

Financial Statements of

**OPTIONS COMMUNITY
SERVICES SOCIETY**

And Independent Auditor's Report thereon

Year ended March 31, 2024



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INDEPENDENT AUDITOR'S REPORT

To the Members of Options Community Services Society

Report on the Audit of Financial Statements

Opinion

We have audited the financial statements of Options Community Services Society (the "Society"), which comprise:

- the statement of financial position as at March 31, 2024
- the statement of operations for the year then ended
- the statement of 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 Society 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 Society in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



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 related 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.

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 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 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 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.
- 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

Langley, Canada
June 24, 2024

OPTIONS COMMUNITY SERVICES SOCIETY

Statement of Financial Position

March 31, 2024, with comparative information for 2023

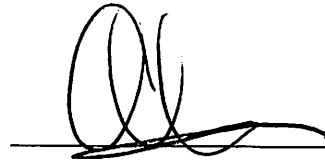
	Operating Fund	Capital Asset Fund	2024 Total	2023 Total
Assets				
Current assets:				
Cash and cash equivalents	\$ 6,072,438	\$ 6,765,195	\$ 12,837,633	\$ 5,854,893
Investments at fair value (note 2)	2,832,107	-	2,832,107	3,076,095
Restricted cash and investments at fair value (note 3)	210,197	110	210,307	235,280
Accounts receivable (note 4)	5,941,772	-	5,941,772	4,261,121
Due from Habitat Housing Society (note 5)	118,351	-	118,351	109,422
Prepaid expenses, deposits and supplies	674,036	-	674,036	612,867
	15,848,901	6,765,305	22,614,206	14,149,678
Restricted cash and investments at fair value (note 3)	5,743,569	4,964,307	10,707,876	9,292,786
Capital assets (note 6)	-	10,533,273	10,533,273	9,734,832
	\$ 21,592,470	\$ 22,262,885	\$ 43,855,355	\$ 33,177,296
Liabilities and Net Assets				
Current liabilities:				
Accounts payable and accrued liabilities	\$ 5,346,596	\$ -	\$ 5,346,596	\$ 5,546,971
Due to Habitat Housing Society (note 5)	-	5,900,000	5,900,000	-
Compensation, vacation and overtime payable (note 7)	3,591,191	-	3,591,191	3,158,073
Deferred contributions (note 8)	6,041,050	-	6,041,050	3,990,634
Current portion of mortgages payable (note 9)	-	37,871	37,871	38,889
	14,978,837	5,937,871	20,916,708	12,734,567
Mortgages payable (note 9)	-	625,187	625,187	663,058
Deferred contributions - replacement reserves (note 10)	105,324	-	105,324	92,663
Deferred capital contributions (note 11)	-	1,386,191	1,386,191	1,483,126
	15,084,161	7,949,249	23,033,410	14,973,414
Net assets:				
Invested in capital assets (note 12)	-	8,559,569	8,559,569	7,625,304
Internally restricted (note 13)	5,638,244	4,888,763	10,527,007	8,956,069
Unrestricted	870,065	865,304	1,735,369	1,622,509
	6,508,309	14,313,636	20,821,945	18,203,882
Commitments and contingencies (note 15)				
Economic dependence (note 20)				
Subsequent event (note 22)				
	\$ 21,592,470	\$ 22,262,885	\$ 43,855,355	\$ 33,177,296

See accompanying notes to financial statements.

Approved on behalf of the Board:



