

GABRIOLA HOUSING SOCIETY

FINANCIAL STATEMENTS

December 31, 2021

Partners

Grant McDonald, CPA, CA*

Lee-Anne Harrison, CPA, CA*

Anna Jones, CPA, CA*

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*Incorporated



AUDITORS' REPORT

To the Directors of
Gabriola Housing Society

Report on the Audit of the Financial Statements

We have audited the accompanying financial statements of Gabriola Housing Society, which comprise the statement of financial position as at December 31, 2021, and the statements of operations, changes in net assets, and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information

Qualified Opinion

We have audited the accompanying financial statements of Gabriola Housing Society, which comprise the statement of financial position as at Thursday, December 31, 2021, the statements of operations, changes in net assets, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, except for the 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 Gabriola Housing Society as at Thursday, December 31, 2021 and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for private enterprises.

Basis for Qualified 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 Gabriola Housing 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 opinion.

INDEPENDENT AUDITORS' REPORT

(Continued)

Basis for Qualified Opinion - cont.

In common with many not-for-profit organizations, the society derives revenue from donations and sponsorships, 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 donations and sponsorships, excess of revenues over expenditures, assets, or fund balances.

Responsibility of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles 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 Gabriola Housing Society 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 Gabriola Housing Society or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing Gabriola Housing Society 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:

INDEPENDENT AUDITORS' REPORT

(Continued)

Auditor's Responsibilities for the Audit of the Financial Statements - cont.

- 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 Gabriola Housing Society 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 entity'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 Gabriola Housing 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 Gabriola Housing Society 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.

INDEPENDENT AUDITORS' REPORT

(Continued)

Auditor's Responsibilities for the Audit of the Financial Statements - cont.

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

Church Pickard

CHURCH PICKARD
Chartered Accountants

Nanaimo, BC
May 20, 2022

GABRIOLA HOUSING SOCIETYSTATEMENT OF FINANCIAL POSITION as at **December 31, 2021**

	2021	2020
Assets		
Current		
Cash and cash equivalents	\$ 120,831	\$ 82,057
Accounts receivable	2,012	39,312
Prepaid expenses	<u>1,321</u>	<u>1,144</u>
	124,164	122,513
Affordable Housing project	145,955	101,906
Property - Note 2	<u>487,905</u>	<u>487,905</u>
	<u>\$ 758,024</u>	<u>\$ 712,324</u>

Liabilities

Current		
Accounts payable and accrued liabilities	\$ 27,435	\$ 17,684
Promissory note payable - Note 4	<u>108,877</u>	<u>108,877</u>
	<u>136,312</u>	<u>126,561</u>

Net Assets

Net investment in property	524,983	480,934
Unrestricted net assets	<u>96,729</u>	<u>104,829</u>
	<u>621,712</u>	<u>585,763</u>
	<u>\$ 758,024</u>	<u>\$ 712,324</u>

Approved:

Barry Loescher

Nancy Hetherington Peirce

GABRIOLA HOUSING SOCIETY

STATEMENT OF OPERATIONS

For the year ended **December 31, 2021**

	2021	2020
Revenue		
Donations - Note 3	\$ 78,632	\$ 2,900
Memberships	<u>30</u>	<u>45</u>
	78,662	2,945
Other revenue		
Interest	<u>98</u>	<u>19</u>
	<u>78,760</u>	<u>2,964</u>
Expenses		
Professional fees	36,769	47,245
Insurance	2,466	2,052
Canada Helps fees	1,287	46
Travel	584	46
Office supplies	549	1,265
Advertising and promotion	540	123
Licences and dues	405	350
Rent	160	40
Interest and bank charges	<u>51</u>	<u>241</u>
	<u>42,811</u>	<u>51,408</u>
Excess of revenue over expenses		
(expenses over revenue)	35,949	(48,444)
Net assets, beginning of the year	<u>585,763</u>	<u>634,207</u>
Net assets, end of the year	<u>\$ 621,712</u>	<u>\$ 585,763</u>

GABRIOLA HOUSING SOCIETY

STATEMENT OF CHANGES IN NET ASSETS

For the year ended **December 31, 2021**

	Investment in Property	Unrestricted	Total 2021	Total 2020
Balance, beginning of the year	\$ 480,934	\$ 104,829	\$ 585,763	\$ 634,207
Excess of revenue over expenses (expenses over revenue)	-	35,949	35,949	(48,444)
Affordable Housing project additions	<u>44,049</u>	<u>(44,049)</u>	<u>-</u>	<u>-</u>
Balance, end of the year	<u>\$ 524,983</u>	<u>\$ 96,729</u>	<u>\$ 621,712</u>	<u>\$ 585,763</u>

