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Financial statements of  
Burnaby Association for  
Community Inclusion

March 31, 2020

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## Independent Auditor's Report

To the Members of  
Burnaby Association for Community Inclusion

### Opinion

We have audited the financial statements of Burnaby Association for Community Inclusion (the "Association"), which comprise the statement of financial position as at March 31, 2020, 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 (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Association as at March 31, 2020, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

### Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). 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 Association 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 audit 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 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 Association'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 Association or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Association'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 GAAS 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 GAAS, 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 Association'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 Association'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 Association 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, these financial statements are presented on a basis consistent with that of the previous year.

*Deloitte LLP*

Chartered Professional Accountants  
July 16, 2020  
Vancouver, British Columbia

**Burnaby Association for Community Inclusion**  
**Statement of operations**  
Year ended March 31, 2020

|  | Notes     | 2020<br>\$        | 2019<br>\$ |
|--|-----------|-------------------|------------|
| <b>Revenue</b>   |           |                   |            |
| Provincial and Federal government grants                         |           |                   |            |
| Community Living British Columbia                                |           | <b>25,397,286</b> | 24,272,099 |
| Ministry of Children and Family Development ("MCFD")             |           | <b>2,039,427</b>  | 1,626,992  |
| British Columbia Housing and Management Commission               |           | <b>240,010</b>    | 205,948    |
| Service contracts  |           | <b>305,066</b>    | 301,995    |
| Federal government   |           | <b>85,232</b>     | 76,631     |
| Other sources  |           |                   |            |
| User fees  |           | <b>1,913,415</b>  | 1,931,908  |
| Other revenue  |           | <b>190,136</b>    | 340,994    |
| Contracts  |           | <b>12,744</b>     | 10,525     |
| Amortization of deferred contributions                           |           |                   |            |
| Property, buildings and equipment                                |           | <b>48,660</b>     | 48,660     |
| Fundraising and donations  |           |                   |            |
| Bequest  |           | <b>207,769</b>    | —          |
| Gaming grant   |           | <b>100,000</b>    | 89,000     |
| Donations and gifts  |           | <b>56,065</b>     | 75,322     |
| United Way   |           | <b>23,765</b>     | 41,238     |
| Sharing Our Future Foundation                                    | 16(a)     | <b>6,000</b>      | 24,376     |
|  |           | <b>30,625,575</b> | 29,045,688 |
| <b>Expenses</b>  |           |                   |            |
| Human Resources  |           |                   |            |
| Wages and benefits   | 17 and 19 | <b>19,399,178</b> | 18,148,676 |
| Staff training   |           | <b>137,555</b>    | 138,062    |
| Program  |           |                   |            |
| Purchased services   |           | <b>532,684</b>    | 852,023    |
| Life Sharing Network & Respite                                   |           | <b>6,342,727</b>  | 6,073,918  |
| Program costs  |           | <b>1,052,767</b>  | 1,003,396  |
| Transportation   |           | <b>325,608</b>    | 349,100    |
| Recreation and education   |           | <b>178,540</b>    | 176,124    |
| Accessibility  |           | <b>21,491</b>     | 13,328     |
| Pandemic 2020  |           | <b>1,552</b>      | —          |
| Supported employment   |           | <b>43,455</b>     | 41,877     |
| Occupancy  |           |                   |            |
| Mortgage interest and lease payments                             | 8         | <b>848,331</b>    | 805,492    |
| Property taxes, utilities, and insurance                         |           | <b>394,987</b>    | 391,637    |
| Repairs and maintenance  |           | <b>438,160</b>    | 457,775    |
| Amortization of property, buildings and equipment                |           | <b>688,535</b>    | 674,117    |
|  |           | <b>30,405,570</b> | 29,125,525 |
| <b>Excess (deficiency) of revenue over expenses for the year</b> |           | <b>220,005</b>    | (79,837)   |

The accompanying notes are an integral part of the financial statements.