Director



Director

OPTIONS COMMUNITY SERVICES SOCIETY

Statement of Operations

Year ended March 31, 2024, with comparative information for 2023

	Operating Fund	Capital Asset Fund	2024 Total	2023 Total
Revenue:				
Ministry of Social Development and Poverty Reduction	\$ 21,088,495	\$ -	\$ 21,088,495	\$ 17,838,755
Ministry of Children and Family Development	7,983,740	136,820	8,120,560	6,773,095
Ministry of Education and Child Care	1,802,736	-	1,802,736	1,594,466
Ministry of Municipal Affairs	914,909	-	914,909	571,474
Ministry of Public Safety and Solicitor General	451,652	-	451,652	419,290
Ministry of Post-Secondary Education and Future Skills	195,123	-	195,123	3,505
British Columbia Housing Management Commission	8,799,341	-	8,799,341	9,369,862
Fraser Health Authority	7,463,995	-	7,463,995	6,961,293
Federal government	5,259,747	-	5,259,747	4,160,045
Other funding agencies	2,745,447	-	2,745,447	2,181,048
Cost recovery from related party (note 5)	2,193,887	-	2,193,887	1,648,800
Provincial Health Services Authority	1,573,116	-	1,573,116	832,039
Client rent contributions/rental	1,341,583	11,520	1,353,103	1,424,291
Interest and investment income	940,886	-	940,886	447,176
Community Living BC	828,969	-	828,969	393,725
Local government (note 16)	687,197	-	687,197	644,647
Sales and fees	413,634	-	413,634	446,191
Donations	345,064	11,226	356,290	371,120
Miscellaneous	119,136	-	119,136	205,654
United Way British Columbia	97,812	-	97,812	106,607
Amortization of deferred capital contributions (note 11)	-	96,935	96,935	96,935
Sponsorships	21,833	-	21,833	-
	65,268,302	256,501	65,524,803	56,490,018
Expenses:				
Wages and benefits	36,651,216	-	36,651,216	32,309,261
Fees paid to clients	9,619,386	-	9,619,386	6,789,183
Contracted services - direct service related	3,520,531	-	3,520,531	3,490,406
Program and miscellaneous	3,450,727	43,250	3,493,977	2,683,187
Building occupancy	2,514,647	-	2,514,647	2,344,660
Client housing	1,519,389	-	1,519,389	1,881,320
Food service and supplies	1,000,265	-	1,000,265	1,197,819
Office	1,271,727	16,617	1,288,344	1,168,479
Repairs and maintenance	516,963	6,504	523,467	512,470
Amortization	-	615,154	615,154	495,987
Advertising and staff development	328,330	-	328,330	400,828
Utilities	320,974	-	320,974	342,006
Mileage and automobile	362,298	-	362,298	331,929
Professional fees	175,264	-	175,264	283,908
Donations in-kind	186,792	-	186,792	179,389
Interest (note 9)	23,116	-	23,116	34,622
	61,461,625	681,525	62,143,150	54,445,454
Excess (deficiency) of revenue over expenses before undernoted	3,806,677	(425,024)	3,381,653	2,044,564
Contributions to Habitat Housing Society	-	(795,117)	(795,117)	-
Gain on sale of investments	31,527	-	31,527	-
Excess (deficiency) of revenue over expenses	\$ 3,838,204	\$ (1,220,141)	\$ 2,618,063	\$ 2,044,564

See accompanying notes to financial statements.

OPTIONS COMMUNITY SERVICES SOCIETY

Statement of Changes in Net Assets

Year ended March 31, 2024, with comparative information for 2023

	Operating Fund	Capital Asset Fund	2024 Total	2023 Total
Balance, beginning of year	\$ 5,657,967	\$ 12,545,915	\$ 18,203,882	\$ 16,159,318
Excess (deficiency) of revenue over expenses	3,838,204	(1,220,141)	2,618,063	2,044,564
Interfund transfers	(2,987,862)	2,987,862	-	-
Balance, end of year	\$ 6,508,309	\$ 14,313,636	\$ 20,821,945	\$ 18,203,882

See accompanying notes to financial statements.

OPTIONS COMMUNITY SERVICES SOCIETY

Statement of Cash Flows

Year ended March 31, 2024, with comparative information for 2023

	2024	2023
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenses	\$ 2,618,063	\$ 2,044,564
Items not involving cash:		
Amortization of capital assets	615,154	495,987
Amortization of deferred capital contributions	(96,935)	(96,935)
Unrealized loss (gain) on investments at fair value	105,538	(44,043)
Changes in non-cash operating working capital:		
Accounts receivable	(1,680,651)	(830,984)
Prepaid expenses, deposits and supplies	(61,169)	(95,863)
Accounts payable and accrued liabilities	(200,375)	(620,297)
Compensation, vacation and overtime payable	433,118	602,645
Deferred contributions	2,050,416	1,416,464
Deferred contributions - replacement reserve	12,661	15,379
	3,795,820	2,886,917
Investing activities:		
Purchase of capital assets	(1,413,595)	(3,439,323)
Due from Habitat Housing Society	(8,929)	52,758
Due to Habitat Housing Society	5,900,000	-
Acquisition of investments, net	-	(1,700,000)
	4,477,476	(5,086,565)
Financing activities:		
Repayment of mortgages payable	(38,889)	(37,644)
Increase (decrease) in cash and cash equivalents	8,234,407	(2,237,292)
Cash and cash equivalents, beginning of year	14,022,417	16,259,709
Cash and cash equivalents, end of year	\$ 22,256,824	\$ 14,022,417
Represented by:		
Cash and cash equivalents	\$ 12,837,633	\$ 5,854,893
Restricted cash and cash equivalents (note 3)	9,419,191	8,167,524
	\$ 22,256,824	\$ 14,022,417

See accompanying notes to financial statements.

