

CORTES COMMUNITY HOUSING SOCIETY
Financial Statements
March 31, 2025

Independent Auditors' Report
Statement of Financial Position
Statement of Changes in Net Assets
Statement of Operations
Statement of Cash Flows
Notes to Financial Statements



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Cortes Community Housing Society,

Opinion

We have audited the financial statements of Cortes Community Housing Society (the "Society"), which comprise the statement of financial position as at March 31, 2025, and the statements of changes in net assets, operations, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (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, 2025, and the results of its operations and cash flows for the year then ended in accordance with Canadian Accounting Standards for Not-for-Profit Organizations (ASNPO).

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 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 ASNPO, 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 these financial statements.

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

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.

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.

Report on Other Legal and Regulatory Requirements

As required by the BC Societies Act, we report that, in our opinion, the accounting principles in ASNPO have been applied on a basis consistent with that of the preceding year.

Chan Nawrood Boatis Inc

Chartered Professional Accountants
Campbell River, BC

September 13, 2025

CORTES COMMUNITY HOUSING SOCIETY

Statement of Financial Position

March 31, 2025

2025

2024

ASSETS

Current Assets

Cash	\$ 184,590	\$ 13,197
Short Term Investments (Note 3)	1,363,533	805,668
Accounts Receivable	84,035	7,285
GST Receivable	<u>9,327</u>	<u>1,501</u>
	1,641,485	827,651

Tangible Capital Assets (Note 4)

	<u>2,851,357</u>	<u>1,498,367</u>
	\$ <u>4,492,842</u>	\$ <u>2,326,018</u>

LIABILITIES

Current Liabilities

Accounts Payable and Accrued Liabilities	51,426	7,225
Loan Payable (Note 5)	-	100,000
Promissory Note (Note 6)	<u>135,000</u>	<u>135,000</u>
	<u>186,426</u>	<u>242,225</u>

NET ASSETS

Operating Fund	1,590,059	820,426
Capital Fund	<u>2,716,357</u>	<u>1,263,367</u>
	4,306,416	2,083,793
	\$ <u>4,492,842</u>	\$ <u>2,326,018</u>

Approved by:

Carol London

Director

Bill Weaver

Director

CORTES COMMUNITY HOUSING SOCIETY

Statement of Changes in Net Assets

Year Ended March 31, 2025

	Operating Fund	Capital Fund	2025	2024
Net Assets - Beginning of Year	\$ 820,426	\$ 1,263,367	\$ 2,083,793	\$ 1,306,838
Excess (Deficiency) of Revenues over Expenditures	<u>2,245,393</u>	<u>(22,770)</u>	<u>2,222,623</u>	<u>776,955</u>
	3,065,819	1,240,597	4,306,416	2,083,793
Purchase of Tangible Capital Assets	(1,375,760)	1,375,760	-	-
Repayment of Loan	<u>(100,000)</u>	<u>100,000</u>	<u>-</u>	<u>-</u>
	<u>(1,475,760)</u>	<u>1,475,760</u>	<u>-</u>	<u>-</u>
Net Assets - End of Year	<u>\$ 1,590,059</u>	<u>\$ 2,716,357</u>	<u>\$ 4,306,416</u>	<u>\$ 2,083,793</u>

CORTES COMMUNITY HOUSING SOCIETY

Statement of Operations

Year Ended March 31, 2025

2025

2024

Revenues

Donations	\$ 2,110,666	\$ 887,841
Grants	247,402	21,005
Municipal and Regional District Accommodation Tax Proceeds	76,289	8,072
Interest and Other	43,743	11,838
Rental Income	<u>30,600</u>	<u>-</u>
	<u>2,508,700</u>	<u>928,756</u>

