

Sources Community Resources Society
Financial Statements
For the year ended March 31, 2022

Independent Auditor's Report

To the To the Board of Sources Community Resources Society:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Sources Community Resources Society (the "Society"), which comprise the statement of financial position as at March 31, 2022, and the statements of operations, 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 our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Society as at March 31, 2022, 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 Society in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with 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 Society's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Society or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Society's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Society's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Society to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

As required by the Society Act of British Columbia, we report that, in our opinion, these standards have been applied on a basis consistent with that of the previous year.

Surrey, British Columbia

June 28, 2022

MNP LLP

Chartered Professional Accountants

Sources Community Resources Society

Statement of Financial Position

As at March 31, 2022

	2022	2021
Assets		
Current		
Cash and cash equivalents	5,569,783	4,224,004
Term deposit (Note 4)	100,000	864,847
Accounts receivable	624,414	834,868
Prepaid expenses	322,165	164,746
Government agencies receivable	87,318	70,587
	6,703,680	6,159,052
Capital assets (Note 5)	7,429,044	7,481,035
Term Deposit (Note 4)	100,000	-
	14,232,724	13,640,087
Liabilities		
Current		
Accounts payable and accruals	3,015,048	2,476,589
Deferred contributions (Note 6)	2,288,360	1,854,107
Current portion of long-term debt (Note 7)	862,706	1,512,274
Replacement reserve (Note 8)	35,915	27,567
	6,202,029	5,870,537
Long-term debt (Note 7)	6,829	22,852
Deferred contributions related to capital assets (Note 9)	636,878	729,018
	6,845,736	6,622,407
Commitments (Note 10)		
Net Assets		
Net assets invested in capital assets	5,922,631	5,216,892
Unrestricted net assets	1,464,357	1,800,788
	7,386,988	7,017,680
	14,232,724	13,640,087

Approved on behalf of the Board

e-Signed by Marc Burchell
2022-06-28 11:30:51:51 PDT
Director

e-Signed by Jatinder Heer
2022-06-28 08:38:24:24 PDT
Treasurer

The accompanying notes are an integral part of these financial statements

Sources Community Resources Society

Statement of Operations

For the year ended March 31, 2022

	2022	2021
Revenue		
Donations		
Sources Community Resources Foundation	313,745	546,507
Other	801,562	1,233,783
Grant revenue		
Law Foundation	579,774	535,476
Sources Community Resources Foundation	6,773	6,773
United Way	300,000	174,342
Other	1,001,090	1,143,506
Earned income	2,323,801	2,071,541
Federal contracts	463,623	965,637
Gaming income	236,540	289,554
Provincial contracts	21,721,554	18,577,490
Regional Health Board Contracts	838,767	705,409
Subsidies - B.C. Housing Management Commission	26,664	25,077
	28,613,893	26,275,095
Expenses		
Amortization	372,648	340,513
Building occupancy	679,484	596,335
Employee benefits	3,908,738	3,683,354
Food and residential care costs	235,846	231,891
Interest on long-term debt	33,100	38,515
Office	1,098,248	1,203,204
Program furnishings and equipment	405,645	211,091
Program materials and activities	617,675	545,273
Public relations	32,991	21,131
Purchased services	1,737,815	1,716,503
Recruitment and staff development	228,677	203,927
Rent	1,246,662	1,143,972
Salaries	16,329,509	14,752,980
Travel	299,727	250,380
	27,226,765	24,939,069
Excess of revenue over expenses before other items	1,387,128	1,336,026
Other items		
Gain on disposal of capital assets	8,772	11,907
Pandemic pay funding	-	440,938
Employee pandemic pay expense	-	(440,938)
Personal protective equipment expense	(26,592)	(74,248)
Charitable disbursement to Sources Community Resources Foundation	(1,000,000)	(984,965)
Excess of revenue over expenses	369,308	288,720

