

Victoria Cool Aid Society
Financial Statements
Year Ended March 31, 2021

Independent Auditor's Report

To the Members of Victoria Cool Aid Society

Report on the Financial Statements

Opinion

We have audited the financial statements of Victoria Cool Aid Society (the Society), which comprise the statement of financial position as at March 31, 2021 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, 2021, and the results of its operations, changes in net assets 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.

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:

(continues)



Auditors' Responsibilities for the Audit of the Financial Statements (continued)

- 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

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

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

Dusanj & Wirk

Victoria, British Columbia
June 29, 2021

Chartered Professional Accountants



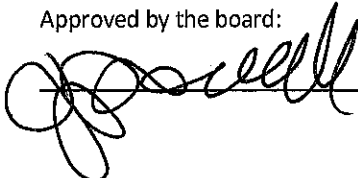
Victoria Cool Aid Society

Statement of Financial Position

As at March 31, 2021 with comparative figures for 2020

	2021 \$	2020 \$
Assets		
Current:		
Cash and short-term investments (Note 3)	10,877,347	6,633,772
Accounts receivable (Note 4)	1,179,046	690,377
Inventory	135,779	117,082
Prepaid expenses (Note 5)	574,788	353,293
	<u>12,766,960</u>	<u>7,794,524</u>
Cash – Restricted Funds (Note 6)	1,685,179	1,633,496
Long-term accounts receivable (Note 7)	207,870	207,870
Prepaid leases (Note 8)	198,132	266,332
Property and equipment (Note 9)	44,660,305	41,881,272
	<u>59,518,446</u>	<u>51,783,494</u>
Total assets	59,518,446	51,783,494
Liabilities		
Current:		
Bank loans payable (Note 10)	1,016,100	1,018,617
Accounts payable and accrued liabilities	4,759,844	2,320,917
Government remittances payable	387,997	296,503
Security deposits	124,058	128,455
Deferred contributions (Note 11)	6,008,766	3,980,066
Current portion of long-term debt (Note 15)	1,830,816	866,903
	<u>14,127,581</u>	<u>8,611,461</u>
Deferred contributions related to restricted funds (Note 12)	150,240	151,662
Deferred contributions related to land lease (Note 13)	36,582	60,970
Deferred contributions related to property and equipment (Note 14)	11,204,831	7,430,252
Long-term debt (Note 15)	18,193,435	20,022,971
Forgivable debt (Note 16)	10,460,398	10,460,398
	<u>54,173,067</u>	<u>46,737,714</u>
Total liabilities	54,173,067	46,737,714
Net Assets		
Invested in property and equipment (Note 18)	2,020,831	2,240,149
Externally restricted replacement reserves – B.C. Housing (Note 6)	1,503,488	1,450,535
Internally restricted (Note 19)	1,326,029	1,325,965
Unrestricted	495,031	29,131
	<u>5,345,379</u>	<u>5,045,780</u>
Total net assets	5,345,379	5,045,780
Total liabilities and net assets	59,518,446	51,783,494

Approved by the board:

