
Financial statements of
Burnaby Association for
Community Inclusion

March 31, 2023

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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, 2023, 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, 2023, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for 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

Burnaby Association for Community Inclusion

Statement of operations

Year ended March 31, 2023

	Notes	2023 \$	2022 \$
Revenue			
Provincial and Federal government grants			
Community Living British Columbia		30,679,033	29,188,879
Ministry of Children and Family Development		2,649,526	2,555,126
British Columbia Housing and Management Commission		256,821	225,380
Service contracts		203,814	266,806
Federal government		122,989	99,465
Other sources			
User fees		2,038,062	1,936,231
Other revenue		541,824	713,243
Contracts		—	2,003
Amortization of deferred contributions			
Property, buildings and equipment		93,832	48,660
Fundraising and donations			
Gaming grant		100,000	100,000
Donations and gifts		61,268	42,846
Sharing Our Future Foundation	13(a)	6,000	12,500
		36,753,169	35,191,139
Expenses			
Human Resources			
Wages and benefits	14 and 16	23,796,253	22,327,449
Staff training		252,627	228,208
Program			
Life Sharing Network & Respite		7,839,680	7,543,124
Program costs		1,404,896	1,242,819
Purchased services		561,452	713,006
Transportation		325,817	267,655
Recreation and education		190,143	153,105
Pandemic costs		58,582	130,354
Accessibility		36,291	31,410
Supported employment		21,306	24,704
Occupancy			
Mortgage interest and lease payments	5	1,141,659	1,003,312
Property taxes, utilities and insurance		483,010	514,180
Repairs and maintenance		636,319	431,129
Amortization of property, buildings and equipment	4	702,067	591,572
		37,450,102	35,202,027
Deficiency of revenue over expenses for the year		(696,933)	(10,888)

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, 2023

	Unrestricted	2023	2022
	\$	Total	Total
		\$	\$
Balance, beginning of year	3,038,607	3,038,607	3,049,495
Deficiency of revenue over expenses	(696,933)	(696,933)	(10,888)
Balance, end of year	2,341,674	2,341,674	3,038,607

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

Burnaby Association for Community Inclusion
Statement of financial position
As at March 31, 2023

	Notes	2023 \$	2022 \$
Assets			
Current assets			
Cash and cash equivalents		356,119	1,797,936
Accounts receivable		948,679	661,658
Prepaid expenses and other asset		189,644	174,173
		1,494,442	2,633,767
Replacement Reserve Fund	2(c) and 8	293,191	267,967
Property, buildings and equipment	4	16,419,061	16,014,227
		18,206,694	18,915,961
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		3,472,183	3,971,265
Government remittances payable		41,858	41,483
Deferred revenue		93,933	153,320
Due to Sharing Our Future Foundation	13(a)	20,063	17,408
Current portion of mortgages payable	5	593,009	827,705
Current portion of loans payable	6	4,550	4,306
		4,225,596	5,015,487
Mortgages payable	5	6,507,198	4,354,687
Loans payable	6	48,858	53,409
Forgivable mortgage	7	3,399,409	—
Construction loan	7	—	5,261,336
Deferred contributions			
Replacement Reserve Fund	8	293,191	267,967
Property, buildings and equipment	9	1,390,768	924,468
		15,865,020	15,877,354
Contingent liabilities and commitments	11 and 12		
Net assets	10		
Unrestricted		2,341,674	3,038,607
		2,341,674	3,038,607
		18,206,694	18,915,961

