RAINCITY HOUSING AND SUPPORT SOCIETY

FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2024

manning elliott

17th Floor, 1030 West Georgia St., Vancouver, BC, Canada V6E 2Y3

Tel: 604. 714. 3600 **Fax:** 604. 714. 3669 **Web:** manningelliott.com

INDEPENDENT AUDITORS' REPORT

To the Members of RainCity Housing and Support Society

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the financial statements of RainCity Housing and Support Society (the "Society"), which comprise the statement of financial position as at March 31, 2024, and the statements of revenues and expenses, changes in net assets, changes in replacement reserve fund and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Society as at March 31, 2024, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

The Society amortizes the cost of its Triage building, funded by the British Columbia Housing Management Commission ("BCHMC"), at an annual amount equivalent to the principal reduction of the mortgage payable during the year rather than over its estimated useful life. In this respect the financial statements are not in accordance with Canadian accounting standards for not-for-profit organizations. The effects of this departure from Canadian accounting standards for not-for-profit organizations have not been determined. Our audit opinion on the financial statements for the year ended March 31, 2023 also contained a qualification because of this matter.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the 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 those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

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 Society's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Society or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Society's financial reporting process.

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INDEPENDENT AUDITORS' REPORT

Auditors' 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 auditors' 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:

- 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 Society'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 Society's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the 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.

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.

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INDEPENDENT AUDITORS' REPORT

Other Information
Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole.

The supplementary information on the operating results of individual programs included in Schedules 1 through 23 is presented for purposes of additional information. These Schedules are required by the British Columbia Housing Management Commission and are not in accordance with Canadian accounting standards for not-for-profit organizations.

Such supplementary information has been subjected to the auditing procedures applied in the audit of the financial statements. In our opinion, except for the presentation format required by British Columbia Housing Management Commission on the Schedules, the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Report on Other Legal and Regulatory Requirements
As required by the British Columbia Societies Act, we report that, in our opinion, the Society's financial statements have been prepared following Canadian accounting standards for not-for-profit organizations applied on a consistent basis with the previous year, except as described in the Basis for Qualified Opinion section of our report.

Manning Elliott LLP

Chartered Professional Accountants

Vancouver, British Columbia

June 27, 2024

RAINCITY HOUSING AND SUPPORT SOCIETY

STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2024

	2024	2023
ASSETS		
CURRENT		
Cash and cash equivalents	**$ 9,014,344**	$ 6,258,720
Accounts receivable *(Notes 2 and 10)*	**3,075,209**	2,731,104
Prepaid expenses and inventory	**168,611**	261,607
	12,258,164	9,251,431
RESTRICTED CASH AND INVESTMENTS *(Note 3)*	**1,890,028**	1,786,503
CAPITAL ASSETS *(Note 4)*	**49,072,209**	50,377,861
	$ 63,220,401	$ 61,415,795
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	**$ 1,919,978**	$ 2,056,646
Wages and benefits payable	**3,453,992**	4,100,431
Government remittances payable	**692,054**	702,489
Tenant deposits	**17,454**	35,016
Deferred revenue *(Note 5)*	**9,528,875**	5,557,817
Scheduled cash repayments of long-term debt *(Note 6)*	**970,484**	944,849
	16,582,837	13,397,248
LONG-TERM DEBT *(Note 6)*	**28,185,954**	29,156,437
FORGIVABLE LOANS *(Note 7)*	**12,950,765**	13,463,142
DEFERRED CAPITAL CONTRIBUTIONS *(Note 8)*	**9,047,411**	8,766,241
	66,766,967	64,783,068
OPERATING LEASE COMMITMENTS *(Note 13)*		
CONTINGENT LIABILITY *(Note 15)*		
NET ASSETS (DEFICIT)		
Operating Fund	**(7,414,548)**	(6,654,610)
Society Fund	**1,350,175**	980,675
Capital Asset Fund	**942,739**	823,769
Replacement Reserve Fund	**1,575,068**	1,482,893
	(3,546,566)	(3,367,273)
	$ 63,220,401	$ 61,415,795

Director

Director

RAINCITY HOUSING AND SUPPORT SOCIETY

STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED MARCH 31, 2024

	Operating Fund	Society Fund	Capital Asset Fund	Replacement Reserve Fund	**Total 2024**
NET ASSETS (DEFICIT), BEGINNING OF YEAR	$ (6,654,610)	$ 980,675	$ 823,769	$ 1,482,893	**$ (3,367,273)**
Excess (deficiency) of revenues over expenses for the year	591,343	369,500	(1,166,647)	26,511	**(179,293)**
Repayment of long-term debt	(944,848)	-	944,848	-	**-**
Purchase of capital assets	(886,636)	-	886,636	-	**-**
Deferred capital contributions	794,434	-	(794,434)	-	**-**
INTERFUND TRANSFERS:					
Transfer from Operating Fund to Capital Asset Fund *(Note 1(c))*	(248,567)	-	248,567	-	**-**
Transfer to/ from Replacement Reserve Fund *(Note 9)*	321,565	-	-	(321,565)	**-**
Transfer to/ from Replacement Reserve Fund *(Note 9)*	(387,229)	-	-	387,229	**-**
NET ASSETS (DEFICIT), END OF YEAR	$ (7,414,548)	$ 1,350,175	$ 942,739	$ 1,575,068	**$ (3,546,566)**