 Director

 Director

The accompanying notes are an integral part of these financial statements

Victoria Cool Aid Society

Statement of Operations

Year ended March 31, 2021 with comparative figures for 2020

	2021	2020
	\$	\$
Revenue		
B.C. Housing Management Commission	15,391,769	12,622,470
Island Health Authority	8,686,757	6,151,744
Pharmacy revenue	2,777,011	3,885,430
Rental income and occupancy fees	3,199,925	3,105,091
Donations & grants	2,392,959	1,169,059
Forensic Psychiatric Services Commission	900,852	848,695
Fees - Dental	471,892	629,600
Amortization of deferred contributions	412,232	392,929
Other	103,548	232,661
Research grants	168,248	166,971
Investment income	30,835	134,565
Gaming - Direct Access	100,000	100,000
United Way	80,000	82,891
	<u>34,716,028</u>	<u>29,522,106</u>
Salaries and benefits	20,475,376	17,526,936
Supplies and equipment - health centre	2,330,443	3,334,310
Building occupancy costs	3,560,389	2,778,140
Physician & Dentist fees	2,774,633	1,599,007
Program expense and client support	2,221,779	1,453,312
Amortization expense	1,278,554	1,174,499
Mortgage interest and loan fees	587,788	578,837
Amounts transferred to replacement reserves	258,414	240,906
Office supplies, and equipment	461,454	208,142
Advertising, promotion, and fundraising	210,163	203,541
Travel and vehicle expenses	77,081	115,480
Professional fees	81,345	93,353
Bank charges and interest	63,698	80,501
Staff development and training	102,408	65,377
Licenses, memberships and dues	27,895	30,448
	<u>34,511,420</u>	<u>29,482,789</u>
Excess of revenue over expenses from operations	<u>204,608</u>	<u>39,317</u>

Victoria Cool Aid Society

Statement of Changes in Net Assets

Year ended March 31, 2021 with comparative figures for 2020

	Invested in Property and Equipment <i>(Note 18)</i> \$	Externally Restricted B.C. Housing <i>(Schedule 1)</i> \$	Internally Restricted <i>(Note 19)</i> \$	Endowment Fund <i>(Note 20)</i> \$	Unrestricted \$	2021 Total \$	2020 Total \$
Balance, beginning of year	2,240,149	1,450,535	1,325,965	-	29,131	5,045,780	4,609,875
Allocation of income:							
Excess of revenues over expenses	-	-	-	-	204,608	204,608	39,317
Transfers between funds:							
Amortization of property and equipment, net	(571,686)	-	-	-	571,686	-	-
Interest income and bank charges	-	3,037	64	-	(3,101)	-	-
Investment in property and equipment <i>(Note 18)</i>	332,146	-	-	-	(332,146)	-	-
BC Housing prior year adjustment	-	(24,853)	-	-	24,853	-	-
Transfers to (from) replacement reserves:							
Amounts expended to replacement reserve	-	(183,645)	-	-	-	(183,645)	(113,865)
Replacement reserve provision <i>(Note 6)</i>	-	258,414	-	-	-	258,414	240,907
Direct increases (decreases) to net assets:							
Endowment funds received <i>(Note 20)</i>	-	-	-	15,400	-	15,400	100
Endowment funds transferred <i>(Note 20)</i>	-	-	-	(15,400)	-	(15,400)	(100)
Contributions related to land	20,222	-	-	-	-	20,222	269,546
	(219,318)	52,953	64	-	465,900	299,599	435,905
Balance, end of year	2,020,831	1,503,488	1,326,029	-	495,031	5,345,379	5,045,780

Victoria Cool Aid Society

Statement of Cash Flows

Year ended March 31, 2021 with comparative figures for 2020

	2021	2020
	\$	\$
Cash flows from operating activities:		
Excess (deficiency) of revenue over expenses	204,608	39,317
Items not involving cash:		
Amortization	1,278,554	1,174,499
Amortization of deferred contributions	(412,232)	(392,929)
Transfers to replacement reserves	74,769	127,042
Cash provided by (used in) changes in non-cash working capital items:		
Accounts receivable	(488,669)	(60,295)
Prepaid expenses	(221,495)	583,285
Inventory	(18,697)	39,072
Accounts payable and accrued liabilities	2,438,925	268,105
Government remittances payable	91,494	(62,146)
Security deposits	(4,397)	(1,396)
Deferred contributions	2,027,280	90,980
	<u>4,970,140</u>	<u>1,805,534</u>
Cash flows from (used by) financing and investing activities:		
Mortgage and construction financing	(868,140)	2,954,816
Construction and purchase of property and equipment, net	(3,969,165)	(6,622,000)
Deferred contributions related to property and equipment	4,162,423	1,928,491
	<u>(674,882)</u>	<u>(1,738,693)</u>
Net increase in cash	4,295,258	66,841
Cash, beginning of year	<u>8,267,268</u>	<u>8,200,427</u>
Cash, end of year	<u>12,562,526</u>	<u>8,267,268</u>
Represented by:		
Cash and short-term investments	10,877,347	6,633,772
Cash – Restricted funds	1,685,179	1,633,496
	<u>12,562,526</u>	<u>8,267,268</u>

