

COMMUNITY BUILDERS BENEVOLENCE GROUP
Financial Statements
Year Ended March 31, 2021

COMMUNITY BUILDERS BENEVOLENCE GROUP
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Year Ended March 31, 2021

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INDEPENDENT AUDITOR'S REPORT

To the Members of Community Builders Benevolence Group

Report on the Financial Statements

Opinion

I have audited the financial statements of Community Builders Benevolence Group (the Group), which comprise the statement of financial position as at March 31, 2021, and the statements of revenues and expenditures, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Group as at March 31, 2021, 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

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Group in accordance with ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of Matter

Without modifying my conclusion, I draw attention to Note 9 of the financial statements, which describes events related to the global COVID-19 pandemic declared by the World Health Organization.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

My 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 my 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.

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Independent Auditor's Report to the Members of Community Builders Benevolence Group *(continued)*

As part of an audit in accordance with Canadian generally accepted auditing standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 my 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 Group'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 Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group 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.

I 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 I identify during my audit.

Report on Other Legal and Regulatory Requirements

As required by the Societies Act of British Columbia, I report that, in my 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 year.

Surrey, British Columbia
June 18, 2021

Agatha Cluff Inc.

CHARTERED PROFESSIONAL ACCOUNTANT



COMMUNITY BUILDERS BENEVOLENCE GROUP

Statement of Financial Position

March 31, 2021

	2021	2020
ASSETS		
CURRENT		
Cash	\$ 2,200,232	\$ 704,181
Accounts receivable	154,455	185,558
Goods and services tax recoverable	16,529	8,452
Prepaid expenses	20,788	20,653
Restricted cash (Note 3.)	250,647	511,306
	<u>2,642,651</u>	<u>1,430,150</u>
CAPITAL ASSETS (Note 4)	11,612	16,589
DEFERRED CHARGES	41,393	37,500
	<u>\$ 2,695,656</u>	<u>\$ 1,484,239</u>
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable	\$ 324,023	\$ 287,186
Deposits received	52,749	48,453
Wages payable	158,456	59,592
Deferred revenue	873,597	478,908
Deferred government grants (Note 5.)	328,000	352,000
	<u>1,736,825</u>	<u>1,226,139</u>
NET ASSETS		
Unrestricted	696,572	(269,795)
Restricted (Note 3.)	250,647	511,306
Invested in capital assets	11,612	16,589
	<u>958,831</u>	<u>258,100</u>
	<u>\$ 2,695,656</u>	<u>\$ 1,484,239</u>

ON BEHALF OF THE BOARD


 _____ Director

 _____ Director
CHAD WATTS

See notes to financial statements

COMMUNITY BUILDERS BENEVOLENCE GROUP**Statement of Revenues and Expenditures****Year Ended March 31, 2021**

	2021 <i>(12 months)</i>	2020 <i>(3 months)</i>
REVENUES		
BC Housing operating subsidies	\$ 9,810,100	\$ 1,115,010
Rent	1,980,994	435,084
Government grants	246,000	72,000
Crisis grant	713,664	39,407
Donations	32,651	21,370
Parking revenue	31,157	18,373
Sundry	77,167	4,368
	<u>12,891,733</u>	<u>1,705,612</u>
PROGRAM EXPENSES		
Building maintenance	1,048,834	105,938
Furniture and equipment	100,153	22,150
Laundry	47,542	3,479
Licenses and fees	7,823	3,414
Office	73,134	14,361
Other programs	17,666	6,277
Property taxes	48,962	11,409
Rent - sites	492,000	123,000
Salaries and wages	6,489,982	946,720
Supplies	77,388	28,220
Tenant meals	1,832,464	167,214
Training	26,588	3,310
Travel	33,523	8,737
Utilities	592,715	139,627
Vacancy loss	850	-
	<u>10,889,624</u>	<u>1,583,856</u>
TOTAL PROGRAM EXPENSES		
	<u>10,889,624</u>	<u>1,583,856</u>
GENERAL AND ADMINISTRATIVE EXPENSES		
Amortization	4,977	1,341
Bad debts	400	10,809
Insurance	50,842	9,907
Interest and bank charges	975	1,168
Salaries and benefits	799,843	49,827
Parking Management fee	6,706	1,264
Professional fees	57,430	21,437
Rental and occupancy costs	37,569	3,383
Social and recreational expense	13,410	77
	<u>972,152</u>	<u>99,213</u>
TOTAL GENERAL AND ADMINISTRATIVE EXPENSES		
	<u>972,152</u>	<u>99,213</u>
EXCESS OF REVENUES OVER PROGRAM EXPENSES BEFORE OTHER EXPENSES	1,029,957	22,543
OTHER EXPENSES		
Surplus repayment	<u>(329,226)</u>	<u>-</u>
EXCESS OF REVENUES OVER PROGRAM EXPENSES	<u>\$ 700,731</u>	<u>\$ 22,543</u>