OPTIONS COMMUNITY SERVICES SOCIETY

Notes to Financial Statements

Year ended March 31, 2024

Nature of operations:

Options Community Services Society (the "Society") is a non-profit organization incorporated under the Societies Act (British Columbia). The Society is a registered charity pursuant to Section 149(1)(f) of the Income Tax Act and as such is exempt from federal and provincial income taxes. The principal activity of the Society is to provide community-related social services and resources in Surrey and surrounding areas, south of the Fraser River, by encouraging the involvement of citizens in meeting the needs of the community, empowering individuals, supporting families and promoting community health.

1. Significant accounting policies:

These financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations. The resources and operations of the Society have been segregated for accounting purposes into the following funds:

- The Operating Fund accounts for the Society's administrative activities and revenue and expenses related to funded program delivery. This fund also reports unrestricted revenue, contributions and resources.
- The Capital Asset Fund reports the assets, liabilities, revenue and expenses related to the Society's capital assets.

The Society has a service arrangement with Habitat Housing Society ("Habitat") whereby the Society provides the strategic and operational management of Habitat. The reason for the arrangement is to better carry out the primary purpose of the two organizations in delivering their programs and services to the community. Habitat remains a separate legal entity. Management has chosen to disclose rather than to consolidate the financial statements of Habitat. Accordingly, the Society's financial statements exclude the financial position and operating results of Habitat. See note 14 for a summary of the financial position, operating results and the cash flows of Habitat.

(a) Revenue recognition:

The Society follows the deferral method of accounting for contributions. Government grants and other restricted program funding are recorded as revenue when the related expenses are incurred. Where a portion of such grants relates to a future period, it is deferred and recognized in the period in which the related expenses are incurred. Contributions restricted for the purchase or construction of capital assets are deferred and recognized as revenue on a straight-line basis at a rate corresponding with the amortization rate for the related capital assets.

Unrestricted contributions and donations are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. All other revenue is recognized when the services are provided or when the goods are delivered.

OPTIONS COMMUNITY SERVICES SOCIETY

Notes to Financial Statements (continued)

Year ended March 31, 2024

1. Significant accounting policies (continued):

(b) Capital assets:

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Repairs and maintenance costs are charged to expense. Capital assets are reviewed for impairment whenever events or changes in circumstances indicate that either the full or partial amount of the asset no longer has long-term service potential to the Society. If such conditions exist, an impairment loss is measured at the amount by which the carrying amount of the asset exceeds its fair value or replacement cost.

Capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

Asset	Rate
Buildings	20 - 35 years
Furniture and equipment	3 years
Vehicles	10 years

Leasehold improvements are amortized on a straight-line basis over the shorter of their useful lives or the term of the lease.

(c) Donated services and materials:

The Society and its members benefit from donated services in the form of volunteer time for various programs. Because of the difficulty in determining their fair value, these contributed services are not recognized in the financial statements.

Donated goods and other donated services are recorded in these financial statements only when used in the normal course of the Society's operations and would otherwise have been purchased and a fair value can be reasonably estimated (note 16).

(d) Cash and cash equivalents:

Cash and cash equivalents include cash and term deposits with initial maturities of 90 days or less at origination. The Society's policy is to treat cash and cash equivalents held with its investment portfolio as investments at fair value on the statement of financial position.

(e) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship and equity instruments 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 Society has elected to carry its investments at fair value.

OPTIONS COMMUNITY SERVICES SOCIETY

Notes to Financial Statements (continued)

Year ended March 31, 2024

1. Significant accounting policies (continued):

(e) Financial instruments (continued):

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Society determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Society expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

(f) Measurement uncertainty:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditures during the year. Actual results could differ from the estimates.

2. Investments at fair value:

Unrestricted and restricted investments at fair value consist primarily of high yield interest savings accounts, equity funds and fixed income instruments, including but not limited to bonds and mutual funds.

Unrestricted and restricted investments at fair value are comprised of the following:

	2024	2023
Unrestricted investments	\$ 2,832,107	\$ 3,076,095
Restricted investments (note 3)	1,498,992	1,360,542
	<u>\$ 4,331,099</u>	<u>\$ 4,436,637</u>
Cash and cash equivalents	\$ 7,131	\$ 889,526
Fixed income	4,323,968	3,252,728
Equity	-	294,383
	<u>\$ 4,331,099</u>	<u>\$ 4,436,637</u>

OPTIONS COMMUNITY SERVICES SOCIETY

Notes to Financial Statements (continued)

Year ended March 31, 2024

2. Investments at fair value (continued):

The weighted average yield to maturity of securities, based on market value, excluding preferred shares, as of March 31, 2024, was 4.09% (2023 - 3.41%). The weighted average current yield of preferred shares, as of March 31, 2024, was 6.51% (2023 - 6.54%). The weighted average term to maturity of fixed income instruments, excluding preferred shares, is 2.45 years (2023 - 2.24 years). The unrestricted investments at fair value are classified as current assets as they are capable of reasonably prompt liquidation.