The accompanying notes are an integral part of these financial statements

Victoria Cool Aid Society

Notes to the Financial Statements

Year ended March 31, 2021 with comparative figures for 2020

1. Purpose

The Victoria Cool Aid Society (the "Society") was incorporated October 28, 1976 under the Society Act of British Columbia and transitioned to the British Columbia Societies Act on June 21, 2017. The purpose of the Society is to end homelessness in Victoria by working in partnership with others to develop community solutions. The Society provides a continuum of care that includes supportive housing, the provision of emergency shelter and the delivery of holistic and integrated health care and support services. The Society serves individuals facing multiple barriers of poverty, mental illness and addiction. The Society actively participates in a variety of networks committed to improving services and influencing policy for an improved quality of life in the community.

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

2. Significant Accounting Policies

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

a) Revenue Recognition

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

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

b) B.C. Housing Replacement Reserves

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

c) Contributed Materials and Services

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

d) Inventories

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

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

Victoria Cool Aid Society

Notes to the Financial Statements

Year ended March 31, 2021 with comparative figures for 2020

Significant Accounting Policies (continued)

e) Joint Arrangement

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

f) Property and Equipment

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

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

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

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

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

g) Use of Estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. These estimates are reviewed periodically and adjustments are made to income as appropriate in the year they become known. Actual results could differ from those estimates.

h) Financial Instruments

The Society initially measures its financial assets and financial liabilities at fair value. The Society subsequently measures all its financial assets and financial liabilities at amortized cost, except for cash and investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in the statement of operations.

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

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

i) Employee Future Benefits

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

Victoria Cool Aid Society

Notes to the Financial Statements

Year ended March 31, 2021 with comparative figures for 2020

3. Cash and Short-term Investments

Cash and short-term investments include a deposit in the B.C. Non-Profit Housing Association Pooled for Increased Earnings Program (PIE) of \$2,545,504 earning interest at 0.60%. The PIE Program is invested with Vancity Savings Credit Union. The investment has no fixed term, no notice requirement or withdrawal penalty. Deposits are guaranteed by the Credit Union Deposit Insurance Corporation of B.C.

4. Accounts Receivable

	2021 \$	2020 \$
Trade and other receivables	386,837	342,298
Government assistance receivable	792,209	348,079
	<u>1,179,046</u>	<u>690,377</u>

5. Prepaid expenses

	2021 \$	2020 \$
Property under development	294,914	173,757
Prepaid expenses	279,874	179,536
	<u>574,788</u>	<u>353,293</u>

6. Cash – Restricted Funds

	2021 \$	2020 \$
Replacement Reserves – B.C. Housing	1,503,488	1,450,535
Replacement Reserves – Shelters	31,786	31,360
Mike Gidora Vision Fund	26,450	26,996
Carl Young Pets In Need	23,455	24,605
Gaming Fund	100,000	100,000
	<u>1,685,179</u>	<u>1,633,496</u>

Replacement Reserves – B.C. Housing

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

Victoria Cool Aid Society

Notes to the Financial Statements

Year ended March 31, 2021 with comparative figures for 2020

6. Cash – Restricted Funds (continued)

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

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

Replacement Reserves – Shelters

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

Cash – Mike Gidora Vision Fund

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

Cash – Carl Young Pets In Need

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

Cash - Gaming Fund

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

7. Long-term Accounts Receivable

The Society has long-term accounts receivable consisting of \$19,728 (2020: \$19,728) held in trust by B.C. Housing.

