

**PLEA COMMUNITY SERVICES
SOCIETY OF BRITISH COLUMBIA**

CONSOLIDATED FINANCIAL STATEMENTS

31 MARCH 2022

**PLEA COMMUNITY SERVICES
SOCIETY OF BRITISH COLUMBIA**
Consolidated Financial Statements
For the Year Ended 31 March 2022

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INDEPENDENT AUDITORS' REPORT

To the Members,
PLEA Community Services Society of British Columbia

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of PLEA Community Services Society of British Columbia (the "Society"), which comprise the consolidated statement of financial position as at 31 March 2022, and the consolidated statements of operations, changes in net assets and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Society as at 31 March 2022, and the consolidated results of its operations and its consolidated 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 Auditors' Responsibilities for the Audit of the Consolidated 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 consolidated 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated 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.

INDEPENDENT AUDITORS' REPORT - continued

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 consolidated 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 consolidated 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 auditors' report to the related disclosures in the consolidated 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 auditors' report. However, future events or conditions may cause the Society to cease to continue as a going concern.

INDEPENDENT AUDITORS' REPORT - continued

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated 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 Societies Act (British Columbia), we report that, in our opinion, the accounting principles in Canadian accounting standards for not-for-profit organizations have been applied on a basis consistent with that of the preceding year.

Rolfe Benson LLP

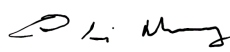
CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, Canada
21 June 2022

PLEA COMMUNITY SERVICES SOCIETY OF BRITISH COLUMBIA
Consolidated Statement of Financial Position
31 March 2022

	2022	2021
Assets		
Current		
Cash	\$ 5,535,078	\$ 4,505,290
Restricted cash (Note 3)	3,575,626	3,031,579
Accounts receivable	1,256,114	1,533,402
Prepaid expenses	87,622	142,493
	10,454,440	9,212,764
PLEA KidStart Summer Camp Trust (Note 4 (a))	1,544,353	1,328,748
Investment for KidStart Legacy Fund (Note 4 (b))	472,654	327,709
Investment for Children of the Street Legacy Fund (Note 4 (c))	271,715	156,683
Investment for PLEA Legacy Fund (Note 4 (d))	85,263	70,292
Tangible capital assets (Note 5)	8,967,625	8,839,459
	\$ 21,796,050	\$ 19,935,655
Liabilities		
Current		
Accounts payable and accrued liabilities (Note 6)	\$ 2,424,019	\$ 2,219,980
Long-term debt - current portion (Note 7)	2,291,977	2,354,005
Deferred contributions (Note 8)	2,563,300	2,402,905
	7,279,296	6,976,890
Long-term debt (Note 7)	2,474,636	2,567,827
Canada Emergency Business Account (Note 9)	-	40,000
	9,753,932	9,584,717
Commitments (Note 12)		
Net Assets		
Invested in tangible capital assets (Note 10)	4,201,012	3,917,627
Externally restricted	1,544,353	1,328,748
Internally restricted	1,819,607	1,544,659
Unrestricted	4,501,006	3,618,348
	12,065,978	10,409,382
Non-controlling interest	(23,860)	(58,444)
	12,042,118	10,350,938
	\$ 21,796,050	\$ 19,935,655

APPROVED BY THE DIRECTORS:

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Director

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Director

The accompanying notes are an integral part of these consolidated financial statements.

PLEA COMMUNITY SERVICES SOCIETY OF BRITISH COLUMBIA
Consolidated Statement of Operations
For the Year Ended 31 March 2022