See notes to financial statements

COMMUNITY BUILDERS BENEVOLENCE GROUP
Statement of Changes in Net Assets
Year Ended March 31, 2021

	Unrestricted	Restricted	Invested in capital assets	2021	2020
NET ASSETS - BEGINNING OF YEAR	\$ (269,795)	\$ 511,306	\$ 16,589	\$ 258,100	\$ 235,557
EXCESS OF REVENUES OVER PROGRAM EXPENSES	705,708	-	(4,977)	700,731	22,543
INTERFUND TRANSFER	260,659	(260,659)	-	-	-
NET ASSETS - END OF YEAR	\$ 696,572	\$ 250,647	\$ 11,612	\$ 958,831	\$ 258,100

See notes to financial statements

COMMUNITY BUILDERS BENEVOLENCE GROUP

Statement of Cash Flows

Year Ended March 31, 2021

	2021 <i>(12 months)</i>	2020 <i>(3 months)</i>
OPERATING ACTIVITIES		
Excess of revenues over program expenses	\$ 700,731	\$ 22,543
Item not affecting cash:		
Amortization of capital assets	<u>4,977</u>	<u>1,341</u>
	<u>705,708</u>	<u>23,884</u>
Changes in non-cash working capital:		
Accounts receivable	31,103	(174,417)
Accounts payable	36,837	135,050
Deferred charges	(3,893)	-
Prepaid expenses	(135)	10,131
Goods and services tax payable	(8,077)	4,702
Restricted cash	260,659	5,119
Wages payable	98,864	(4,645)
Deposits received	4,296	(420)
Deferred revenue	394,689	59,798
Deferred government grants	<u>(24,000)</u>	<u>128,000</u>
	<u>790,343</u>	<u>163,318</u>
INCREASE IN CASH FLOW	1,496,051	187,202
Cash - beginning of year	<u>704,181</u>	<u>516,979</u>
CASH - END OF YEAR	<u>\$ 2,200,232</u>	<u>\$ 704,181</u>

See notes to financial statements

COMMUNITY BUILDERS BENEVOLENCE GROUP

Notes to Financial Statements

Year Ended March 31, 2021

1. DESCRIPTION OF BUSINESS

The Society is a not-for-profit organization incorporated under the Societies Act of British Columbia. The Group is a charity formed for the purpose of providing social services and support programs for marginalized individuals.

As a registered charity the Group is exempt from payment of income tax under Section 149(1) of the Income Tax Act.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPO).

Measurement uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

Cash and cash equivalents

Cash includes cash and cash equivalents. Cash equivalents are savings accounts and GICs valued at cost plus accrued interest. The carrying amounts approximate fair value because they are cashable at any time.

Capital assets

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

Motor vehicles	30%	declining balance method
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The Group regularly reviews its capital assets to eliminate obsolete items. Government grants are treated as a reduction of capital assets cost.

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COMMUNITY BUILDERS BENEVOLENCE GROUP

Notes to Financial Statements

Year Ended March 31, 2021

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

Revenue recognition

Community Builders Benevolence Group follows the deferral method of accounting for contributions.

Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Endowment contributions are recognized as direct increases in net assets.

Revenue from rental of housing units is recognized when rent is due and received.

Deferred revenue arises from rent collected in advance.

Deferred government grants are funds received for future operations and expenditures.

Financial instruments policy

Financial instruments are recorded 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 and losses reported in income. 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.

Comparative figures

Certain comparative amounts have been reclassified to conform to the current year's presentation.

3. RESTRICTED CASH

	<u>2021</u>	<u>2020</u>
Restricted Surplus Fund	\$ -	\$ 295,231
Yale Replacement Reserve Fund	<u>250,647</u>	<u>216,075</u>
	<u>\$ 250,647</u>	<u>\$ 511,306</u>

The Restricted Surplus Fund has been amalgamated into unrestricted funds as it is deemed spent via employee wages.

The Yale Replacement Reserve Fund was set up through the Yale service agreement and comprises amounts of \$34,572 set aside per year since January 1, 2014. The fund is restricted for capital improvements for the Yale property.

