



Financial Statements

Trail Association for Community Living

March 31, 2022

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Independent Auditor's Report

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To the Members of
Trail Association for Community Living

Opinion

We have audited the financial statements of Trail Association for Community Living, which comprise the statement of financial position as at March 31, 2022, and the statements of changes in net assets, operations, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at March 31, 2022, 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. 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 Organization 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 opinion.

Other matter

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.

In preparing the financial statements, management is responsible for assessing the Organization'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 Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

Independent Auditor's Report (continued)

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 Organization'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 Organization'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 Organization 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 principles have been applied on a basis consistent with that of the preceding year.

Trail, Canada
June 14, 2022

The logo for Grant Thornton LLP, featuring the company name in a stylized, cursive script.

Chartered Professional Accountants

Trail Association for Community Living

Statement of Operations

Year ended March 31	2022	2021
Revenues		
Grants and subsidies	\$ 6,676,657	\$ 6,090,363
Rent	243,408	233,868
Sales and miscellaneous	57,581	19,647
Donations and fundraisers	<u>66,603</u>	<u>56,815</u>
	<u>7,044,249</u>	<u>6,400,693</u>
Expenses		
Amortization	168,545	143,888
Bank charges and miscellaneous	3,522	3,912
Health services	30,911	36,127
Insurance	30,372	25,514
Loss on sale of tangible capital assets	-	5,292
Office and program supplies	390,344	306,875
Professional fees	27,255	28,246
Property taxes	17,592	16,084
Rent	49,583	48,731
Repairs and maintenance	73,495	92,598
Staff training and travel	14,726	20,395
Telephone	32,338	29,595
Transportation	71,202	50,389
Utilities	69,906	57,804
Wages and benefits (Note 12 & 13)	<u>6,044,549</u>	<u>5,383,921</u>
	<u>7,024,340</u>	<u>6,249,371</u>
Excess of revenues over expenses	<u>\$ 19,909</u>	<u>\$ 151,322</u>

Trail Association for Community Living

Statement of Changes in Net Assets

Year ended March 31

	Unrestricted	Invested in Tangible Capital Assets	Internally Restricted	Total 2022	Total 2021
Net Assets, beginning of year	\$ 4,220	\$ 1,116,900	\$ 160,440	\$ 1,281,560	\$ 1,130,238
Excess of revenues over expenses	19,909	-	-	19,909	151,322
Purchase of tangible capital assets	(98,012)	98,012	-	-	-
Amortization of tangible capital assets	168,545	(168,545)	-	-	-
Amortization of deferred capital contributions	(37,427)	37,427	-	-	-
Deferred contributions related to tangible capital assets	28,737	(28,737)	-	-	-
Repayment of long term debt	<u>(6,525)</u>	<u>6,525</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Assets, end of year	<u>\$ 79,447</u>	<u>\$ 1,061,582</u>	<u>\$ 160,440</u>	<u>\$ 1,301,469</u>	<u>\$ 1,281,560</u>

Trail Association for Community Living

Statement of Cash Flows

Year ended March 31	2022	2021
Cash Provided By (Used In) Operating Activities		
Excess of revenues over expenses	\$ 19,909	\$ 151,322
Items not affecting cash		
Amortization of tangible capital assets	168,545	143,888
Amortization of deferred capital contributions	(37,427)	(31,680)
Loss on sale of tangible capital assets	<u>-</u>	<u>5,292</u>
	151,027	268,822
Net change in non-cash working capital		
Accounts receivable	(37,254)	48,588
Accounts payable and accrued liabilities	175,518	104,272
Government remittances payable	22,725	8,265
Deferred revenues	<u>(7,361)</u>	<u>25,234</u>
	<u>304,655</u>	<u>455,181</u>
Cash Flows from Financing Activities		
Repayment of mortgage payable	<u>(6,524)</u>	<u>(6,271)</u>
Cash Flows from Investing Activities		
Purchase of tangible capital assets	(98,012)	(267,825)
Proceeds on disposal of tangible capital assets	-	20,004
Deferred capital contribution	<u>28,737</u>	<u>108,155</u>
	<u>(69,275)</u>	<u>(139,666)</u>
Increase in cash	228,856	309,244
Cash		
Beginning of year	<u>790,116</u>	<u>480,872</u>
End of year	<u>\$ 1,018,972</u>	<u>\$ 790,116</u>
Cash consists of:		
Cash on hand	\$ 1,902	\$ 2,000
Cash in chartered banks	744,696	539,742
Manulife deposits	<u>272,374</u>	<u>248,374</u>
	<u>\$ 1,018,972</u>	<u>\$ 790,116</u>

Trail Association for Community Living

Notes to the Financial Statements

March 31, 2022

1. Nature of operations

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.