The Society also has long-term accounts receivable from Vancouver Island AIDS Society for amounts contributed by the Society to the Access Health Centre construction project of \$188,142 (2020: \$188,142). This amount is repayable by Vancouver Island AIDS Society upon a sale of their interest in the building at 713 Johnson Street.

Victoria Cool Aid Society

Notes to the Financial Statements

Year ended March 31, 2021 with comparative figures for 2020

8. Prepaid Leases

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

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

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

9. Property and Equipment

	2021		2020	
	\$		\$	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	14,744,501	-	14,744,501	-
Buildings				
467 Swift & 1 634 Store Street	11,481,793	5,510,142	11,481,793	5,111,271
753/755/757 Pandora Avenue (Pandora)	3,014,420	1,615,222	3,014,420	1,502,652
749 Pandora Avenue (Mike Gidora Place)	2,984,276	1,683,521	2,980,509	1,595,860
1153 Johnson Street (Johnson Manor)	1,901,300	494,644	1,901,300	437,038
597 Goldstream Avenue (Fairway Woods)	3,554,757	1,007,081	3,554,757	908,173
713 Johnson Street (Access Health Centre)	3,102,976	1,377,372	3,102,976	1,253,254
1460 Hillside Avenue (Hillside Terrace)	6,947,436	1,842,191	6,947,436	1,669,480
2317 Dowler Place (Next Steps)	393,263	233,875	393,263	219,711
210 Gorge Road East (Cedar Grove)	-	-	243,072	243,072
3020 Douglas St (Tally Ho)	1,707,348	-	1,707,348	-
959 Balmoral Road	275,259	-	275,259	-
100 Saghalie Road	203,128	-	203,325	-
650 Speed Avenue	2,185,076	78,927	2,185,076	-
Furniture, equipment and computers	1,390,310	1,268,664	1,394,689	1,217,134
Vehicles	185,369	131,255	142,329	125,718
Redevelopment costs				
210 Gorge Road East (Cedar Grove)	3,976,391	-	652,274	-
3020 Douglas St (Tally Ho)	1,855,596	-	1,240,308	-
	59,903,199	15,242,894	56,164,635	14,283,363
Less: Accumulated amortization	<u>15,242,894</u>		<u>14,283,363</u>	
Net Book Value	<u>44,660,305</u>		<u>41,881,272</u>	

The land values include property at 749 Pandora Avenue, 713 Johnson Street, 2317 Dowler Place, 210 Gorge Road East, 3020 Douglas Street, 959 Balmoral Road, 100 Saghalie Rd, and 650 Speed Avenue.

Victoria Cool Aid Society

Notes to the Financial Statements

Year ended March 31, 2021 with comparative figures for 2020

9. Property and Equipment (continued)

During the year the Society demolished the building at 210 Gorge Road East for redevelopment. The cost and accumulated depreciation for the building were disposed during the year.

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

Subsequent to the year end the Society sold the property located at 959 Balmoral Road for \$997,580. The property consisted of building and land which was recorded at a cost of \$275,259 and \$971,081 respectively.

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

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

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

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

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

10. Bank Loans Payable

	2021	2020
	\$	\$
VANCITY, limit of \$925,000, interest payable monthly at prime plus 1.00%, balance due on demand, general security agreement against all present and after-acquired property specific to 959 Balmoral Street.	925,000	925,000
VANCITY, limit of \$600,000, interest payable monthly at prime plus 1.00%.	91,100	93,617
	<u>1,016,100</u>	<u>1,018,617</u>

Victoria Cool Aid Society

Notes to the Financial Statements

Year ended March 31, 2021 with comparative figures for 2020

11. Deferred Contributions

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

	2021 \$	2020 \$
Beginning balance	3,980,066	3,888,844
Less: Amounts recognized as revenue in the year	(2,054,616)	(1,580,922)
Add: Amount received related to the following years	4,083,316	2,494,068
Add: Amount transferred to deferred capital contributions	-	(821,924)
	<u>6,008,766</u>	<u>3,980,066</u>

Government assistance of \$2,551,689 (2020: \$1,385,422) received in the year is included in deferred contributions.

