

TRAIL ASSOCIATION FOR COMMUNITY LIVING
FINANCIAL STATEMENTS
March 31, 2025

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CHILDS CHANTON

CHARTERED PROFESSIONAL ACCOUNTANTS*

* Denotes Professional Corporation

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Trail Association for Community Living

Qualified Opinion

We have audited the accompanying financial statements of the Trail Association for Community Living, which comprise the statement of financial position as at March 31, 2025 and the statement of operations, statement of changes in net assets, and statement of cash flow for the year then ended, and 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 accompanying financial statements present fairly, in all material respects, the financial position of the Trail Association for Community Living as at March 31, 2025 and its financial performance and its cash flow for the year then ended in accordance with Canadian Accounting Standards for Not-for-Profit Organizations.

Basis for Qualified Opinion

In common with many charitable organizations, the Society derives revenue from donations, 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 accounting records of the Society, and we were not able to determine whether any adjustments might be necessary to donations and fundraising, excess of revenues over expenses, cash flows from operations, current assets and net assets. Our audit opinion on the financial statements for the year ended March 31, 2025 was modified accordingly, because of the possible effects of this scope limitation.

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.

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 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 Responsibility 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 internal controls of the Society.
- 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on other Legal and Regulatory Requirements

As required by the Societies Act (British Columbia), we report that, in our opinion, the accounting policies applied in preparing and presenting the financial statements have been applied on a basis consistent with that of the preceding year.


Jeremy Childs, CPA CA

June 24, 2025

CHILDS CHANTON
CHARTERED PROFESSIONAL ACCOUNTANTS
Castlegar, BC

TRAIL ASSOCIATION FOR COMMUNITY LIVING**STATEMENT OF FINANCIAL POSITION****As at March 31, 2025**

	2025	2024
Assets		
Current		
Cash and cash equivalents	\$ 623,560	\$ 697,732
Accounts receivable	55,992	189,247
Goods and services tax rebatable	10,784	7,351
Prepaid expenses and deposits	7,482	8,645
	697,818	902,975
Tangible capital assets (Note 3)	1,157,781	1,200,061
	\$ 1,855,599	\$ 2,103,036
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 893,161	\$ 1,010,621
Government remittances payable	34,130	26,601
Deferred contributions (Note 4)	71,994	10,409
Current portion of deferred contributions related to tangible capital assets (Note 5)	7,562	29,193
Current portion of long term debt (Note 6)	8,199	7,941
	1,015,046	1,084,765
Long-term debt (Note 6)	114,678	122,638
Deferred contributions related to tangible capital assets (Note 5)	21,636	29,198
	1,151,360	1,236,601
Net Assets		
Unrestricted	(441,906)	(305,098)
Invested in tangible capital assets (Note 7)	1,005,705	1,011,093
Internally restricted (Note 8)	140,440	160,440
	704,239	866,435
	\$ 1,855,599	\$ 2,103,036

APPROVED ON BEHALF OF THE DIRECTORS:

P 2 PRESIDENT
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The accompanying notes are an integral part of these financial statements.

TRAIL ASSOCIATION FOR COMMUNITY LIVING**STATEMENT OF OPERATIONS****For the Year Ended March 31, 2025**

	2025	2024
Revenue		
Grants and subsidies	\$ 8,316,437	\$ 8,320,108
Rents and support	267,892	254,382
Sales and miscellaneous	52,700	92,717
Donations and fundraising	32,539	42,014
	8,669,568	8,709,221
Expenditures		
Amortization	151,009	177,740
Bank charges and miscellaneous	4,028	5,162
Food expenses	167,578	161,219
Health services	21,418	15,624
Insurance	45,377	41,581
Office expenses and software	96,620	99,316
Program supplies	222,291	255,891
Professional fees	21,835	33,254
Property taxes	22,534	19,704
Rent	68,201	55,933
Repairs and maintenance	73,373	75,962
Staff training and travel	39,433	39,175
Telephone	31,145	32,544
Transportation	97,553	129,159
Utilities	98,325	82,920
Wages and benefits (Note 11 and 12)	7,671,044	7,651,835
	8,831,764	8,877,019
Deficiency of revenues over expenditures	\$ (162,196)	\$ (167,798)

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

TRAIL ASSOCIATION FOR COMMUNITY LIVING
STATEMENT OF CHANGES IN NET ASSETS
For the Year Ended March 31, 2025

	Invested in Capital Assets	Unrestricted	Internally Restricted	2025 Total	2024 Total
Balance, beginning of year	\$ 1,011,093	\$ (305,098)	\$ 160,440	\$ 866,435	\$ 1,034,233
Deficiency of revenues over expenditures	-	(162,196)	-	(162,196)	(167,798)
Purchase of tangible capital assets	108,727	(108,727)	-	-	-
Amortization of tangible capital assets	(151,009)	151,009	-	-	-
Repayment of long term debt	7,701	(7,701)	-	-	-
Amortization of deferred capital contributions	29,193	(29,193)	-	-	-
Transfer of children and youth reserve	-	20,000	(20,000)	-	-
	\$ 1,005,705	\$ (441,906)	\$ 140,440	\$ 704,239	\$ 866,435