3. Restricted cash and cash equivalents and investments at fair value:

These restricted funds are to be used for specific purposes as noted below and are not available for use in the Society's normal operations.

	2024	2023
Cash and cash equivalents	\$ 9,419,191	\$ 8,167,524
Investments at fair value (note 2)	1,498,992	1,360,542
	<u>\$ 10,918,183</u>	<u>\$ 9,528,066</u>

Investments at fair value are comprised of the following:

	2024	2023
Cash and cash equivalents	\$ 2,468	\$ 228,952
Fixed income	1,496,524	837,207
Equity	-	294,383
	<u>\$ 1,498,992</u>	<u>\$ 1,360,542</u>

Cash and cash equivalents and investments at fair value designated for specific purposes are segregated as follows:

	2024	2023
Internally restricted funds (note 13)	\$ 10,527,007	\$ 8,956,069
Prospera - Erosion and Sediment Control - letter of credit, relating to the construction of the 81st Avenue Project	-	168,510
Gaming Policy and Enforcement Branch (note 8)	189,120	217,786
Deferred contributions - replacement reserves (note 10)	105,324	92,663
Capital funding, Hyland House Facilities (a)	75,545	75,545
Security deposits and accrued interest owing to tenants	21,187	17,493
	<u>10,918,183</u>	<u>9,528,066</u>
Less current portion	210,307	235,280
	<u>\$ 10,707,876</u>	<u>\$ 9,292,786</u>

OPTIONS COMMUNITY SERVICES SOCIETY

Notes to Financial Statements (continued)

Year ended March 31, 2024

3. Restricted cash and cash equivalents and investments at fair value (continued):

(a) Funds relating to the construction of the housing project. Any funds not used for the completion costs must, upon renewal of the Society's mortgage, be used to reduce the principal amount outstanding.

4. Accounts receivable:

	2024	2023
Trade receivable	\$ 5,865,570	\$ 4,195,771
Goods and services taxes receivable	76,202	65,350
	<u>\$ 5,941,772</u>	<u>\$ 4,261,121</u>

5. Due from/to Habitat Housing Society and related party transactions:

The amount due from Habitat, a society with a common Board of Directors, of \$118,351 (2023 - \$109,422) is unsecured, non-interest bearing and due on demand.

During the year, the Society charged Habitat for strategic and operational management services, tenant and client services, administration and building maintenance of \$2,193,887 (2023 - \$1,648,800). These transactions are in the normal course of operations and are recorded at the exchange amount, as agreed to by the related parties.

During the year, the Society received a grant amounting to \$5,900,000. The purpose of the grant is to support the development of the newly constructed mixed-use building located at 13583 81 Avenue in Surrey, BC. To maximize financial efficiency, the grant was temporarily transferred to OCSS. The grant is currently being held in an interest-bearing account. This arrangement allows the monies to earn interest, until the funds are needed. The grant has been provided by the Canadian Mortgage and Housing Corporation ("CMHC"), to support the construction of the project. The grant amount along with any interest earned will be transferred back to the Society once the funds are needed to pay for the construction financing for the project.

See note 14 for the summary of the financial position and operating results and cash flows for Habitat.

OPTIONS COMMUNITY SERVICES SOCIETY

Notes to Financial Statements (continued)

Year ended March 31, 2024

6. Capital assets:

			2024	2023
	Cost	Accumulated amortization	Net book value	Net book value
Land	\$ 4,313,940	\$ -	\$ 4,313,940	\$ 4,313,940
Buildings	10,333,254	5,865,466	4,467,788	4,655,155
Furniture and equipment	4,749,172	3,586,193	1,162,979	402,482
Vehicles	615,382	387,624	227,758	222,114
Leasehold improvements	1,125,659	764,851	360,808	141,141
	\$ 21,137,407	\$10,604,134	\$ 10,533,273	\$ 9,734,832

7. Compensation, vacation and overtime payable:

Included in compensation, vacation and overtime payable as at March 31, 2024 are government remittances payable of \$286,399 (2023 - \$244,925) relating to payroll taxes and worker's safety insurance.