The accompanying notes are an integral part of these financial statements

Sources Community Resources Society

Statement of Changes in Net Assets

For the year ended March 31, 2022

	<i>Net assets invested in capital assets</i>	<i>Unrestricted net assets</i>	2022	2021
Net assets, beginning of the year	5,216,892	1,800,788	7,017,680	6,040,016
Excess of revenue over expenses	(280,508)	649,816	369,308	288,720
Investment in capital assets	320,656	(320,656)	-	-
Principal repayments of long-term debt	665,591	(665,591)	-	-
Acquisition of District 69 Family Resource Association net assets	-	-	-	688,944
Net assets, end of year	5,922,631	1,464,357	7,386,988	7,017,680

The accompanying notes are an integral part of these financial statements

Sources Community Resources Society

Statement of Cash Flows

For the year ended March 31, 2022

	2022	2021
Cash provided by (used for) the following activities		
Operating		
Excess of revenue over expenses	369,308	288,720
Amortization	372,648	340,513
Gain (loss) on disposal of capital assets	-	(11,907)
Recognition of deferred capital contributions	(92,140)	(74,439)
Cash transferred from District 69 Family Resources Association upon combination	-	585,976
	649,816	1,128,863
Changes in working capital accounts		
Accounts receivable	210,454	(359,840)
Government agencies receivable	(16,731)	68,834
Prepaid expenses	(157,419)	46,760
Accounts payable and accruals	538,459	450,257
Deferred contributions	434,253	311,586
	1,658,832	1,646,460
Financing		
Repayment of long-term debt	(665,591)	(136,080)
Cash contributions received for capital assets	-	88,505
Increase in replacement reserve	8,348	-
	(657,243)	(47,575)
Investing		
Purchase of capital assets	(320,656)	(170,461)
Proceeds on disposal of capital assets	-	11,908
Purchase of term deposit	(200,000)	(609,204)
Proceeds on disposal of term deposit	864,846	1,296,843
	344,190	529,086
Increase in cash resources	1,345,779	2,127,971
Cash resources, beginning of year	4,224,004	2,096,033
Cash resources, end of year	5,569,783	4,224,004

The accompanying notes are an integral part of these financial statements

Sources Community Resources Society

Notes to the Financial Statements

For the year ended March 31, 2022

1. Incorporation and nature of the Society

Sources Community Resources Society (the "Society") was incorporated under the authority of the Society Act of British Columbia as a not-for-profit organization and is a registered charity, and thus is exempt from income taxes under the Income Tax Act ("the Act"). In order to maintain its status as a registered not-for-profit under the Act, the Society must meet certain requirements within the Act. In the opinion of management these requirements have been met.

The Society's purpose is to identify human needs in British Columbia, and to respond to them in a creative and caring way. This is achieved by providing information, services and advocacy, working with others in a way that promotes involvement and self-reliance, and expressing a spirit of community.

Impact on operations of COVID-19 (coronavirus)

In early March 2020 the impact of the global outbreak of COVID-19 (coronavirus) began to have a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. Currently, the extent and impact of COVID-19 is unknown, and it is not possible to reliably estimate the severity of the impact on the financial operations of the Society in future periods.

As a result of COVID-19, the Society's operations were directly impacted. The Society received additional support through government funding and community donations while also incurring an increase in maintenance expenditures to conform to safety policies and further investment into IT infrastructure to support added virtual services.

2. Change in accounting policies

Financial instruments

Financial instruments in a related party transaction, risk disclosures and other amendments

Effective April 1, 2021 (hereafter referred to as the "initial date of application"), the Society adopted the Accounting Standards Board's revised recommendations for the measurement and disclosure of financial instruments in a related party transaction, as well as revisions to risk disclosures, in Section 3856 *Financial Instruments*. The revised standard provides additional guidance and requirements for the measurement of financial instruments originated/acquired or issued/assumed in a related party transaction ("related party financial instruments").

Revised Section 3856 clarifies that an entity must provide relevant entity-specific information to enable users to evaluate the nature and extent of each type of risk arising from financial instruments. The amendments remove the requirement to separately disclose the risks arising from derivatives from the risks arising from other financial instruments.

