

HOPE COMMUNITY SERVICES
UNAUDITED FINANCIAL STATEMENTS
AS AT MARCH 31, 2022

CM KELLEY INC

CHARTERED PROFESSIONAL ACCOUNTANT
PO BOX 819
895C 3RD AVENUE
HOPE, BC
VOX1L0

CPA@CMKELLEY.CA
TEL: 604 869 5634
FAX: 604 869 2382

INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

To the Members of:
HOPE COMMUNITY SERVICES

I have reviewed the accompanying financial statements of **HOPE COMMUNITY SERVICES** that comprise the statement of financial position as at **March 31, 2022**, and the statements of financial activities, changes in net assets (debt), and cash flows for the year then ended, and a summary of significant policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for non-profit entities, and for such 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.

Practitioner's Responsibility

My responsibility is to express a conclusion on the accompanying financial statements based on my review. I conducted my review in accordance with Canadian generally accepted standards for review engagements which require me to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, I do not express an audit opinion on these financial statements.

Conclusion

Based on my review, nothing has come to my attention that causes me to believe that the financial statements do not present fairly, in all respects, the financial position of **HOPE COMMUNITY SERVICES** as at **March 31, 2022**, the results of its financial activities, change in net assets (debt), and cash flows for the year then ended in accordance with Canadian accounting standards for non-profit entities.

CM Kelley Inc

CHARTERED PROFESSIONAL ACCOUNTANT

June 28, 2022

Hope, BC

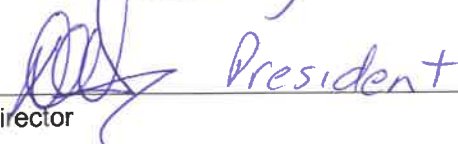
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HOPE COMMUNITY SERVICES
UNAUDITED STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2022

ASSETS	2022	2021
Current Assets		
Cash and short term investments	\$ 66,947	\$ 125,472
Restricted cash (Note 5)	811	811
Accounts receivable	8,760	5,564
Total Current Assets	\$ 76,518	\$ 131,847
Property, Plant & Equipment (Note 2)	301,060	181,769
Total Assets	<u>\$ 377,578</u>	<u>\$ 313,616</u>
LIABILITIES AND NET ASSETS (DEBT)		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 13,020	\$ 15,316
Due to government agencies	9,326	7,134
Employee benefits accruals	24,112	22,725
Deferred contributions (Note 1d)	42,250	33,200
Current portion of callable debt	3,224	11,700
Total Current Liabilities	\$ 91,932	\$ 90,075
Callable Debt (Note 7)	61,373	64,896
Total Liabilities	\$ 153,305	\$ 154,971
Total Members' Net Assets (Debt) (Statement B, Note 3)	224,273	158,645
Total Liabilities and Net Assets (Debt)	<u>\$ 377,578</u>	<u>\$ 313,616</u>

Approved on behalf of the Board of the Society:

 Vice-President
 Director

 President
 Director

HOPE COMMUNITY SERVICES
UNAUDITED STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2022

	<u>2022</u>	<u>2021</u>
REVENUES		
Contract funding	\$ 276,436	\$ 300,291
Donations, grants and fundraising	417,050	276,436
Service fees & sundry income	17,160	11,410
Rental	2,100	5,675
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Total Revenues	712,746	593,812
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EXPENSES		
Advertising	6,825	3,683
Amortization	20,014	13,286
Bank charges	194	530
Christmas hampers	15,249	10,971
Computer software and support	11,756	14,041
Contracted services	14,625	12,000
Food	29,919	11,253
Insurance, licenses and fees	10,295	12,730
Interest on callable debt	2,611	2,926
Office supplies, postage and sundry	2,182	7,948
Professional fees	2,972	2,819
Program costs	53,821	43,872
Rental	11,100	6,450
Repairs and maintenance	22,515	17,231
Travel	1,559	1,779
Utilities	12,089	11,290
Wages and benefits	429,392	331,400
	<hr/>	<hr/>
Total Expenses	647,118	504,209
	<hr/>	<hr/>
Excess (Deficiency) of Revenues over Expenses	65,628	89,603
Members' Net Assets (Debt), beginning of year	158,645	69,042
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MEMBERS' NET ASSETS, end of year	(Statement A, Note 3) \$ 224,273	\$ 158,645
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HOPE COMMUNITY SERVICES
UNAUDITED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2022

	<u>2022</u>	<u>2021</u>
<u>OPERATING ACTIVITIES</u>		
Change in net assets for the year	\$ 65,628	\$ 89,603
Changes to operations not involving cash:		
Amortization	20,014	13,286
Net Change in non-cash working capital items	<u>7,137</u>	<u>38,702</u>
Cash (used in) provided by operating activities	\$ 92,779	\$ 141,591
<u>FINANCING ACTIVITIES</u>		
Issuance of debt	\$ 0	\$ 0
Repayment of callable debt	<u>(11,999)</u>	<u>(12,415)</u>
Cash (used in) provided by investing activities	\$ (11,999)	\$ (12,415)
<u>INVESTING ACTIVITIES</u>		
Purchase of capital assets	\$ (139,305)	\$ (31,862)
Proceeds from disposal of capital assets	<u>0</u>	<u>0</u>
Cash (used in) provided by investing activities	\$ (139,305)	\$ (31,862)
<u>INCREASE (DECREASE) IN CASH DURING THE YEAR</u>	\$ (58,525)	\$ 97,314
<u>CASH, beginning of year</u>	<u>126,283</u>	<u>28,969</u>
<u>CASH, end of year</u>	<u>\$ 67,758</u>	<u>\$ 126,283</u>
<u>CASH CONSISTS OF:</u>		
Cash	\$ 66,947	\$ 28,148
Restricted cash	<u>811</u>	<u>821</u>
	<u>\$ 67,758</u>	<u>\$ 28,969</u>

HOPE COMMUNITY SERVICES
UNAUDITED NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2022

Note 1: **ACCOUNTING POLICIES AND SIGNIFICANT INFORMATION**

The society was incorporated under the Society Act of British Columbia and is a registered charity under the Income Tax Act. Hence it is exempt from income taxes. The society's principal purpose is to provide programs to meet Hope and surrounding areas social needs.