	2022	2021
Revenue		
Government contracts	\$ 33,458,455	\$ 32,192,329
Fee for services income	457,300	383,795
Grant revenue (Note 13)	456,533	831,395
Gaming revenue	371,150	371,750
Donations	115,988	185,541
Rental revenue	91,569	66,600
Miscellaneous revenue	53,872	31,019
Interest income	52,528	51,524
Fundraising revenue	7,474	-
Government assistance (Note 17)	-	334,386
	35,064,869	34,448,339
Expenses		
Salaries and benefits (Notes 14 and 16)	16,782,834	16,770,976
Family caregiver fees and expenses (Note 16)	11,493,925	11,666,775
Programs - Schedule	3,108,670	3,133,767
Administrative - Schedule	1,103,823	936,615
Facilities - Schedule	835,269	708,056
Amortization	251,405	247,732
Interest on long-term debt	162,512	115,814
	33,738,438	33,579,735
Excess of revenues over expenses before other items	1,326,431	868,604
Other income (expenses)		
Unrealized gain on market value of investments	265,516	372,870
Investment income	75,056	69,807
Gain (loss) on sale of investments	24,177	(9,217)
Canada Emergency Business Account (Note 9)	-	20,000
Gain on disposal of tangible capital assets	-	16,627
	364,749	470,087
Excess of revenues over expenses for the year	\$ 1,691,180	\$ 1,338,691
Attributable to		
Members of the controlling entity	\$ 1,656,596	\$ 1,297,357
Non-controlling interest	34,584	41,334
	\$ 1,691,180	\$ 1,338,691

The accompanying notes are an integral part of these consolidated financial statements.

PLEA COMMUNITY SERVICES SOCIETY OF BRITISH COLUMBIA
Consolidated Statement of Changes in Net Assets
For the Year Ended 31 March 2022

	Invested in tangible capital assets (Note 10)	Externally Restricted PLEA KidStart Summer Camp Trust	Internally Restricted				Other (Note 3)	Total Internally Restricted	Unrestricted	2022	2021
			KidStart Legacy Fund	Children of the Street Legacy Fund	PLEA Legacy Fund						
Balance - beginning of year	\$ 3,917,627	\$ 1,328,748	\$ 327,709	\$ 156,683	\$ 70,292	\$ 989,975	\$ 1,544,659	\$ 3,618,348	\$ 10,409,382	\$ 9,112,025	
Excess (deficiency) of revenues over expenses for the year	(251,405)	250,091	69,229	30,765	14,471	-	114,465	1,543,445	1,656,596	1,297,357	
Transfer to (from) restricted funds (Note 4)	-	(34,486)	75,716	84,267	500	-	160,483	(125,997)	-	-	
Investment in tangible capital assets (Note 10)	534,790	-	-	-	-	-	-	(534,790)	-	-	
Balance - end of year	\$ 4,201,012	\$ 1,544,353	\$ 472,654	\$ 271,715	\$ 85,263	\$ 989,975	\$ 1,819,607	\$ 4,501,006	\$ 12,065,978	\$ 10,409,382	

The accompanying notes are an integral part of these consolidated financial statements.

PLEA COMMUNITY SERVICES SOCIETY OF BRITISH COLUMBIA
Consolidated Statement of Cash Flows
For the Year Ended 31 March 2022

	2022	2021
Cash provided by (used in):		
Operating activities		
Excess of revenues over expenses for the year	\$ 1,691,180	\$ 1,338,691
Items not involving cash		
Amortization	251,405	247,732
Unrealized gain in market value of investments	(265,516)	(372,870)
Loss (gain) on sale of investments	(24,177)	9,217
Gain on disposal of tangible capital assets	-	(16,627)
Canada Emergency Business Account, forgivable portion	-	(20,000)
	1,652,892	1,186,143
Changes in non-cash working capital balances		
Accounts receivable	277,288	(128,103)
Prepaid expenses	54,871	4,430
Accounts payable and accrued liabilities	204,039	360,214
Deferred contributions	160,395	(43,993)
	2,349,485	1,378,691
Investing activities		
Purchase of tangible capital assets	(379,571)	(3,432,839)
Purchase of investments	(259,523)	(498,962)
Proceeds on sale of investments	58,663	271,668
	(580,431)	(3,660,133)
Financing activities		
Repayment of long-term debt	(155,219)	(572,212)
Advances (repayment) of Canada Emergency Business Account	(40,000)	60,000
Advances of long-term debt	-	2,265,000
	(195,219)	1,752,788
Net increase (decrease) in cash	1,573,835	(528,654)
Cash - beginning of year	7,536,869	8,065,523
Cash - end of year	\$ 9,110,704	\$ 7,536,869
Cash consists of:		
Cash	\$ 5,535,078	\$ 4,505,290
Restricted cash	3,575,626	3,031,579
	\$ 9,110,704	\$ 7,536,869

The accompanying notes are an integral part of these consolidated financial statements.