**Burnaby Association for Community Inclusion**  
**Statement of changes in net assets**  
Year ended March 31, 2020

|   | <b>2020</b>  |                     |                  | 2019         |
|---|--|---------------------|------------------|--------------|
|   | <b>Internally<br/>Restricted -<br/>Capital<br/>Reconstruction<br/>Fund</b> | <b>Unrestricted</b> | <b>Total</b>     | <b>Total</b> |
|   | <b>\$</b>  | <b>\$</b>           | <b>\$</b>        | <b>\$</b>    |
| <b>Balance, beginning of year</b>               | <b>800,000</b>   | <b>1,855,382</b>    | <b>2,655,382</b> | 2,735,219    |
| Excess (deficiency) of<br>revenue over expenses | —  | <b>220,005</b>      | <b>220,005</b>   | (79,837)     |
| <b>Balance, end of year</b>                     | <b>800,000</b>   | <b>2,075,387</b>    | <b>2,875,387</b> | 2,655,382    |


The accompanying notes are an integral part of the financial statements.


**Burnaby Association for Community Inclusion**  
**Statement of financial position**  
As at March 31, 2020

|  | Notes    | 2020<br>\$        | 2019<br>\$        |
|--|----------|-------------------|-------------------|
| <b>Assets</b>                            |          |                   |                   |
| <b>Current assets</b>                    |          |                   |                   |
| Cash and cash equivalents                |          | 1,489,075         | 2,004,851         |
| Accounts receivable                      |          | 418,774           | 455,310           |
| Prepaid expenses and other asset         |          | 155,833           | 97,560            |
|  |          | <u>2,063,682</u>  | <u>2,557,721</u>  |
| Investment – Estate of Hannah Filby      | 4 and 12 | 469,142           | 465,268           |
| Replacement Reserve Fund                 | 2(c)     | 226,999           | 201,992           |
| Intangible asset                         | 7        | 339,141           | 339,141           |
| Property, buildings and equipment        | 6        | 10,176,276        | 9,847,256         |
|  |          | <u>13,275,240</u> | <u>13,411,378</u> |
| <b>Liabilities</b>                       |          |                   |                   |
| <b>Current liabilities</b>               |          |                   |                   |
| Accounts payable and accrued liabilities |          | 2,290,166         | 2,307,420         |
| Due to Sharing Our Future Foundation     | 16(a)    | 20,633            | 64,155            |
| Government remittances payable           |          | 23,957            | 21,982            |
| Deferred revenue                         | 7        | 193,450           | 238,893           |
| Current portion of mortgages payable     | 8        | 774,450           | 654,461           |
| Current portion of loans payable         | 9        | 551,631           | 383,838           |
|  |          | <u>3,854,287</u>  | <u>3,670,749</u>  |
| Mortgages payable                        | 8        | 5,237,447         | 5,753,492         |
| Loans payable                            | 9        | 61,790            | 65,647            |
| Deferred contributions                   |          |                   |                   |
| Estate of Hannah Filby                   | 4 and 12 | 469,142           | 465,268           |
| Replacement Reserve Fund                 | 10       | 226,999           | 201,992           |
| Property, buildings and equipment        | 11       | 550,188           | 598,848           |
|  |          | <u>10,399,853</u> | <u>10,755,996</u> |
| Contingent liabilities and commitments   | 15       |                   |                   |
| Subsequent event                         | 20       |                   |                   |
| <b>Net assets</b>                        |          |                   |                   |
| Internally Restricted – Capital          | 13       |                   |                   |
| Reconstruction Fund                      |          | 800,000           | 800,000           |
| Unrestricted                             |          | 2,075,387         | 1,855,382         |
|  |          | <u>2,875,387</u>  | <u>2,655,382</u>  |
|  |          | <u>13,275,240</u> | <u>13,411,378</u> |

The accompanying notes are an integral part of the financial statements.