2. Summary of significant accounting policies

Basis of presentation

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

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, the estimated useful lives of tangible capital assets, and accrued liabilities included in accounts payable and accrued liabilities. Actual results could differ from these estimates.

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. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities and mortgage payable.

The Society recognizes its transaction costs in excess of revenue over expenses in the period incurred. However, financial instruments that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their origination, issuance or assumption.

Financial assets measured at amortized cost are tested for impairment when there are indicators of impairment. The amount of any write-down is recognized in excess of revenue over expenses in the period incurred. A previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in excess of revenue over expenses.

Trail Association for Community Living

Notes to the Financial Statements

March 31, 2022

2. Summary of significant accounting policies (continued)

Tangible capital assets

Tangible capital assets are recorded at cost. Amortization is calculated on a straight-line basis over the estimated useful lives of the assets which are estimated as follows:

Buildings	25 years
Equipment	5 years
Landscaping	5 years
Vehicles	5 years

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.

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.

Revenue recognition

Service revenue is recognized as services are delivered provided that collection is reasonably assured. Rental revenue is recognized on a straight-line basis over the term of the lease.

The Society follows the deferral method of accounting for contributions. Deferred contributions related to expenditures of future periods represent unspent externally restricted funding. Externally restricted contributions for expenditures of a future period are deferred and recognized as revenue in the year in which the related expenditure is incurred.

Deferred contributions related to tangible capital assets represent the unamortized amount of contributions received for the purpose of purchasing tangible capital assets subject to amortization and is recognized as revenue using the same methods and amortization rates as the related tangible capital assets.

Contributions received for the purpose of purchasing tangible capital assets that are not subject to amortization are recognized directly in net assets invested in tangible capital assets at the time the expenditure is incurred.

Trail Association for Community Living

Notes to the Financial Statements

March 31, 2022

2. Summary of significant accounting policies (continued)

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.

3. Tangible capital assets

			<u>2022</u>	<u>2021</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Land	\$ 247,891	\$ -	\$ 247,891	\$ 247,891
Buildings	1,833,428	1,026,429	806,999	850,773
Equipment	381,559	309,280	72,279	62,048
Landscaping	2,529	2,529	-	-
Vehicles	<u>465,019</u>	<u>276,189</u>	<u>188,830</u>	<u>225,820</u>
	<u>\$ 2,930,426</u>	<u>\$ 1,614,427</u>	<u>\$ 1,315,999</u>	<u>\$ 1,386,532</u>

4. Deferred contributions

	<u>2022</u>	<u>2021</u>
Balance, beginning of year	\$ 29,734	\$ 4,500
Amount received relating to future periods	78,000	40,000
Amount recognized in the year	<u>(85,361)</u>	<u>(14,766)</u>
Balance, end of year	<u>\$ 22,373</u>	<u>\$ 29,734</u>

Deferred contributions at year end relate to the following programs:

	<u>2022</u>	<u>2021</u>
Child & youth programs	<u>\$ 22,373</u>	<u>\$ 29,734</u>

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:

Trail Association for Community Living

Notes to the Financial Statements

March 31, 2022

5. Deferred contributions related to tangible capital assets (continued)

	2022	2021
Balance, beginning of year	\$ 116,669	\$ 40,194
Add: amounts received during the year	28,737	108,155
Less: amounts recognized as revenue in the year	(37,427)	(31,680)
	107,979	116,669
Less: current portion	(37,427)	(31,680)
Balance, end of year	\$ 70,552	\$ 84,989

6. Loan payable

Loan payable consists of a Bank of Montreal term loan repayable in blended principal and interest payments of \$980 per month including interest at 3.2% per annum. The loan is secured by a general security agreement on land and buildings and matures in January 2022.

Estimated principal repayments are as follows:

2023	\$ 7,215
2024	7,438
2025	7,691
2026	7,941
2027	8,199
Subsequent years	107,954
	\$ 146,438

7. Net assets invested in tangible capital assets

	2022	2021
Tangible capital assets	\$ 1,315,999	\$ 1,386,532
Amount financed by mortgage	(146,438)	(152,963)
Amount financed by deferred contributions related to tangible capital assets	(107,979)	(116,669)
	\$ 1,061,582	\$ 1,116,900

Trail Association for Community Living

Notes to the Financial Statements

March 31, 2022

8. Internally restricted net assets

	<u>2022</u>	<u>2021</u>
Memorial Fund Reserve	\$ 22,584	\$ 22,584
Replacement Fund Reserve	117,856	117,856
Children and Youth Reserve	<u>20,000</u>	<u>20,000</u>
	<u>\$ 160,440</u>	<u>\$ 160,440</u>

9. Lending facilities

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 in Fruitvale, British Columbia with a carrying value of \$130,347. At March 31, 2022 the prime lending rate was 2.70% per annum.