PLEA COMMUNITY SERVICES SOCIETY OF BRITISH COLUMBIA
Notes to the Consolidated Financial Statements
For the Year Ended 31 March 2022

1. Purpose and Operations

PLEA Community Services Society of British Columbia (“the Society” or “PLEA”) was incorporated under the Societies Act of British Columbia on 28 June 1979 as Pacific Legal Education Association. On 2 March 2005, PLEA legally changed its name to PLEA Community Services Society of British Columbia. PLEA is an accredited not-for-profit organization and a registered charity under the Income Tax Act of Canada. The purpose of the Society is to develop and operate youth and adult support programs in the Lower Mainland area of British Columbia. The majority of these programs are funded under contract with the Province of British Columbia’s Ministry of Children and Family Development (“MCFD”), the Government of Northwest Territories, Community Living B.C., and the Vancouver Coastal and Fraser Health Authorities. Operation of the Society's programs is largely dependent upon the annual renewal of the Society's contracts with these funders.

2. Summary of Significant Accounting Policies

The consolidated financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations. The significant policies are detailed as follows:

(a) Principles of consolidation

These consolidated financial statements include the accounts of the Society and its subsidiary BJP Case Administration Management System Ltd. (“BJP”). The Society has a 61.5% interest in BJP, a for-profit private corporation, incorporated under the laws of British Columbia. All intercompany balances and transactions have been eliminated.

(b) Non-controlling interest

The non-controlling interest in the Society’s subsidiary is classified as a separate component of net assets. On initial recognition, the non-controlling interest is measured at the fair value of the non-controlling entity’s contribution into the related subsidiary. Subsequent to the original transaction date, adjustments are made to the carrying amount of the non-controlling interest’s share of changes to the subsidiary’s equity.

Changes in the Society’s ownership interest in a subsidiary that do not result in a loss of control are recorded as equity transactions. The carrying amount of non-controlling interest is adjusted to reflect the change in the non-controlling interest’s relative interest in the subsidiary, and the difference between the adjustment to the carrying amount of non-controlling interest and the Society’s share of proceeds received and/or consideration paid is recognized directly in net assets and attributed to members of the Society.

PLEA COMMUNITY SERVICES SOCIETY OF BRITISH COLUMBIA
Notes to the Consolidated Financial Statements
For the Year Ended 31 March 2022

2. Summary of Significant Accounting Policies - continued

(c) Revenue Recognition

The Society follows the deferral method of accounting for contributions. Under this method, revenue from government contracts, grants, gaming revenue and other assistance is recognized in the year in which the related program services are delivered and expenses are incurred. Donations and fundraising revenues are recognized when received or receivable unless the donor has specified they are intended for a specific purpose or use in future period, in which case they are initially deferred and recognized as revenue when the expenses are incurred or the restrictions are met. Unrestricted contributions, interest income and miscellaneous revenue are recorded as revenue when received or receivable. Fees for service are recorded once the service has been provided and collection is reasonably assured. Rental income is recognized on a straight-line basis over the rental period.

(d) Financial Instruments

i. Measurement

The Society initially measures its financial assets and liabilities at fair value and subsequently measures all of its financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. These equity instruments measured at fair value include the PLEA KidStart Summer Camp Trust, PLEA Legacy Fund, KidStart Legacy Fund and Children of the Street Legacy Fund. Changes in fair value are recognized in the consolidated statement of operations as unrealized gain on market value of investments.

ii. Impairment

Financial assets measured at cost are tested for impairment on an annual basis when 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 the selling of the financial asset or the amount the Society expects to realize by exercising its right to any collateral. The amount of the write-down is recognized in the consolidated statement of operations. A previously recognized impairment loss may be reversed to the extent of the improvement, provided it is no greater than the initial carrying value. The amount of the reversal is recognized in the consolidated statement of operations.

iii. Transaction Costs

The Society recognizes its transaction costs in the consolidated statement of operations in the period incurred. However, financial instruments that are not subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their origination, issuance or assumption.

