

Financial Statements of

BEACON COMMUNITY ASSOCIATION

And Independent Auditor's Report thereon

Year ended March 31, 2024



LIGHTING THE WAY FOR 50 YEARS.



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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Beacon Community Association

Opinion

We have audited the financial statements of Beacon Community Association (the Entity), which comprise:

- the statement of financial position as at March 31, 2024
- the statement of operations and changes in net assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at March 31, 2024, and its results of 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 auditor's report.

We are independent of the Entity 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 – Comparative Information

The financial statements for the year ended March 31, 2023 were audited by another auditor who expressed an unmodified opinion on those financial statements on June 15, 2023.



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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity'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 the 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 Entity'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 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 the Entity 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.
- 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.

Reporting 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 in accordance with Canadian accounting standards for not-for-profit organizations have been applied on a basis consistent with that of the preceding period.

A handwritten signature in black ink that reads 'KPMG LLP' with a horizontal line underneath.

Chartered Professional Accountants

Victoria, Canada
June 13, 2024

Beacon Community Association Statement of Financial Position

(expressed in \$000s)

March 31

	2024	2023
Assets		
Current		
Cash and cash equivalents	\$ 6,546	\$ 6,439
Receivables	430	251
Inventory (Note 3)	14	11
Prepays	355	298
	<u>7,345</u>	<u>6,999</u>
Capital assets (Notes 4 and 5)	<u>15,720</u>	<u>15,798</u>
	<u>\$ 23,065</u>	<u>\$ 22,797</u>
Liabilities		
Current		
Accounts payables and accrued liabilities	\$ 1,138	\$ 795
Deferred contributions (Note 6)	2,778	2,934
Current portion of forgivable loan (Note 8)	40	40
Current portion of long-term debt (Note 10)	152	2,236
	<u>4,108</u>	<u>6,005</u>
Deferred capital contributions (Note 7)	3,546	3,247
Forgivable loan (Note 8)	40	80
Long-term debt (Note 10)	2,289	355
	<u>9,983</u>	<u>9,687</u>
Net Assets		
Invested in capital assets	9,653	9,840
Replacement reserve (Note 11)	474	415
Unrestricted	2,955	2,855
	<u>13,082</u>	<u>13,110</u>
	<u>\$ 23,065</u>	<u>\$ 22,797</u>

Commitments (Notes 12)

See accompanying notes to the financial statements.

Approved by the Board:

 Director

 Director

Beacon Community Association

Statements of Operations and Changes in Net Assets

(expressed in \$000s)

Year ended March 31	2024	2023
Revenue		
Government contracts (Note 13)	\$ 11,190	\$ 9,766
Fees for services and rental income	3,694	3,299
Thrift store sales	2,171	1,887
Municipal and other grants	1,980	1,894
Investment income	376	195
Gain on sale of property	428	-
Donations and fundraising	301	173
Miscellaneous	145	113
Gaming	93	93
	<u>20,378</u>	<u>17,420</u>
Expenses		
Salaries and benefits	\$ 14,126	\$ 11,784
Program costs	2,001	1,705
Building occupancy costs	1,552	1,603
Office and administrative	1,171	993
Contract fees	804	980
Amortization	500	515
Training and professional development	96	132
Interest on long-term debt	91	86
Fundraising	63	-
Miscellaneous	2	5
	<u>20,406</u>	<u>17,803</u>
Deficiency of revenue over expenses	\$ <u>(28)</u>	\$ <u>(383)</u>
Net assets, beginning of year		
As previously reported	\$ 13,110	\$ 13,493
Deficiency excess of revenue over expenses	(28)	(383)
Net assets, end of year	\$ <u>13,082</u>	\$ <u>13,110</u>

Beacon Community Association

Statement of Cash Flows

(expressed in \$000s)

Year ended March 31	2024	2023 (recast - note 17)
Cash flows from operating activities:		
Deficiency of revenue over expenses	\$ (28)	\$ (383)
Amortization	500	515
Amortization of deferred capital contributions	(20)	-
Forgivable loan	(40)	(40)
Gain on sale of property	(428)	-
Changes in working capital:		
Receivables	(179)	(6)
Inventory	(3)	3
Prepays	(57)	(3)
Accounts payables and accrued liabilities	343	(299)
Deferred contributions	(156)	964
	<u>(68)</u>	<u>751</u>
Cash flows from (used by) financing		
Deferred capital contributions	319	12
Repayment of long-term debt	(150)	(178)
	<u>169</u>	<u>(166)</u>
Cash flows from (used by) investing		
Proceeds from sale of tangible capital assets	911	-
Purchase of tangible capital assets	(905)	(470)
	<u>6</u>	<u>(470)</u>
Net increase in cash and cash equivalents	107	115
Cash and cash equivalents, beginning of year	<u>6,439</u>	<u>6,324</u>
Cash and cash equivalents, end of year	\$ <u>6,546</u>	\$ <u>6,439</u>

