

**COWICHAN HOUSING ASSOCIATION**  
**Financial Statements**  
**Year Ended March 31, 2021**

**COWICHAN HOUSING ASSOCIATION**

**Index to Financial Statements**

**Year Ended March 31, 2021**

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Alex E. Palmer, C.P.A., C.A.\*  
Tammy Leslie, C.P.A., C.G.A., C.A.\*  
Tavish Annis, C.P.A., C.G.A.\*

\*A Professional Corporation

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## INDEPENDENT AUDITOR'S REPORT

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To the Members of Cowichan Housing Association

*Report on the Financial Statements*

*Opinion*

We have audited the financial statements of Cowichan Housing Association (the Association), which comprises the statement of financial position as at March 31, 2021, and the statements of changes in net assets, revenues and expenditures and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Association as at March 31, 2021, 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 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 Association 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 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 Association'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 Association or to

*(continues)*

301-394 Duncan Street  
Duncan, BC V9L 3W4

T | 250 748 1426  
F | 250 748 2805

Toll Free | 1 800 818 5703  
Email | [info@plcpa.ca](mailto:info@plcpa.ca)  
Web | [www.palmerleslie.ca](http://www.palmerleslie.ca)

101-626 First Avenue, PO Box 1396  
Ladysmith, BC V9G 1A9

T | 250 245 1429  
F | 250 245 1421

Independent Auditor's Report to the Members of Cowichan Housing Association *(continued)*

cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Association'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. 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 Association'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 Association'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 Association 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 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 in a manner consistent with the prior years.



Duncan, British Columbia  
November 17, 2021

CHARTERED PROFESSIONAL  
ACCOUNTANTS



**COWICHAN HOUSING ASSOCIATION**

**Statement of Financial Position**

**March 31, 2021**

	2021	2020 <i>Unaudited</i>
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	\$ 631,446	\$ 331,698
Term deposits (Note 4)	35,294	35,086
Accounts receivable (Note 5)	178,148	18,920
Prepaid expenses	4,108	-
	<hr/>	<hr/>
	848,996	385,704
<b>TANGIBLE CAPITAL ASSETS (Note 6)</b>	<hr/>	<hr/>
	241,098	2,220
	<hr/>	<hr/>
	\$ 1,090,094	\$ 387,924
 <b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT</b>		
Accounts payable	\$ 89,261	\$ 2,662
Wages payable	7,016	407
Employee deductions payable	3,551	2,617
Deferred revenue (Note 7)	977,140	379,384
	<hr/>	<hr/>
	1,076,968	385,070
 <b>NET ASSETS</b>		
Operating fund	(2,220)	(2,220)
Capital fund	241,098	2,220
Restricted fund	(225,752)	2,854
	<hr/>	<hr/>
	13,126	2,854
	<hr/>	<hr/>
	\$ 1,090,094	\$ 387,924

**APPROVED BY THE DIRECTORS**

  
 \_\_\_\_\_ Director  
  
 \_\_\_\_\_ Director

The accompanying notes form an integral part of these financial statements

**Palmer Leslie**  
Chartered Professional Accountants

**COWICHAN HOUSING ASSOCIATION**  
**Statement of Changes in Net Assets**  
**Year Ended March 31, 2021**

	Operating Fund	Capital Fund	Restricted Fund	<b>2021</b>	2020 <i>Unaudited</i>
<b>NET ASSETS - BEGINNING OF YEAR</b>	\$ (2,220)	\$ 2,220	\$ 2,854	<b>\$ 2,854</b>	\$ 41
Excess of revenues over expenditures	-	(22,321)	32,593	<b>10,272</b>	2,813
Invested in tangible capital assets	-	261,199	(261,199)	-	-
<b>NET ASSETS - END OF YEAR</b>	<b>\$ (2,220)</b>	<b>\$ 241,098</b>	<b>\$ (225,752)</b>	<b>\$ 13,126</b>	<b>\$ 2,854</b>