Some of the significant accounting policies affecting the society are as follows;

a) **Basis of presentation**

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

b) **Measurement uncertainty**

The preparation of financial statements in conformity with accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the period. Such estimates are reviewed periodically and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

c) **Financial instruments policy**

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

d) **Revenue Recognition**

Revenue is recognized using the deferral method. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount can be reasonably estimated and collection can be reasonably assured.

Contract funding is recognized as revenue when received in the period related to the contract. When amounts have been received and related to a future period the revenue is reflected as deferred contributions until such future period.

e) **Property, Plant and Equipment**

Property, plant and equipment is stated at cost or deemed less accumulated amortization. Property, plant and equipment is amortized over its estimated useful life on a straight-line basis at the following rate.

Buildings	100 years
Computer equipment	5 years
Equipment	10 years

Property, plant and equipment is regularly reviewed to eliminate obsolete items.

Government grants are treated as a reduction of property, plant and equipment costs.

Note 2: **EQUIPMENT AND FURNITURE**

	Cost	Accumulated Amortization	2022 Net Asset Value	2021 Net Asset Value
Land	\$ 24,724	n/a	24,724	24,724
Buildings	125,089	77,001	48,088	52,537
Computer equipment	9,740	9,740	0	0
Equipment	291,521	63,273	228,248	104,508
Total	\$ 451,074	150,014	301,060	181,769

Note 3: **MEMBERS' NET ASSETS (DEBT) & INTERFUND TRANSFERS**

	FISCAL 2022		
	Capital	General	Total
Balance, beginning of year	\$ 105,173	53,472	\$ 158,645
Net Asset Change for the year	(20,014)	85,642	65,628
Reserve Transfers			
Capital assets purchased	139,305	(139,305)	0
Principal payments on callable debt	11,999	(11,999)	0
Balance, end of year	\$ 236,463	\$ (12,190)	\$ 224,273
	FISCAL 2021		
	Capital	General	Total
Balance, beginning of year	74,182	(5,140)	\$ 69,042
Net Asset Change for the year	(13,286)	102,889	89,603
Reserve Transfers			
Capital assets purchased	31,862	(31,862)	0
Principal payments on callable debt	12,415	(12,415)	0
Balance, end of year	\$ 105,173	\$ 53,472	\$ 158,645

Note 4: **FINANCIAL INSTRUMENTS**

The society is exposed to various risks through its financial instruments. The following analysis provides information about the society's risk exposure and concentration as of March 31, 2022.

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The society is exposed to credit risk from customers. In order to reduce its credit risk, the society reviews a new customer's credit history before extending credit and conducts regular reviews of its existing customers' credit performance. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information. The society has a significant number of customers which minimizes concentration of credit risks.

continued

Note 4: **FINANCIAL INSTRUMENTS (continued)**

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the society manages exposure through its normal operating and financing activities. The society is exposed to interest rate risk primarily through its floating interest rate indebtedness and credit facilities.

Unless otherwise noted, it is management's opinion that the society is not exposed to significant other price risks arising from these financial instruments.

Note 5: **RESTRICTED CASH**

Restricted cash consists of cash held in separate bank accounts for the Decoda Literacy Support program and Gaming grant revenues received. The funding received is deposited to the applicable account and can only be used for expenses relating to the operation of the specific programs.

Note 6: **BANK INDEBTEDNESS**

Under an operating loan arrangement with Envision Financial, the society may borrow up to \$30,000. This arrangement bears interest at bank prime plus 1% and is secured by an assignment of specific land and buildings located in Hope, BC. This arrangement does not have a termination date and can be withdrawn at the bank's option. No portion of the operating loan has been used in the current fiscal year.

Note 7: **CALLABLE DEBT**

	<u>2022</u>	<u>2021</u>
Mortgage - Envision Financial	\$ 64,597	\$ 76,596
Amounts scheduled for repayment within a year	(3,224)	(11,700)
	<u>\$ 61,373</u>	<u>\$ 64,896</u>

The callable debt provided by Envision Financial is secured by a collateral first mortgage over specific land and buildings owned by the society. Blended principal and interest payments of \$109 are made weekly. The annual interest on the mortgage is 3.8%. The mortgage was extended for another five years in March of 2022.

The expected callable debt repayments over the next five years is as follows:

2023	\$ 3,224
2024	3,272
2025	3,321
2026	3,371
2027	3,422
Balance	<u>47,986</u>
	<u>\$ 64,597</u>

continued

Note 8: **ECONOMIC DEPENDENCE**

The society's primary source of funding is government funding from various agencies. This funding can be cancelled if the society does not adhere to certain established guidelines. The society's ability to continue viable operations is dependent on adherence to these guidelines. As at the date of these financial statements the society believes it is in compliance with the guidelines.

Note 9: **COMMITMENTS**

The society and its employees contribute to the Municipal Pension Plan (the plan), which is a jointly trustee pension plan. The society paid \$21,220 (2021 - \$16,573) for employer contributions to the plan in fiscal 2021.