

# **GABRIOLA HOUSING SOCIETY**

## **FINANCIAL STATEMENTS**

**December 31, 2023**

*Partners*

Grant McDonald, CPA, CA\*

Lee-Anne Harrison, CPA, CA\*

Anna Jones, CPA, CA\*

Joanne Novak, CPA, CA\*

Mike Traynor, CPA\*

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## 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, 2023, 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

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 December 31, 2023 and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

### 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 accounting standards 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'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 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.

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.

# **INDEPENDENT AUDITORS' REPORT**

(Continued)

## **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  
June 12, 2024

**GABRIOLA HOUSING SOCIETY**STATEMENT OF FINANCIAL POSITION as at **December 31, 2023**

	<b>2023</b>	<b>2022</b>
<b>Assets</b>		
<b>Current</b>		
Cash and cash equivalents	\$ 25,345	\$ 221,206
Accounts receivable	1,275	1,441
Prepaid expenses	<u>1,535</u>	<u>1,368</u>
	28,155	224,015
<b>Affordable Housing Project Paisley Place</b>	775,528	587,324
<b>Land - Note 2</b>	<u>171,708</u>	<u>170,215</u>
	<u>\$ 975,391</u>	<u>\$ 981,554</u>

**Liabilities**

<b>Current</b>		
Accounts payable and accrued liabilities	\$ 27,281	\$ 15,907
Promissory note payable - Note 3	-	108,877
Demand loan - Note 4	<u>138,417</u>	<u>-</u>
	<u>165,698</u>	<u>124,784</u>

**Net Assets**

<b>Net investment in property and equipment</b>	808,819	648,662
<b>Unrestricted net assets</b>	<u>874</u>	<u>208,108</u>
	<u>809,693</u>	<u>856,770</u>
	<u>\$ 975,391</u>	<u>\$ 981,554</u>

Approved:

*Nancy Hetherington Peirce**Barry Loescher*

**GABRIOLA HOUSING SOCIETY**

## STATEMENT OF OPERATIONS

For the year ended **December 31, 2023**

	<b>2023</b>	<b>2022</b>
<b>Revenue</b>		
Grants	\$ 14,480	\$ 52,000
Donations	1,738	217,131
Memberships	<u>15</u>	<u>50</u>
	16,233	269,181
<b>Other revenue</b>		
Interest	<u>3</u>	<u>12</u>
	<u>16,236</u>	<u>269,193</u>
<b>Expenses</b>		
Professional fees	58,543	24,952
Insurance	2,903	2,696
Office	1,005	1,479
Licences and dues	411	60
Advertising and promotion	232	223
Interest and bank charges	100	115
Rent	98	166
Canada Helps fees	<u>21</u>	<u>4,445</u>
	<u>63,313</u>	<u>34,136</u>
<b>Excess of revenue over expenses</b>	(47,077)	235,057
<b>Net assets, beginning of the year</b>	<u>856,770</u>	<u>621,713</u>
<b>Net assets, end of the year</b>	<u>\$ 809,693</u>	<u>\$ 856,770</u>

**GABRIOLA HOUSING SOCIETY**

## STATEMENT OF CHANGES IN NET ASSETS

For the year ended **December 31, 2023**

	<b>Investment in Property</b>	<b>Unrestricted</b>	<b>Total 2023</b>	<b>Total 2022</b>
<b>Balance, beginning of the year</b>	\$ 648,662	\$ 208,108	\$ 856,770	\$ 621,713
<b>Excess of revenue over expenses</b>		(47,077)	(47,077)	235,057
<b>Affordable Housing Project additions</b>	188,204	(188,204)	-	-
<b>Land costs</b>	1,493	(1,493)	-	-
<b>Housing loan acquired</b>	<u>(29,540)</u>	<u>29,540</u>	<u>-</u>	<u>-</u>
<b>Balance, end of the year</b>	<u>\$ 808,819</u>	<u>\$ 874</u>	<u>\$ 809,693</u>	<u>\$ 856,770</u>



**GABRIOLA HOUSING SOCIETY**

## STATEMENT OF CASH FLOWS

For the year ended **December 31, 2023**

	<b>2023</b>	<b>2022</b>
<b>Operating activities</b>		
Excess of revenue over expenses	\$ (47,077)	\$ 235,057
Changes in non-cash operating accounts		
Decrease in accounts receivable	166	571
Increase in prepaid expenses	(167)	(47)
Increase (decrease) in accounts payable and accrued liabilities	<u>11,374</u>	<u>(11,527)</u>
	<u>(35,704)</u>	<u>224,054</u>
<b>Investing activities</b>		
Land costs	(1,493)	(1,250)
Affordable Housing Project additions	<u>(188,204)</u>	<u>(122,429)</u>
	<u>(189,697)</u>	<u>(123,679)</u>
<b>Financing activities</b>		
Increase in demand loan net proceeds	<u>29,540</u>	-
<b>(Decrease) increase in cash</b>	(195,861)	100,375
<b>Cash, beginning of the year</b>	<u>221,206</u>	<u>120,831</u>
<b>Cash, end of the year</b>	<u>\$ 25,345</u>	<u>\$ 221,206</u>

# GABRIOLA HOUSING SOCIETY

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended **December 31, 2023**

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### **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.