Approved by the Board

 Paul Miller, President

 Nailin Esmail, Treasurer

**Burnaby Association for Community Inclusion**  
**Statement of cash flows**  
Year ended March 31, 2020

|  | 2020<br>\$         | 2019<br>\$ |
|--|--------------------|------------|
| <b>Operating activities</b>  |                    |            |
| Excess (deficiency) of revenue over expenses for the year                  | <b>220,005</b>     | (79,837)   |
| Items not affecting cash   |                    |            |
| Amortization of property, buildings and equipment                          | <b>688,535</b>     | 674,117    |
| Amortization of deferred contributions – property, buildings and equipment | <b>(48,660)</b>    | (48,660)   |
|  | <b>859,880</b>     | 545,620    |
| Changes in non-cash operating working capital items                        |                    |            |
| Accounts receivable  | <b>36,536</b>      | 62,747     |
| Prepaid expenses   | <b>(58,273)</b>    | 14,197     |
| Accounts payable and accrued liabilities                                   | <b>(17,254)</b>    | 308,125    |
| Government remittances payable   | <b>1,975</b>       | 1,975      |
| Deferred revenue   | <b>(45,443)</b>    | 34,269     |
| Due to Sharing Our Future Foundation                                       | <b>(43,522)</b>    | 28,384     |
|  | <b>733,899</b>     | 995,317    |
| <b>Investing activities</b>  |                    |            |
| Additions to property, buildings and equipment,                            | <b>(1,017,555)</b> | (629,145)  |
| Proceeds on disposal of investments  | —                  | 299,403    |
|  | <b>(1,017,555)</b> | (329,742)  |
| <b>Financing activities</b>  |                    |            |
| Loan principal repayments  | <b>(19,294)</b>    | (23,952)   |
| Advances from loans payable  | <b>183,230</b>     | 119,941    |
| Mortgage principal repayments  | <b>(396,056)</b>   | (395,358)  |
|  | <b>(232,120)</b>   | (299,369)  |
| Net cash (outflow) inflow  | <b>(515,776)</b>   | 366,206    |
| Cash and cash equivalents, beginning of year                               | <b>2,004,851</b>   | 1,638,645  |
| <b>Cash and cash equivalents, end of year</b>                              | <b>1,489,075</b>   | 2,004,851  |
| <b>Cash and cash equivalents is comprised of</b>                           |                    |            |
| Cash   | <b>1,164,075</b>   | 879,851    |
| Term deposits  | <b>325,000</b>     | 1,125,000  |
|  | <b>1,489,075</b>   | 2,004,851  |

The accompanying notes are an integral part of the financial statements.



# **Burnaby Association for Community Inclusion**

## **Notes to the financial statements**

March 31, 2020

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### **1. Purpose of the Association**

Burnaby Association for Community Inclusion (the "Association") provides support and services for individuals of all ages with developmental disabilities and their families. The Association also provides early intervention support and programs to children from birth to 12 years. The Association is incorporated under the Societies Act of British Columbia, and is a registered charity under the Income Tax Act. The Association's future operations are largely dependent upon the continuation of funding under several contracts with Community Living British Columbia and other government entities.

### **2. Significant accounting policies**

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO") and reflect the following significant accounting policies:

#### *(a) Revenue recognition*

The Association follows the deferral method of accounting for contributions (comprising grants, donations and gifts). Externally restricted operating contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions and other sources of revenues are recognized as revenue when received or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured. Endowment contributions are recognized as direct increases in net assets.

Contributions restricted for the purchase or construction of property, buildings and equipment are deferred and amortized into revenue at the amortization rate of the related property, buildings and equipment.

Gaming revenue constitutes funds received from the Province of British Columbia from commercial gambling revenues. Gaming funds are reported on a cash basis to the British Columbia Gaming Commission in accordance with the Gaming Authority's policy. The Association's financial statements report gaming revenue on an accrual basis.

Externally restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Unrestricted investment income is recognized as revenue in the statement of operations when earned.

User fees and contracts represent rental income on property owned by the Association and services rendered by the childcare programs. Other revenue is recognized when earned and collectability is reasonably assured.

#### *(b) Property, buildings and equipment*

Purchased assets are recorded at cost less accumulated amortization. Donated assets are recorded at fair value less accumulated amortization.