GABRIOLA HOUSING SOCIETY

STATEMENT OF CASH FLOWS

For the year ended **December 31, 2021**

	2021	2020
Cash provided (used):		
Operating activities		
Excess of revenue over expenses (expenses over revenue)	\$ 35,949	\$ (48,444)
Changes in non-cash operating accounts		
Decrease (increase) in accounts receivable	37,300	(39,192)
Increase in BC Affordable Housing project	(44,049)	(67,407)
Increase in prepaid expenses	(177)	(242)
Increase in accounts payable and accrued liabilities	9,751	7,652
Increase in deferred capital contributions	<u>-</u>	<u>97,877</u>
	<u>38,774</u>	<u>(49,756)</u>
Increase (decrease) in cash	38,774	(49,756)
Cash, beginning of the year	<u>82,057</u>	<u>131,813</u>
Cash, end of the year	<u>\$ 120,831</u>	<u>\$ 82,057</u>
Cash is defined as:		
Cash - unrestricted	<u>\$ 120,831</u>	<u>\$ 82,057</u>

GABRIOLA HOUSING SOCIETY

NOTES TO THE FINANCIAL STATEMENTS

For the year ended **December 31, 2021**

Purpose of the organization

Gabriola Housing Society was incorporated under the laws of the *Province of British Columbia Societies Act* on March 4, 2013 and is exempt from income tax as a non-profit organization. The society is also a registered charity under the *Income Tax Act* effective January 1, 2019. Its purpose is to relieve poverty by supporting, developing and/or operating housing projects that provide housing to people with low to modest incomes on Gabriola Island.

1. Significant accounting policies

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and are in accordance with Canadian generally accepted accounting principles.

- Use of estimates

The preparation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, requires management to make estimates and assumptions, mainly considering values, which affect reported amounts of assets, liabilities, revenue and expenses, and related disclosures. Amounts are based on best estimates, but actual amounts may vary from the amounts recorded. Significant areas requiring the use of management estimates relate to the determination of the amortization of property and equipment, and provisions for contingencies. Adjustments, if any, will be reflected in operations in the period of settlement.

- Revenue recognition

Gabriola Housing Society follows the deferral method of accounting for revenue. Donations restricted for the purchase of property and equipment are deferred and amortized into revenue at a rate corresponding with the amortization rate for the related property and equipment. Grants, donations, and revenue with external restrictions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted donations are recognized when received or receivable if the amount can be reasonably estimated and collection is assured.

GABRIOLA HOUSING SOCIETY

NOTES TO THE FINANCIAL STATEMENTS

For the year ended **December 31, 2021**

1. Significant accounting policies - cont.

- Donated property

Donated property is recognized in the financial statements when their fair value can be reasonably determined and they are used in the normal course of the organization's operations and would otherwise have been purchased.

- Financial instruments

Financial instruments are recorded at fair value on initial recognition and subsequently measured at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in the statement of income and retained earnings.

Financial assets measured at amortized cost include cash, prepaid expenses, and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities, and other current liabilities.

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in the statement of operations. Any previously recognized impairment loss may be reversed to the extent of the improvement, 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.

2. Property

	Cost	Accumulated Amortization	Net 2021	Net 2020
Land	<u>\$ 487,905</u>	<u>\$ -</u>	<u>\$ 487,905</u>	<u>\$ 487,905</u>

GABRIOLA HOUSING SOCIETY

NOTES TO THE FINANCIAL STATEMENTS

For the year ended **December 31, 2021**

3. Donations

	2021	2020
Land	\$ -	\$ -
Cash	<u>78,632</u>	<u>2,900</u>
	<u>\$ 78,632</u>	<u>2,900</u>

4. Promissory note payable

The society has access to a \$110,000 non-interest bearing Promissory note funded by BC Housing. The purpose of the loan is to further develop the Paisley Place project, to provide affordable housing for families and seniors.

If the proposed project proceeds to a loan commitment to develop the project, the amount advanced will be repaid out of the first mortgage loan advance.

If, for any reason, the project does not proceed to a loan commitment, any unexpected balance of the loan is to be payable on demand to BC Housing. If the society does not subsequently receive a loan commitment by March 18, 2023, the loan will be forgiven.

5. Government remittances

The society has the following amounts receivable (owing) for government remittances at December 31, 2021:

	2021	2020
GST rebate	<u>\$ 2,012</u>	<u>\$ 1,870</u>

6. Financial risks and concentrations of risk

Unless otherwise noted, the society is not expected to be exposed to any significant financial risks.