Beacon Community Association

Notes to the Financial Statements

(expressed in \$000s)

March 31, 2024

1. Purpose of the Association

Beacon Community Association (the "Association") provides a variety of community services to the Capital Regional District. The Association is incorporated under the Society Act of British Columbia and is a registered charity in accordance with the Income Tax Act of Canada.

2. Significant accounting policies

These financial statements have been prepared in accordance with Canadian Accounting Standards for Not-for-Profit Organizations (ASNPO). The Association's significant accounting policies are as follows:

a) Revenue recognition

The Association follows the deferral method of accounting for contributions. 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.

Restricted contributions are recognized as revenue in the year in which the related expenses are incurred or restrictions met.

Contributions restricted for the purchase of tangible capital assets and the fair value of contributed capital assets are deferred and amortized to revenue on a basis consistent with the amortization of the capital assets acquired.

The Association does not include the value of donated goods and services in these financial statements unless a fair value can be reasonably estimated. The Association does not include the value of pledges in these financial statements.

Forgivable loans are recognized as revenue in accordance with the above when the Association becomes entitled to receive a forgivable loan.

b) Restricted fund

The Replacement Reserve Fund represents restricted funds related to capital asset replacement activities for BC Housing and Mortgage Corporation (BCHMC) properties (see Note 11). These funds are required to be reported as replacement reserve funds based on the Association's agreement with BCHMC.

c) Deferred capital contributions

The Association receives contributions to acquire tangible capital assets. These contributions are amortized into revenue on the same basis as the related tangible capital assets. If the contributions are used to purchase tangible capital assets that are not subject to amortization net assets are directly increased.

Beacon Community Association

Notes to the Financial Statements

(expressed in \$000s)

March 31, 2024

2. Significant accounting policies (continued)

d) Contributed goods and services

Some of the activities of the organization are carried out by volunteers. The value of this contributed time is not reflected in these financial statements. In addition, the organization relies on contributed materials for the Thrift Stores. Contributed materials which are sold through the Thrift Stores are not recorded in the financial statements due to the difficulty in determining the fair value of the contributed materials.

Donated goods and services are recorded when a fair value can be reasonably estimated and when they would otherwise be purchased by the Association.

e) Cash and cash equivalents

Cash and cash equivalents include cash on hand and balances with banks.

f) Amortization

Capital assets are recorded at cost. Amortization is provided on a straight-line basis over the assets' estimated useful lives at the following rates:

Buildings, except Marguerite Court and Wakefield Manor	25 to 40 years
Equipment and computer hardware and software	3-5 years
Vehicles	3-5 years
Leasehold improvements	Lease term
Software	3 years

Amortization is not provided on capital work in progress until the assets are available for use.

When a capital asset no longer contributes to the Association's ability to provide services, its carrying value is written down to its residual value.

g) Financial instruments

The Association's financial instruments consist of cash and cash equivalents, receivables, payables and accruals, and long term debt. Financial instruments are recorded at fair value on initial recognition. Any investments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Association has not elected to carry any such financial instruments at fair value. The fair value of these financial instruments approximates their carrying values, unless otherwise noted.

Beacon Community Association

Notes to the Financial Statements

(expressed in \$000s)

March 31, 2024

2. Significant accounting policies (continued)

h) Use of estimates

In preparing the Association's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenue and expenses during the period. The more subjective of such estimates are the amortization period of capital assets. Actual results could differ from these estimates.

3. Inventory

Inventory for kitchen supplies are recorded at the lower of cost and net realizable value.

4. Capital assets

			<u>2024</u>	<u>2023</u>
	<u>Cost</u>	<u>Accumulated amortization</u>	<u>Net book value</u>	<u>Net book value</u>
Land	\$ 4,816	\$ -	\$ 4,816	\$ 5,178
Land lease (Note 5)	139	139	-	-
Building	16,763	6,808	9,955	10,319
Leasehold improvements	40	11	29	37
Vehicles	132	108	24	47
Furniture & equipment	458	242	216	151
Computer hardware	135	61	74	60
Computer software	8	5	3	6
Work in progress	603	-	603	-
	\$ <u>23,094</u>	\$ <u>7,374</u>	\$ <u>15,720</u>	\$ <u>15,798</u>

Including in building assets above is \$3,277 of additions to Marguerite Court that are not available for use and therefore not being amortized until completion of the work.