The Association provides amortization on the assets using the following rates and methods:

|                           |  |
|---------------------------|--|
| Buildings                 | Over remaining terms of the related mortgage, which approximates the useful life of the assets |
| Equipment and renovations | 12.5% straight-line method   |
| Vehicles                  | 12.5% straight-line method   |

## **Burnaby Association for Community Inclusion**

### **Notes to the financial statements**

March 31, 2020

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#### **2. Significant accounting policies (continued)**

*(b) Property, buildings and equipment (continued)*

Property, buildings and equipment are tested for recoverability whenever events or changes in circumstances indicate that the asset no longer has any long-term service potential to the Association or no longer contributes to the Association's ability to provide services. The amount of an impairment loss is recognized as the amount by which the carrying value of the asset exceeds its estimated fair value.

*(c) Replacement Reserve Fund*

The Association is required to maintain a capital replacement reserve fund as designated by British Columbia Housing and Management Commission ("BCHMC"). Contributions for the replacement reserve fund are credited to deferred contributions. Contributions are transferred to income in the period that the expenditures are incurred. Amounts sufficient to support the balances designated by BCHMC have been placed in separate bank accounts,

*(d) Volunteer services*

Volunteers assist the Association in operating the various programs. Due to the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

*(e) Cash and cash equivalents*

Cash and cash equivalents consist of bank balances and term deposits that are highly liquid, readily convertible to a known amount of cash and subject to an insignificant risk of change in value.

*(f) Financial instruments*

The Association initially measures its financial assets and financial liabilities at fair value when the Association becomes a party to the contractual provisions of the financial instrument. Subsequently, all financial instruments are measured at amortized cost.

With respect to financial assets measured at cost or amortized cost, the Association recognizes in the statement of operations an impairment loss, if any, when it determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows. When the extent of impairment of a previously written-down asset decreases, and the decrease can be related to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed in the statement of operations in the period the reversal occurs.

*(g) Intangible assets*

Intangible assets developed internally are initially recognized if they meet the recognition criteria and are amortized once the intangible assets are in use. Internally generated intangible assets include the costs incurred to develop the Kudoz service delivery model.

When an intangible asset that is subject to amortization no longer has any long-term service potential for the Association, the excess of its carrying amount over any residual value is recognized as an expense in the statement of operations.

## **Burnaby Association for Community Inclusion**

### **Notes to the financial statements**

March 31, 2020

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#### **2. Significant accounting policies (continued)**

*(h) Employee future benefits*

The Association participates in a multi-employer defined benefit pension plan and accounts for contribution payments using the defined contribution plan accounting which recognizes contributions as an expense in the year incurred (Note 17).

*(i) Accounting for controlled entity*

Entities controlled by the Association are not consolidated in these financial statements; financial statement elements and other relevant information about such entities are instead reported by note disclosure (Note 16(a)).

*(j) Use of estimates*

The preparation of financial statements in conformity with ASNPO 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. Areas requiring the use of management estimates include accrued liabilities, contingencies, and the useful lives and recoverability of intangible assets, property, buildings and equipment. Actual results could differ from those estimates.

#### **3. Adoption of new and revised accounting standards for not-for-profit organizations**

The Association adopted the following new and revised accounting standards in these financial statements:

*(a) Adoption of Section 4433, Tangible Capital Assets Held by Not-for-Profit Organizations*

Effective April 1, 2019, the Association adopted Section 4433 on a prospective basis. The standard outlines how to account for the cost of contributed tangible capital assets, the amortization of tangible capital assets, the recognition of partial impairments of tangible capital assets and the disclosure of impairment losses.

The Association elected not to apply the requirements for componentization of property and equipment held at April 1, 2019 and hence did not allocate the costs of property and equipment and related amortization to the component parts of property and equipment held at April 1, 2019.

The Association has determined that the adoption of this standard did not have a material impact on the financial statements.

*(b) Adoption of Section 4434, Intangible Assets Held by Not-for-Profit Organizations*

Effective April 1, 2019, the Association adopted Section 4434, on a prospective basis. The standard outlines how to account for the recognition of partial impairments of intangible assets and the disclosure of impairment losses.

The Association holds the Kudoz service delivery model. The Association has determined that the adoption of this standard did not have a material impact on the financial statements.

## Burnaby Association for Community Inclusion

### Notes to the financial statements

March 31, 2020

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#### 4. Investment – Estate of Hannah Filby

The Estate of Hannah Filby was donated to the Association in 1980 for the benefit of children with developmental disabilities. Designated amounts are invested in separate term deposits earning interest at 1% per annum.