4. CAPITAL ASSETS

	Cost	Accumulated amortization	2021 Net book value	2020 Net book value
Motor vehicles	\$ 19,421	\$ 7,809	<u>\$ 11,612</u>	<u>\$ 16,589</u>

COMMUNITY BUILDERS BENEVOLENCE GROUP
Notes to Financial Statements
Year Ended March 31, 2021

5. DEFERRED GOVERNMENT GRANTS

	2021	2020
City of Vancouver	\$ 328,000	\$ 352,000

The City of Vancouver granted funds of \$1,000,000 for the period March 1, 2015 to February 28, 2020 to support the provision of affordable and managed support housing. The balance of \$328,000 is unspent at March 31, 2021.

6. RELATED PARTIES

The Group has an economic interest in entities that hold title to the land and building that the Group operates and manages. Included in expenses are rent and property taxes in the amount of \$540,961 (March 31, 2020 - \$134,409).

Related party transactions are in the normal course of business and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

7. COMPENSATION

Four employees earned \$75,000 or more in salaries and benefits expense for the period ending March 31, 2021 for a total of \$407,957 (March 31, 2021 - nil).

8. LEASE COMMITMENTS

The Group has a long term lease with respect to its premises at 1060 Howe Street, Vancouver BC. The lease contains renewal options to February 28, 2020. Future minimum lease payments as at March 31, 2021, are as follows:

	Capital	Operating	Other	Total
2022	\$ 450,000	\$ -	\$ -	\$ 450,000
2023	450,000	-	-	450,000
2024	450,000	-	-	450,000
2025	412,500	-	-	412,500
	\$ 1,762,500	\$ -	\$ -	\$ 1,762,500

COMMUNITY BUILDERS BENEVOLENCE GROUP

Notes to Financial Statements

Year Ended March 31, 2021

9. COVID-19 PANDEMIC

Since December 31, 2019, the spread of COVID-19 has severely impacted many local economies around the globe. In many countries, including Canada, businesses were forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown.

Due to the nature of the community services provided by the organization, the effect of COVID-19 on the organization is opposite of what many business entities have been experiencing. The role of the organization as a housing provider for the vulnerable demographic of Vancouver has become very important in terms of preventing COVID-19 spread amongst the homeless population.

The organization experienced a significant growth during 2021 fiscal year. The growth is expected to continue into 2022 fiscal year as new sites are scheduled to open. Out of the 3 COVID related emergency sites, Granville has transitioned into a low rental housing site and Coal Harbour closed down in mid June. Opus Davie remains as a COVID isolation site, but will close down in July and its operation will move to Metson property to start as a new project called 'Metson Covid Isolation Wing' - this is also repeated in subsequent events below. Plaza of Nations opened during the year in November as a COVID emergency site.

10. SUBSEQUENT EVENTS

The following events occurred subsequent to the fiscal year end:

Granville Shelter, which was one of the emergency shelter mentioned in note 8, transitioned into a low rental housing on April 1, 2021. CBG entered into a 5 year operating agreement for this site.

Plaza of Nations, which was also one of the emergency site mentioned in note 8, transitioned into a homeless shelter on April 1, 2021. CBG entered into a 5 year operating agreement for this site.

Opus -Davie, which is one of the emergency sites mentioned in note 8, continued its operation into fiscal 2022, but will be closing some time in July 2021. Its operation will be moved to 1060 Howe St as a new project called 'Metson Covid Isolation wing.'

Alawem (a modular housing site) is located on Vernon St. in Vancouver. It will commence its operation on July 18, 2021.

Skeena, an unfunded site, was released from our portfolio exactly 1 month past the year end as of April 30, 2021.

11. FINANCIAL INSTRUMENTS

The Group is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Group's risk exposure and concentration as of March 31, 2021.

(a) Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Group is exposed to credit risk from customers. In order to reduce its credit risk, the Group reviews a new customer's credit history before extending credit and conducts regular reviews of its existing customers' credit performance. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information. The Group has a significant number of customers which minimizes concentration of credit risk.

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COMMUNITY BUILDERS BENEVOLENCE GROUP

Notes to Financial Statements

Year Ended March 31, 2021

11. FINANCIAL INSTRUMENTS *(continued)*

(b) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Group is exposed to this risk mainly in respect of its receipt of funds from its customers and other related sources, long-term debt, obligations under capital leases, contributions to the pension plan, and accounts payable.

(c) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the Group manages exposure through its normal operating and financing activities. The Group is exposed to interest rate risk primarily through its floating interest rate bank indebtedness and credit facilities.

Unless otherwise noted, it is management's opinion that the Group is not exposed to significant other price risks arising from these financial instruments.