PLEA COMMUNITY SERVICES SOCIETY OF BRITISH COLUMBIA
Notes to the Consolidated Financial Statements
For the Year Ended 31 March 2022

2. Summary of Significant Accounting Policies - continued

(e) Tangible Capital Assets

Tangible capital assets are recorded at cost and amortized on a straight-line basis over their estimated useful lives as follows:

Buildings	50 years
Furniture and equipment	5 years
Computer equipment	4 years
Automobile	3 years
Leasehold improvements	over lease term
Land improvements	5 years

During 2022, the Society performed a review of the planned usage of tangible capital assets. As a result, it was determined that the straight-line amortization method is most appropriate for furniture and equipment, automobiles and land improvements and the estimated useful lives were updated accordingly. In addition, the useful life of computer equipment was extended to four years. The effect of these changes on actual and expected future amortization expense is immaterial. There was no change to the estimated useful life or amortization method for buildings or leasehold improvements.

(f) Donated Goods and Services

The Society does not recognize the fair value of donated goods and services. Volunteers contribute a significant amount of time every year to assist the Society in carrying out its programs and services. Due to the difficulty of determining their fair market value, contributed services are not recognized in the consolidated financial statements.

(g) Use of Estimates

The preparation of these consolidated financial statements in accordance 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 and disclosure of contingent liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Items requiring the use of management estimates include the useful lives of tangible capital assets and measurement of accrued liabilities. Management believes that estimates utilized in preparing the consolidated financial statements are prudent and reasonable, however, actual results could differ from those estimates.

(h) Impairment of Long-lived Assets

The Society tests for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recovered. When a tangible capital asset no longer contributes to the services provided by the Society, its carrying amount is written down to the amount by which the carrying amount of the asset exceeds its fair value or replacement cost.

PLEA COMMUNITY SERVICES SOCIETY OF BRITISH COLUMBIA
Notes to the Consolidated Financial Statements
For the Year Ended 31 March 2022

3. Restricted Cash

Restricted cash is comprised of the following:

	2022	2021
Cash for internally restricted funds		
Building Contingency Fund	\$ 481,444	\$ 481,444
IT Equipment Replacement Fund	257,237	257,237
Operations Reserve Funds	251,294	251,294
	989,975	989,975
Other		
Deferred Contributions	2,402,905	1,853,508
Province of British Columbia's Community Gaming Grants	182,746	188,096
	2,585,651	2,041,604
	\$ 3,575,626	\$ 3,031,579

During the year, the Society transferred \$549,397 (2021 - \$226,325) of unrestricted funds to the deferred contributions account.

4. Investments

	PLEA KidStart Summer Camp Trust (a)	KidStart Legacy Fund (b)	Children of the Street Legacy Fund (c)	PLEA Legacy Fund (d)
31 March 2022				
Mutual funds, at fair value	\$ 20,669	\$ 19,023	\$ 30,162	\$ 16,262
Equities, at fair value	1,523,684	453,631	241,553	69,001
	\$ 1,544,353	\$ 472,654	\$ 271,715	\$ 85,263
31 March 2021				
Mutual funds, at fair value	\$ 50,998	\$ 12,442	\$ 29,442	\$ 15,811
Equities, at fair value	1,277,750	315,267	127,241	54,481
	\$ 1,328,748	\$ 327,709	\$ 156,683	\$ 70,292

(a) PLEA KidStart Summer Camp Trust

A Deed of Trust was established on 27 September 2006 between Alasdair Gordon (the Settlor) and PLEA (the Trustee). The Settlor made a donation to the Trustee to facilitate the establishment of ongoing revenue to allow disadvantaged children and youth to attend summer camp. The Trustee will hold, retain, invest and keep invested the Trust Property and will pay or distribute all or any of the income or the capital of the Trust Property from time to time, in such amounts as the Trustee may determine.

The funds are invested in marketable securities and are restricted by the terms and conditions in the Deed of the Trust. As at 31 March 2022, the cost of the investments in this Fund is \$852,895 (2021 - \$825,277).

PLEA COMMUNITY SERVICES SOCIETY OF BRITISH COLUMBIA
Notes to the Consolidated Financial Statements
For the Year Ended 31 March 2022

4. Investments - continued

(a) PLEA KidStart Summer Camp Trust - continued

During the year, the Board approved the transfer of \$34,486 (2021 - \$12,115) from the KidStart Summer Camp Trust to the unrestricted fund to provide funding for expenses related to the KidStart Summer Camp.

