

Financial Statements

Trail Association for Community Living

March 31, 2020

TRAIL ASSOCIATION FOR COMMUNITY LIVING

MARCH 31, 2020
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To the Board of Directors of
Trail Association for Community Living

Qualified opinion

We have audited the financial statements of Trail Association for Community Living (the "Society"), 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.

In our opinion, except for the possible effects of the matter described in the Basis for qualified opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Trail Association for Community Living as at March 31, 2020 and the results of its operations in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for qualified opinion

In common with many not-for-profit organizations, the Society derives revenues from donations from the public, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Society and we were not able to determine whether any adjustments might be necessary to revenues and cash flows from operations for the years ended March 31, 2020 and 2019, current assets as at March 31, 2020 and 2019, and net assets as at April 1 and March 31 for both the 2020 and 2019 years.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Society in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Report on other legal and regulatory requirements

As required by the Societies Act of British Columbia, we report that in our opinion, these accounting principles have been applied on a basis consistent with that of the preceding year.

Other matters

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The supplementary information included in Schedule 1 is presented for the purposes of additional analysis and is not a required part of the financial statements. Such supplementary information has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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.

Independent Auditor's Report

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:

- 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.

Trail, Canada
September 8, 2020



Chartered Professional Accountants

TRAIL ASSOCIATION FOR COMMUNITY LIVING

STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2020

	2020	2019
ASSETS		
CURRENT		
Cash	\$ 480,872	\$ 340,735
Accounts receivable	69,840	38,339
Sales tax receivable	4,847	11,507
Prepaid expenses and deposits	12,728	46,703
	568,287	437,284
TANGIBLE CAPITAL ASSETS (Note 2)	1,287,891	1,216,792
	\$ 1,856,178	\$ 1,654,076
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 489,968	\$ 376,056
Government remittances payable	32,044	27,748
Deferred contributions (Note 4)	4,500	66,057
Current portion of deferred capital contributions (Note 5)	10,049	-
Current portion of mortgage payable (Note 6)	6,271	6,028
	542,832	475,889
LONG TERM		
Mortgage payable (Note 6)	152,963	159,234
Deferred contributions related to tangible capital assets (Note 5)	30,145	-
	725,940	635,123
NET ASSETS		
UNRESTRICTED	(118,665)	(193,017)
INVESTED IN TANGIBLE CAPITAL ASSETS (Note 7)	1,088,463	1,051,530
INTERNALLY RESTRICTED (Note 8)	160,440	160,440
	1,130,238	1,018,953
	\$ 1,856,178	\$ 1,654,076

APPROVED ON BEHALF OF THE BOARD:



Director



Director

TRAIL ASSOCIATION FOR COMMUNITY LIVING

STATEMENT OF OPERATIONS FOR THE YEAR ENDED MARCH 31, 2020

	2020	2019
REVENUES		
Grants and subsidies	\$ 5,537,080	\$ 5,050,186
Rent	240,796	235,642
Sales and miscellaneous	81,260	77,368
Donations and fundraisers	44,632	70,042
Gain on disposal of tangible capital assets	5,416	-
	<hr/> 5,909,184	<hr/> 5,433,238
EXPENSES		
Amortization	121,446	96,034
Bank charges and miscellaneous	4,400	3,622
Health services	10,489	7,752
Insurance	22,082	19,508
Office and program supplies	300,800	260,619
Professional fees	28,925	25,398
Property taxes	19,501	18,003
Rent (Note 10)	52,168	51,859
Repairs and maintenance	84,679	70,726
Staff training and travel	13,857	38,258
Telephone	32,176	27,790
Transportation	88,811	77,166
Utilities	52,664	44,789
Wages and benefits (Note 10)	4,965,901	4,624,246
	<hr/> 5,797,899	<hr/> 5,365,770
EXCESS OF REVENUES OVER EXPENSES	<hr/> \$ 111,285	<hr/> \$ 67,468

