

HOPE COMMUNITY SERVICES
UNAUDITED FINANCIAL STATEMENTS
AS AT MARCH 31, 2024

CM KELLEY INC

CHARTERED PROFESSIONAL ACCOUNTANT
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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, 2024**, 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, 2024**, 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.

The logo for CM Kelley Inc, featuring the company name in a stylized, cursive script font.

CHARTERED PROFESSIONAL ACCOUNTANT

June 17, 2024

Hope, BC

Canada

HOPE COMMUNITY SERVICES
UNAUDITED STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2024

<u>ASSETS</u>	<u>2024</u>	<u>2023</u>
Current Assets		
Cash and short term investments	\$ 130,136	\$ 22,609
Restricted cash (Note 5)	21,181	665
Accounts receivable	3,991	2,069
Prepaid expenses	3,075	5,950
Total Current Assets	\$ 158,383	\$ 31,293
Property, Plant & Equipment (Note 2)	245,131	280,373
Total Assets	<u>\$ 403,514</u>	<u>\$ 311,666</u>
<u>LIABILITIES AND NET ASSETS (DEBT)</u>		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 15,762	\$ 5,828
Due to government agencies	8,290	6,683
Employee benefits accruals	16,056	25,127
Deferred contributions (Note 1d)	69,345	28,333
Current portion of callable debt	3,328	3,172
Total Current Liabilities	\$ 112,781	\$ 69,143
Callable Debt (Note 7)	52,766	56,168
Total Liabilities	<u>\$ 165,547</u>	<u>\$ 125,311</u>
Total Members' Net Assets (Debt) (Statement B, Note 3)	<u>237,967</u>	<u>186,355</u>
Total Liabilities and Net Assets (Debt)	<u>\$ 403,514</u>	<u>\$ 311,666</u>

Approved on behalf of the Board of the Society:

Director

Director

HOPE COMMUNITY SERVICES
UNAUDITED STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2024

	<u>2024</u>	<u>2023</u>
<u>REVENUES</u>		
Contract funding	\$ 365,030	\$ 371,629
Donations, grants and fundraising	298,381	227,287
Service fees & sundry income	62,211	31,825
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Total Revenues	725,622	630,741
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<u>EXPENSES</u>		
Advertising	745	13,200
Amortization	36,841	36,127
Bank charges	1,772	925
Computer software and support	11,833	14,629
Contracted services	10,925	16,055
Food	112,375	45,920
Insurance, licenses and fees	21,015	12,299
Interest on callable debt	2,473	3,011
Office supplies, postage and sundry	351	583
Professional fees	2,563	2,563
Program costs	51,471	35,349
Rental	10,800	11,500
Repairs and maintenance	39,314	5,444
Travel	771	986
Utilities	9,900	9,751
Wages and benefits	360,861	460,317
	<hr/>	<hr/>
Total Expenses	674,010	668,659
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Excess (Deficiency) of Revenues over Expenses	51,612	(37,918)
Members' Net Assets (Debt), beginning of year	186,355	224,273
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<u>MEMBERS' NET ASSETS, end of year</u>	(Statement A, Note 3) \$ 237,967	\$ 186,355
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Statement C

HOPE COMMUNITY SERVICES
UNAUDITED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2024

	<u>2024</u>	<u>2023</u>
<u>OPERATING ACTIVITIES</u>		
Change in net assets for the year	\$ 51,612	\$ (37,918)
Changes to operations not involving cash:		
Amortization	36,841	36,127
Net Change in non-cash working capital items	44,435	(21,996)
Cash (used in) provided by operating activities	\$ 132,888	\$ (23,787)
<u>FINANCING ACTIVITIES</u>		
Issuance of debt	\$ 0	\$ 0
Repayment of callable debt	(3,246)	(5,257)
Cash (used in) provided by investing activities	\$ (3,246)	\$ (5,257)
<u>INVESTING ACTIVITIES</u>		
Purchase of capital assets	\$ (1,599)	\$ (15,440)
Proceeds from disposal of capital assets	0	0
Cash (used in) provided by investing activities	\$ (1,599)	\$ (15,440)
<u>INCREASE (DECREASE) IN CASH DURING THE YEAR</u>	\$ 128,043	\$ (44,484)
<u>CASH, beginning of year</u>	23,274	67,758
<u>CASH, end of year</u>	\$ 151,317	\$ 23,274
<u>CASH CONSISTS OF:</u>		
Cash	\$ 130,136	\$ 22,609
Restricted cash	21,181	665
	\$ 151,317	\$ 23,274

HOPE COMMUNITY SERVICES
UNAUDITED NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2024

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	50 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.

continued

Note 2: **PROPERTY PLANT & EQUIPMENT**

	Cost	Accumulated Amortization	2024 Net Asset Value	2023 Net Asset Value
Land	\$ 24,724	n/a	24,724	24,724
Buildings	125,089	86,453	38,636	43,639
Computer equipment	19,559	13,668	5,891	7,854
Equipment	298,741	122,861	175,880	204,156
Total	\$ 468,113	222,982	245,131	280,373

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

	FISCAL 2024		
	Capital	General	Total
Balance, beginning of year	\$ 221,033	(34,678)	\$ 186,355
Net Asset Change for the year	(36,841)	88,453	51,612
Reserve Transfers			
Capital assets purchased	1,599	(1,599)	0
Principal payments on callable debt	3,246	(3,246)	0
Balance, end of year	\$ 189,037	\$ 48,930	\$ 237,967
	FISCAL 2023		
	Capital	General	Total
Balance, beginning of year	236,463	(12,190)	\$ 224,273
Net Asset Change for the year	(36,127)	(1,791)	(37,918)
Reserve Transfers			
Capital assets purchased	15,440	(15,440)	0
Principal payments on callable debt	5,257	(5,257)	0
Balance, end of year	\$ 221,033	\$ (34,678)	\$ 186,355

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, 2024.

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 \$70,000. This arrangement bears interest at bank prime plus 1.75% (9.05% as of March 31 2024) 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 was used in the current fiscal year.

Note 7: **CALLABLE DEBT**

	<u>2024</u>	<u>2023</u>
Mortgage - Envision Financial	\$ 56,094	\$ 59,340
Amounts scheduled for repayment within a year	(3,328)	(3,172)
	<u>\$ 52,766</u>	<u>\$ 56,168</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 \$110 are made weekly. The annual interest on the mortgage is 4.3%. The mortgage comes due in March of 2027.

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

2025	\$ 3,328
2026	3,378
2027	3,429
2028	3,480
2029	3,532
Balance	<u>38,947</u>
	<u>\$ 56,094</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 trusted pension plan. The society paid \$11,220 (2023 - \$18,616) for employer contributions to the plan in fiscal 2024.