All other related party financial instruments are measured at cost on initial recognition. When the financial instrument has repayment terms, cost is determined using the undiscounted cash flows, excluding interest and dividend payments, less any impairment losses previously recognized by the transferor. When the financial instrument does not have repayment terms, but the consideration transferred has repayment terms, cost is determined based on the repayment terms of the consideration transferred. When the financial instrument and the consideration transferred both do not have repayment terms, the cost is equal to the carrying or exchange amount of the consideration transferred or received. All financial instruments arising in a related party transaction are subsequently measured using the cost method.

Previously, the Society initially measured related party financial instruments at either the carrying amount or exchange amount in accordance with Section 3840 *Related Party Transactions*. Subsequent to initial recognition, related party financial instruments were measured in accordance with extant Section 3856.

Transition

The Society applied the changes in accounting policies resulting from the adoption of revised Section 3856 retrospectively and prior periods have been restated. Financial instruments exchanged in a related party transaction that do not exist at the date of initial application and were impaired or modified in the immediately preceding fiscal year have not been restated in accordance with Section 3856. In addition, the following transitional provisions were applied to related party financial instruments that exist at the date of initial application:

- The cost of a financial instrument that has repayment terms is determined using the undiscounted cash flows, excluding interest and dividend payments, of the instrument less any impairment, as at the beginning of the earliest comparative period presented in these financial statements

2. Change in accounting policies *(Continued from previous page)*

- The cost of a financial instrument that does not have repayment terms is deemed to be the carrying amount of the instrument in the financial statements of the entity less any impairment, at the beginning of the earliest comparative period presented in these financial statements

The retrospective application of this change in accounting policy did not have a material impact on the results of operations and financial condition of the Association.

3. Significant accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations set out in Part III of the CPA Canada Handbook - Accounting, as issued by the Accounting Standards Board in Canada, and include the following significant accounting policies:

Cash and cash equivalents

Cash and cash equivalents include balances with banks and short-term investments with maturities of three months or less.

Capital assets

Purchased capital assets are initially recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution if fair value can be reasonably determined.

Amortization is provided using the straight-line method over terms intended to amortize the cost of assets over their estimated useful lives.

	Term
Buildings	50 years
Automotive	5 years
Equipment	10 years
Electronic equipment	5 years

Leasehold improvements are amortized on a straight-line basis over the underlying lease term, being 5 years.

Term deposits

Term deposits consist of twelve-month investments, recorded at cost. Term deposits that mature under twelve months subsequent to March 31, 2022 have been classified as current assets in concurrence with the nature of the investment.

Collections

The collection of works of art is recognized in the statement of financial position. Purchases of collection items are accounted for at cost. Contributions of collection items are accounted for at fair value based on market value. When fair value cannot be determined, the contribution is recorded at its nominal value. The works of art are not amortized as the assets are deemed to have indefinite useful lives.

Revenue recognition

The Society 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.

Other income is recognized as revenue when the services are provided, the amount to be received can be reasonably estimated and collection is reasonably assured.

Government assistance is recognized when there is reasonable assurance that the Company has complied and will continue to comply with all conditions of the assistance. Government assistance towards current expenses is recognized in income for the period as other income.

Sources Community Resources Society

Notes to the Financial Statements

For the year ended March 31, 2022

3. Significant accounting policies (Continued from previous page)

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 amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of capital assets.

Management has estimated and calculated the amount of Canada Emergency Wage Subsidy based upon their assessment of qualifying expenditures. The variability between actual subsidy received has not varied from the estimated subsidy.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in excess of revenues and expenses in the periods in which they become known.

Employee future benefits

The Society is part of a multiemployer defined benefit plan, the Municipal Pension Plan ("MPP") for which there is insufficient information to apply defined benefit plan accounting because the actuary does not attribute portions of the surplus to individual employers. Accordingly, the Society is not able to identify its share of the plan assets and liabilities, and therefore, the Society uses defined contribution plan accounting for this plan.