TRAIL ASSOCIATION FOR COMMUNITY LIVING

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED MARCH 31, 2020

	Invested in Tangible Capital Assets (Note 7)	Internally Restricted (Note 8)	Unrestricted	2020	2019
Balance, beginning of year	\$ 1,051,530	\$ 160,440	\$ (193,017)	\$ 1,018,953	\$ 951,485
Excess of revenue over expenses	-	-	111,285	111,285	67,468
Purchase of tangible capital assets	192,545	-	(192,545)	-	-
Amortization of tangible capital assets	(121,446)	-	121,446	-	-
Deferred capital contributions	(50,243)	-	50,243	-	-
Amortization of deferred capital contributions	10,049	-	(10,049)	-	-
Repayment of long term debt	6,028	-	(6,028)	-	-
Balance, end of year	\$ 1,088,463	\$ 160,440	\$ (118,665)	\$ 1,130,238	\$ 1,018,953

TRAIL ASSOCIATION FOR COMMUNITY LIVING

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2020

	2020	2019
CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Excess of revenues over expenses	\$ 111,285	\$ 67,468
Amortization of tangible capital assets	121,446	96,034
Amortization of deferred capital contributions	(10,049)	-
Gain on disposal of tangible capital assets	(5,416)	-
	217,266	163,502
Net change in non-cash working capital		
Accounts receivable	(24,841)	9,725
Prepaid expenses and deposits	33,975	(33,975)
Accounts payable and accrued liabilities	113,912	(39,005)
Government remittances payable	4,296	3,746
Deferred revenues	(61,557)	30,183
	283,051	134,176
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of mortgage payable	(6,028)	(5,794)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of tangible capital assets	(192,545)	(102,574)
Proceeds on disposal of tangible capital assets	5,416	-
Deferred capital contribution	50,243	-
	(136,886)	(102,574)
INCREASE IN CASH	140,137	25,808
CASH, beginning of year	340,735	314,927
CASH, end of year	\$ 480,872	\$ 340,735
CASH IS COMPRISED OF:		
Cash on hand	\$ 162,395	\$ 85,912
Cash in chartered banks	254,103	212,949
Manulife deposits	64,374	41,874
	480,872	340,735

TRAIL ASSOCIATION FOR COMMUNITY LIVING

NOTES TO THE FINANCIAL STATEMENTS MARCH 31, 2020

NATURE OF OPERATIONS

The Trail Association For Community Living (the "Society") is a multi-service umbrella agency providing support and services to individuals in the Greater Trail area. The Society is a non-profit organization incorporated under the Society Act of British Columbia and considered to be non-taxable under Section 149 (1) of the Income Tax Act.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Presentation

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

(b) 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 amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Significant items subject to such estimates and assumptions include the valuation of accounts receivable, accrued liabilities included in accounts payable and accrued liabilities and the estimated useful lives of tangible capital assets. Actual results could differ from these estimates.

(c) Financial Instruments

The Society initially measures its financial assets and liabilities at fair value. The Society subsequently measures all of its financial assets and financial liabilities at amortized cost, except for cash which is measured at fair value.

Financial assets measured at amortized cost include accounts receivable and sales tax receivable. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities and government remittances payable..

(d) Tangible Capital Assets

Tangible capital assets are recorded at cost. Amortization is provided annually at rates calculated to write-off the assets over their estimated useful lives as listed below.

Buildings	25 year straight line
Equipment	5 year straight line
Landscaping	5 year straight line
Vehicles	5 year straight line

TRAIL ASSOCIATION FOR COMMUNITY LIVING

NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued from previous page)*

(e) Impairment of Long-lived Assets

Long-lived assets subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to its fair value. Fair value is determined using an appropriate valuation technique such as a quoted price in an active market or the present value of future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized for the amount by which the carrying amount of the asset exceeds the fair value of the asset.

(f) Net Assets Invested in Tangible Capital Assets

The Society records amounts paid for the acquisition of tangible capital assets, principal repayments on loans incurred to acquire tangible capital assets and amortization of deferred contributions related to tangible capital assets to this account. A reduction is charged against this account for the net book value of tangible capital assets sold in the year, debt issued for the purchase of tangible capital assets, grants received for the purchase of tangible capital assets and amortization of tangible capital assets. The net investment is classified as restricted where there are external restrictions placed upon the use and or possible future dispositions of the tangible capital assets.