RAINCITY HOUSING AND SUPPORT SOCIETY

STATEMENT OF CHANGES IN NET ASSETS *(continued)*

FOR THE YEAR ENDED MARCH 31, 2023

	Operating Fund	Society Fund	Capital Asset Fund	Replacement Reserve Fund	**Total 2023**
NET ASSETS (DEFICIT), BEGINNING OF YEAR	$ (5,121,734)	$ 549,089	$ 610,745	$ 1,315,914	**$ (2,645,986)**
Excess (deficiency) of revenues over expenses for the year	(10,230)	431,586	(1,164,304)	21,661	**(721,287)**
Repayment of long-term debt	(920,173)	-	920,173	-	**-**
Purchase of capital assets	(359,828)	-	359,828	-	**-**
Deferred capital contributions	359,828	-	(359,828)	-	**-**
INTERFUND TRANSFERS:					
Transfer from Operating Fund to Capital Asset Fund *(Note 1(c))*	(457,155)	-	457,155	-	**-**
Transfer to/ from Replacement Reserve Fund *(Note 9)*	376,991	-	-	(376,991)	**-**
Transfer to/ from Replacement Reserve Fund *(Note 9)*	(522,309)	-	-	522,309	**-**
NET ASSETS (DEFICIT), END OF YEAR	$ (6,654,610)	$ 980,675	$ 823,769	$ 1,482,893	**$ (3,367,273)**

RAINCITY HOUSING AND SUPPORT SOCIETY

STATEMENT OF CHANGES IN REPLACEMENT RESERVE FUND

FOR THE YEAR ENDED MARCH 31, 2024

	Triage Building	Lux	Vivian	Budzey	Gordon	Fraser Street	**2024**	**2023**
REPLACEMENT RESERVE FUND, BEGINNING OF YEAR	$ 22,337	$ 228,206	$ 137,624	$ 617,206	$ 130,963	$ 346,557	**$ 1,482,893**	$ 1,315,914
Transfer from operating fund	88,220	69,831	17,280	154,008	25,920	31,970	**387,229**	522,309
Interest earned	1,221	1,619	4,206	4,215	2,752	12,498	**26,511**	21,661
Expenses (per below)	(28,733)	(103,957)	(2,496)	(140,597)	(13,837)	(31,945)	**(321,565)**	(376,991)
REPLACEMENT RESERVE FUND, END OF YEAR	$ 83,045	$ 195,699	$ 156,614	$ 634,832	$ 145,798	$ 359,080	**$ 1,575,068**	$ 1,482,893
Expenses comprised of:								
Appliances	$ 1,700	$ 7,358	$ -	$ 16,238	$ 10,390	$ -	**$ 35,686**	$ 49,899
Flooring	5,441	28,501	2,418	29,945	-	5,044	**71,349**	46,901
Other: Room renovation	21,592	60,033	78	45,081	3,142	20,248	**150,174**	206,397
Sewer work	-	7,123	-	-	-	-	**7,123**	20,839
Painting	-	-	-	38,460	305	6,653	**45,418**	39,149
TOTAL EXPENSES	$ 28,733	$ 103,957	$ 2,496	$140,597	$13,837	$ 31,945	**$ 321,565**	$ 376,991