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

Approved by the Board


[Amar grewal \(Jul 26, 2023 13:58 PDT\)](#), Amar Grewal, President


[Nailin Esmail \(Jul 28, 2023 05:10 PDT\)](#), Nailin Esmail, Treasurer

Burnaby Association for Community Inclusion
Statement of cash flows

Year ended March 31, 2023

	2023 \$	2022 \$
Operating activities		
Deficiency of revenue over expenses for the year	(696,933)	(10,888)
Items not affecting cash		
Amortization of property, buildings and equipment and write off of intangible assets	702,067	591,572
Amortization of deferred contributions – property, buildings and equipment	(93,832)	(48,660)
Forgivable mortgage	(28,566)	—
	(117,264)	532,024
Changes in non-cash operating working capital items		
Accounts receivable	(287,021)	(191,829)
Prepaid expenses	(15,471)	(70,177)
Accounts payable and accrued liabilities	(86,973)	(455,893)
Government remittances payable	375	19,500
Deferred revenue	(59,387)	6,365
Due to Sharing Our Future Foundation	2,655	(5,112)
	(563,086)	(165,122)
Investing activities		
Additions to property, buildings and equipment	(1,519,010)	(2,632,945)
Financing activities		
Deferred capital contributions	560,132	—
Loan principal repayments	(4,307)	(4,075)
Advances on construction loan	526,639	3,432,590
Mortgage principal repayments	(442,185)	(418,705)
	640,279	3,009,810
Net cash (outflow) inflow	(1,441,817)	211,743
Cash and cash equivalents, beginning of year	1,797,936	1,586,193
Cash and cash equivalents, end of year	356,119	1,797,936
Cash and cash equivalents is comprised of		
Cash	356,119	1,532,348
Term deposits	—	265,588
	356,119	1,797,936
Supplementary disclosure of non-cash transactions		
Additions of property, building and equipment included in accounts payable	285,006	697,115
Conversion of construction loan to mortgage payable	2,360,000	—

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

Burnaby Association for Community Inclusion

Notes to the financial statements

March 31, 2023

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. The Association is also governed by the Public Sector Employers' Council Guidelines and Act of British Columbia.

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. Forgivable mortgage will be amortized to income on the same basis as the related property, building and equipment when there is reasonable assurance that the Association will comply with the conditions for forgiveness.

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 sources 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, 2023

2. Significant accounting policies (continued)

(b) Property, buildings and equipment (continued)

Building under constructions relates to the construction of a housing project and amortization is recorded when the building is complete and brought into use.

When conditions indicate that a tangible capital asset is impaired, the net carrying amount of the tangible capital asset is written down to the asset's fair value or replacement cost. The write-downs of tangible capital assets are accounted for as expenses in the statement of operations. A write-down shall not be reversed.

(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

Financial assets and financial liabilities originated or exchanged in arm's length transactions are recorded at fair value on initial recognition. Equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Association has elected to carry investments at fair value, with gains and losses recorded in the period in which they arise.

Financial assets and financial liabilities originated or exchanged in related party transaction, except for those that involve parties whose sole relationship with the organization is in the capacity of management, are initially measured at cost. The cost of a financial instrument in a related party transaction depends on whether the instrument has repayment terms. The cost of a financial instruments with repayment terms is determined using its undiscounted cash flows, excluding interest, less any impairment losses previously recognized by the transferor. The cost of financial instruments without repayment terms is determined using the considerations transferred or received by the Association in the transaction.

Subsequently all financial instruments are measured at amortized cost.

Financial assets measured at amortized cost are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Association determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Association expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the impairment, not exceeding the initial carrying value.

Burnaby Association for Community Inclusion

Notes to the financial statements

March 31, 2023

2. Significant accounting policies (continued)

(g) 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 14).

(h) 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 13).

(i) 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 property, buildings and equipment. Actual results could differ from those estimates.

3. Vancouver Foundation

The Association has placed funds of \$10,000 (\$10,000 in 2022) 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.

4. Property, buildings and equipment

	Cost	Accumulated amortization	2023 Net book value	2022 Net book value
	\$	\$	\$	\$
Building under construction	—	—	—	7,469,608
Land and buildings	23,507,520	8,548,852	14,958,668	7,098,587
Equipment and renovations	4,219,679	2,892,770	1,326,909	1,283,604
Vehicles	1,160,366	1,026,882	133,484	162,428
	28,887,565	12,468,503	16,419,061	16,014,227

See Note 5, Note 7 and Note 12(a) for land and buildings held as security and restrictions on property, buildings and equipment.

The building under construction is for a new 15-unit, social housing, and childcare centre at 3755 Banff Avenue ("Banff Housing Project"). Costs incurred for the Banff Housing Project which meet the capitalization criteria are included in building under construction. The development costs of the Banff Housing Project are funded by a construction loan which was converted to a forgivable mortgage from the BCHMC and a third party mortgage payable (Note 7), deferred capital contributions from other donors (Note 9) and funds from the Association. The Banff Housing Project was completed during the fiscal year and as a result, the project construction costs of \$7,797,861 was transferred into the land and buildings balance. The building was brought into use effective September 1, 2022 and amortization commenced.