12. Deferred Contributions Related to Restricted Funds

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

	M. Gidora Vision Fund \$	C. Young Pets In Need \$	Gaming \$	2021 \$	2020 \$
Beginning balance	27,001	24,611	100,050	151,662	151,901
Less: Amounts recognized as revenue in the year	(601)	(900)	(100,050)	(101,551)	(101,141)
Amount received related to the following years	54	49	100,026	100,129	100,902
	<u>26,454</u>	<u>23,760</u>	<u>100,026</u>	<u>150,240</u>	<u>151,662</u>

Government assistance of \$100,026 (2020: \$100,050) received in the year is included in deferred contributions related to restricted funds.

13. Deferred Contributions Related to Land Lease

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

Victoria Cool Aid Society

Notes to the Financial Statements

Year ended March 31, 2021 with comparative figures for 2020

14. Deferred Contributions Related to Property and Equipment

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

	2021 \$	2020 \$
Beginning balance	7,430,252	5,870,302
Add: Contributions related to property and equipment	4,162,424	1,928,492
Less: Amounts amortized to revenue	(387,845)	(368,542)
	<u>11,204,831</u>	<u>7,430,252</u>

The Society's share of total contributions received for the construction of the Access Health Centre of \$2,958,069 (2020: \$2,955,735) have been deferred as part of deferred contributions related to property and equipment for the year. These contributions include funding from the Island Health Authority, the Capital Regional Hospital District (CRHD), the Province of British Columbia, United Way of Greater Victoria, Victoria Foundation, City of Victoria, B.C. Housing, Civic Heritage Trust, Coast Capital Savings Credit Union, and contributions from members of the community.

Government assistance of \$4,136,423 (2020: \$933,184) received in the year is included in deferred contributions related to property and equipment.

15. Long-term Debt

	2021 \$	2020 \$
BC HOUSING MANAGEMENT COMMISSION mortgage on Store Street, 3.15%, repayable in blended monthly payments of \$12,648, due June 1, 2021.	701,653	829,337
BC HOUSING MANAGEMENT COMMISSION mortgage on Swift Street, 3.15%, repayable in blended monthly payments of \$8,086, due June 1, 2021.	448,598	530,232
MCAP mortgage on Store/Swift Street, 2.15%, repayable in blended monthly payments \$6,895.49, due March 1, 2025, secured by an interest in the appliances, mechanical equipment and fixtures.	1,551,948	1,600,906
ROYAL BANK OF CANADA mortgage on Store/Swift Street, 3.04%, repayable in blended monthly payments of \$9,436, due July 1, 2022, secured by an assignment of rents.	<u>2,054,751</u>	<u>2,105,082</u>
Carried forward	<u>4,756,950</u>	<u>5,065,557</u>