RAINCITY HOUSING AND SUPPORT SOCIETY

STATEMENT OF REVENUES AND EXPENSES

FOR THE YEAR ENDED MARCH 31, 2024

	2024	2023
REVENUES		
British Columbia Housing Management Commission (BCHMC)	**$ 31,601,938**	$ 28,064,389
Vancouver Coastal Health Authority	**11,972,105**	11,053,937
Fraser Health Authority	**5,586,433**	3,038,315
Rent	**3,585,439**	3,558,666
Start-up and organizational funding	**2,151,886**	3,295,982
British Columbia Housing Management Commission subsidy	**1,335,192**	1,335,192
Amortization of deferred capital contributions *(Note 8)*	**513,264**	436,455
Amortization of forgivable loans *(Note 7)*	**512,377**	512,376
Interest and other income	**443,835**	248,569
Government of Canada *(Note 11)*	**371,281**	346,363
Donations *(Note 5)*	**311,142**	168,272
British Columbia Housing Management Commission special grant *(Note 9)*	**27,000**	238,500
Unrealized gain in fair value of investments	**11,350**	47,097
	58,423,242	52,344,113
EXPENSES		
Wages and employee benefits *(Note 12 and 14)*	**41,971,057**	37,954,401
Client engagement and peer workers	**3,005,941**	2,092,163
Food and supplies	**2,214,159**	2,055,553
Amortization of capital assets	**2,192,288**	2,113,135
Maintenance and repairs	**2,114,939**	2,665,490
Utilities	**1,640,894**	1,490,290
Mortgage interest	**804,867**	829,739
IT maintenance	**679,659**	612,094
Insurance	**659,690**	359,235
Garbage	**560,638**	481,121
Rent and property taxes	**397,654**	249,508
Travel	**368,970**	512,883
Janitorial supplies and linen	**294,608**	247,323
Education and staff development	**280,268**	278,428
Consulting	**278,333**	323,598
Office and miscellaneous	**276,058**	337,176
Interior services	**253,390**	93,345
Telephone	**217,165**	244,316
Equipment and furniture	**205,677**	81,523
Rent supplements	**175,612**	219,744
Pest control	**174,404**	110,153
Professional fees	**134,749**	81,000
Payroll and bank charges	**23,689**	35,822
Resource development	**17,029**	82,266
Start-up cost for new shelters	**-**	160,903
	58,941,738	53,711,209
DEFICIENCY OF REVENUES OVER EXPENSES BEFORE BCHMC RECOVERY	**(518,496)**	(1,367,096)
BCHMC RECOVERY *(Note 10)*	**339,203**	645,809
DEFICIENCY OF REVENUES OVER EXPENSES FOR THE YEAR	**$ (179,293)**	$ (721,287)

RAINCITY HOUSING AND SUPPORT SOCIETY

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2024

		2024		2023
OPERATING ACTIVITIES				
Deficiency of revenues over expenses for the year	**$**	**(179,293)**	$	(721,287)
Items not involving cash:				
Amortization of deferred capital contributions		**(513,264)**		(436,455)
Amortization of forgivable loans		**(512,377)**		(512,376)
Amortization of capital assets		**2,192,288**		2,113,135
Unrealized gain in fair value of investments		**(11,350)**		(47,097)
		976,004		395,920
Change in non-cash working capital items:				
Accounts receivable		**(353,356)**		(972,858)
Prepaid expenses and inventory		**92,996**		(66,710)
Accounts payable and accrued liabilities		**(1,850,042)**		122,360
Wages and benefits payable		**1,075,648**		1,992,533
Government remittances payable		**(9,897)**		595,710
Tenant deposits		**(17,562)**		(567)
Deferred revenue		**3,971,058**		1,620,477
		3,884,849		3,686,865
FINANCING ACTIVITIES				
Deferred capital contributions received		**794,434**		64,923
Repayment of long-term debt		**(944,848)**		(920,173)
		(150,414)		(855,250)
INVESTING ACTIVITIES				
Purchase of capital assets		**(886,636)**		(359,828)
Increase in restricted cash and investments		**(92,175)**		(166,979)
		(978,811)		(526,807)
INCREASE IN CASH AND CASH EQUIVALENTS DURING THE YEAR		**2,755,624**		2,304,808
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR		**6,258,720**		3,953,912
CASH AND CASH EQUIVALENTS, END OF YEAR	**$**	**9,014,344**	$	6,258,720

NATURE OF OPERATIONS

"A Home for Every Person" is the Society's vision and mission to advance social equity by building upon the strengths of our community and each individual. Through innovative practices, the Society provides housing and support services, promotes health, and facilitates hope, opportunity and change for people with trauma, mental illness, addictions and other challenges. The Society has put government funds and generous donor dollars to good use for over four decades to create, implement, and manage housing and support programs that sustain relationships and strengthen communities. The geographical area covers Vancouver, Sechelt, Gibsons, Coquitlam, Maple Ridge, Richmond, Surrey and Chilliwack.

Continuing last year's focus on strengthening the internal infrastructure and providing improved health and safety for its program staff by increasing cultural safety and support for employees with mental health or substance use issues, the Society expanded our peer services and indigenous services departments. The peer services department is responsible for 14 programs, including innovative programs to prevent opiate overdoses. The Society's Indigenous Services Department is led by four managers who oversee 36 Indigenous Cultural Liaison Workers working in programs throughout British Columbia's Lower Mainland and Sunshine Coast. Further, the Society prioritizes lived experience at all levels of the organization, whether in designated peer roles or not, including our senior leadership team, which leads organizational and program planning and development.