5. Land lease

On November 1, 2003, the Association assumed a Lease Agreement with the Corporation of the District of Saanich. The Marguerite Court Building is situated on the leased land located in Victoria, British Columbia. The original term of the lease commenced on April 1, 1987 and is for 60 years. The rental for the term is \$167 and was paid in full in advance at that time.

Beacon Community Association

Notes to the Financial Statements

(expressed in \$000s)

March 31, 2024

6. Deferred contributions

Deferred contributions represent unspent funds restricted for the provision of services in future periods.

	<u>2024</u>
Balance, beginning of year	\$ 2,934
Restricted contributions received	10,125
Recognition of deferred contributions	<u>(10,281)</u>
Balance, end of year	\$ <u>2,778</u>

7. Deferred capital contributions

	<u>2024</u>	<u>2023</u>
Balance, beginning of year	\$ 3,247	\$ 3,235
Restricted contributions received	319	12
Recognition of deferred capital contributions	<u>(20)</u>	<u>-</u>
Balance, end of year	\$ <u>3,546</u>	\$ <u>3,247</u>

In April 2020, the Association entered into an operating agreement with BCHMC to renovate and retrofit the Marguerite Court Building. The \$3,277 in contributions received to date have been classified as deferred capital contributions and will be recognized over the same 10 year period of the original agreement, commencing upon completion of the work. As at March 31, 2024, no contributions have been recognized as revenue as the work has not been completed.

The loan is forgivable provided the Association fulfills the terms of the agreement. These terms require the Association to use the building to provide affordable housing. The Association expects to meet this condition over the 10-year period and has therefore recorded the loan amount as a deferred capital contribution which will be amortized over the 10-year period. Should the property cease to be used for its intended purpose, the loan will become due and interest will be calculated from that date at bank prime plus 2%.

Beacon Community Association Notes to the Financial Statements

(expressed in \$000s)

March 31, 2024

8. Forgivable loan

	<u>2024</u>	<u>2023</u>
Interest free loan, from the British Columbia Housing Management Commission, for renovations at the Wakefield Manor senior supportive housing facility, forgivable over a period of 17 years, beginning October 2009	\$ 80	\$ 120
Less: current portion	<u>40</u>	<u>40</u>
	<u>\$ 40</u>	<u>\$ 80</u>

During the year \$40 (2023: \$40) of the forgivable loan was recognized as revenue. The above conditional amounts continue to be forgivable if specific conditions as set out in the respective agreement are fulfilled.

9. Credit facility

The Association has arranged a \$5 million credit facility with the Bank of Montreal. This facility includes a \$2.5 million operating line of credit, with interest at the bank's prime rate plus 0.625% payable monthly. The balance consists of an additional demand loan facility available to the Association at the discretion of the Board of Directors. At March 31, 2024 \$0 has been drawn (2023: \$0).

10. Long-term debt

	<u>2024</u>	<u>2023</u>
Wakefield Manor:		
Canada Mortgage and Housing Corporation, mortgage payable in monthly instalments of \$6 including interest at 0.74%, due November 1, 2025	124	198
Wakefield Manor:		
Mortgage MCAP Financial Corporation payable in monthly instalments of \$1 including interest at 2.95%, due October 1, 2027	231	237
Shoal Assisted Living:		
At 10030 Resthaven Drive, Scotia Mortgage Corporation mortgage payable in monthly instalments of \$13 including interest at 4.23%, due August 1, 2033	<u>2,086</u>	<u>2,156</u>
	<u>2,441</u>	<u>2,591</u>
Less: current portion	<u>152</u>	<u>2,236</u>
	<u>\$ 2,289</u>	<u>\$ 355</u>

Beacon Community Association

Notes to the Financial Statements

(expressed in \$000s)

March 31, 2024

10. Long-term debt (continued)

The Association has provided mortgages over various buildings as security. Principal repayments in each of the next five years are due as follows:

2025	\$	152
2026	\$	130
2027	\$	84
2028	\$	292
2029	\$	84

11. Replacement reserve fund

The replacement reserve fund was established and is maintained pursuant to an agreement with British Columbia Housing and Mortgage Corporation (BCHMC) for four properties – Marguerite Court, Wakefield Manor, SHOAL Assisted Living and 834 Johnson Street (Note 4). The Association was required to fund \$73 in 2024 (2023: \$50) to invest in funds and accumulate capital and interest income for replacement of capital assets which BCHMC may authorize and approve.