(g) Revenue Recognition

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

Investment income, donations and fundraising revenues are recognized when funds are received. Rents and merchandise sales are recognized when goods and services are delivered provided that collection is reasonably assured.

(h) Contributed Services

The Society would not be able to carry out its activities without the services of the many volunteers who donate a considerable amount of their time. Because of the difficulty of valuing this time, contributed services are not recognized in the financial statements.

TRAIL ASSOCIATION FOR COMMUNITY LIVING

NOTES TO THE FINANCIAL STATEMENTS MARCH 31, 2020

2. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated Amortization	Net 2020	Net 2019
Land	\$ 247,891	\$ -	\$ 247,891	\$ 247,891
Buildings	1,766,545	895,302	871,243	843,135
Equipment	302,684	236,907	65,777	102,165
Landscaping	2,529	2,529	-	-
Vehicles	273,835	170,855	102,980	23,601
	\$ 2,593,484	\$ 1,305,593	\$ 1,287,891	\$ 1,216,792

3. BANK INDEBTEDNESS

A demand operating loan has been authorized by the Bank of Montreal to a maximum of \$205,000 and bears interest at the bank's prime lending rate plus 5.0% per annum and is secured by property located at Fruitvale, British Columbia with a carrying value of \$134,036. At March 31, 2020 the prime lending rate was 2.45% per annum.

4. DEFERRED CONTRIBUTIONS

	2020	2019
Balance, beginning of year	\$ 66,057	\$ 35,874
Amount recognized in the year	(66,057)	(35,874)
Amount received relating to future periods	4,500	66,057
Balance, end of year	\$ 4,500	\$ 66,057

Deferred contributions at year end relate to the following programs:

	2020	2019
Theatre Group	\$ 4,500	\$ 3,002
Transportation Support	-	1,779
Gaming Grant	-	50,243
CBT Homelessness Grant	-	11,033
Total deferred contributions	\$ 4,500	\$ 66,057

TRAIL ASSOCIATION FOR COMMUNITY LIVING

NOTES TO THE FINANCIAL STATEMENTS MARCH 31, 2020

5. DEFERRED CONTRIBUTIONS RELATED TO TANGIBLE CAPITAL ASSETS

Deferred contributions related to tangible capital assets represents the unamortized amount of restricted contributions received for the purchase of tangible capital assets. The amortization of such contributions is recorded as revenue in the statement of operations. The changes in the deferred contributions related to tangible capital assets are as follows:

	2020	2019
Balance, beginning of year	\$ -	\$ -
Add: amounts received during the year	50,243	-
Less: amounts recognized as revenue in the year	(10,049)	-
	40,194	-
Less: current portion	(10,049)	-
Balance, end of year	30,145	-

6. MORTGAGE PAYABLE

	2020	2019
Bank of Montreal mortgage repayable in blended principal and interest payments of \$1,039 per month including interest at 3.96%; secured by a general security agreement on land and buildings. This loan matures on January 31, 2038.	\$ 159,234	\$ 165,262
Less: Current portion	6,271	6,028
	\$ 152,963	\$ 159,234

Approximate principal repayments for the next five years are expected to be as follows:

2021	\$ 6,271
2022	6,524
2023	6,787
2024	7,061
2025	7,346
Thereafter	125,245
	\$ 159,234

TRAIL ASSOCIATION FOR COMMUNITY LIVING

NOTES TO THE FINANCIAL STATEMENTS MARCH 31, 2020

7. NET ASSETS INVESTED IN TANGIBLE CAPITAL ASSETS

	2020	2019
Tangible capital assets	\$ 1,287,891	\$ 1,216,792
Amount financed by mortgage	(159,234)	(165,262)
Amount financed by deferred contributions related to tangible capital assets	(40,194)	-
	<hr/>	<hr/>
	\$ 1,088,463	\$ 1,051,530

8. INTERNALLY RESTRICTED NET ASSETS

	2020	2019
Memorial Fund Reserve	\$ 22,584	\$ 22,584
Replacement Fund Reserve	117,856	117,856
Children and Youth Reserve	20,000	20,000
	<hr/>	<hr/>
	\$ 160,440	\$ 160,440

TRAIL ASSOCIATION FOR COMMUNITY LIVING

NOTES TO THE FINANCIAL STATEMENTS MARCH 31, 2020

9. ECONOMIC DEPENDENCE

The Society receives a significant portion of its funding from the provincial government through Community Living British Columbia (CLBC). Loss of this funding would substantially affect the daily operations of the Society.

