

CORTES COMMUNITY HOUSING SOCIETY
Financial Statements
March 31, 2026

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

CORTES COMMUNITY HOUSING SOCIETY

Statement of Financial Position

March 31, 2026

2026

2025

ASSETS

Current Assets

Cash	\$ 136,273	\$ 184,590
Short-Term Investments (Note 3)	1,390,798	1,363,533
Accounts Receivable	470,029	84,035
GST Receivable	16,003	9,327
Prepaid Expenses	<u>3,186</u>	<u>-</u>
	2,016,289	1,641,485

Tangible Capital Assets (Note 4)

<u>4,803,507</u>	<u>2,851,357</u>
\$ <u>6,819,796</u>	\$ <u>4,492,842</u>

LIABILITIES

Current Liabilities

Accounts Payable and Accrued Liabilities	\$ 86,635	\$ 51,426
Promissory Note (Note 5)	<u>238,095</u>	<u>135,000</u>
	<u>324,730</u>	<u>186,426</u>

NET ASSETS

Operating Fund

Capital Fund

1,929,654	1,590,059
<u>4,565,412</u>	<u>2,716,357</u>
<u>6,495,066</u>	<u>4,306,416</u>
\$ <u>6,819,796</u>	\$ <u>4,492,842</u>

Approved on behalf of the Board of Directors by:

Carol London

Director

Bill Weaver

Director

CORTES COMMUNITY HOUSING SOCIETY

Statement of Changes in Net Assets

Year Ended March 31, 2026

	Operating Fund	Capital Fund	2026	2025
Net Assets - Beginning of Year	\$ 1,590,059	\$ 2,716,357	\$ 4,306,416	\$ 2,083,793
Excess (Deficiency) of Revenues over Expenditures	<u>2,234,200</u>	<u>(45,550)</u>	<u>2,188,650</u>	<u>2,222,623</u>
	3,824,259	2,670,807	6,495,066	4,306,416
Purchase of Tangible Capital Assets	(1,997,700)	1,997,700	-	-
Receipt of Promissory Note	<u>103,095</u>	<u>(103,095)</u>	<u>-</u>	<u>-</u>
	<u>(1,894,605)</u>	<u>1,894,605</u>	<u>-</u>	<u>-</u>
Net Assets - End of Year	\$ <u>1,929,654</u>	\$ <u>4,565,412</u>	\$ <u>6,495,066</u>	\$ <u>4,306,416</u>

CORTES COMMUNITY HOUSING SOCIETY

Statement of Operations

Year Ended March 31, 2026

2026

2025

Revenues

Donations	\$ 2,507,573	\$ 2,110,666
Grants	-	247,402
Municipal and Regional District Accommodation Tax Proceeds	73,050	76,289
Rental Income	50,400	30,600
Interest and Other	39,188	43,743
Log Sales	34,930	-
Wood Makerspace Memberships and Fees	17,383	-
Property Management Services	11,713	-
	<u>2,734,237</u>	<u>2,508,700</u>

Expenditures

Advertising and Promotion	827	12,210
Amortization	45,550	22,770
Contractors	267,195	114,735
Gifts to Qualified Donees	1,225	7,286
Insurance	7,632	6,887
Interest and Bank Charges	353	693
Licenses and Dues	300	250
Maintenance	70,706	16,702
Office	36,287	9,174
Professional and Consulting Fees	55,905	32,141
Property Taxes	5,582	10,217
Travel	-	1,240
Utilities	1,701	913
Wages and Benefits	52,324	50,859
	<u>545,587</u>	<u>286,077</u>

Excess of Revenues over Expenditures

\$ 2,188,650

\$ 2,222,623

CORTES COMMUNITY HOUSING SOCIETY

Statement of Cash Flows

Year Ended March 31, 2026

2026

2025

Cash Flows From Operating Activities:

Excess of Revenues over Expenditures	\$ 2,188,650	\$ 2,222,623
Items not Affecting Cash:		
Amortization	45,550	22,770
Changes in Non-Cash Working Capital:		
Accounts Receivable and GST Receivable	(392,670)	(84,576)
Prepaid Expenses	(3,186)	-
Accounts Payable	35,209	44,201
	<u>(360,647)</u>	<u>(40,375)</u>
	<u>1,873,553</u>	<u>2,205,018</u>

Cash Flows From Investing Activities:

Purchase of Tangible Capital Assets	(1,997,700)	(1,375,760)
Purchase of GICs	(1,390,798)	(1,363,533)
Redemption of GICs	1,363,533	805,668
	<u>(2,024,965)</u>	<u>(1,933,625)</u>

Cash Flows From Financing Activities:

Repayment of Loan Payable	-	(100,000)
Increase in Promissory Note	103,095	-
	<u>103,095</u>	<u>(100,000)</u>

Net Increase (Decrease) in Cash

(48,317) 171,393

Cash - Beginning of Year

184,590 13,197

Cash - End of Year

\$ 136,273 \$ 184,590

CORTES COMMUNITY HOUSING SOCIETY

Notes to Financial Statements

Year Ended March 31, 2026

1. Purpose of the Society:

Cortes Community Housing Society (the "Society") is incorporated under 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, revenues 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 contributions. Restricted contributions related to tangible capital assets are recognized as revenue of the Capital Fund when received or receivable. Other externally restricted contributions for which no corresponding restricted fund is presented are recognized in the Operating Fund using the deferral method, whereby they are deferred and recognized as revenue in the period in which the related expenses are incurred. Unrestricted contributions are recognized as revenue of the Operating Fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Rental income and property management fees are recognized in the period in which the related services are provided or the premises are occupied. Revenue from log sales and wood makerspace memberships and fees is recognized when the goods are delivered or the services are rendered, the amount is fixed or determinable, and collection is reasonably assured. Municipal and Regional District Accommodation Tax proceeds are recognized when received or receivable, provided any related conditions have been met. Interest income is recognized as earned on an accrual basis.