Victoria Cool Aid Society

Notes to the Financial Statements

Year ended March 31, 2021 with comparative figures for 2020

15. Long-term Debt (continued)

Brought forward	4,756,950	5,065,557
PEOPLES TRUST mortgage on Dowler Place, 2.965%, repayable in monthly payments of \$1,868, due September 1, 2027, secured by a first charge on the property and contents of the building at 2317 Dowler Place.	356,633	368,349
MCAP mortgage on Gorge Road, 3.43%, repayable in monthly payments of \$3,763, due April 1, 2024, secured by a first charge on the property and contents of the building at 210 Gorge Road East.	721,203	741,425
PEOPLE'S TRUST mortgage on Pandora Avenue, 3.84%, repayable in blended monthly payments of \$13,495, due November 1, 2023, secured by a first charge in the leasehold interest, building and contents of the building 753, 755, 757 Pandora Avenue and an assignment of rents.	1,507,385	1,609,774
FIRST NATIONAL FINANCIAL, mortgage on Fairway Woods, 3.53%, repayable in blended monthly payments of \$10,229, due August 1, 2023, secured by a first charge on the land at 597 Goldstream Avenue and an assignment of rents.	1,598,251	1,663,742
MCAP, mortgage on Mike Gidora Place, 2.439%, repayable in blended monthly payments of \$10,554, due September 1, 2025, secured by a first charge on the property and contents of the building at 749 Pandora Avenue and an assignment of rents.	1,804,377	1,886,159
MCAP mortgage on Johnson Manor, 2.84%, repayable in blended monthly payments of \$9,996, due January 1, 2030, secured by a first charge in the leasehold interest, building and contents of the building at 1153 Johnson Street and an assignment of rents.	1,530,109	1,605,703
MCAP mortgage on Hillside Terrace, 3.518%, repayable in blended monthly payments of \$23,749, due February 1, 2023, secured by a first charge in the leasehold interest, building and contents of the building at 1460 Hillside Avenue and an assignment of rents.	4,084,515	4,224,165
VANCITY commercial mortgage on 650 Speed Ave, 2.95%, repayable in monthly payments \$12,538. Due March 31, 2023, secured by a first charge on the land at 650 Speed Ave and an assignment of rents.	2,939,828	3,000,000
Mortgage on 100 Saghali Road, 2%, principal and interest repayable at end of term December 23, 2024, secured by the property at 100 Saghali Road.	725,000	725,000
	20,024,251	20,889,874
Less: Current Portion	1,830,816	866,903
	<u>18,193,435</u>	<u>20,022,971</u>

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

Victoria Cool Aid Society

Notes to the Financial Statements

Year ended March 31, 2021 with comparative figures for 2020

15. Long-term Debt (continued)

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

<u>Year</u>	<u>Amount \$</u>
2022	1,830,816
2023	9,249,375
2024	3,007,944
2025	2,967,782
2026	1,557,295
Thereafter	<u>1,411,039</u>
	<u>20,024,251</u>

16. Forgivable Debt

	<u>2021</u>	<u>2020</u>
	<u>\$</u>	<u>\$</u>
BCHMC forgivable loan 3020 Douglas Street – payments on account of principal and interests under the loan will be forgiven, provided the property is continuously used for the intended purpose and no default under the loan or operating agreement. The loan will be forgiven 1/10 each year, commencing in the 11th year. Term 20 years, to end March 31, 2037.		
	<u>10,460,398</u>	<u>10,460,398</u>
	<u>10,460,398</u>	<u>10,460,398</u>

17. Financial Instruments and Risk Management

At March 31, 2021, the estimated fair value of cash, accounts receivable, accounts payable and accrued liabilities approximated their respective carrying values due to their short-term nature.

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

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

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

Victoria Cool Aid Society

Notes to the Financial Statements

Year ended March 31, 2021 with comparative figures for 2020

17. Financial Instruments and Risk Management (continued)

Credit risk

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

Currency risk

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

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Financial instruments that potentially subject the Society to interest rate risk consist primarily of long-term debt. The Society manages this risk by having a substantial amount of its long-term debt at fixed rates of interest.

Liquidity risk

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

Other price risk

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

18. Net Assets Invested in Property and Equipment

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

	2021	2020
	\$	\$
Property and equipment (<i>Note 9</i>)	44,660,305	41,881,272
Accounts receivable, B.C. Housing (<i>Note 7</i>)	19,728	19,728
Less amounts financed by:		
Accounts payable	(128,480)	(59,424)
Loan and mortgages payable	(30,709,553)	(31,534,613)
Direct increase in net assets related to land	210,804	190,580
Deferred capital contributions (<i>Note 14</i>)	(11,204,831)	(7,430,252)
Interfund loan	(827,142)	(827,142)
	<u>2,020,831</u>	<u>2,240,149</u>