The accompanying notes form an integral part of these financial statements

***Palmer Leslie***  
Chartered Professional Accountants

**COWICHAN HOUSING ASSOCIATION**  
**Statement of Revenues and Expenditures**  
**Year Ended March 31, 2021**

	2021	2020 <i>Unaudited</i>
<b>REVENUES</b>		
BC Housing	\$ 806,325	\$ -
CMHA - Cowichan Valley Branch	61,711	-
Cowichan Valley Regional District	287,683	151,695
GoFundMe	27,311	-
Interest	427	842
Other	-	1,403
Province of BC	104,977	-
Red Cross	184,755	-
United Way	100,621	61,242
	<u>1,573,810</u>	<u>215,182</u>
<b>EXPENDITURES</b>		
Accounting and bookkeeping	21,304	4,513
Advertising and promotion	841	2,990
Amortization	22,321	753
Insurance	1,626	1,501
Meals	410	456
Office supplies	7,649	8,142
Program supplies	216,305	7,136
Honorariums	28,226	200
Rental assistance	7,941	20,556
Professional development	1,226	2,286
Rent	14,736	9,200
Repairs and maintenance	111,909	650
Salaries and benefits	141,687	116,986
Subcontractors	975,132	34,721
Telephone	1,793	1,623
Travel	6,885	656
Utilities	3,547	-
	<u>1,563,538</u>	<u>212,369</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<u>\$ 10,272</u>	<u>\$ 2,813</u>

The accompanying notes form an integral part of these financial statements

***Palmer Leslie***  
Chartered Professional Accountants

**COWICHAN HOUSING ASSOCIATION**

**Statement of Cash Flows**

**Year Ended March 31, 2021**

	2021	2020 <i>Unaudited</i>
<b>OPERATING ACTIVITIES</b>		
Excess Of Revenues Over Expenditures	\$ 10,272	\$ 2,814
Item not affecting cash:		
Amortization of tangible capital assets	<u>22,321</u>	753
	<u>32,593</u>	3,567
Changes in non-cash working capital:		
Accounts receivable	(159,229)	(11,158)
Accounts payable	86,600	316
Deferred revenue	597,756	352,634
Prepaid expenses	(4,108)	1,500
Wages payable	6,609	(2,372)
Employee deductions payable	934	446
	<u>528,562</u>	341,366
Cash flow from operating activities	<u>561,155</u>	344,933
<b>INVESTING ACTIVITY</b>		
Purchase of tangible capital assets	<u>(261,199)</u>	-
Cash flow from (used by) investing activity	<u>(261,199)</u>	-
<b>INCREASE IN CASH FLOW</b>	<b>299,956</b>	344,933
Cash - beginning of year	<u>366,784</u>	21,851
<b>CASH - END OF YEAR</b>	<b><u>666,740</u></b>	366,784
<b>CASH CONSISTS OF:</b>		
Cash	\$ 631,446	\$ 331,698
Term deposits	35,294	35,086
	\$ <b>666,740</b>	\$ 366,784

The accompanying notes form an integral part of these financial statements

***Palmer Leslie***  
Chartered Professional Accountants



# COWICHAN HOUSING ASSOCIATION

## Notes to Financial Statements

Year Ended March 31, 2021

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### 1. OPERATIONS

Cowichan Housing Association ("the Association") is a Not-for-Profit Association working to increase affordable housing options and to prevent homelessness in the Cowichan Region. The Society was incorporated under the Society Act of British Columbia January 14, 2015.

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### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Accounting standards

These financial statements have been prepared in accordance with standards for Not-for-Profit Organizations which is one of the financial reporting frameworks included in Canadian Generally Accepted Accounting Standards.

#### Fund accounting

The Association follows the deferral method of accounting for contributions. The Operating Fund reports unrestricted and restricted assets, liabilities, revenues and expenses related to the Association's housing programs. The Capital Fund reports the ownership, liabilities and equity related to the Association's property and equipment. Other funds reflect ongoing programs the Association is running.