10. 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

11. Employee future benefits

The Society and its employees contribute to the Municipal Pension Plan (a jointly trustee pension plan). The board of trustees, representing plan members and employers, is responsible for administering the plan, including investment of assets and administration of benefits. The plan is a multi-employer defined benefit pension plan. Basic pension benefits are based on a formula. As at December 31, 2020, the plan has about 220,000 active members and approximately 112,000 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, 2018, indicated a \$2,866 million funding surplus for basic pension benefits on a going concern basis.

Trail Association for Community Living paid \$263,241 (2021 - \$218,409) for employer contributions to the plan in fiscal 2022.

The next valuation will be as at December 31, 2021, with results available in 2022.

Trail Association for Community Living

Notes to the Financial Statements

March 31, 2022

11. Employee future benefits (continued)

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.

12. British Columbia Societies Act

The British Columbia Societies Act requires disclosure of remunerations paid to directors as well as remunerations greater than \$75,000 paid to contractors. Additionally, the act requires disclosure of the ten highest paid employees with remunerations greater than \$75,000. The Society has one individual, the Executive Director, who falls into this category. For the year ended March 31, 2022 this remuneration was approximately \$100,000.

13. Financial instruments

The Society has a comprehensive risk management framework to monitor, evaluate and manage the principal risks assumed with financial instruments. The risks that arise from transacting financial instruments include credit risk, liquidity risk and market risk. Market risk arises from changes in interest rates, foreign currency exchange rates and market prices. The following analysis provides a measure of the entity's risk exposure and concentrations at the statement of financial position date, March 31, 2022.

(a) Liquidity risk

Liquidity risk is the risk that the Society will encounter difficulty in meeting obligations associated with financial liabilities. The Society's exposure to liquidity risk arises mainly in respect of its accounts payable, accrued employee compensation payable and long-term debt. The Society mitigates this risk by applying for various grants and funding programs to provide cash flows to fund ongoing operations.

(b) 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.

(c) Interest rate risk

The Society's interest-bearing assets and liabilities consist of deposits held with Manulife included in cash and mortgage payable. The Manulife deposits have fixed interest rates but are available at any time, which minimizes the interest rate risk for the Society. The mortgage payable has a fixed interest rate which subjects the Society to fair value risk.

Trail Association for Community Living

Notes to the Financial Statements

March 31, 2022

14. Comparative figures

Comparative figures have been adjusted to conform to changes in the current year presentation.

Trail Association for Community Living
Schedule 1 - Operating Funds Operations
For the Year Ended March 31, 2022
(Unaudited)

	ADMIN	CAREER DEVELOPMENT SERVICES	TACL PROGRAMS	RESIDENCE	2022	2021
Revenues						
Grants, subsidies and contracts	\$ 676,929	\$ 2,790,163	\$ 724,877	\$ 2,562,797	\$ 6,754,766	\$ 6,090,364
Sales and miscellaneous	702	56,506	-	373	57,581	19,647
Rent, transportation and support	1,342	50,460	250	191,356	243,408	233,868
Donations and fundraisers	10,035	21,025	32,582	2,960	66,603	56,815
Repayable to MCFD	-	-	(78,109)	-	(78,109)	-
(Loss) gain on disposal of assets	-	-	-	-	-	(5,292)
	689,008	2,918,155	679,600	2,757,486	7,044,249	6,395,401
Expenses						
Bank charges and miscellaneous	2,455	929	28	110	3,522	3,912
Health services	16,795	12,602	-	1,514	30,911	36,127
Insurance	4,801	5,876	4,703	14,992	30,372	25,514
Office and program supplies	30,663	225,624	35,490	98,569	390,344	306,872
Professional fees	18,426	8,663	166	-	27,255	28,246
Property taxes	9,056	-	2,581	5,954	17,592	16,084
Rent	7,193	42,390	-	-	49,583	48,731
Repairs and maintenance	10,687	47,438	8,035	7,335	73,495	92,598
Staff training and travel	3,604	6,283	1,845	2,994	14,726	20,395
Telephone	11,879	13,780	2,435	4,245	32,338	29,595
Transportation	5,395	28,614	13,689	23,504	71,202	50,389
Utilities	3,368	28,994	6,863	30,681	69,906	57,804
Wages and benefits	720,516	2,339,483	591,646	2,392,904	6,044,549	5,383,921
	844,838	2,760,674	667,481	2,582,803	6,855,795	6,100,189
Excess Revenues Over Expenses	\$ (155,830)	\$ 157,481	\$ 12,120	\$ 174,683	\$ 188,454	\$ 295,212