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. Amortization of the equipment is calculated on a declining balance basis at 20% a year.

Financial Instruments

The Society initially measures its financial assets and liabilities at fair value when acquired or issued. In subsequent periods, all financial instruments are measured at amortized cost, and financial assets are tested for impairment at each reporting date when indicators of impairment exist. 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 investments, and accounts receivable. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities and the promissory note.

CORTES COMMUNITY HOUSING SOCIETY

Notes to Financial Statements

Year Ended March 31, 2026

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:

As at March 31, 2026, the Society held the following short term investments:

- \$1,011,623 in a Coastal Community Credit Union Guaranteed Investment Certificate (GIC) with an interest rate of 2.35% per annum, maturing May 8, 2026.
- \$269,002 in a Coastal Community Credit Union GIC with an interest rate of 2.25% per annum, maturing April 25, 2026.
- \$59,615 in a Coastal Community Credit Union GIC with an interest rate of 2.3% per annum, maturing May 26, 2026.
- \$25,558 in a Coastal Community Credit Union GIC with an interest rate of 2.3% per annum, maturing May 25, 2026.
- \$25,000 in a Coastal Community Credit Union GIC with an interest rate of 2.75% per annum, maturing October 1, 2026.

As at 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.

4. Tangible Capital Assets:

	2026		2025	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land - 965 Beesley Road	\$ 890,762	\$ -	\$ 890,762	\$ -
Land - 671 Sutil Point Road	419,334	-	419,334	-
671 Sutil Point Road Buildings	947,787	58,170	854,000	22,770
Equipment	117,066	10,150	-	-
Property Under Development	<u>2,496,878</u>	<u>-</u>	<u>710,031</u>	<u>-</u>
	<u>\$ 4,871,827</u>	<u>\$ 68,320</u>	<u>\$ 2,874,127</u>	<u>\$ 22,770</u>
Net Book Value	<u>\$4,803,507</u>		<u>\$2,851,357</u>	

CORTES COMMUNITY HOUSING SOCIETY

Notes to Financial Statements

Year Ended March 31, 2026

5. Promissory Note:

The promissory note of \$238,095 (2025 – \$135,000) is payable to BC Housing, is non-interest bearing, and is due on demand. If the project proceeds to a loan commitment to develop the Project, the promissory note will be repaid in full from the proceeds of the initial advance of the approved first mortgage for the Rainbow Ridge project. If the proposal does not proceed to a loan commitment any unexpended funds must be returned immediately to BC Housing. If the Society does not receive a loan commitment within 3 years of the date of acceptance of the commitment letter which was accepted on May 28, 2024, the proposal will be cancelled and the loan forgiven.

6. 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, 2026:

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 does not believe it is currently exposed to significant interest rate risk.

Liquidity risk

Liquidity risk is the risk the Society will encounter difficulty in meeting obligations associated with its financial liabilities. The Society's financial liabilities consist of accounts payable and accrued liabilities and a non-interest bearing promissory note payable to BC Housing that is due on demand. The Society manages liquidity risk by maintaining cash and short-term investments in excess of its financial liabilities.

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 credit risk through its cash, short-term investments, and accounts receivable. Cash and guaranteed investment certificates are held with a single credit union, and the Society is exposed to a concentration of credit risk in this respect. Accounts receivable at March 31, 2026 include amounts due from a small number of counterparties; management reviews these balances for collectability at each reporting date. The maximum exposure to credit risk is the carrying amount of these financial assets. The Society's exposure to credit risk has increased from the prior year due to the increase in accounts receivable. There has been no other change in the Society's risk exposures from the prior year.

7. Related Party Transactions:

During the year, the Society entered into a Memorandum of Understanding ("MOU") with Cortes Island Seniors Society (CISS) whereby they merged the Board of Directors of both entities into a unified governance structure. The two entities remain as unique legal and operating entities, however, they are governed by the same Board of Directors. As a result of this arrangement, management has determined that CISS is a related party of the Society as at March 31, 2026.

In 2026, the Society charged \$12,150 of management and administration fees to CISS to recover costs it had incurred. All transactions are in the normal course of operations and reported at the exchange amount agreed to between the two parties.

Included in Accounts Receivable at March 31, 2026 is \$11,418 (2025 - \$nil) owed from CISS.

CORTES COMMUNITY HOUSING SOCIETY

Notes to Financial Statements

Year Ended March 31, 2026

8. Director, Contractor and Employee Remuneration:

The British Columbia Societies Act requires the organization to disclose the remuneration paid to employees and contractors whose remuneration during the year was at least \$75,000 as well as remuneration paid to directors of the Society.

Total remuneration for one employee (2025 - none) paid over \$75,000 during the year was \$116,800 (2025 - \$nil). Total remuneration for two contractors (2025 - one) paid over \$75,000 during the year was \$176,261 (2025 - \$78,287). No directors received remuneration from the Society.