This fiscal year marks the final year of the Society's five-year strategic plan for 2019 – 2024. The strategic goals are:

- improve the psychological health and safety of the workplace
- develop and implement an agency-wide learning and development strategy
- develop and embed a culture of continuous improvement and collective accountability throughout the organization
- achieve a scalable and sustainable infrastructure to drive the ongoing operational and strategic goals of the organization
- partner with others in the community to influence system change as it relates to housing and supports for communities of people experiencing marginalization
- influence change in practice related to housing and supports for communities of people experiencing marginalization

The Society is a registered charity for the purposes of the Income Tax Act (Canada) and is accordingly exempt from income taxes. The Society is a not-for-profit organization under the British Columbia Societies Act.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements have, in management's opinion, been prepared within reasonable limits of materiality using the significant accounting policies below:

a) Basis of presentation

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO") under Part III of the CPA Canada Handbook – Accounting, except as described in the following paragraph. Financial statements prepared in accordance with ASNPO are also in accordance with Canadian generally accepted accounting principles ("GAAP").

In addition to following ASNPO, the Society must also comply with the basis of accounting required by British Columbia Housing Management Commission ("BCHMC"). The BCHMC basis of accounting differs materially from ASNPO because amortization is not provided on the Triage building over its estimated useful life, but rather at a rate equal to the annual principal reduction of the mortgage.

b) Revenue recognition

The Society follows the deferral method of accounting for contributions. 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 to be received can be reasonably estimated and collection is reasonably assured.

Deferred revenue represents operating funding received in the current period that is designated for the following period.

Deferred capital contributions include contributions that are restricted for the purchase of capital assets. These contributions will be amortized and recognized as revenue on the same basis as the amortization expense related to the acquired capital assets.

Investment income is recognized in the period it is earned. Changes in the fair value of investments are recognized as unrealized gains or losses in the period earned and presented in the statement of revenues and expenses.

c) Presentation of net assets

The net assets of the Operating Fund relate to the Society's housing and client care activities.

The net assets of the Society Fund relate to the Society's fundraising and organizational management activities.

The net assets of the Replacement Reserve Fund relate to funds reserved for capital asset replacement and repair activities.

The net assets of the Capital Asset Fund represent the Society's investment in capital assets less any related liabilities, plus the difference in the change of the Budzey building and Budzey debt, as described below.

The Budzey building is primarily funded through a mortgage with MCAP Financial Corporation and is amortized on a straight-line basis over its useful life of 35 years in accordance with Canadian accounting standards for not-for-profit organizations. Consequently, the amortization is significantly higher than the principal reduction of the related debt, causing the building's net book value to be reduced at a higher rate than the debt, which is amortized over 35 years and is funded by the Operating Fund. This difference is accounted for in the transfer of $248,567 (2023 - $457,155) from the Operating Fund to the Capital Asset Fund and to ensure the Capital Asset Fund is not in a deficit position.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

d) Financial instruments

i) Measurement

The Society's financial instruments consist of cash and cash equivalents, restricted cash and investments, accounts receivable, accounts payable, long-term debt and forgivable loans.

The Society initially measures all of its financial assets and liabilities at fair value. The Society subsequently measures all of its financial assets and liabilities at amortized cost, except for investments that are quoted in an active market, which are measured at fair value.

ii) Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of impairment. The amount of any write-down that is determined is recognized in the statement of revenues and expenses. A previously recognized impairment loss may be reversed to the extent of any 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. The amount of the reversal is recognized in the statement of revenues and expenses in the period in which it is determined.

iii) Transactions

The Society recognizes its transaction costs in the statement of revenues and expenses in the period incurred. However, financial instruments that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their origination, issuance or assumption.

e) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and highly liquid investments having a maturity of three months or less from the date of acquisition.

f) Capital assets

Capital assets are recorded at cost and amortized annually on the declining balance basis as follows:

Office equipment	25%
Computer equipment and software	30%
Furniture and fixtures	20%
Automobiles	30%

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

f) Capital assets *(continued)*

Buildings and leasehold improvements:

- The Triage building was constructed on a land leasehold interest. The land leasehold interest is amortized on a straight-line basis over 59 years which commenced on March 31, 1994 and ends March 31, 2053. The Triage building is amortized at a rate equal to the annual principal reduction of the mortgage as required by BCHMC.
- The Princess Rooms building is being reconstructed and will be amortized when construction is complete.
- The Vivian building is amortized on a straight-line basis over 26 years commencing April 1, 2011. Improvements are amortized on a straight-line basis over 30 years which commenced on April 1, 2007.
- The Fraser Street building is amortized on a straight-line basis over 35 years which commenced on April 1, 2007.
- The Lux building is amortized on a straight-line basis over 42 years which commenced on April 1, 2009.
- The Budzey building is amortized on a straight-line basis over 35 years which commenced on April 1, 2015.
- The leasehold improvements to the Maple Ridge building were amortized on a straight-line basis over 5 years based on the lease term, which commenced on July 10, 2017.