Burnaby Association for Community Inclusion

Notes to the financial statements

March 31, 2023

5. Mortgages payable

Mortgages payable are comprised of first mortgages with BCHMC, 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 interest rate %	Monthly mortgage repayment \$	Monthly BCHMC subsidy \$	Renewal date \$	Principal outstanding	
					2023 \$	2022 \$
Cumberland	2.81	1,179	107	1-Jul-23	4,651	18,485
East burn	1.69	1,244	—	1-Jun-24	18,444	32,923
Edmonds	2.61	1,165	88	1-Apr-24	13,151	25,003
Filby Court	1.85	4,697	7,366	1-Nov-23	37,426	92,434
Filby Court II & III (Banff Housing Project)	3.56	9,800	—	1-Sep-32	2,342,433	—
Genesis	6.04	4,711	—	1-Jul-27	403,087	440,923
Neville	3.85	3,358	—	1-Mar-24	342,744	369,558
Orchard Heights	1.44	2,651	3,254	1-Dec-30	316,734	343,791
Sardis	8.00	571	—	1-Oct-24	10,161	15,970
Stride Pride	2.03	25,628	11,070	1-Aug-26	3,611,376	3,843,305
		55,004	21,885		7,100,207	5,182,392
Less: current portion					(593,009)	(827,705)
					6,507,198	4,354,687

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

	\$
2024	593,009
2025	352,219
2026	354,082
2027	361,939
2028	401,538
Thereafter	<u>5,037,420</u>
	<u>7,100,207</u>

Included with mortgage interest and lease payments is \$149,474 (\$119,735 in 2022) representing interest on long-term debt.

Under the terms of a certain mortgage agreement, the Association must satisfy a certain financial covenant. As at March 31, 2023, the Association was not in compliance with the financial covenant on a mortgage with a carrying value of \$342,744 and this balance is classified as current. No action has been taken by the lender subsequent to the year end related to the non-compliance.

6. Loan payable

	2023 \$	2022 \$
Sharing Our Future Foundation (Note 15) 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 MacDonald facility. The Association paid \$3,081 (\$3,312 in 2022) of interest on this advance during the year	53,409	57,715
Less: current portion	(4,550)	(4,306)
	48,859	53,409

Burnaby Association for Community Inclusion

Notes to the financial statements

March 31, 2023

6. Loan payable (continued)

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

	\$
2024	4,550
2025	4,808
2026	5,081
2027	5,369
2028	5,673
Thereafter	27,928
	<u>53,409</u>

7. Forgivable mortgage

In connection with the development of the Banff Housing Project, BCHMC has provided forgivable mortgage to the Association up to a maximum amount of \$3,427,975 to fund the construction costs. The mortgage is forgivable provided the property when completed, is used for the provision of 15 affordable housing units to eligible occupants as defined in the operating agreement. The term of the mortgage is for 35 years and 1/25th of the principal amount will be forgiven each year, commencing on the 11th anniversary of the mortgage commencement date. In the event of default of the mortgage, the full principal amount plus interest will be payable to BCHMC. The long-term lease on the Banff Avenue land is held as security for the mortgage.

The remaining construction loan of \$2,360,000 (\$1,833,361 in 2022) was funded by a non-revolving credit facility from BCHMC up to a maximum of \$3,346,512 with an interest rate of 2%. The construction loan bears interest at 2% 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 the first propriety assignment of rents and general assignment of certain agreements and a location specific security agreement.

As the building was completed during the fiscal year, the facilities were converted to a third party priority mortgage of \$2,360,000 and the remainder is the forgivable mortgage. The third party priority mortgage is held with a federal credit union for a 10-year term at an interest rate of 3.56%. See Note 5 for more details. The total forgivable mortgage as at March 31, 2023 is \$3,399,409. Since there is reasonable assurance that that the Association will meet the criteria for forgiveness, the Association has recognized \$28,566 in other revenue on the statement of operations at the amortization rate of the building commencing September 1, 2022.

8. 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:

	2023 Total \$	2022 Total \$
Opening balance	267,967	241,274
Interest earned	6,100	654
Contributions during the year	49,096	58,452
Expenditures during the year	(29,973)	(32,413)
Ending balance	293,191	267,967

\$240,000 of the BCHMC replacement reserve fund is invested in guaranteed investment certificates earning interest at 0.55% per annum (0.05% per annum in 2022).