#### 5. Vancouver Foundation

The Association has placed funds of \$10,000 (\$10,000 in 2019) with the Vancouver Foundation. In accordance with the Vancouver Foundation Act, these funds are held permanently by the Vancouver Foundation, and thus are not recorded in the financial statements of the Association. The Association, however, has the right to receive investment income on these funds and such investment income is recorded in the statement of operations.

#### 6. Property, buildings and equipment

|                             | <b>Cost</b>       | <b>Accumulated<br/>amortization</b> | <b>2020<br/>Net book<br/>value</b> | <b>2019<br/>Net book<br/>value</b> |
|-----------------------------|-------------------|-------------------------------------|------------------------------------|------------------------------------|
|                             | \$                | \$                                  | \$                                 | \$                                 |
| Building under construction | <b>1,187,174</b>  | <b>—</b>                            | <b>1,187,174</b>                   | 390,753                            |
| Land and buildings          | <b>15,219,017</b> | <b>7,358,078</b>                    | <b>7,860,939</b>                   | 8,281,564                          |
| Equipment and renovations   | <b>3,307,387</b>  | <b>2,292,852</b>                    | <b>1,014,535</b>                   | 1,026,600                          |
| Vehicles                    | <b>1,052,061</b>  | <b>938,433</b>                      | <b>113,628</b>                     | 148,339                            |
|                             | <b>20,765,639</b> | <b>10,589,363</b>                   | <b>10,176,276</b>                  | 9,847,256                          |

See Note 8 and Note 15(a) for land and buildings held as security and restrictions on property, buildings, and equipment.

The building under construction is for new social housing at 3755 Banff Avenue. Costs incurred for the development of the social housing which meet the capitalization criteria are included in building under construction.

#### 7. Intangible asset

The intangible asset consists of a service delivery model, called Kudoz. Kudoz is recognized at its cost of \$339,141 (\$339,141 in 2019). Grants for the development of Kudoz are included in deferred revenue in the amount of \$123,000 (\$123,000 in 2019).

## Burnaby Association for Community Inclusion

### Notes to the financial statements

March 31, 2020

#### 8. Mortgages payable

Mortgages payable are comprised of first mortgages with CMHC, various banks, trust companies and credit unions, secured by the land and buildings, mortgage of leases, assignments of rent, fire insurance and grant agreements.

|                       | Annual<br>interest<br>rate<br>% | Monthly<br>mortgage<br>repayment<br>\$ | Monthly<br>BCHMC<br>subsidy<br>\$ | Renewal<br>date | Principal outstanding |                  |
|-----------------------|---------------------------------|--|-----------------------------------|-----------------|-----------------------|------------------|
|                       |                                 |  |                                   |                 | 2020<br>\$            | 2019<br>\$       |
| Cumberland            | 2.81                            | 1,179                                  | 107                               | 07/01/2023      | 44,963                | 57,653           |
| East burn             | 3.44                            | 1,244                                  | 82                                | 06/01/2024      | 61,163                | 74,614           |
| Edmonds               | 3.68                            | 1,165                                  | 88                                | 01/01/2024      | 50,962                | 63,440           |
| Filby Court           | 3.68                            | 4,697                                  | 6,421                             | 11/01/2023      | 199,685               | 251,322          |
| Genesis               | 2.54                            | 4,377                                  | —                                 | 07/01/2023      | 521,792               | 559,480          |
| Neville               | 3.86                            | 3,358                                  | —                                 | 07/01/2024      | 419,920               | 443,638          |
| Orchard Heights       | 3.80                            | 3,061                                  | 3,134                             | 12/01/2020      | 393,649               | 415,101          |
| Sardis                | 8.00                            | 571                                    | —                                 | 11/01/2024      | 26,301                | 30,890           |
| Stride Pride          | 2.03                            | 25,628                                 | 11,347                            | 08/01/2026      | 4,293,462             | 4,511,815        |
|                       |                                 | 45,280                                 | 21,179                            |                 | 6,011,897             | 6,407,953        |
| Less: current portion |                                 |  |                                   |                 | (774,450)             | (654,461)        |
|                       |                                 |  |                                   |                 | <u>5,237,447</u>      | <u>5,753,492</u> |