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

TRAIL ASSOCIATION FOR COMMUNITY LIVING

STATEMENT OF CASH FLOW

For the Year Ended March 31, 2025

	2025	2024
Operating transactions		
Excess of revenues over expenditures	\$ (162,196)	\$ (167,798)
Items not affecting cash flow		
Amortization of tangible capital assets	151,009	177,740
Amortization of deferred capital contributions	(29,193)	(39,241)
	(40,380)	(29,299)
Changes in non-cash working capital		
Accounts receivable	129,823	301,662
Prepaid expenses	1,163	4,083
Accounts payable and accrued liabilities	(96,689)	(91,096)
Government remittances payable	(13,246)	(29,332)
Deferred revenues	61,585	-
Cash provided by operating activities	42,256	156,018
Financing activities		
Repayment of mortgage payable	(7,701)	(7,442)
Cash used for by financing activities	(7,701)	(7,442)
Investing activities		
Purchase of tangible capital assets	(108,727)	(75,917)
Cash used for investing activities	(108,727)	(75,917)
Increase (decrease) in cash and cash equivalents	(74,172)	72,659
Cash and cash equivalents, beginning of year	697,732	625,073
Cash and cash equivalents, end of year	623,560	697,732
Cash and cash equivalents consist of:		
Cash	465,447	563,619
Manulife deposits	158,113	134,113
	\$ 623,560	\$ 697,732

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

TRAIL ASSOCIATION FOR COMMUNITY LIVING

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2025

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 not-for-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 BASIS OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

These financial statements have been prepared in accordance with Canadian Accounting Standards for not-for-profit organizations (Part III of the CPA Canada Handbook).

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 the timing and extent of payroll liabilities 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.

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:

Building	25 years
Equipment	5 years
Landscaping	5 years
Vehicles	5 years

TRAIL ASSOCIATION FOR COMMUNITY LIVING

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2025

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.

Cash and cash equivalents

Cash and cash equivalents are made up cash on hand and bank deposits.

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, 2025****3. TANGIBLE CAPITAL ASSETS**

	Cost	Accumulated Amortization	2025 Net Book Value	2024
Land	\$ 247,891	\$ -	\$ 247,891	\$ 247,891
Buildings	1,942,671	1,237,095	705,576	771,918
Equipment	553,129	402,796	150,333	74,794
Landscaping	2,529	2,529	-	-
Vehicles	525,224	471,243	53,981	105,458
	\$ 3,271,444	\$ 2,113,663	\$ 1,157,781	\$ 1,200,061

4. DEFERRED CONTRIBUTIONS

	2025	2024
Balance, beginning of year	\$ 10,409	\$ 12,994
Amount received relating to future periods	86,719	26,754
Amounts recognized in the year	(25,134)	(29,339)
Balance, end of year	\$ 71,994	\$ 10,409

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:

	2025	2024
Balance, beginning of year	\$ 58,391	
\$ 97,632 Add: amounts received during the year		-
- Less: amounts recognized as revenue in the year		(29,193)
(39,241)		
	29,198	58,391
Less: current portion	(7,562)	(29,193)
Balance, end of year	\$ 21,636	\$ 29,198

TRAIL ASSOCIATION FOR COMMUNITY LIVING

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2025

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 2026.

Estimated principal repayments are as follows:

2026	\$ 8,199
2027	8,456
2028	8,711
2029	8,972
2030	9,201
Subsequent years	79,338
	<u>\$ 122,877</u>

7. NET ASSETS INVESTED IN TANGIBLE CAPITAL ASSETS

	2025	2024
Tangible capital assets	\$ 1,157,781	\$ 1,200,061
Amount financed by mortgage	(122,878)	(130,579)
Amount financed by deferred contributions related to tangible capital assets	(29,198)	(58,391)
	<u>\$ 1,005,705</u>	<u>\$ 1,011,091</u>

8. INTERNALLY RESTRICTED NET ASSETS

	2025	2024
Memorial fund reserve	\$ 22,584	\$ 22,584
Replacement fund reserve	117,856	117,856
Children and youth reserve	-	20,000
	<u>\$ 140,440</u>	<u>\$ 160,440</u>

9. LENDING FACILITIES

A demand operating line of credit 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 \$114,295. At March 31, 2025 the prime lending rate was 4.95% 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.

TRAIL ASSOCIATION FOR COMMUNITY LIVING

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2025

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, 2023, the plan has about 256,000 active members and approximately 129,000 retired members.

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.

Trail Association for Community Living paid \$337,963 (2024 - \$336,761) for employer contributions to the plan in fiscal 2025.

11. EMPLOYEE FUTURE BENEFITS (Continued)

The next valuation occurred as of December 31, 2024, with results available later in 2025.

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 nine individuals who fall into this category. For the year ended March 31, 2025 this overall remuneration totaled to approximately \$993,432.

TRAIL ASSOCIATION FOR COMMUNITY LIVING

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2025

13. FINANCIAL INSTRUMENTS

The Society has a 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, 2025.

Credit risk: Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment. 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. Specific accounts receivable are widely distributed. This risk has decreased in the current year.

Interest rate risk: Interest rate risk is the risk that the fair market value or future cash flows will fluctuate because of changes in market interest rates. The Society is exposed to interest rate risk on its fixed long-term debt. Fixed-rate instruments subject the Society to a fair value risk. There was no significant change in exposure from the prior year.

Liquidity risk: Liquidity risk is the risk that the Society will encounter difficulty in meeting its obligations associated with financial liabilities. The Society is exposed to liquidity risk arising primarily from its accounts payable. The Society's ability to meet obligations depends on the receipt of funds from its operations and other related sources, whether in the form of revenue or grants. This risk has increased moderately in the current year.

14. COMPARATIVE FIGURES

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