Cash and cash equivalents of \$474 (2023: \$415) are restricted to fund replacement reserves in accordance with the BCHMC operating agreement.

	<u>2024</u>	<u>2023</u>
Balance, beginning of year	\$ 415	\$ 380
Contributions in the year	73	50
Interest	<u>23</u>	<u>14</u>
Reserves available for replacement costs	511	444
Current year expenditure of replacement costs	<u>37</u>	<u>29</u>
Balance, end of year	\$ <u>474</u>	\$ <u>415</u>

12. Commitments

The Association has entered into agreements to lease certain operating premises, equipment and to secure parking and grounds maintenance services. The minimum annual payments over the next five years are as follows:

2025	\$	576
2026	\$	580
2027	\$	593
2028	\$	390
2029	\$	267

Beacon Community Association

Notes to the Financial Statements

(expressed in \$000s)

March 31, 2024

13. Government contracts

The Association receives funding from many funders including the Provincial and Federal Governments. Island Health provides funding towards the Association's Long Term Care facilities and BC Housing provides rental subsidies for the Association's affordable housing.

The Association has rental subsidy agreements for Marguerite Court (expires in 2028) and Wakefield Manor (expires in 2025). Any excess of revenue over expenses must be repaid to BC Housing.

Other government funding includes funds for our employment and counselling services programs.

	<u>2024</u>	<u>2023</u>
Federal Government Funding	628	657
Provincial Government Funding		
Island Health	\$ 4,002	3,298
BC Housing	2,815	2,558
Ministry of Social Development & Poverty Reduction	2,165	1,952
Ministry of Children and Family Development	1,470	1,296
Ministry of Education & Childcare	108	-
Ministry of Public Safety & Solicitor General	2	5
Total Provincial Government Funding	\$ 10,562	9,109
Total Government Contracts Funding	\$ 11,190	\$ 9,766

14. Employee pension plan

The Association and certain of its employees contribute to the Municipal Pension Plan. The Plan is a multi-employer defined benefit plan. The British Columbia Pension Corporation administers the Plan, including the payment of pension benefits on behalf of employers and employees in accordance with the Public Sector Pension Plans Act and the Municipal Pension Plan Rules. The risks and rewards associated with the Plan's unfunded liability or surplus are shared between the employers and the Plan's members and may be reflected in their future contributions.

Every three years an actuarial valuation is performed to assess the financial position of the plan and the adequacy of the plan funding. Based on the most recent actuarial valuation as of December 2021, the Municipal Pension Plan is fully funded as of that date. During the year, the Association contributed \$626 (2023: \$516) on behalf of the employees. Portions of any surplus or deficiency are not attributed to individual employers.

Effective April 1, 2022, the Association extended coverage to all eligible regular full-time staff, and casual and part-time employees who meet length of service and annual earnings criteria to improve recruitment and retention.

Beacon Community Association

Notes to the Financial Statements

(expressed in \$000s)

March 31, 2024

15. Remuneration

Under the British Columbia Societies Act, societies must disclose remuneration paid to directors, and to employees and contractor whose remuneration was at least \$75,000 for the fiscal year.

During the year, there were 49 employees who met this criterion, and the total amount of remuneration paid to these persons was \$4,976.

During the year, the Association paid \$nil to directors.

16. Financial instruments

In the normal course of operations, the Association is exposed to interest rate risk and credit risk. The Association's primary risk management objective is to protect earnings and cash flow, and ultimately to continue to provide diverse community, health and social services to the Capital Regional District.

Risks are managed within limits established by the Association's Board of Directors and implemented by management. These risks and actions taken to manage them are as follows:

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Association's main interest rate exposure relates to its long-term debt. The Association minimizes its exposure to interest rate risk whenever possible by entering into fixed term mortgage contracts.

Credit risk

Credit risk arises from the possibility that a debtor is unable to discharge its obligations to the Association in a timely manner. The Association minimizes its risk through regular monitoring and follow up of its outstanding receivables.

17. Comparative figures

Certain prior year's figures have been reclassified for comparative purposes to conform with current year presentation.