The Society’s policy is to record a write-down to a capital asset's fair value or replacement cost when conditions indicate that a capital asset is impaired. Such conditions include when the Society's value of future economic benefits or service potential associated with the capital asset is less than its net carrying amount. Write-downs are recognized as an expense in the statement of revenues and expenses and are not reversed. To March 31, 2024, no impairments have been recorded.

g) Replacement reserve

The replacement reserve represents an internally designated provision as well as provisions specified by BCHMC for capital asset replacement and equipment repairs and maintenance (see Note 9).

h) Forgivable loans

Forgivable loans used to acquire capital assets are accounted for in the same manner as contributions restricted for the same purpose, whereby revenue in the form of forgiveness is recognized on the same basis as the amortization expense related to the acquired capital assets.

i) Employee future benefits

The cost of employee future benefits earned by the Society's employees is disclosed in Note 12. Although the benefits have been earned under defined benefit plans, because they are multi-employer plans, sufficient information to follow the accounting standards on defined benefit plans is not available. Accordingly, the Society accounts for its employees' pension benefits by following accounting standards for defined contribution plans whereby the costs for the period are recognized as an expense.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

   j) Use of estimates

   The preparation of the financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions about future events that affect the reported amounts of assets, liabilities, revenues and expenses as at the end of, or during, the reporting period.

   Management believes that the estimates used are reasonable and prudent, however, actual results could differ from those estimates. Significant areas requiring the use of management estimates relate to the valuation of accounts receivable including the BCHMC recovery receivable, the determination of the useful lives of capital assets used for calculating amortization, measurement of deferred revenue, forgivable loans, and deferred capital contributions, the amounts recorded as accrued liabilities and disclosures about contingencies and commitments at the date of the financial statements.

   k) Contributed services and materials

   The Society benefits from contributed services in the form of volunteer time and contributed materials. Contributed services are not recognized in the financial statements. Contributed materials are recorded at the fair market value only when a realizable value of the related benefit can be reasonably estimated and the materials are used in the normal course of operations and would otherwise have been purchased.

2. FINANCIAL INSTRUMENTS RISKS

   The Society's financial instruments are described in Note 1(d). In management's opinion, the Society is not exposed to significant credit, liquidity, market, currency, interest rate or other price risks arising from these financial instruments, except as described below. In addition, the Society is not exposed to any material concentrations of risk and there has been no significant change in risk exposures from the prior year.

   Credit risk:

   Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Society is exposed to this risk mainly in respect of its accounts receivable, which are comprised primarily of government funders. The Society maintains, if deemed necessary, provision for potential credit losses, and any such losses to date have been within management's expectations. At March 31, 2024 and 2023, an allowance for doubtful accounts was not considered necessary by management.

   Liquidity risk:

   Liquidity risk is the risk that the Society will encounter difficulty in meeting obligations associated with liabilities. The Society is exposed to the risk mainly in respect of its accounts payable and long-term debt. The Society's ability to meet obligations depends on the funding received by various organizations. The Society controls liquidity risk by regularly monitoring the Society's cash flows and working with its funders to address this risk. Based on the Society's cash reserves and continued work with funders for additional costs, liquidity risk is adequately minimized.

   Market risk:

   Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

2. FINANCIAL INSTRUMENTS RISKS *(continued)*

Currency risk:

Currency risk is the risk that the fair value or future cash year end flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Society is not exposed to currency risk as all operations and financial instruments are conducted and denominated in Canadian dollars.

Interest rate risk:

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in interest rates. The Society is exposed to interest rate risk through the Society's investments and debt. In seeking to minimize the risks from interest rate fluctuations, the Society manages exposure through its normal operating and financing activities. The Society controls interest rate risk by being conscious of market rates when investing and obtaining debt. The Society has also mitigated this risk by fixing the interest rates on its long-term debt (Note 6).

Other price risk:

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Society is not exposed to other price risk.

3. RESTRICTED CASH AND INVESTMENTS

Cash and investments designated for specific purposes are segregated as follows:

	2024	2023
Replacement Reserve Fund:		
Restricted cash	**$ 1,575,068**	$ 1,482,893
Society Fund:		
Long-term investments	**107,567**	107,567
Stephen Brown Memorial Fund investments (Vancouver Foundation)	**207,393**	196,043
	$ 1,890,028	$ 1,786,503

4. CAPITAL ASSETS

	Cost	Accumulated Amortization	2024 Net Book Value	2023 Net Book Value
Office equipment	$ 18,516	$ 18,516	**$ -**	$ -
Computer equipment and software	495,603	374,528	**121,075**	69,124
Furniture and fixtures	16,069	16,069	**-**	812
Automobiles	690,029	409,544	**280,485**	378,838
	1,220,217	818,657	**401,560**	448,774
Triage building:				
Land leasehold interest	412,500	216,752	**195,748**	202,741
Building and improvements	4,329,055	3,396,436	**932,619**	1,089,420
	4,741,555	3,613,188	**1,128,367**	1,292,161
Princess Rooms:				
Land	651,313	-	**651,313**	651,313
Building and improvements	2,490,616	1,716,183	**774,433**	-
	3,141,929	1,716,183	**1,425,746**	651,313
Vivian:				
Land	235,000	-	**235,000**	235,000
Building	2,291,000	1,145,499	**1,145,501**	1,233,616
Building improvements	1,397,112	791,686	**605,426**	651,992
	3,923,112	1,937,185	**1,985,927**	2,120,608
Fraser Street:				
Building	6,876,736	3,224,178	**3,652,558**	3,853,537
Lux:				
Building	21,906,020	7,791,656	**14,114,364**	14,633,793
Budzey:				
Building	35,489,577	9,125,890	**26,363,687**	27,377,675
Maple Ridge:				
Leasehold improvements	86,673	86,673	**-**	-
	$ 77,385,819	$ 28,313,610	**$ 49,072,209**	$ 50,377,861