Replacement reserve

In accordance with the operating agreement between the Society and the British Columbia Housing Management Commission ("BCHMC"), a replacement reserve fund has been established. The replacement reserve is funded from the Society's operating budget through an annual transfer to the reserve. The use of the funds is restricted for replacement or repair of capital assets of Chestnut House.

Contributed materials and services

The Society benefits from services in the form of volunteer time and from contributed materials. Due to the difficulty of determining their fair value, the value of the volunteer services is not recorded in the financial statements. Contributed materials are recorded at their fair market value, if determinable, at the date of contribution.

Financial instruments

The Society recognizes financial instruments when the Society becomes party to the contractual provisions of the financial instrument.

Arm's length financial instruments

Financial instruments originated/acquired or issued/assumed in an arm's length transaction ("arm's length financial instruments") are initially recorded at cost.

At initial recognition, the Society may irrevocably elect to subsequently measure any arm's length financial instrument at fair value. The Society has not made such an election during the year.

The Society subsequently measures financial assets and liabilities at amortized cost.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in excess of revenue over expenses. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

Related party financial instruments

The Society initially measures the following financial instruments originated/acquired or issued/assumed in a related party transaction ("related party financial instruments") at cost on initial recognition

When the financial instrument and the consideration transferred both do not have repayment terms, the cost is equal to the carrying or exchange amount of the consideration transferred or received (refer to Note 11).

Sources Community Resources Society

Notes to the Financial Statements

For the year ended March 31, 2022

3. Significant accounting policies (Continued from previous page)

At initial recognition, the Society may elect to subsequently measure related party debt instruments that are quoted in active market, or that have observable inputs significant to the determination of fair value, at fair value.

The Society has not made such an election during the year, thus all such related party debt instruments are subsequently measured at amortized cost.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of related party financial instruments are immediately recognized in excess of revenue over expenses.

Financial asset impairment

The Society assesses impairment of all its financial assets measured at cost or amortized cost. The Society groups assets for impairment testing when there are numerous assets affected by the same factors. Management considers whether there has been a breach in contract, such as a default or delinquency in interest or principal payments in determining whether objective evidence of impairment exists. When there is an indication of impairment, the Society determines whether it has resulted in a significant adverse change in the expected timing or amount of future cash flows during the year.

Any impairment, which is not considered temporary, is included in current year excess of revenue over expenses.

The Society reverses impairment losses on financial assets when there is a decrease in impairment and the decrease can be objectively related to an event occurring after the impairment loss was recognized. The amount of the reversal is recognized in excess of revenue over expenses in the year the reversal occurs.

Controlled entity

The Society is deemed to control another not-for-profit organization, Sources Community Resources Foundation ("the Foundation"). The Foundation has not been consolidated in the Society's financial statements. The financial summary of the unconsolidated entity, as at March 31, 2022 and 2021, and for the years then ended are disclosed in the notes to the financial statements in accordance with Section 4450 *Reporting Controlled and Related Entities by Not-for-profit Organizations* (Note 14).

4. Term deposits

	2022	2021
Measured at cost:		
Vancity Credit Union twelve-month term deposit earning interest at 0.85% (2021 - 1.00%) annually, maturing April 2024	100,000	508,152
Envision Credit Union twelve-month term deposit earning interest at 1.30% (2021 - 0.95%) annually, maturing February 2023	100,000	100,000
Scotia Wealth Management twelve-month term deposits earning interest at 0.81%-0.96% annually, all matured in February 2022.	-	256,695
Less: current portion	100,000	864,847
	100,000	-

Sources Community Resources Society

Notes to the Financial Statements

For the year ended March 31, 2022

5. Capital assets

	Cost	Accumulated amortization	2022 Net book value	2021 Net book value
Land	2,810,089	-	2,810,089	2,810,089
Buildings	6,222,402	2,549,454	3,672,948	3,800,776
Automotive	1,001,847	642,187	359,660	505,633
Equipment	872,565	658,926	213,639	159,343
Electronic equipment	518,260	221,595	296,665	112,878
Leasehold improvements	190,050	124,957	65,093	81,366
Artwork	10,950	-	10,950	10,950