(b) Investment for KidStart Legacy Fund

In 2017, the Board approved the establishment of a KidStart Legacy Fund. As at 31 March 2022, the cost of the investments in this Fund is \$355,243 (2021 - \$273,499).

During the year, the Society transferred \$75,716 (2021 - \$9,993) from the unrestricted fund to the KidStart Legacy Fund.

(c) Investment for Children of the Street Legacy Fund

In 2021, the Board approved the establishment of a Children of the Street Legacy Fund. As at 31 March 2022, the cost of the investments in this Fund is \$238,175 (2021 - \$145,724).

During the year, the Society transferred \$84,267 (2021 - \$144,336) from the unrestricted fund to the Children of the Street Legacy Fund.

(d) Investment for PLEA Legacy Fund

In 2014, the Board approved the establishment of a PLEA Legacy Fund. As at 31 March 2022, the cost of the investments in this Fund is \$68,933 (2021 - \$66,165).

During the year, the Society transferred \$500 (2020 - \$Nil) from the unrestricted fund to the PLEA Legacy Fund.

5. Tangible Capital Assets

	Cost	Accumulated Amortization	Net Book Value	
			2022	2021
Land	\$ 4,618,498	\$ -	\$ 4,618,498	\$ 4,618,498
Buildings	5,008,119	837,953	4,170,166	3,977,359
Computer equipment	603,481	486,129	117,352	81,502
Furniture and equipment	108,403	78,134	30,269	63,457
Automobiles	255,539	228,958	26,581	88,036
Leasehold improvements	26,650	21,891	4,759	7,402
Land improvements	-	-	-	3,205
	\$ 10,620,690	\$ 1,653,065	\$ 8,967,625	\$ 8,839,459

PLEA COMMUNITY SERVICES SOCIETY OF BRITISH COLUMBIA
Notes to the Consolidated Financial Statements
For the Year Ended 31 March 2022

6. Accounts Payable and Accrued Liabilities

Included in accounts payable and accrued liabilities are government remittances of \$47,453 (2021 - \$88,503).

7. Long-Term Debt

	2022	2021
CIBC demand instalment loan, Kingsway Avenue, bearing interest at 2.65% per annum and repayable in monthly instalments of principal and interest of \$10,333 per month. The loan is due on demand and is secured by a first charge against the lands and improvements thereon at units 105, 201 and 202 at 2071 Kingsway Avenue, Port Coquitlam BC which has a carrying value of \$3,406,784.	\$ 2,199,666	\$ 2,265,000
VanCity Savings Credit Union mortgage, Commercial Street, bearing interest at 4.25% per annum and repayable in monthly instalments of principal and interest of \$12,413 per month. The mortgage is due 1 May 2023 and is secured by a first charge against the lands and improvements thereon at 3894 Commercial Street, Vancouver, BC which has a carrying value of \$633,321.	2,083,859	2,143,635
VanCity Savings Credit Union mortgage, Sullivan Street, bearing interest at 2.95% per annum and repayable in monthly instalments of principal and interest of \$3,730 per month. The mortgage is due 9 April 2025 and is secured by a first charge against the lands and improvements thereon at 12159 Sullivan Street, Surrey, BC which has a carrying value of \$826,288.	483,088	513,197
	4,766,613	4,921,832
Less: Current portion	2,291,977	2,354,005
	\$ 2,474,636	\$ 2,567,827

Future principal repayments, assuming repayment of loans is not demanded and renewal under similar terms are as follows:

2023	\$ 158,821
2024	164,110
2025	169,932
2026	175,698
2027	179,737
Thereafter	3,918,315
	\$ 4,766,613

PLEA COMMUNITY SERVICES SOCIETY OF BRITISH COLUMBIA
Notes to the Consolidated Financial Statements
For the Year Ended 31 March 2022

8. Deferred Contributions

Deferred contributions represent unspent resources externally restricted for the delivery of specified programs and received in advance of the Society's obligation to perform. Certain unspent contributions are repayable upon the request of funders. Deferred contributions are as follows:

	Government Contributions	Grants	2022	2021
Balance - beginning of year	\$ 1,930,347	\$ 472,558	\$ 2,402,905	\$ 2,446,898
Additions	33,758,099	620,552	34,378,651	34,257,811
Revenue recognized	(33,445,104)	(773,152)	(34,218,256)	(33,820,139)
Returned to funder	-	-	-	(481,665)
Balance - end of year	\$ 2,243,342	\$ 319,958	\$ 2,563,300	\$ 2,402,905

9. Canada Emergency Business Account

In response to the COVID-19 crisis, the Government of Canada partnered with Canadian banks to provide government guaranteed, unsecured loans to eligible entities under the Canada Emergency Business Account (CEBA) program. The loan was interest-free through 31 December 2022 and was required to be used for non-deferrable expenses that occurred in the 2020 and 2021 calendar years.

During 2021, the Society, through its subsidiary BJP Case Administration Management System Ltd., received \$60,000 under this program. The Society fully repaid \$40,000 during 2022 and in accordance with the terms of the CEBA program, the remaining \$20,000 was forgiven. The forgiveness of the loan was recognized as other income during the 2021 fiscal year and therefore there is no impact on the 2022 consolidated statement of operations.

10. Net Assets Invested in Tangible Capital Assets

(a) Net assets invested in tangible capital assets are comprised of the following:

	2022	2021
Tangible capital assets	\$ 8,967,625	\$ 8,839,459
Amounts financed by long-term debt	(4,766,613)	(4,921,832)
	\$ 4,201,012	\$ 3,917,627

PLEA COMMUNITY SERVICES SOCIETY OF BRITISH COLUMBIA
Notes to the Consolidated Financial Statements
For the Year Ended 31 March 2022

10. Net Assets Invested in Tangible Capital Assets - continued

(b) Change in net assets invested in tangible capital assets is comprised of the following:

	2022	2021
Deficiency of revenue over expenses:		
Amortization of tangible capital assets	\$ (251,405)	\$ (247,732)
Gain on disposal of tangible capital assets	-	16,627
	\$ (251,405)	\$ (231,105)
Purchase of capital assets	\$ 379,571	\$ 3,432,839
Decrease (increase) in long-term debt, net	155,219	(1,692,788)
	\$ 534,790	\$ 1,740,051

11. Line of Credit

The Society has an operating line of credit with CIBC to a maximum of \$500,000 (2021 - \$500,000) which bears interest at prime. As at 31 March 2022, no amount (2021 - \$Nil) was drawn from the line of credit.

12. Commitments

The Society leases certain business premises and equipment. Under the terms of these leases, the Society is committed to the following annual minimum lease payments including taxes as well as a proportional share of common area maintenance costs.

2023	\$ 221,307
2024	66,175
2025	10,466
	\$ 297,948

13. Endowment Funds

In July 1999, the Society transferred the Bernie Agg Scholarship Fund and the PLEA Volunteer Program for Children Fund in the amount of \$25,000 each to the Vancouver Foundation as permanent endowment funds for the Society. As the capital of the fund is not available for use by the Society, the balance is not recorded in the Society's consolidated statement of financial position. During the year, the Society received distributions from these endowment funds of \$2,161 (2021 - \$2,147) which have been included in grant revenue on the consolidated statement of operations. At 31 March, 2022, the fair value of endowments held on behalf of the Society by the Vancouver Foundation is \$59,673 (2021 - \$58,561).

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14. Pension Plan

The Society is a member of the British Columbia Municipal Pension Plan which is open to eligible employees in British Columbia. The Municipal Pension Plan is a multi-employer contributory defined benefit pension plan and provides pension benefits based on various factors including age, earnings and length of service. As the assets and liabilities of the Plan are not segregated by member, the plan is accounted for as a defined contribution plan and any contributions of the Society to the Plan are expensed as incurred.

An actuarial valuation of the Municipal Pension Plan's assets and pension liabilities is performed at least every three years. The most recent full actuarial valuation for funding purposes available was prepared as at 31 December 2018 and completed in the year 2019. The valuation disclosed a surplus of basic pension benefits of \$2,866 million in the plan.