The Triage building was constructed in 1994 on a land leasehold interest.

The Princess Rooms land and building were acquired in 2001 through a contribution from the Government of Canada. In 2010, an additional contribution was received for building improvements. During the prior year, the building was damaged due to a fire. During the current year, the Society capitalized costs totaling $774,433 as reconstruction costs. Amortization will begin when the building is ready for use. The cost and timeline to complete is unknown as at year end.

The Vivian land and building were donated to the Society in February 2011 and recognized at their appraised value of $2,526,000. Between 2007 and February 2011 the Society leased the premises. The Vivian building improvements relate to restoration costs incurred in 2007 during the Society's lease of the premises.

4. CAPITAL ASSETS *(continued)*

The land at Fraser Street has been leased from the City of Vancouver for a term of 60 years, commencing January 1, 2006, for total consideration of $10.

The land at the Lux has been leased from the City of Vancouver for a term of 60 years, commencing March 30, 2007, for total consideration of $10.

The land at the Budzey has been leased from the City of Vancouver for a term of 60 years, commencing November 1, 2012, for total consideration of $10.

The building at Maple Ridge has been leased from Offwest Holdings Ltd. for a term of 5 years, commencing July 10, 2017. The leasehold improvements were amortized on a straight-line basis over the lease term and have been fully amortized at year end.

Included within the Budzey building is the Society's office administrative space owned by the Society, representing a cost and accumulated amortization of $2,594,288 and $641,994 respectively (2023 - $2,594,288 and $571,015).

5. DEFERRED REVENUE

Deferred revenue represents externally restricted amounts that have been deferred as they will be recognized in a subsequent year:

	2024	**2023**
Balance, beginning of year	**$ 5,557,817**	$ 4,232,245
Amounts received during the year	**6,390,667**	5,847,134
Amounts recognized as revenue during the year	**(2,419,609)**	(4,226,657)
Amounts transferred to deferred capital contributions	**-**	(294,905)
Balance, end of year	**$ 9,528,875**	$ 5,557,817

The amounts recognized as revenue during the year are included within British Columbia Management Commission, Vancouver Coastal Health Authority, rent, start-up and organizational funding, Fraser Health Authority and donations on the statement of revenues and expenses.

Included within deferred revenue are donations as follows:

	2024	**2023**
Donations received during the year	**$ 947,089**	$ 643,703
Deferred donations recognized as revenue	**14,170**	82,108
Donations deferred to future years for unspent amounts	**(650,117)**	(557,539)
	$ 311,142	$ 168,272

6. LONG-TERM DEBT

		2024	**2023**
MCAP Financial Corporation mortgage, maturing August 1, 2025, bearing interest at 2.80% per annum, secured by property (Budzey), payable at $119,641 per month, including interest.	**$**	**26,832,058**	$ 27,510,527
Canada Mortgage and Housing Corporation mortgage, maturing July 1, 2028, administered by BCHMC, bearing interest at 2.55% per annum, secured by property (Triage building) payable at $20,304 per month, including interest.		**998,765**	1,214,032
Coast Capital Savings Federal Credit Union mortgage, maturing October 1, 2030, bearing interest at 1.58% calculated semi-annually, secured by a first mortgage charge over property (Lux), payable at $6,040 per month, including interest.		**1,325,615**	1,376,727
		29,156,438	30,101,286
Classified as current liabilities:			
Scheduled cash repayments of debt due within one year		**970,484**	944,849
	$	**28,185,954**	$ 29,156,437

Principal repayments are anticipated to be as follows:

2025	$	970,484
2026		279,326
2026 – balance to refinance		26,134,460
2027		285,976
2028		292,735
2029 – balance to refinance		136,078
Thereafter		1,057,379
	$	29,156,438