- 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.

# GABRIOLA HOUSING SOCIETY

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended **December 31, 2023**

### 1. Significant accounting policies - cont.

#### - 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. Land (Lot 4)

	2023	2022
Land cost	\$ 166,000	\$ 166,000
Cumulative property taxes	<u>5,708</u>	<u>4,215</u>
	<u>\$ 171,708</u>	<u>\$ 170,215</u>

# GABRIOLA HOUSING SOCIETY

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended **December 31, 2023**

### 3. Promissory note payable

The society had access to a \$110,000 non-interest bearing promissory note funded by BC Housing. The purpose of the loan was to further develop the Paisley Place project, to provide affordable housing for families and seniors. The note payable was paid in the current year.

### 4. Demand loan

BC Housing Management Commission (BCHMC) - first priority repayable demand loan for predevelopment costs, secured by land and premises with a carrying value of \$487,905.

\$	138,417	\$	-
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Demand non-revolving loan of \$583,187 (the "Loan") is the maximum loan amount approved by BCHMC in respect of a 24 unit project (the "Project") for Paisley Place. The loan is to be repaid in full by July 5, 2024. Interest on the loan advanced is calculated monthly. The interest rate will be variable, at no more than RBC prime + 1%.

### 5. Government remittances

The society has the following amounts receivable for government remittances at December 31, 2023:

	2023	2022
GST rebate	<u>\$ 1,275</u>	<u>\$ 1,441</u>

### 6. Financial risks and concentrations of risk

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

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- Management is responsible for the preparation of the financial statements, which includes responsibilities related to internal control, such as designing and maintaining accounting records, selecting and applying accounting policies, safeguarding assets, and preventing and detecting error and fraud;
- The auditor's responsibility is to express an opinion on the financial statements based on an audit thereof;
- An audit is performed to obtain reasonable, but not absolute, assurance as to whether the financial statements are free of material misstatements and, owing to the inherent limitations of an audit, there is an unavoidable risk that some misstatements of the financial statements will not be detected (particularly misstatements concealed through collusion), even though the audit is properly planned and performed.

**Fraudulent or illegal activities**

According to the CPA Canada Handbook, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and with management. An auditor conducting an audit in accordance with generally accepted auditing standards obtains reasonable assurance that the financial statements taken as a whole are free of material misstatement, whether caused by fraud or error. However, the assurance an auditor provides concerning lack of misstatements arising from fraud is necessarily lower than the assurance provided concerning those arising from error.

Through discussions with management and risk assessments, we determine areas where fraud risk could occur and conduct the appropriate audit testing.

**Audit approach**

We were engaged to perform an audit of the financial statements of Gabriola Housing Society for the year ended December 31, 2023. We adopted an audit approach that allowed us to issue an audit opinion on the financial statements of Gabriola Housing Society in the most cost-effective manner, while still obtaining the assurance necessary to support our audit opinion.

Church Pickard follows a risk-based approach. This approach focuses on obtaining sufficient appropriate audit evidence to reduce the risk of material misstatement in the financial statements to an appropriately low level. This means that we focus our audit effort in areas that we believe have a higher risk of being materially misstated and do less work in areas that are only low risk.

To assess risk accurately, we need to have a clear understanding of Gabriola Housing Society's business and the environment in which it operates. Most of our understanding is obtained through discussions with management and staff. We appreciated the information that was provided to us about operations, internal controls, or anything else that was felt to be important

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to the audit as it corroborated what we had already learned from other sources, or it may have been new information to us. We also appreciated the insights provided to us on what are perceived to be risky areas as that made our audit more effective and efficient, which benefited all concerned.

**Materiality**

A misstatement or the aggregate of all misstatements in the financial statements is considered to be material if, in light of surrounding circumstances, it is probable that the decision of a person who is relying on the financial statements, and who has a reasonable knowledge of business and economic activities (the user), would be changed or influenced by such misstatement or the aggregate of all misstatements. Ultimately, therefore, materiality decisions are based on professional judgment.

Materiality in an audit is used as a guide for planning the nature and extent of audit procedures and for assessing the sufficiency of the audit evidence gathered. It is also used in evaluating the misstatements found and determining the appropriate audit opinion to express.

Since the determination of materiality is a matter of professional judgment, it is primarily dependent on our evaluation of the relative importance of accuracy in the financial statements to the various users of those statements. We view BC Housing, the Provincial government, and the Board of Directors, as the most important users of the financial statements of Gabriola Housing Society. Canadian generally accepted auditing standards require the use of both quantitative and qualitative factors in determining materiality.

For the audit of Gabriola Housing Society for the year-ended December 31, 2023, we have concluded that a materiality level of \$7,854.00 based on 1% of total assets, and adjusted for qualitative factors as appropriate for the purposes of the audit.

We would like to thank Nancy, Barry, and Cheryl who assisted us during our audit. Please call if you have any questions.

Yours truly,

**CHURCH PICKARD**

Anna Jones, CPA, CA

AJ/hp

cc: Board of Directors