The minimum annual principal repayments in the next five fiscal years and thereafter are as follows:

|            | \$               |
|------------|------------------|
| 2021       | 774,450          |
| 2022       | 390,093          |
| 2023       | 810,550          |
| 2024       | 657,095          |
| 2025       | 245,375          |
| Thereafter | <u>3,134,334</u> |
|            | <u>6,011,897</u> |

Included with mortgage interest and lease payments is \$147,311 (\$159,369 in 2019) representing interest on long-term debt.

## Burnaby Association for Community Inclusion

### Notes to the financial statements

March 31, 2020

#### 9. Loans payable

|   | 2020<br>\$       | 2019<br>\$ |
|---|------------------|------------|
| Sharing Our Future Foundation (Note 16) advanced \$100,000 on July 1, 2007 at a rate of 5.59% per annum, unsecured, repayable over 25 years, for the purchase of the Mac Donald facility. The Association paid \$3,748 (\$3,934 in 2019) of interest on this advance during the year  | 65,647           | 69,297     |
| Sharing Our Future Foundation advanced \$100,000 on December 9, 2014 at a rate of 2% per annum, repayable over 5 years, for the purpose of assisting the Association with the project Kudoz (Note 7).   | —                | 15,644     |
| Proposal Development Funding Loan from BCHMC up to a maximum amount of \$553,971 for the housing development project at 3755 Banff Avenue, Burnaby (the "Project") The loan is interest-free and repayable upon final approval of the Project from the proceeds of the initial advance of the approved first mortgage.  | —                | 364,544    |
| Demand, non-revolving construction loan from BCHMC up to a maximum amount of \$3,346,512 for the housing development project at 3755 Banff Avenue, Burnaby (the "Property") The loan bears interest at variable rate and is secured by section 219 covenants over the Property, a restriction of sales for 10 years, first and third priority mortgage over the Property and first proprietary assignment of rents and general assignment of certain agreements and a location specific security agreement. | 547,774          | —          |
|   | <b>613,421</b>   | 449,485    |
| Less: current portion   | <b>(551,631)</b> | (383,838)  |
|   | <b>61,790</b>    | 65,647     |

Scheduled principal repayments in the next five fiscal years and thereafter are as follows:

|            | \$             |
|------------|----------------|
| 2021       | 551,631        |
| 2022       | 4,075          |
| 2023       | 4,306          |
| 2024       | 4,550          |
| 2025       | 4,808          |
| Thereafter | 44,051         |
|            | <b>613,421</b> |

**Burnaby Association for Community Inclusion****Notes to the financial statements**

March 31, 2020

**10. Deferred contributions – Replacement Reserve Fund**

Deferred Contributions – Replacement Reserve Fund represents restricted contributions as designated by BCHMC (Note 2 (c)). Changes in the deferred contributions balances are as follows:

|                               | <b>2020</b>     | 2019      |
|-------------------------------|-----------------|-----------|
|                               | <b>Total</b>    | Total     |
|                               | <b>\$</b>       | \$        |
| Opening balance               | <b>201,992</b>  | 259,615   |
| Interest earned               | <b>2,020</b>    | 3,393     |
| Contributions during the year | <b>54,118</b>   | 49,096    |
| Transfers                     | —               | (9,170)   |
| Expenditures during the year  | <b>(31,131)</b> | (100,942) |
| Ending balance                | <b>226,999</b>  | 201,992   |

The BCHMC replacement reserve fund is invested in guaranteed investment certificates earning interest at 1% per annum (1.3% per annum in 2019).

**11. Deferred contributions – property, buildings and equipment**

These represent restricted deferred contributions with which certain property, buildings and equipment were originally acquired. Changes in the deferred contributions balance are as follows:

|                                | <b>2020</b>     | 2019     |
|--------------------------------|-----------------|----------|
|                                | <b>\$</b>       | \$       |
| Balance, beginning of year     | <b>598,848</b>  | 647,508  |
| Amounts transferred to revenue | <b>(48,660)</b> | (48,660) |
| Balance, end of year           | <b>550,188</b>  | 598,848  |

The Association received contributions related to the development of 3755 Banff Avenue in previous years. These funds have been recorded as deferred contributions and will be amortized into revenue at the amortization rate of the property when construction is complete.