7. FORGIVABLE LOANS

	2024	2023
BCHMC forgivable loan in the amount of $17,627,022, bearing interest at 0% per annum, forgiven over 25 years commencing April 2017, secured by a second mortgage charge over property (Lux), repayable on demand in the event of default or non-adherence with the agreement, plus interest at prime plus 2% per annum. The principal balance outstanding, were there to be any default on the terms of the agreement is $12,691,456.	**$ 11,432,788**	$ 11,856,225
BCHMC forgivable loan in the amount of $1,415,000, bearing interest at 0% per annum, forgiven over 25 years commencing April 2017, secured by a first mortgage charge over property (Fraser Street), repayable on demand in the event of default or non-adherence with the agreement, plus interest at prime plus 2% per annum. The principal balance outstanding, were there to be any default on the terms of the agreement is $1,018,800.	**730,200**	770,637
BCHMC forgivable loan in the amount of $772,116, bearing interest at 0% per annum, forgiven over 15 years commencing April 2017, secured by a first mortgage charge over property (Vivian), repayable on demand in the event of default or non-adherence with the agreement, plus interest at prime plus 2% per annum. The principal balance outstanding, were there to be any default on the terms of the agreement is $411,795.	**334,586**	360,323
BCMHC forgivable loan, in the amount of $372,828, bearing interest at 0% per annum, forgiven commencing August 2028, secured by a first mortgage charge over property (Fraser Street), repayable on demand in the event of default or non-adherence with the agreement, plus interest at prime plus 2% per annum. The principal balance outstanding, were there to be any default on the terms of the agreement is $372,828.	**304,617**	321,671
BCMHC forgivable loan, in the amount of $200,000, bearing interest at 0% per annum, forgiven commencing April 2027, secured by a first mortgage charge over property (Budzey), repayable on demand in the event of default or non-adherence with the agreement, plus interest at prime plus 2% per annum. The principal balance outstanding, were there to be any default on the terms of the agreement is $200,000.	**148,574**	154,286
	$ 12,950,765	$ 13,463,142

Pursuant to the policy described in Note 1(h), the reduction in the principal of forgivable loans used to acquire capital assets follows the amortization expense of those capital assets, notwithstanding that the terms of forgiveness in the loan agreement may differ. The continuity of the principal of the Society's forgivable loans is as follows:

	2024	2023
Opening balance	**$ 13,463,142**	$ 13,975,518
Reduction in principal balance and revenue recognized	**(512,377)**	(512,376)
Closing balance	**$ 12,950,765**	$ 13,463,142

8. DEFERRED CAPITAL CONTRIBUTIONS

The contributions below have been deferred as they will be recognized as revenue over more than one year. The original amounts contributed and deferred, and the amounts recognized as revenue to date are as follows:

	Year Contributed	Amount Contributed	Accumulated Revenue Recognized	Unamortized Contributions
Fraser Street facility	2008	$ 4,995,787	$ 2,452,422	$ 2,543,365
Budzey building	2009/2016	3,193,735	821,249	2,372,486
Lux building	2013/2022	2,354,087	632,848	1,721,239
Vivian building	2011	2,291,000	1,145,496	1,145,504
Princes Rooms building	2024	774,433	-	774,433
Automobiles	2015-2024	598,300	306,690	291,610
Vivian leasehold improvements	2007	440,000	249,338	190,662
Maple Ridge leasehold improvements	2018	96,304	96,304	-
Server	2023	10,646	2,828	7,818
Washer	2009	6,712	6,418	294
		$ 14,761,004	$ 5,713,593	$ 9,047,411

The continuity of the Society's deferred capital contributions is as follows:

	2024	2023
Opening balance	**$ 8,766,241**	$ 8,842,868
Amounts received during the year	**794,434**	64,923
Amounts recognized as revenue during the year	**(513,264)**	(436,455)
Amounts transferred from deferred revenue	**-**	294,905
Closing balance	**$ 9,047,411**	$ 8,766,241

9. REPLACEMENT RESERVE

Under the terms of agreements with BCHMC, the Replacement Reserve accounts are to be credited annually plus interest for the Triage building, Lux, Vivian, Budzey and Gordon. The funds in these reserve accounts may only be used as approved by BCHMC. During the year, the Society received a special grant from BCHMC in the amount of $27,000 (2023 - $238,500) to be added to the annual reserve for Triage building, Lux and Budzey. In addition, the Society has internally designated an additional replacement reserve annually plus interest for Fraser Street.

The annual reserve is as follows:

	2024	2023
Triage building	**$ 88,220**	$ 36,100
Lux	**69,831**	152,631
Vivian	**17,280**	17,280
Budzey	**154,008**	258,408
Gordon	**25,920**	25,920
Fraser Street	**31,970**	31,970
	$ 387,229	$ 522,309

The annual expense is as follows:

	2024	2023
Triage building	**$ 28,733**	$ 79,241
Lux	**103,957**	116,554
Vivian	**2,496**	27,427
Budzey	**140,597**	131,698
Gordon	**13,837**	11,256
Fraser Street	**31,945**	10,815
	$ 321,565	$ 376,991

10. GOVERNMENT GRANTS

Funding for operations is provided by grants from the Vancouver Coastal Health Authority, based on an annual allocation. BCHMC and the Government of Canada also provide funding for clients of the Society. The Society is economically dependent on continued funding from these sources.