The Society's pension plan expense for the year ended 31 March 2022 amounted to \$1,191,018 (2021 - \$1,136,166).

15. Financial Instruments

The Society is exposed to various risks through its financial instruments. The following analysis provides a measure of the Society's risk exposure and concentrations as at 31 March 2022:

(a) Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Society is exposed to this risk mainly in respect of its accounts payable and accrued liabilities and long-term debt. The Society reduces its exposure to liquidity risk by ensuring that it documents when authorized payments become due; monitors and manages its cash and investment balance to ensure adequate cash flow is available to repay creditors and debt obligations as payments become due. Additional cash requirements are met with the use of the available operating lines of credit (Note 11). There has been no change to the risk exposure from the prior year.

(b) 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's main credit risk relates to its cash, restricted cash and accounts receivable. The Society limits its credit risk by placing its cash with provincially regulated, credit worthy financial institutions in Canada. Accounts receivable are non-interest bearing and are generally due from government funding agencies which do not pose significant credit risk. Management assesses accounts receivable and writes off any amounts that are deemed to be uncollectible on a continuous basis. There has been no change to the risk exposure from the prior year.

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15. Financial Instruments - continued

(c) Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The Society is mainly exposed to interest rate risk and other price risk.

i. 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 fixed and floating interest rate financial instruments, primarily related to long-term debt. Fixed-rate instruments subject the Society to a fair value risk while the floating-rate instruments subject it to a cash flow risk. The Society does not use derivative instruments to reduce its risk exposure. There has been no change to the risk exposure from the prior year.

ii. Other Price Risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Society is exposed to other price risk through its investment in shares. There has been no change to the risk exposure from the prior year.

16. Remuneration of Employees, Contractors and Directors

For the fiscal year ended 31 March 2022, the Society paid total remuneration of \$1,706,577 (2021 - \$1,782,276) to the ten (2021 - ten) highest paid employees and contractors for services, each of whom received total annual remuneration of \$75,000 or greater. The remuneration of these amounts are included in salaries and benefits and family caregiver fees and expenses in the consolidated statement of operations. The Board of Directors of the Society did not receive any remuneration during the 2022 fiscal year (2021 - \$Nil).

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17. Government Assistance

During 2021, the Society received government subsidies totalling \$334,386 related to the Temporary Pandemic Pay (TPP) funding, Canada Emergency Wage Subsidy (CEWS) and Temporary Wage Subsidy for Employers (TWSE) for the Society and its subsidiary. The measurement of these government subsidies is subject to uncertainty as the claims are subject to review and possible adjustment by the Province of British Columbia and Canada Revenue Agency.

18. Comparative Figures

Certain comparative figures have been reclassified from those previously presented to conform to the presentation of the 2022 consolidated financial statements.

PLEA COMMUNITY SERVICES SOCIETY OF BRITISH COLUMBIA**Schedule of Expenses****For the Year Ended 31 March 2022**

	2022	2021
Programs		
Activities	\$ 1,061,436	\$ 1,127,849
Travel and automotive	729,096	695,194
Supplemental support	336,476	304,630
Materials	326,303	336,347
Contracted services	131,468	98,953
Training	105,295	171,852
Memberships, licenses, subscriptions and dues	92,290	73,301
Medical	85,438	130,879
Volunteers	59,922	74,597
Meetings and conferences	59,128	15,909
Marketing	44,507	57,692
KidStart camps	34,486	12,115
Fundraising	33,085	11,057
Education	9,740	23,392
	<u>\$ 3,108,670</u>	<u>\$ 3,133,767</u>
Administrative		
Contracted services	\$ 370,640	\$ 370,641
IT	334,434	174,694
Telephone	146,621	200,641
Office	98,729	100,129
Insurance	91,150	60,777
Furniture, fixtures, and equipment	60,442	28,422
Board expenses	1,807	1,311
	<u>\$ 1,103,823</u>	<u>\$ 936,615</u>
Facilities		
Rent, property taxes and utilities	\$ 538,592	\$ 448,933
Janitorial and building maintenance	260,432	215,686
Building insurance	36,245	43,437
	<u>\$ 835,269</u>	<u>\$ 708,056</u>