Expenditures

Advertising and Promotion	12,210	1,510
Amortization	22,770	-
Contractors	114,735	75,640
Fundraising	-	1,203
Gifts to Qualified Donees	7,286	38,709
Insurance	6,887	2,036
Interest and Bank Charges	693	495
Licenses and Dues	250	245
Maintenance	16,702	-
Office	9,174	1,224
Professional and Consulting Fees	32,141	7,000
Property Taxes	10,217	-
Trail Building	-	23,739
Travel	1,240	-
Utilities	913	-
Wages and Benefits	<u>50,859</u>	<u>-</u>
	<u>286,077</u>	<u>151,801</u>

Excess of Revenues over Expenditures

\$ 2,222,623 \$ 776,955

CORTES COMMUNITY HOUSING SOCIETY

Statement of Cash Flows

Year Ended March 31, 2025

2025

2024

Cash Flows From Operating Activities:

Excess of Revenues over Expenditures	\$ <u>2,222,623</u>	\$ <u>776,955</u>
Items not Affecting Cash:		
Amortization	<u>22,770</u>	<u>-</u>
Changes in Non-Cash Working Capital:		
Accounts Receivable	(84,576)	3,922
Inventory	-	387
Accounts Payable	<u>44,201</u>	<u>(21,512)</u>
	<u>(40,375)</u>	<u>(17,203)</u>

Cash Flows From Investing Activities:

Purchase of Tangible Capital Assets	(1,375,760)	(135,811)
Purchase of GIC	(1,363,533)	(805,668)
Redemption of GIC	<u>805,668</u>	<u>225,000</u>
	<u>(1,933,625)</u>	<u>(716,479)</u>

Cash Flows From Financing Activities:

Repayment in Loan Payable	<u>(100,000)</u>	<u>-</u>
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Net Increase in Cash

171,393 43,273

Cash (Bank Indebtedness) - Beginning of Year

13,197 (30,076)

Cash - End of Year

\$ 184,590 \$ 13,197

CORTES COMMUNITY HOUSING SOCIETY

Notes to Financial Statements

Year Ended March 31, 2025

1. Purpose of the Society:

Cortes Community Housing Society (the "Society") is incorporated under the laws of the Societies Act (British Columbia) as a non-profit organization and is a registered charity under the Income Tax Act. The Society is currently developing low cost rental housing for citizens of Cortes Island, BC.

2. Significant Accounting Policies:

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

Description of Funds

The Society follows the restricted fund method of accounting. Accordingly, revenues received for each of the specific funds and expenditures incurred by each fund are segregated for accounting and reporting purposes into the following specific funds:

Operating Fund

The Operating Fund accounts for general operations and administrative activities of the Society. This fund reports the assets, liabilities and expenses related to unrestricted contributions received.

Capital Fund

The Capital Fund reports the tangible capital assets held by the Society as well as the revenue and expenses related to those assets.

Revenue Recognition

The Society follows the restricted fund method of accounting for revenue. Externally restricted contributions are reported in the applicable fund when received. Unrestricted contributions are recognized in the operating fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Donations, interest and other revenues are recognized in the operating fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Externally restricted contributions are recognized in the general fund using the deferral method when an appropriate fund does not exist.

Tangible Capital Assets

Tangible capital assets are recorded at cost. Costs directly associated with the development of 965 Beesley Road ("Rainbow Ridge") are capitalized and classified as property under development and are not amortized. Amortization of these costs will begin when the development is complete and the resulting building is put into use. Amortization of the building at 671 Sutil Point Road is calculated on a declining balance basis at 4% a year.

Financial Instruments

Measurement of financial instruments

The Society initially measures its financial assets and liabilities at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value with any unrealized gains or losses reported in the statement of operations.

All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

Financial assets measured at amortized cost include cash, short-term investment, and interest and GST receivable. Financial liabilities measured at amortized cost include bank indebtedness, accounts payable, loan payable and promissory note. The Society is exposed to interest-rate and liquidity risk arising from its financial instruments.