8. Deferred contributions:

The Society receives funding for various programs. Some of this funding is received in advance of the delivery of services under these various programs. The funders to which these funds apply are as follows:

	2024	2023
British Columbia Housing Management Commission	\$ 1,951,863	\$ 943,691
Fraser Health Authority	1,932,517	1,437,909
Donations	726,986	-
Ministry of Children and Family Development	558,910	416,125
Other	351,167	817,994
Public Health Agency of Canada	250,000	-
Gaming Policy and Enforcement Branch	189,120	217,786
United Way British Columbia	28,766	15,042
Ministry of Post-Secondary Education and Future Skills	26,235	77,600
Ministry of Public Safety and Solicitor General	17,156	10,733
Ministry of Finance	8,330	8,330
Ministry of Municipal Affairs	-	45,424
	\$ 6,041,050	\$ 3,990,634

OPTIONS COMMUNITY SERVICES SOCIETY

Notes to Financial Statements (continued)

Year ended March 31, 2024

8. Deferred contributions (continued):

Changes in the deferred contributions balance are as follows:

	2024	2023
Balance, beginning of year	\$ 3,990,634	\$ 2,574,170
Amounts received	23,960,759	29,266,591
Amounts recognized as revenue	(21,910,343)	(27,850,127)
Balance, end of year	\$ 6,041,050	\$ 3,990,634

9. Mortgages payable:

	2024	2023
Hyland House: MCAP Financial Corporation, repayable at \$5,151 per month, including interest at 4.30% per annum; secured by an assignment of rents and a first charge on real property, with net book value of \$656,780; due for renewal on April 1, 2034	\$ 659,782	\$ 695,161
Strata Unit: British Columbia Housing Management Commission, repayable at \$300 per month, including interest at 1.83% per annum; secured by an assignment of rents and a first charge on real property, with net book value of \$30,091; due on February 1, 2025	3,276	6,786
	663,058	701,947
Less current portion	37,871	38,889
	\$ 625,187	\$ 663,058

Interest of \$23,116 (2023 - \$24,357) relating to mortgages payable has been reported in Interest expense in the statement of operations.

Approximate principal repayments, assuming renewals on similar terms and conditions, are due as follows:

2025	\$ 37,871
2026	35,898
2027	37,456
2028	39,082
2029	40,779
Thereafter	471,972
	\$ 663,058

OPTIONS COMMUNITY SERVICES SOCIETY

Notes to Financial Statements (continued)

Year ended March 31, 2024

10. Deferred contributions - replacement reserves:

Under the terms of the agreement with British Columbia Housing Management Commission ("BCHMC"), a replacement reserve account is to be funded annually by the Society at a predetermined amount. These funds, along with accumulated interest, must be held in a separate bank account or invested in accounts or instruments as approved by BCHMC. These funds may only be used for capital and replacements, in accordance with the operating agreements.

	Congregate House	Evergreen Transition House	Sandell House	Strata Unit	Hyland House Facilities	2024 Total	2023 Total
Balance, beginning of year	\$ 24,526	\$ 3,615	\$ 27,199	\$ 5,649	\$ 31,674	\$ 92,663	\$ 77,284
Add:							
Current year provision	-	900	-	720	18,000	19,620	18,347
Interest income	-	-	-	-	-	-	20
Less:							
Amount expended	-	-	(1,199)	-	-	(1,199)	(2,988)
Remove 2022-23 contribution	-	-	(5,760)	-	-	(5,760)	-
Balance, end of year	\$ 24,526	\$ 4,515	\$ 20,240	\$ 6,369	\$ 49,674	\$ 105,324	\$ 92,663

11. Deferred capital contributions:

Deferred capital contributions represent restricted contributions toward four of the Society's buildings. The changes in the deferred capital contributions balance for the year are as follows:

	2024	2023
Balance, beginning of year	\$ 1,483,126	\$ 1,580,061
Amortization of deferred capital contributions	(96,935)	(96,935)
Balance, end of year	\$ 1,386,191	\$ 1,483,126

OPTIONS COMMUNITY SERVICES SOCIETY

Notes to Financial Statements (continued)

Year ended March 31, 2024

12. Net assets invested in capital assets:

(a) Invested in capital assets is calculated as follows:

	2024	2023
Capital assets	\$ 10,533,273	\$ 9,734,832
Amounts financed by:		
Deferred capital contributions (note 11)	1,386,191	1,483,126
Mortgages payable (note 9)	663,058	701,947
Unspent deferred contributions relating to Hyland House Facilities (note 3(a))	(75,545)	(75,545)
	1,973,704	2,109,528
	\$ 8,559,569	\$ 7,625,304