6. Deferred contributions

Deferred contributions consist of amounts received from contributors who have restricted their use for various specific programs. Recognition of these amounts as revenue is deferred to periods when the specified expenditures are made. Changes in the deferred contribution balance are as follows:

	2022	2021
Balance, beginning of year	1,854,107	1,542,521
Amount received during the year	24,743,606	22,004,723
Less: Amount recognized as revenue during the year	(24,309,353)	(21,693,137)
Balance, end of year	2,288,360	1,854,107

Deferred contributions are comprised of the below:

	2022	2021
British Columbia Gaming Grant	224,435	223,717
Deferred Federal/Provincial contract revenue	2,063,925	1,630,390
	2,288,360	1,854,107

7. Long-term debt

	2022	2021
BC Housing and Mortgage Corporation - repayable in monthly instalments of \$820 including interest at 1.69% per annum. Secured by a charge on the financed land and building with a net book value of \$200,922 (2021 - \$204,991); matures June 1, 2024.	16,463	32,161
Scotiabank - Demand mortgage (2021 - Two mortgages), terms of repayment are negotiated with the bank on a month to month basis, current terms of repayment require monthly instalments of \$6,563 (2021 - combined monthly instalments of \$10,574) plus interest at the bank's prime lending rate of 2.70% (2021 - 2.45%) plus 0.25% annually and a banker's acceptance fee of 1.8% per annum, repayment is currently based on a 20 year amortization.	853,072	1,502,965
	869,535	1,535,126
Less: Current portion	862,706	1,512,274
	6,829	22,852

Sources Community Resources Society
Notes to the Financial Statements
For the year ended March 31, 2022

7. Long-term debt *(Continued from previous page)*

Principal repayments on long-term debt in each of the next five years, assuming long-term debt subject to refinancing is renewed with similar rates and terms are estimated as follows:

2023	88,390
2024	88,727
2025	81,628
2026	78,756
2027	78,756

Long-term debt is subject to certain financial covenants with respect to earnings before interest, taxes depreciation, and amortization. As at March 31, 2022, the Society is in compliance with all such covenants. It is management's opinion that the Society is likely to remain in compliance with all long-term debt covenants throughout the next twelve months subsequent to March 31, 2022.

8. Replacement reserve

As at March 31, 2022, the replacement reserve was funded and maintained in accordance with the BCHMC operating agreement.

The replacement reserve consists of the following:

	2022	2021
Balance, beginning of year	27,567	27,567
Replacement reserve provision	8,348	-
	35,915	27,567

9. Deferred contributions related to capital assets

	2022	2021
Balance, beginning of year	729,018	714,952
Amount received during the year	-	88,505
Less: Amounts recognized as revenue during the year	(92,140)	(74,439)
Balance, end of year	636,878	729,018

10. Commitments

The Society has entered into various lease agreements with estimated minimum annual payments as follows:

2023	546,623
2024	408,049
2025	185,268
2026	139,000
	1,278,940

Sources Community Resources Society

Notes to the Financial Statements

For the year ended March 31, 2022

11. Related party transactions

The Foundation is deemed to be controlled by the Society by virtue of common management and board members.

The Society received donations and grants of \$320,517 (2021 - \$553,279) from the Foundation.

The Society paid donations of \$1,000,000 (2021 - \$984,965) to the Foundation.

Included in accounts receivable is \$217 (2021 - \$21,862) due from the Foundation.

The above transactions and balances are in the normal course of operations and are recorded at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

12. Employee future benefits

The Society and its employees contribute to the Municipal Pension Plan (a jointly trustees pension plan). The board of trustees, representing plan members and employers, is responsible for administering the plan, including investment of assets and administration of benefits. The plan is a multi-employer defined benefit pension plan. Basic pension benefits are based on a formula. As at December 31, 2018, the plan has about 205,000 active members and approximately 101,000 retired members. Active members include approximately 40,000 contributors from local governments.