Burnaby Association for Community Inclusion

Notes to the financial statements

March 31, 2023

9. 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:

	Asset Contributions	Banff Housing Project	Piping Upgrade	2023 Total	2022 Total
	\$	\$	\$	\$	\$
Opening balance	127,868	796,600	—	924,468	973,128
Contributions during the year	—	175,000	385,132	560,132	—
Amounts transferred to revenue	(85,735)	(8,097)	—	(93,832)	(48,660)
Ending balance	42,133	963,503	385,132	1,390,768	924,468

10. Net assets

Unrestricted net assets

Included in unrestricted assets is \$4,475,269 (\$4,588,316 in 2022) which represents an investment in property, buildings and equipment, resulting in a net unrestricted deficit of \$2,133,593 (\$1,549,709 in 2022).

11. Lines of credit and other credit facility

The Association has a line of credit of \$1,200,000 (\$1,200,000 in 2022) 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, 2023, nil was outstanding on the line of credit (nil in 2022).

The Association has available a credit facility of up to \$5,000,000 of which nil was drawn upon as at March 31, 2023 (nil in 2022). 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.

12. 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.

Burnaby Association for Community Inclusion

Notes to the financial statements

March 31, 2023

12. Contingent liabilities and commitments (continued)

- (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:

	\$
2024	467,859
2025	297,981
2026	159,095
2027	50,922
2028	7,029
	<u>982,886</u>

13. 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, 2023, the Foundation had total assets of \$811,646 (\$826,543 in 2022), total liabilities of \$101,088 (\$117,936 in 2022), net assets of \$710,558 (\$708,607 in 2022), including Investment in capital assets of \$448,300 (\$448,300 in 2022), total revenues of \$24,839 (\$23,399 in 2022), total expenditures of \$22,888 (\$29,368 in 2022) and an excess of revenues over expenditures of \$1,951 (deficit of \$5,969 in 2022).

The Foundation made contributions of \$6,000 (\$12,500 in 2022) to the Association, which are included in fundraising and donations revenue of the Association.

The net amount payable by the Association in respect of all transactions was \$20,063 as at March 31, 2023 (\$17,408 in 2022). 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, 2023, the Company has not commenced operations, and as such, the Association has only recognized its investment of \$100 (\$100 in 2022) in the shares of the Company.

Burnaby Association for Community Inclusion

Notes to the financial statements

March 31, 2023

14. Pension Plan

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

Every three years, an actuarial valuation is performed to assess the financial position of the plan and adequacy of plan funding. The actuary determines an appropriate combined employer and member contribution rate to fund the plan. The actuary's calculated contribution rate is based on the entry-age normal cost method, which produces the long-term rate of member and employer contributions sufficient to provide benefits for average future entrants to the plan. This rate may be adjusted for the amortization of any actuarial funding surplus and will be adjusted for the amortization of any unfunded actuarial liability. The most recent actuarial valuation for the Municipal Pension Plan as at December 31, 2021, indicated a \$3,761 million funding surplus for basic pension benefits on a going concern basis. The next valuation will be as at December 31, 2024, with results available in 2025.

The Association paid \$1,194,460 (\$1,208,840 in 2022) for employer contributions to the plan in fiscal 2023. If an employer applies to withdraw from the plan, the plan administrative agent may request an actuarial valuation of the plan be performed as of the withdrawal date. If a valuation is performed and the actuary determines that contribution rates to the plan would have to increase for the remaining employers as a result of the entity's termination, The Association must pay to the plan the amount necessary for contribution rates to stay the same. Employers participating in the plan record their pension expense as the amount of employer contributions made during the fiscal year (defined contribution pension plan accounting). This is because the plan records accrued liabilities and accrued assets for the plan in aggregate, resulting in no consistent and reliable basis for allocating the obligation, assets and cost to individual employers participating in the plan.

15. Financial instruments and financial 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 fair value interest rate risk on its mortgages and the Association has not utilized the operating bank credit 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, 2023, the most significant financial liabilities are accounts payable and accrued liabilities and mortgages payable.

Burnaby Association for Community Inclusion

Notes to the financial statements

March 31, 2023

15. Financial instruments and financial risk (continued)

(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 held for the replacement reserve fund. 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, 2023, the Association has an allowance for doubtful accounts of nil (nil in 2022).

16. Disclosure of director, employee, and contractor remuneration

For the fiscal year ended March 31, 2023, the Association did not remunerate the directors as these are volunteer positions (nil in 2022). The Association paid total remuneration of \$1,624,200 (\$1,461,799 in 2022) to the ten highest remunerated employees and contractors who received total annual remuneration of \$75,000 or greater.