Victoria Cool Aid Society

Notes to the Financial Statements

Year ended March 31, 2021 with comparative figures for 2020

19. Net Assets Internally Restricted

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

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

	Building & Equipment \$	Health Services Fund \$	Shelters Reserve \$	Housing Development Fund \$	2021 \$	2020 \$
Beginning balance	95,094	199,145	31,726	1,000,000	1,325,965	1,325,453
Less: Amounts used in the year	-	-	-	-	-	-
Add: Interest income	-	-	64	-	64	-
Add: Contributions in the year	-	-	-	-	-	512
	95,094	199,145	31,790	1,000,000	1,326,029	1,325,965

20. Endowment Funds

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

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

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

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

Victoria Cool Aid Society

Notes to the Financial Statements

Year ended March 31, 2021 with comparative figures for 2020

20. Endowment Funds (continued)

	Victoria Foundation \$	Vancouver Foundation \$	Victoria Foundation Pets In Need \$	2021 \$	2020 \$
Beginning balance	180,099	11,141	26,931	218,171	231,919
Contributions	15,000	-	1,237	16,237	2,774
Grants paid	(7,584)	-	(1,087)	(8,671)	(2,621)
Net investment returns	40,980	2,622	6,199	49,801	(13,901)
	228,495	13,763	33,280	275,538	218,171

Fund values are reported at market value as at March 31, 2021.

21. Government Assistance

The Society receives government assistance from the B.C. Housing Management Commission, Island Health Authority, Forensic Psychiatric Services Commission, and other government agencies to fund its operations. During the year \$25,707,324 (2020: \$19,860,312) of government assistance received was recognized as revenue.

22. Tenant Rent

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

23. Employee Future Benefits

The Society and its employees are members in the Municipal Pension Plan (the "pension plan"), a joint trustees pension plan. The Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the pension plan, including investment of the assets and administration of benefits. The pension plan is a multi-employer contributory pension plan. Basic pension benefits provided are defined.

Every three years an actuarial valuation is performed to assess the financial position of the plan and the adequacy of the plan funding. The most recent valuation as at December 31, 2018, indicated the plan is fully funded on the basis that current contributions continue. The Society paid \$1,176,594 (2020: \$1,068,819) for employer contributions to the plan in fiscal 2021. The employer contribution rate is 9.74% of pensionable earnings (2020: 9.74%).

Victoria Cool Aid Society

Notes to the Financial Statements

Year ended March 31, 2021 with comparative figures for 2020

24. Remuneration of employees and contractors

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

During the year, there were 36 employees who met this criterion, and the total amount of remuneration paid to these persons was \$3,305,327. During the prior year, there were 23 employees who met this criterion, and the total amount of remuneration paid to these persons was \$2,088,929.

During the year, there were 19 contractors who met this criterion, and the total amount of remuneration paid to these contractors was \$3,960,961. During the prior year, there were 9 contractors who met this criterion, and the total amount of remuneration paid to these contractors was \$1,670,609.

25. B.C. Housing Accumulated Operating Surplus

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

Victoria Cool Aid Society
Schedule 1
**Statement of Changes in Externally Restricted Replacement Reserves – B.C. Housing
Year ended March 31, 2021 with comparative figures for 2020**