BCHMC conducts an annual review of the financial statements and may adjust for any operating surplus or deficit. Prior years' funding adjustments are recognized in the fiscal year they are determined, unless management is able to reasonably estimate the amount for a specific fiscal year.

During the year, no financial reviews were completed by BCHMC. As at March 31, 2024, the last completed review was for the 2021 fiscal year.

The Society has accrued a receivable of $339,203 due from BCHMC within accounts receivable on the statement of financial position as at March 31, 2024. The amount is comprised of the anticipated results of BCHMC's financial review of the year ended March 31, 2022.

10. GOVERNMENT GRANTS *(continued)*

Management has based its estimate for the year ended March 31, 2022 on a number of factors, including the causes of adjustments in previous financial reviews and the results of negotiations with BCHMC during the year. However, the actual results of BCHMC financial review for the year ended March 31, 2022 could materially differ from the amount estimated.

The Society will work with BCHMC to complete the reviews for fiscal years 2022, 2023, and 2024 before the end of fiscal 2025.

11. GOVERNMENT OF CANADA

During the year, the Society received funding from the Vancity Community Foundation on behalf of the Reaching Home: Canada's Homelessness Strategy for ICM Surrey and Women and Gender Equality Canada for Budzey, which is included within Government of Canada revenue. The Society received funding to cover the following program expenses:

	2024	**2023**
Budzey		
Honoraria/professional fees	**$ 96,555**	$ 92,980
Other	**76,460**	16,756
Administration fee	**14,650**	14,650
Expenses incurred	**187,665**	124,386
ICM Surrey		
Staffing	**145,766**	132,055
Tenant support	**37,850**	35,939
Administration fee	**-**	8,019
Expenses incurred	**183,616**	176,013
LGBTQ2S*		
Staffing	**-**	45,428
Administration fee	**-**	536
Expenses incurred	**-**	45,964
Total expenses incurred	**$ 371,281**	$ 346,363

12. EMPLOYEE FUTURE BENEFITS

The Society and certain of its employees contribute to the Municipal Pension Plan (the "Plan"), a jointly trusteed pension plan. The Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the Plan, including investment of the assets and administration of benefits. The Plan is a multi-employer defined benefit pension plan. Basic pension benefits are based on a formula. The Plan has approximately 241,000 active plan members and approximately 124,000 retired plan members.

Every three years an actuarial valuation is performed to assess the financial position of the Plan and the adequacy of Plan funding. The most recent valuation as at December 31, 2021, indicated an actuarial surplus of $3,761,000,000 for basic pension benefits. The next valuation will be as at December 31, 2024, with results available in 2025. The actuary does not attribute portions of the unfunded liability to individual employers. During the 2024 fiscal year, the Society paid $1,580,666 (2023 - $1,586,378) for employer contributions.

The Society is a participating employer in the Healthcare Benefit Trust (the "Benefit Trust") and its employees are covered for long-term disability and group life claims on the same basis as employees of other participating employers. At December 31, 2023, the date of the most recent annual report available, the Benefit Trust was in a surplus position. The actuarial liabilities for plan benefits represent the aggregate for the entire plan covering all employers. Any unfunded liability or surplus is not attributed to individual employers. During the 2024 fiscal year, the Society paid $1,155,943 (2023 - $1,318,576) for employer contributions.

13. OPERATING LEASE COMMITMENTS

The Society has entered into agreements for the lease of office spaces and equipment expiring at varying dates through November 2030. Minimum payments under these agreements during the next five fiscal years are anticipated to be as follows:

2025	$	38,926
2026		9,927
2027		1,368
2028		1,368
2029		1,368
Thereafter		2,052

14. SOCIETIES ACT REMUNERATION DISCLOSURE

In accordance with the Societies Act of British Columbia, the Society is required to disclose remuneration paid over a defined threshold to employees, contractors and directors of the Society.

During fiscal 2024, there were 50 employees and no contractors of the Society that each earned over $75,000, for a total of $4,590,722 (2023 - 52 employees and no contractors that each earned over $75,000 for a total of $4,813,212). These expenses are included within wages and employee benefits on the statement of revenues and expenses. During fiscal 2024 and 2023, no directors were compensated.

15. CONTINGENT LIABILITY

During fiscal 2019, the Society received funding in the amount of $421,544 from BCHMC for repairs and maintenance expenses to the Princess building. The forgivable loan is interest bearing at 0% per annum, forgiven over 15 years commencing April 2029, secured by a first mortgage charge over property (Princess Rooms), repayable on demand in the event of default, plus interest at prime plus 2% per annum.

16. COMPARATIVE FIGURES

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform to the presentation in the current year financial statements. Such reclassification does not have any impact on the total assets, total liabilities, total net assets, or deficiency of revenue over expenses previously reported.