(b) Deficiency of revenue over expenses:

	2024	2023
Amortization of deferred capital contributions	\$ 96,935	\$ 96,935
Amortization of capital assets	(615,154)	(495,987)
	\$ (518,219)	\$ (399,052)

(c) Change in net assets invested in capital assets:

	2024	2023
Purchase of capital assets	\$ 1,413,595	\$ 3,439,323
Repayment of mortgages payable	38,889	37,644
Deficiency of revenue over expenses	(518,219)	(399,052)
	\$ 934,265	\$ 3,077,915

OPTIONS COMMUNITY SERVICES SOCIETY

Notes to Financial Statements (continued)

Year ended March 31, 2024

13. Internally restricted:

The Society has the following internally restricted funds for the purposes described below:

	Internally restricted net assets		
	Balance, beginning of year	Interfund transfers	Balance, end of year
Operating fund:			
Contingency fund	\$ 2,808,559	\$ 840,087	\$ 3,648,646
Employment services contingency fund	1,829,900	117,143	1,947,043
Indigenous Connections Fund	42,555	-	42,555
	4,681,014	957,230	5,638,244
Capital asset fund:			
Capital projects reserve	2,635,922	408,363	3,044,285
Building maintenance and repairs reserve	939,104	103,032	1,042,136
Vehicle replacement reserve	433,514	138,450	571,964
Equipment replacement reserve	192,187	(36,137)	156,050
Delta Clubhouse Acquisition Fund	74,328	-	74,328
	4,275,055	613,708	4,888,763
	\$ 8,956,069	\$ 1,570,938	\$ 10,527,007

The Contingency fund was created to fund unexpected or contingent liabilities and to provide a hedge against future rent increases.

The Employment services contingency fund was created to fund unexpected or contingent liabilities, to provide a hedge against future unfunded program cost increases related to the delivery of services under the employment services contract, and to fund capital expenditures needed for the employment services program.

The Indigenous connection fund is a new fund, which has been created with the monies from the former Dave Blair fund. The monies in the fund, as well as any additional contributions, will be used to support indigenous youth in areas such as stigma reduction, anti-bullying and anti-racism. The fund will also be used to fund activities that support indigenous youth in achieving their goals, including education and skills training. As well, the Indigenous connection fund will be used to develop and deepen Options Community Services relationships with Indigenous Nations and organizations.

The Capital projects reserve was created to provide funds for land acquisition, the construction of office premises or the renovation of leased office space, and other capital expenditures.

OPTIONS COMMUNITY SERVICES SOCIETY

Notes to Financial Statements (continued)

Year ended March 31, 2024

13. Internally restricted (continued):

The Building maintenance and repairs reserve has been established to pay for future maintenance and repairs of certain buildings owned by the Society.

The Equipment and Vehicle replacement reserve funds were created to pay for the cost of replacing certain equipment and vehicles, respectively, needed for the operations of the Society.

The Delta Clubhouse acquisition fund was created with monies from the former Connolly fund. The monies in the fund, as well as any additional contributions, will be used to support the purchase, development, or renovation of a future dedicated facility, to support mental health services in the city of Delta.

The above internally restricted funds are to be accounted for separately and invested only in accordance with investment policies approved by the Board of Directors. These funds are increased by a transfer of assets and may only be used as approved by the Board of Directors.

14. Habitat Housing Society:

The principal purpose of Habitat is the provision of social housing services and resources that meet the needs of the community, empower individuals, support families and promote community health. Habitat is incorporated under the Societies Act (British Columbia) and is tax exempt as a registered charitable organization.

The following is a summary of the financial position, results of operations and cash flows of Habitat as at March 31, which are not included in these financial statements, as explained in note 1.

	2024	2023
Assets:		
Current assets, including cash and cash equivalents and restricted cash of \$1,276,078 (2023 - \$1,018,117)	\$ 8,194,358	\$ 3,126,242
Non-current restricted cash and investments	697,071	1,050,760
Capital assets	82,936,367	75,537,635
Total assets	\$ 91,827,796	\$ 79,714,637

OPTIONS COMMUNITY SERVICES SOCIETY

Notes to Financial Statements (continued)