**12. Deferred contributions – Estate of Hannah Filby**

Deferred contributions – Estate of Hannah Filby represent restricted contributions (Note 4). Changes in the deferred contributions balance are as follows:

|                            | <b>2020</b>    | 2019    |
|----------------------------|----------------|---------|
|                            | <b>\$</b>      | \$      |
| Balance, beginning of year | <b>465,268</b> | 461,467 |
| Interest earned            | <b>3,874</b>   | 3,801   |
| Balance, end of year       | <b>469,142</b> | 465,268 |

## Burnaby Association for Community Inclusion

### Notes to the financial statements

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#### 13. Net assets

(a) *Internally restricted net assets*

Total restricted net assets at 2020 are \$800,000 (\$800,000 in 2019). This fund is set aside from the gain on the sale of Clinton house and is designated for the construction at Banff Avenue. During the year, \$613,191 (\$Nil in 2019) of the restricted net assets was used for the construction at Banff Avenue. These internally restricted amounts are not available for other purposes without approval of the Board of Directors.

(b) *Unrestricted net assets*

Included in unrestricted assets is \$3,066,417 (\$2,475,911 in 2019) which represents an investment in property, buildings and equipment, resulting in a net unrestricted deficit of \$991,030 (\$620,529 in 2019).

#### 14. Lines of credit and other credit facility

The Association has a line of credit of \$1,200,000 (\$1,200,000 in 2019) available with the Bank of Montreal, bearing interest at bank prime rate plus 1% per annum, repayable on demand. The line of credit is maintained to provide operating working capital as necessary. As at March 31, 2020, no amounts were outstanding on the line of credit (nil in 2019).

The Association has available a credit facility of up to \$5,000,000 of which nil was drawn upon as at March 31, 2020 (nil in 2019). This credit facility, if drawn, bears interest at prime rate plus 1% and is repayable on demand. The credit facility is collateralized by a general security agreement and a general assignment of accounts receivable.

#### 15. Contingent liabilities and commitments

(a) Certain of the Association's properties are subject to charges, as per the Human Resources Facilities Act, whereby the facility may only be used for human resources purposes. If the properties are disposed of or not used for these purposes, the greater of \$127,965, or a proportion of the fair value of the land based on the amount of the grant, and fair value of land at the time the grant funds were received, is repayable to the Province of British Columbia. The Association is required to obtain written consent from the Province of British Columbia prior to the disposal of certain properties.

(b) The minimum aggregate and total annual future rentals payable under the terms of operating leases for a building facility and equipment used in programs are as follows:

|      | \$             |
|------|----------------|
| 2021 | 400,071        |
| 2022 | 119,104        |
| 2023 | 30,002         |
| 2024 | 8,885          |
| 2025 | 1,491          |
|      | <u>559,553</u> |



## **Burnaby Association for Community Inclusion**

### **Notes to the financial statements**

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#### **16. Related entities**

##### *(a) Sharing Our Future Foundation*

Sharing Our Future Foundation (the "Foundation") is a charitable foundation responsible for raising funds for the Association. The Foundation has its own board of directors. The Foundation is incorporated under the Societies Act of British Columbia, is a not-for-profit organization and is a registered charity under the Income Tax Act. The Foundation's constitution requires that, on dissolution or windup, all of its assets are to be distributed to the Association or another recognized British Columbia charity.

The Association contracts with the Foundation for fundraising events. The Foundation's responsibilities are to distribute the net proceeds of the fundraising events to the Association or to hold them in a capital fund for projects that will benefit the clients of the Association.