Every three years, an actuarial valuation is performed to assess the financial position of the plan and adequacy of plan funding. The actuary determines an appropriate combined employer and member contribution rate to fund the plan. The actuary's calculated contribution rate is based on the entry-age normal cost method, which produces the long-term rate of member and employer contributions sufficient to provide benefits for average future entrants to the plan. This rate may be adjusted for the amortization of any actuarial funding surplus and will be adjusted for the amortization of any unfunded actuarial liability.

The most recent valuation for the Municipal Pension Plan as at December 31, 2018, indicated a \$2.866 billion funding surplus for basic pension benefits on a going concern basis.

The Society paid \$1,238,107 (2021 - \$1,158,687) for employer contributions to the plan in fiscal 2022.

The next valuation was dated as at December 31, 2021, with results available in September 2022.

Employers participating in the plan record their pension expense as the amount of employer contributions made during the fiscal year (defined contribution pension plan accounting). This is because the plan records accrued liabilities and accrued assets for the plan in aggregate, resulting in no consistent and reliable basis for allocating the obligation, assets and cost to individual employers participating in the plan.

13. Employee and director compensation

During the year ended March 31, 2022, sixty-six (2021 - fifty) employees and contractors earned over \$75,000 in remuneration, inclusive of salary, pension and other benefits, totaling \$6,321,690 (2021 - \$4,813,543). No remuneration was paid to the members of the Society's Board of Directors during the year ended March 31, 2022 (2021 - \$NIL).

14. Sources Community Resources Foundation

The Foundation is deemed to be controlled by the Society by virtue of common management and board members. The purpose of the Foundation is to provide for the enrichment of life in the community, through the Society, by developing a permanent endowment, responding to the priorities of the Society, assessing and responding to emerging and changing community needs, providing an avenue for donors with varied interests and various levels of giving, and serving as a resource catalyst for charitable activities in the community. The Foundation is a registered charity under Canadian income tax legislation and is incorporated under the Society Act of British Columbia.

Financial summaries of this unconsolidated entity, as at March 31, 2022 and 2021, and for the years then ended, are as follows:

Sources Community Resources Society
Notes to the Financial Statements
For the year ended March 31, 2022

14. Sources Community Resources Foundation *(Continued from previous page)*

	2022	2021
Balance Sheet		
Total assets	5,544,707	3,981,153
Total liabilities	(131,961)	(170,956)
Total net assets	5,412,746	3,810,197
Revenues and Expenses		
Total revenues	1,658,850	1,987,097
Total expenses	(136,520)	(99,151)
Disbursements to Sources Society	(386,125)	(533,148)
Excess of revenues over expenses	1,136,205	1,354,798
Cash Flows		
Cash provided by operating activities	1,165,486	1,307,748
Cash used in investing activities	(1,027,866)	(1,363,200)
Decrease in cash resources	137,620	(55,452)

15. Financial instruments

The Society, as part of its operations, carries a number of financial instruments. It is management's opinion that the Society is not exposed to significant interest, currency, credit, liquidity or other price risks arising from these financial instruments except as otherwise disclosed.

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. Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk.

The Society is exposed to interest rate risk on its demand loans and long-term debt.

Liquidity risk

Liquidity risk is the risk that the Society will encounter difficulty in meeting obligations associated with financial liabilities. The Society's exposure to liquidity risk is dependent on the collection of accounts, purchasing commitments and obligations or raising funds to meet commitments and sustain operations.

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 accounts receivable. The Society believes that there is minimal risk associated with the collection of these amounts.

16. Economic dependence

The Society's primary sources of revenue are federal and provincial government grants. The funding can be cancelled if the Society does not observe certain established guidelines. The Society's ability to continue viable operations is dependent upon maintaining its ability to follow the criteria within the funding agreements. As at the date of these financial statements, the Society believes that it is in compliance with the agreements and funding will continue.