Year ended March 31, 2024

14. Habitat Housing Society (continued):

	2024	2023
Liabilities and net assets:		
Current liabilities, excluding current portion of mortgages payable \$1,009,083 (2023 - \$986,663)	\$ 2,221,222	\$ 6,047,978
Mortgages and loan payable	70,263,510	61,152,749
Deferred contributions - replacement reserves	654,183	609,526
Deferred capital contributions	17,464,995	10,691,206
	<u>90,603,910</u>	<u>78,501,459</u>
Net assets	1,223,886	1,213,178
Total liabilities and net assets	<u>\$ 91,827,796</u>	<u>\$ 79,714,637</u>
	2024	2023
Revenue	\$ 7,007,751	\$ 6,277,388
Expenses	7,183,150	6,403,313
Deficiency of revenue over expenses	<u>\$ (175,399)</u>	<u>\$ (125,925)</u>
Cash flow from operations	\$ (7,788,629)	\$ 1,676,498
Cash flow from investing	(8,502,373)	(20,079,730)
Cash flow from financing	16,195,275	17,714,713

15. Commitments and contingencies:

- (a) The Society has commitments under operating leases for office premises, program facilities and equipment, with varying remaining terms. Estimated annual payments until maturity are as follows:

2025	\$ 1,963,486
2026	1,918,257
2027	1,102,792
2028	98,472
	<u>\$ 5,083,077</u>

OPTIONS COMMUNITY SERVICES SOCIETY

Notes to Financial Statements (continued)

Year ended March 31, 2024

15. Commitments and contingencies (continued):

- (b) The Society provides benefits to non-union employees who accrue sick leave of 1.66 days per month, to a maximum of 20 days paid per calendar year, to be used in the event of illness or injury. Union employees accrue sick days of one day per month up to a maximum of 156 days, which, when taken, are paid at 100% of the employee's wage rate. The liability for these accumulated sick days has not been accrued in the financial statements because it is contingent upon the employees' illness or injury and is not vested with the employee.
- (c) The Society has two credit facilities available with Royal Bank of Canada ("RBC"):
- (1) A revolving demand operating line of credit for \$2,550,000, bearing interest at RBC's prime rate plus 0.15%.
 - (2) A revolving term facility, in the amount of \$3,397,500, consisting of a series of variable rate term loans repayable by consecutive monthly payments, based on a maximum 300-month amortization period, bearing interest at RBC's prime rate plus a premium to be determined at the time of borrowing based on the term selected by the borrower.

These two RBC credit facilities are secured against the lands located at 9803 140th Street, Surrey, British Columbia and 13520 78 Avenue, Surrey, British Columbia, for facility (1) and (2), respectively. No amount has been drawn against either of the two credit facilities as at year end (2023 - nil).

- (d) The Society has available a revolving demand operating line of credit for \$1,000,000 bearing interest at Prospera Credit Union's prime rate plus 0.75%. The line of credit is secured by the land located at 15877 Pacific Avenue, White Rock, British Columbia. No amount has been drawn against the line of credit as at year-end (2023 - nil).
- (e) The Society cannot sell, remortgage, lease or transfer its property located at 13582 - 68 Avenue, Surrey, British Columbia (the "Property") and cannot change the "human resource purpose" of the Property, in accordance with the Human Resource Facility Act, without the prior written consent of the Ministry of Children and Family Development (the "Ministry"). If the Property is transferred, remortgaged or put to an unapproved use, the Ministry may require the Society to repay an initial grant of \$50,000 provided for a down payment. If the Property is sold, transferred or leased, the Ministry may require payment of a proportionate share of the proceeds, being 54%, based on the initial grant. The cost and fully amortized value of the Property, consisting of land and building, as of March 31, 2024 is approximately \$116,000 (2023 - \$116,000) and \$58,000 (2023 - \$58,000), respectively.

The Society can continue to use the Property for its current purpose indefinitely without making any repayment. The Society has no plans to change the use of the Property; accordingly, no amounts have been accrued in these financial statements.

- (f) From time to time, the Society is subject to certain legal proceedings and claims which arise in the ordinary course of business. These claims are not expected to have a material impact on the financial position or operating results of the Society.

OPTIONS COMMUNITY SERVICES SOCIETY

Notes to Financial Statements (continued)

Year ended March 31, 2024

16. Donated materials:

During the year, land with an annual lease valued of \$115,000 (2023 - \$115,000) was leased, from the City of Surrey, at no cost to the Society. The value of the lease is recorded as Local government revenue and as Building occupancy expense.

17. Disclosure of remuneration:

The Societies Act (British Columbia) requires the disclosure of remuneration paid by the Society to employees and contractors whose remuneration was at least \$75,000, and any amounts of remuneration paid by the Society to members of the Board of Directors.

For the fiscal year ended March 31, 2024, the Society paid total remuneration of \$6,826,780 (2023 - \$4,870,451) to sixty six (2023 – forty nine) employees for services, each of whom received total annual remuneration of \$75,000 or greater. Included in remuneration is the cost of salaries and premiums for employment insurance, Canada pension plan, workers compensation, benefits including medical, dental, life insurance, long-term disability and pension.