The Foundation has not been consolidated in the Association's financial statements. Financial statements for the Foundation are available upon request. As at March 31, 2020, the Foundation had total assets of \$864,228 (\$879,214 in 2019), total liabilities of \$151,632 (\$168,480 in 2019), net assets of \$712,596 (\$710,734 in 2019), including restricted net assets of \$203,032 (\$203,032 in 2019), total revenues of \$24,710 (\$46,153 in 2019), total expenditures of \$22,848 (\$47,052 in 2019) and an excess of revenues over expenditures of \$1,862 (deficiency of \$899 in 2019).

The Foundation made contributions of \$6,000 (\$6,000 in 2019) to the Association, which are included in fundraising and donations revenue of the Association. During the current year, the Association earned nil (\$18,376 in 2019) from the Foundation related to the clothing donation bin project.

The net amount payable by the Association in respect of all transactions was \$20,633 as at March 31, 2020 (\$64,155 in 2019). Transactions with related parties are in the normal course of operations and based on exchange amounts as established and agreed to by the related parties.

##### *(b) Degrees of Change Design Inc.*

The Association has an investment in a for profit company, Degrees of Change Design Inc., (the "Company") in which the Association has a 25% equity interest. As of March 31, 2020, the Company has not commenced operations, and as such, the Association has only recognized its investment of \$100 (Nil in 2019) in the shares of the Company.

#### **17. Pension Plan**

The Association and its employees contribute to the Municipal Pension Plan a jointly trustee pension plan (the "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 provided are based on a formula. As at December 31, 2018, the Plan has about 205,000 active members and approximately 101,000 retired members. Active members include approximately 40,000 contributors from local government.

Every three years, an actuarial valuation is performed to assess the financial position of the plan and 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.

## **Burnaby Association for Community Inclusion**

### **Notes to the financial statements**

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#### **17. Pension Plan (continued)**

The most recent actuarial valuation for the Municipal Pension Plan as at December 31, 2018, indicated a \$2,866 million funding surplus for basic pension benefits on a going concern basis. The next valuation will be as at December 31, 2021, with results available in 2022.

For the year ended March 31, 2020, the Association paid \$1,058,917 (\$1,006,415 in 2019) for employers' contributions to the Plan.

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.

#### **18. Financial instruments – Risk**

##### *(a) Interest rate risk*

Interest rate risk is the risk that the future cash flows or the fair value of a financial instrument will fluctuate because of changes in market interest rates. The Association is exposed to cash flow interest rate risk with respect to its cash equivalents and is exposed to fair value interest rate risk on its mortgages and loans payable. The cash flow interest rate risk on cash equivalents represents a limited exposure as at March 31, 2020 and the Association has not utilized the operating bank facilities.

##### *(b) Liquidity risk*

The Association's objective is to have sufficient liquidity to meet its liabilities when due. The Association monitors its cash balances and cash flows generated from operations to meet its requirements. As at March 31, 2020, the most significant financial liabilities are accounts payable and accrued liabilities, loans payable and mortgages payable.

##### *(c) Credit risk*

Credit risk is the risk that a counterparty will fail to perform its obligations when they come due. The Association is exposed to credit risk on its accounts receivable, cash balances and term deposits. This risk is mitigated by holding cash balances and investments at Canadian chartered banks or credit unions. Credit risk arising from accounts receivable is mitigated as the Association receives the majority of its funding from government entities. Also, the Association maintains provisions for potential credit losses when considered necessary. For the year ended March 31, 2020, the Association has an allowance for doubtful accounts of nil (nil in 2019).

#### **19. Disclosure of director, employee, and contractor remuneration**

For the fiscal year ended March 31, 2020, the Association did not remunerate the directors as these are volunteer positions (nil in 2019). The Association paid total remuneration of \$1,359,655 (\$1,331,896 in 2019) to the ten highest remunerated employees and contractors who received total annual remuneration of \$75,000 or greater.

## **Burnaby Association for Community Inclusion**

### **Notes to the financial statements**

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#### **20. Subsequent event**

On March 11, 2020, the World Health Organization characterized the outbreak of a strain of the novel coronavirus ("COVID-19") as a pandemic which has resulted in a series of public health and emergency measures that have been put in place to combat the spread of the virus. The duration and impact of COVID-19 are unknown at this time and it is not possible to reliably estimate the impact that the length and severity of these developments will have on the financial results and condition of the Association in the future periods.