CORTES COMMUNITY HOUSING SOCIETY

Notes to Financial Statements

Year Ended March 31, 2025

2. Significant Accounting Policies (continued):

Use of Estimates

The preparation of financial statements in accordance with ASNPO requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Those estimates are reviewed periodically and adjustments are made to the statement of operations as appropriate in the year in which they become known. The only material estimate of the Society is the estimated useful life of Tangible Capital Assets.

3. Short Term Investments:

During the year ended March 31, 2025, the Society held the following short term investments:

- \$1,252,685 in a Coastal Community Credit Union Guaranteed Investment Certificate (GIC) with an interest rate of 2.85% per annum, maturing April 25, 2025.
- \$110,848 in a Coastal Community Credit Union GIC with an interest rate of 2.65% per annum, maturing February 7, 2026

During the year ended March 31, 2024 the Society held the following short term investments:

- \$700,000 in a Coastal Community Credit Union Guaranteed Investment Certificate (GIC) with an interest rate of 2.75% per annum, matured on November 30, 2024.
- \$105,668 in a Coastal Community Credit Union GIC with an interest rate of 4.9%, matured on February 7, 2025.

4. Tangible Capital Assets:

	2025		2024	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land - 965 Beesley Road	\$ 890,762	\$ -	\$ 890,762	\$ -
Land - 671 Sutil Point Road	419,334	-	-	-
671 Sutil Point Road Property	854,000	22,770	12,795	-
Property Under Development	<u>710,031</u>	<u>-</u>	<u>594,810</u>	<u>-</u>
	<u>\$ 2,874,127</u>	<u>\$ 22,770</u>	<u>\$ 1,498,367</u>	<u>\$ -</u>
Net Book Value		<u>\$2,851,357</u>		<u>\$1,498,367</u>

CORTES COMMUNITY HOUSING SOCIETY

Notes to Financial Statements

Year Ended March 31, 2025

5. Loan Payable:

On June 7, 2022, the Society entered into a promissory note agreement with the Greater Vancouver Community Assistance Foundation (through Vancity) for a pre-construction loan in the amount of \$200,000 for the purpose of future affordable rental housing development at Rainbow Ridge. The loan will bear interest at 2% per annum and full repayment (including principal and interest) is required no later than 5 years (60 months) after completion of construction and occupancy. The Society has the option to prepay the principal amount in whole or in part at any time and from time to time, without notice, bonus or penalty. As at March 31, 2025 the pre-construction loan has not been accessed by the Society.

A loan in the amount of \$100,000 was payable to an anonymous lender in the prior year. The loan required no principle repayments, with interest accruing at 2% per annum, accrued on the principal balance only and was repayable on demand any time after February 10, 2021. The term of the loan could be extended if the lender and borrower mutually agree in writing to extend the term 30 days prior to the repayment date. The loan was repaid during the year ended March 31, 2025.

6. Promissory Note:

The promissory note is due on demand and is held with BC Housing and is for \$135,000 and will be repaid to BC Housing, in full, from the proceeds of the initial advance of the approved first mortgage for the Rainbow Ridge project. There is no interest payable or accruing on the promissory note.

7. Financial Risks:

The Society is exposed to risk through its financial instruments. The following analysis presents the Society's exposure to significant risk at the reporting date, March 31, 2025:

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Society is exposed to interest rate risk on its loan payable. At present, the Society has fixed interest rates on this loan, thereby mitigating the risk.

Liquidity risk

Liquidity risk is the risk that Society will encounter difficulty in meeting obligations associated with its financial liabilities. The Society believes this risk is mitigated by the fact that the loan payable is held with a local resident of Cortes Island who wishes to see the Society succeed and who would be amenable to the repayment of outstanding balances. Also, the promissory note does not bear interest.

9. Subsequent Event:

In April 2025, the Society received an anonymous donation in the amount of \$1,780,838 through the Cortes Island Community Foundation. The donation is unrestricted in nature and proceeds will be used to fund operations and future capital development.

9. Comparative Information:

Certain prior period comparative information has been reclassified in the current year to conform with the current year's financial statement presentation.