#### Tangible capital assets

Tangible capital assets are stated at cost less accumulated amortization. Property and equipment are amortized over their estimated useful lives at the following rates and methods:

Computer equipment	50%	declining balance method
Furniture and fixtures	20%	declining balance method
Sleeping Units	24 Months	straight-line method

It is the Association's policy to expense any capital item with a total cost under \$500.

#### Income taxes

The Association is a Not-for-Profit Association and therefore considers itself tax-exempt under the Income Tax Act paragraph 149(1)(L).

#### Cash

Cash includes cash on hand and balances with banks net of bank overdrafts.

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# COWICHAN HOUSING ASSOCIATION

## Notes to Financial Statements

Year Ended March 31, 2021

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### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### Revenue recognition

Revenue consists of program funding from government agencies and interest from savings.

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. Endowment contributions are recognized as direct increases in net assets.

Restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Unrestricted investment income is recognized as revenue when earned.

#### Estimates

The preparation of these financial statements in conformity with Canadian Accounting Standards for Not-for-Profit Organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the current period. All estimates are reviewed periodically and adjustments are made to the statements of operations as appropriate in the year they become known.

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### 3. FINANCIAL INSTRUMENTS

The Association's financial instruments consist of cash, accounts receivable, term deposits, accounts payable and accrued, and security deposits. It is the board's opinion that the Association is not exposed to significant credit risk, market risk or currency risk arising from these financial instruments as of March 31, 2021.

#### Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The association is exposed to this risk mainly in respect of its receipt of funds from its tenants.

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### 4. TERM DEPOSITS

Current period amounts are internally restricted by the Association for the repair and replacement of property and are represented by term deposits/GIC's held by financial institutions as follows:

	2021	2020 <i>Unaudited</i>
Term Deposit @ 0.35% to mature April 10, 2021	\$ 35,294	\$ 35,086

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**COWICHAN HOUSING ASSOCIATION**

**Notes to Financial Statements**

**Year Ended March 31, 2021**

5. ACCOUNTS RECEIVABLE

	<b>2021</b>	2020 <i>Unaudited</i>
GST recoverable	\$ 19,658	\$ 410
GoFundMe	27,311	-
Modus	4,680	-
Red Cross	26,978	-
United Way	99,521	18,510
	<b>\$ 178,148</b>	<b>\$ 18,920</b>

The Association recorded Allowance for Doubtful Accounts of \$nil in the current year (2020 - \$nil).

6. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated amortization	<b>2021 Net book value</b>	2020 Net book value <i>Unaudited</i>
Computer equipment	\$ 3,689	\$ 2,914	\$ 775	\$ 1,107
Furniture and fixtures	2,007	1,116	891	1,113
Sleeping Units	261,199	21,767	239,432	-
	<b>\$ 266,895</b>	<b>\$ 25,797</b>	<b>\$ 241,098</b>	<b>\$ 2,220</b>

The Association recorded amortization of \$22,321 in the current year (2020 - \$753).

7. DEFERRED REVENUE

	<b>2021</b>	2020 <i>Unaudited</i>
Opening balance	\$ 379,384	\$ 26,750
Recognized in revenue during the year	(179,927)	(147,366)
Contributions received during the year	777,683	500,000
	<b>\$ 977,140</b>	<b>\$ 379,384</b>

Deferred contribution balances consist of:

BC Housing	\$ 265,686	\$ -
Cowichan Valley Regional District	458,896	379,384
Province of BC (Rental Assistance)	13,125	-
United Way (Sleeping Units)	239,433	-
	<b>\$ 977,140</b>	<b>\$ 379,384</b>

The Cowichan Valley Regional District funding for the upcoming fiscal year was received before March 31, 2021.

**COWICHAN HOUSING ASSOCIATION**

**Notes to Financial Statements**

**Year Ended March 31, 2021**

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8. ECONOMIC DEPENDENCY AND GOING CONCERN

The Association derives most of its funding from government agencies. In the event that such funding is not available, the Association would require alternate funding sources in order to meet its financial obligations.

