351,135	-	1,351,135	1,351,135
Buildings	4,095,061	2,103,164	1,991,897	2,084,241
Computer software	16,976	14,707	2,269	2,836
Equipment	94,014	94,014	-	-
Leasehold improvements	44,081	40,136	3,945	(4,830)
	5,601,267	2,252,021	3,349,246	3,433,382

4. Advances to related party

Advances to Peninsula Estates Housing Society, an entity under common control with the Foundation, are non-interest bearing and have no set terms of repayment.

The mortgage receivable from Peninsula Estates Housing Society bears interest at 2.2% per annum with monthly interest accrued and added to the balance annually. The loan matures on April 30, 2025, and is secured by a mortgage on the related land and building.

	<i>2024</i>	<i>2023</i>
Mortgage receivable from Peninsula Estates Housing Society	2,574,571	2,656,371
	2,574,571	2,656,371

5. Restricted investments

	<i>2024</i>	<i>2023</i>
Endowment Fund	1,361,082	1,230,647
Restricted Fund	32,953	31,819
	1,394,035	1,262,466

6. Bank indebtedness

Bank indebtedness from Vancity Credit Union has a limit of \$1,350,000, bearing interest at prime plus 0.75% compounded monthly. Vancity prime rate at March 31, 2024 was 6.95% (2023 - 6.7%).

7. Accounts payable and accruals

Included in accounts payable and accruals is \$3,580 (2023 - \$7,845) of remittances payable to various government agencies.

The Semiahmoo Foundation
Notes to the Financial Statements
For the year ended March 31, 2024

8. Deferred contributions

Deferred contributions consist of fundraising and contributions received in the current year that relate to programs and events that will occur in a future period. Recognition of these amounts as revenue is deferred to periods when the specified expenditures are made. Changes in the deferred contribution balance are as follows:

	2024	2023
Balance, beginning of year	28,309	6,321
Amount recognized during the year	-	(5,812)
Current year deferral	1,347	27,800
Balance, end of year	29,656	28,309

9. Term loans due on demand

	2024	2023
Vancity Credit Union loan bearing interest at 6.66% compounded monthly, repayable in monthly blended payments of \$15,881. The loan matures on November, 2026 and is secured by a general security agreement, a fixed charge on certain assets, an assignment of rents and insurance and the indemnification of Semiahmoo House Society.	1,777,199	-
Vancity Credit Union loan bearing interest at 4.30% compounded monthly, repayable in monthly blended payments of \$13,683. The loan matured in September, 2023.	-	1,857,314
	1,777,199	1,857,314

Principal repayments on term loans due on demand to maturity are estimated as follows:

2025	75,432
2026	80,564
2027	1,621,203
	1,777,199

Interest on long-term debt paid during the year amounted to \$95,013 (2023 – \$81,815).

10. Deferred contributions related to capital assets

Deferred capital contributions related to capital assets represent the unamortized amount of contributions received for the purchase of capital assets that were used to purchase the Foundation's 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:

	2024	2023
Balance, beginning of year	10,000	8,572
Amount received during the year	-	10,000
Less: Amounts recognized as revenue during the year	-	(8,572)
Balance, end of year	10,000	10,000

The Semiahmoo Foundation
Notes to the Financial Statements
For the year ended March 31, 2024

11. Advances from related party

Advances from Semiahmoo House Society, the controlling entity of the Foundation, are non-interest bearing and have no set terms of repayment. Due to postponed claim related to demand loan disclosed in Note 9, the advances from related party is classified as a long term liability.

12. Related party transactions

During the year, the Foundation received rental income of \$508,993 (2023 - \$508,993) from Semiahmoo House Society, and paid donations of \$135,000 (2023 - \$188,000) and administration fees of \$90,408 (2023 - \$90,408) to Semiahmoo House Society.

During the year, the Foundation received interest income of \$83,472 (2023 - \$54,520) from Peninsula Estates Housing Society.

These amounts 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.

13. Endowments and restricted funds

	2024	2023
Endowments		
Ankenman Endowment Fund	108,663	105,118
Butterley Family Foundation General Endowment Fund	220,853	199,467
Dragonfly Endowment Fund	23,563	22,099
Semiahmoo House Society Employee Endowment Fund	52,876	47,960
Tennant Baranszky-Job Fine Arts Endowment Fund	113,547	106,134
Wheeler Family Endowment Fund	22,882	20,815
Independence Endowment Fund	74,093	69,407
Dorothy and Carl Ruby Endowment fund	693,032	612,819
Ostheimer Family Endowment Fund	10,000	10,000
UNITI Surrey Cares Endowment Fund	41,573	36,829
	1,361,082	1,230,648
Restricted Fund	32,953	31,819
	1,394,035	1,262,467

14. Pension benefits

The Foundation 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, 2022, the plan has about 240,000 active members and approximately 124,000 retired members. Active members include approximately 43,000 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 billion funding surplus for basic pension benefits on a going concern basis.

The Foundation's employer contributions to the Plan of \$11,344 (2023 - \$13,834) 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.

15. Comparative figures

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

16. Financial instruments

The Foundation, as part of its operations, carries a number of financial instruments. It is management's opinion that the Foundation 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 their financial assets or liabilities, known as price risk.

The Foundation is exposed to interest rate cash flow risk with respect to its bank indebtedness and credit facilities.

Liquidity risk

Liquidity risk refers to the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Foundation is exposed to liquidity risk mainly in respect of its receipt of funds from its customers and other related sources, long-term debt, obligations under capital leases, contributions to the pension plan, and accounts payable.

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 risk 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 Foundation's investments in publicly-traded securities and corporate bonds exposes the Foundation to price risk as these investments are subject to price changes in an open market due to a variety of reasons including changes in market rates of interest, general economic indicators and restrictions on credit markets.