No remuneration of \$75,000 or greater was paid to contractors for services and no remuneration was paid to any members of the Board of Directors.

18. Employee future benefits:

The employer and its employees contribute to the Municipal Pension Plan (the “Plan”), a jointly trusted pension plan. The board of trustees, representing Plan members and employers, is responsible for administering the Plan, including investment of assets and administration of benefits. The Plan is a multi-employer defined benefit pension plan. Basic pension benefits are based on a formula. As at December 31, 2023, the Plan has approximately 240,000 active members and approximately 124,000 retired members.

Every three years, an actuarial valuation is performed to assess the financial position of the Plan and adequacy of Plan funding. The actuary determines an appropriate combined employer and member contribution rate to fund the Plan. The actuary’s calculated contribution rate is based on the entry-age normal cost method, which produces the long-term rate of member and employer contributions sufficient to provide benefits for average future entrants to the Plan. This rate may be adjusted for the amortization of any actuarial funding surplus and will be adjusted for the amortization of any unfunded actuarial liability.

The most recent valuation for the Plan as at December 31, 2021 indicated a \$3,761 million funding surplus for basic pension benefits on a going concern basis.

The Society has 333 (2023 – 330) active members contributing to the Plan. The Society paid \$1,820,703 for employer contributions to the Plan in fiscal 2024 (2023 -\$1,673,663).

The next valuation will be as at December 31, 2024, with results available in 2025.

OPTIONS COMMUNITY SERVICES SOCIETY

Notes to Financial Statements (continued)

Year ended March 31, 2024

18. Employee future benefits (continued):

Employers participating in the Plan record their pension expense as the amount of employer contributions made during the fiscal year (defined contribution pension plan accounting). This is because the Plan records accrued liabilities and accrued assets for the Plan in aggregate, resulting in no consistent and reliable basis for allocating the obligation, assets and cost to individual employers participating in the Plan.

19. Financial risks and concentration of risks:

(a) Credit risk:

Credit risk is the risk of economic loss arising from a party's failure to repay or service debt according to contractual terms. Financial instruments that potentially subject the Society to concentrations of credit risk consist of cash and cash equivalents, investments at fair value and accounts receivable. The Society has deposited cash and cash equivalents and restricted cash and made investments with reputable financial institutions, from which management believes the risk of loss to be remote. The Society has receivables from services performed and grants receivable from various bodies of the Government of Canada and the Province of British Columbia. Management does not believe there is a significant credit risk. The Society monitors, on a regular basis, the credit risk to which the Society is exposed in relation to its financial assets and takes steps to minimize the risk of loss.

(b) Liquidity risk:

Liquidity risk is the risk that the Society will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Society manages its liquidity risk by monitoring its operating requirements. The Society prepares budgets and cash flow forecasts to ensure it has sufficient funds to fulfill its obligations.

(c) Interest rate risk:

Fixed interest rate instruments are subject to fair value risks. Further details about the fixed rate investments are included in note 2 and the mortgages payable are included in note 9.

There have been no changes to these risks from the prior year.

20. Economic dependence:

For the year ended March 31, 2024, the Society received approximately 87% (2023 - 88%) of its revenues through government funding. The Society manages its economic dependence by ensuring that it has a diverse portfolio of contracts with several different entities within Federal, Provincial and Local governments.

21. Comparative information:

Certain comparative information has been reclassified from those previously presented to conform with the presentation of the 2024 financial statements.

OPTIONS COMMUNITY SERVICES SOCIETY

Notes to Financial Statements (continued)

Year ended March 31, 2024

22. Subsequent event:

The Society, as a tenant, has entered into a lease agreement with Habitat, as a landlord, to lease office space on the first and second floors, consisting of Strata Lots 1 and 2, belonging to Strata Plan EPS9870, of Habitat's newly constructed mixed-use building, located at 13583 81 Avenue, in Surrey, BC.

On June 14, 2024, the Society provided the funds to retire construction debt, amounting to \$4,516,992, which Habitat owed to BCHMC, using a RBC loan, of \$3,397,500, repayable at \$20,766 per month including interest at 5.45% per annum, secured by a first charge against 13520 78 Avenue, in Surrey, BC. The remaining \$1,119,492 was drawn from a Society RBC revolving line of credit, with an interest rate of prime plus 0.15%, secured by a first charge against 9803 140 Street, in Surrey, BC. The funds were advanced to Habitat by way of a demand note, bearing interest at the same rate as the Society's cost of funds and with the same terms as those of the Society's credit facilities.