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9. UNALTERABLE CLAUSE

In the event of dissolution, any remaining assets of the Association are to be distributed to a recognized charitable organization in British Columbia, Canada with similar objectives or to a suitable level of government.

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10. RELATED PARTY TRANSACTIONS

In 2021, there were no payments to Board of Directors that would be considered wages or contract. One employee was paid remuneration over \$75,000.

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11. COMPARATIVE FIGURES

The comparative figures have been reclassified where necessary to conform to the current year presentation standards; they were not audited, but were prepared on a Notice to Reader basis.

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**COWICHAN HOUSING ASSOCIATION  
Programs  
(Schedule 1)**

**Year Ended March 31, 2021**

	Regional Housing Operations	Regional Housing Service - Services	Regional Housing Service - Project Development Funding	Regional Housing Service - Emergency Contingency Fund	Housing Loss Prevention - Indigenous Emergency Assistance Program	Modus Needs Assessment	COVID 19 Temporary Housing Projects	2021	2020
<b>REVENUES</b>									
BC Housing CMHA - Cowichan Valley Branch	\$ -	\$ -	\$ -	\$ 675	\$ -	\$ -	\$ 805,650	\$ 806,325	\$ -
Cowichan Valley Regional District	88,879	94,523	65,560	20,000	-	18,720	-	61,711	-
GoFundMe	-	-	-	-	-	-	27,311	27,311	151,695
Interest	427	-	-	-	-	-	-	427	-
Other	-	-	-	-	-	-	-	-	842
Province of BC	-	-	-	-	46	-	104,931	104,977	1,403
Red Cross	-	-	-	-	-	-	184,755	184,755	-
United Way	-	-	-	-	9,515	-	91,105	100,621	61,242
	89,306	94,523	65,560	20,675	9,561	18,720	1,275,463	1,573,810	215,182
<b>EXPENSES</b>									
Accounting and bookkeeping	21,304	-	-	-	-	-	-	21,304	4,513
Advertising and promotion	648	193	-	-	-	-	-	841	2,990
Amortization	-	555	-	-	-	-	21,767	22,321	753
Honorariums	605	-	-	260	-	-	27,361	28,226	200
Insurance	1,626	-	-	-	-	-	-	1,626	1,501
Meals	-	-	-	-	-	-	410	410	456
Office supplies	2,426	4,863	-	-	-	360	-	7,649	8,142
Professional development	1,226	-	-	-	-	-	-	1,226	2,286
Program supplies	163	1,264	-	10,723	41	-	204,114	216,305	7,136
Rent	2,930	10,006	-	-	-	1,800	-	14,736	9,200
Rental assistance	-	-	-	-	7,941	-	-	7,941	20,556

(continues)

The accompanying notes form an integral part of these financial statements

**Palmer Leslie**  
Chartered Professional Accountants

**COWICHAN HOUSING ASSOCIATION**  
**Programs (continued)**  
**(Schedule 1)**

**Year Ended March 31, 2021**

	Regional Housing Service - Operations	Regional Housing Service - Services	Regional Housing Service - Project Development Funding	Regional Housing Service - Emergency Contingency Fund	Housing Loss Prevention - Indigenous Emergency Assistance Program	COVID 19 Temporary Housing Projects	Modus Needs Assessment	2021	2020 <i>Unaudited</i>
Repairs and maintenance	10	-	-	-	-	111,899	-	111,909	650
Salaries and benefits	57,662	60,032	-	-	1,579	18,045	4,369	141,687	116,986
Subcontractors	-	15,933	65,560	8,816	-	882,901	1,919	975,132	34,721
Telephone	116	1,677	-	-	-	-	-	1,793	1,623
Travel	590	-	-	876	-	-	-	6,885	656
Utilities	-	-	-	-	-	5,419	-	3,547	-
	89,306	94,523	65,560	20,675	9,561	1,275,463	8,448	1,563,538	212,369
<b>INCOME FROM OPERATIONS</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,272	\$ 10,272	\$ 2,813

The accompanying notes form an integral part of these financial statements