10. OPERATING LEASE COMMITMENTS

The Society's total future minimum lease payments under operating lease commitments, net of appropriate taxes, are as follows:

2021	\$ 15,600
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11. BRITISH COLUMBIA SOCIETIES ACT

On November 28, 2016 the new British Columbia Societies Act (the "Act") came into effect. The new Act requires disclosure of remuneration greater than \$75,000 annually for Directors and contractors. Additionally, the remunerations of the ten highest paid employees with remunerations greater than \$75,000 must be disclosed. The Society has one individual, the Executive Director, who falls into this category. For the year ended March 31, 2020 this remuneration was approximately \$90,000.

12. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Liquidity Risk

Liquidity risk is the risk that the Society will not be able to meet its obligations associated with financial liabilities. Cash flows from operations provide the Society's cash requirements.

Credit Risk

The Society is exposed to credit risk in the event of non-performance by counterparties in connection with its accounts receivable. The Society does not obtain collateral or other security to support the accounts receivable subject to credit risk but mitigates this risk by dealing only with what management believes to be financially sound counterparties and, accordingly, does not anticipate significant loss for non-performance.

Interest Rate Risk

The Society's interest-bearing assets and liabilities consist of deposits held with Manulife. The Manulife deposits have fixed interest rates but are available at any time, which should minimize the interest rate risk for the Society.

TRAIL ASSOCIATION FOR COMMUNITY LIVING

SCHEDULE 1 - OPERATING FUNDS OPERATIONS
FOR THE YEAR ENDED MARCH 31, 2020
(Unaudited)

	ADMIN	CAREER DEVELOPMENT SERVICES	TACL PROGRAMS	RESIDENCE	TOTAL 2020	TOTAL 2019
REVENUES						
Grants, subsidies and contracts	\$ 517,466	\$ 1,978,892	\$ 649,203	\$ 2,391,519	\$ 5,537,080	\$ 5,050,186
Sales and miscellaneous	168	79,652	1,238	202	81,260	77,368
Rent, transportation and support	270	51,614	-	188,912	240,796	235,642
Donations and fundraisers	7,832	25,167	1,873	9,760	44,632	70,042
Gain on disposal of assets	5,416	-	-	-	5,416	-
	531,152	2,135,325	652,314	2,590,393	5,909,184	5,433,238
EXPENSES						
Bank charges and miscellaneous	2,725	1,509	30	136	4,400	3,622
Health services	413	3,657	2,381	4,038	10,489	7,752
Insurance	1,902	7,717	3,558	8,905	22,082	19,508
Office and program supplies	20,576	168,569	11,542	100,113	300,800	260,619
Professional fees	19,877	9,048	-	-	28,925	25,398
Property taxes	8,530	-	2,379	8,592	19,501	18,003
Rent	6,536	45,632	-	-	52,168	51,859
Repairs and maintenance	6,472	39,392	7,172	31,643	84,679	70,726
Staff training and travel	5,316	6,772	521	1,248	13,857	38,258
Telephone	8,206	14,334	3,885	5,751	32,176	27,790
Transportation	4,235	31,278	13,727	39,571	88,811	77,166
Utilities	3,069	18,382	5,741	25,472	52,664	44,789
Wages and benefits	540,914	1,729,295	478,379	2,217,313	4,965,901	4,624,246
	628,771	2,075,585	529,315	2,442,782	5,676,453	5,269,736
EXCESS REVENUES OVER EXPENSES	\$ (97,619)	\$ 59,740	\$ 122,999	\$ 147,611	\$ 232,731	\$ 163,502