	Fairway Woods \$	Hillside Terrace \$	Johnson Manor \$	Mike Gidora Place \$	Olympic Vista \$	Pandora Apts \$	Rock Bay Landing \$	Swift House Apts \$	Cottage Grove Apts \$	Tally Ho \$	2021 Total \$	2020 Total \$
Balance, beginning of year	163,631	167,118	190,605	52,623	29,125	346,900	111,248	218,109	100,957	70,219	1,450,535	1,300,930
Add:												
Transfer from operations for the year (Note 5)	15,828	32,400	14,971	32,400	25,920	28,800	16,800	21,455	32,400	37,440	258,414	240,907
Interest income	334	357	389	140	59	719	230	422	215	171	3,037	22,633
Less:												
Amounts expended on replacement reserve	(17,395)	(20,507)	(7,797)	(35,396)	(16,340)	(36,768)	-	(8,955)	-	(40,487)	(183,645)	(113,865)
Amounts expended related to prior year	(2,865)	(4,928)	(1,810)	(11,665)	-	(3,773)	(22)	210	-	-	(24,853)	(70)
Balance, end of year	159,533	174,440	196,358	38,102	38,764	335,878	128,256	231,241	133,572	67,343	1,503,488	1,450,535
Purchase of replacement items for year:												
Appliances	636	2,400	1,264	2,372	6,984	1,271	-	1,699	-	1,187	17,813	15,002
Fencing	-	-	-	-	-	-	-	-	-	10,531	10,531	841
Flooring	12,129	6,160	2,778	7,673	8,171	2,884	-	4,893	-	-	44,688	42,271
Heating and hot water	-	-	-	-	-	-	-	-	-	-	-	21,978
Lighting	-	-	-	-	-	-	-	-	-	-	-	-
Painting	4,192	5,473	3,561	24,029	1,070	31,047	-	2,363	-	2,744	74,479	12,297
Special repairs & equipment	-	4,587	-	-	-	-	-	-	-	24,765	29,352	15,996
Window coverings	438	1,887	194	1,322	115	1,566	-	-	-	1,260	6,782	5,480
	17,395	20,507	7,797	35,396	16,340	36,768	-	8,955	-	40,487	183,645	113,865

Victoria Cool Aid Society

Schedule 2

Schedule of Housing Fund Surplus Accounts

Year ended March 31, 2021 with comparative figures for 2020

	Hillside Terrace \$	Sandy Merriman House \$	Next Steps \$	Rock Bay Landing (ESP) \$	Rock Bay Landing (PHI) \$	Mount Edwards Court \$	HOP RS \$	Cool Aid Seasonal Shelter \$
Financial review closing balance March 31, 2020	(496,361)	110,794	215	171,664	-	84,933	44,165	3,937
Financial review adjustments Prior years	-	-	-	-	-	-	-	(3,937)
Financial review adjustments 2020	(1,131)	-	(26)	-	-	-	-	(4,231)
Revised accumulated surplus (deficit) 2020	(497,492)	110,794	189	171,664	-	84,933	44,165	(4,231)
Accumulated surplus (deficit) beginning	(497,492)	110,794	189	171,664	-	84,933	44,165	(4,231)
Current year operating surplus (deficit)	(65,504)	58,381	35,465	(1,483)	-	44,138	69	-
Accumulated surplus (deficit), end of year	(562,996)	169,175	35,654	170,181	-	129,071	44,234	(4,231)

Victoria Cool Aid Society

Schedule 2 continued

Schedule of Housing Fund Surplus Accounts

Year ended March 31, 2021 with comparative figures for 2020

	Swift House \$	Desmond House \$	Queens Manor \$	Tally Ho \$	Muncey Place (Tower) \$	Travelodge \$	Total 2021 \$	Total 2020 \$
Financial review closing balance March 31, 2020	8,010	(338)	(58,926)	27,013			(104,894)	(189,792)
Financial review adjustments Prior years	-	-	-	-	-	-	(3,937)	-
Financial review adjustments 2020	(2,045)		-	-			(7,433)	35,704
Subsidy repayment	-	338	58,926	-			59,264	13,679
Revised accumulated surplus (deficit) 2020	5,965	-	-	27,013	-	-	(57,000)	(140,409)
Accumulated surplus (deficit) beginning	5,965	-	-	27,013	-	-	(57,000)	(140,409)
Current year operating surplus (deficit)	7,972	1,454	(25,111)	(11,091)	44,208	26,799	115,297	35,515
Accumulated surplus (deficit), end of year	13,937	1,454	(25,111)	15,922	44,208	26,799	58,297	(104,894)