

**Sources Community Resources Society**  
**Financial Statements**  
*For the year ended March 31, 2023*

## Independent Auditor's Report

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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, 2023, 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, 2023, 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.

#### MNP LLP

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- 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 19, 2023

*MNP LLP*

Chartered Professional Accountants

# Sources Community Resources Society

## Statement of Financial Position

As at March 31, 2023

	2023	2022
<b>Assets</b>		
<b>Current</b>		
Cash and cash equivalents	4,513,410	5,569,783
Accounts receivable	544,615	624,414
Marketable securities	416,291	-
Prepaid expenses	175,478	322,165
Government agencies receivable	144,972	87,318
Term deposit (Note 3)	200,000	100,000
	5,994,766	6,703,680
<b>Term Deposit (Note 3)</b>	100,750	100,000
<b>Capital assets (Note 4)</b>	8,305,393	7,429,044
	14,400,909	14,232,724
<b>Liabilities</b>		
<b>Current</b>		
Accounts payable and accruals	3,119,853	3,015,048
Deferred contributions (Note 5)	2,414,632	2,288,360
Current portion of long-term debt (Note 6)	784,287	862,706
Replacement reserve (Note 7)	40,089	35,915
	6,358,861	6,202,029
<b>Long-term debt (Note 6)</b>	2,195	6,829
<b>Deferred contributions related to capital assets (Note 8)</b>	544,738	636,878
	6,905,794	6,845,736
<b>Commitments (Note 9)</b>		
<b>Net Assets</b>		
Net assets invested in capital assets	6,974,175	5,922,631
Unrestricted net assets	520,940	1,464,357
	7,495,115	7,386,988
	14,400,909	14,232,724
<b>Approved on behalf of the Board</b>		
e-Signed by Sara Forte 2023-06-19 19:15:46 MDT Director	e-Signed by Jatinder Heer 2023-06-19 17:19:11 MDT 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, 2023

	2023	2022
<b>Revenue</b>		
Donations		
Sources Community Resources Foundation	365,448	313,745
Other	1,013,976	801,562
Grant revenue		
Law Foundation	645,519	579,774
Sources Community Resources Foundation	6,773	6,773
United Way	275,650	300,000
Other	1,053,050	1,001,090
Earned income	2,694,945	2,323,801
Federal contracts	640,024	463,623
Gaming income	252,985	236,540
Provincial contracts	20,558,201	21,721,554
Regional Health Board Contracts	986,482	838,767
Subsidies - B.C. Housing Management Commission	27,050	26,664
	<b>28,520,103</b>	<b>28,613,893</b>
<b>Expenses</b>		
Amortization	388,024	372,648
Building occupancy	674,622	679,484
Employee benefits	4,090,487	3,908,738
Food and residential care costs	348,185	235,846
Interest on long-term debt	49,309	33,100
Office	1,192,776	1,098,248
Program furnishings and equipment	251,629	405,645
Program materials and activities	792,823	617,675
Public relations	63,859	32,991
Purchased services	1,994,255	1,737,815
Recruitment and staff development	307,957	228,677
Rent	1,350,572	1,246,662
Salaries	16,452,698	16,329,509
Travel	470,446	299,727
	<b>28,427,642</b>	<b>27,226,765</b>
<b>Excess of revenue over expenses before other items</b>	<b>92,461</b>	<b>1,387,128</b>
<b>Other items</b>		
Gain arising from increase in fair value of marketable securities	16,291	-
Gain (loss) on disposal of capital assets	(625)	8,772
Personal protective equipment expense	-	(26,592)
Charitable disbursement to Sources Community Resources Foundation	-	(1,000,000)
<b>Excess of revenue over expenses</b>	<b>108,127</b>	<b>369,308</b>

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, 2023*

	<i>Net assets invested in capital assets</i>	<i>Unrestricted net assets</i>	<b>2023</b>	<b>2022</b>
Net assets, beginning of the year	5,922,631	1,464,357	7,386,988	7,017,680
Excess of revenue over expenses	(296,509)	404,636	108,127	369,308
Investment in capital assets	1,265,000	(1,265,000)	-	-
Principal repayments of long-term debt	83,053	(83,053)	-	-
Net assets, end of year	6,974,175	520,940	7,495,115	7,386,988

*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, 2023

	2023	2022
<b>Cash provided by (used for) the following activities</b>		
<b>Operating</b>		
Excess of revenue over expenses	108,127	369,308
Amortization	388,024	372,648
Gain arising from unrealized fair value of marketable securities	(16,291)	-
Loss on disposal of capital assets	625	-
Recognition of deferred capital contributions	(92,140)	(92,140)
	<b>388,345</b>	<b>649,816</b>
Changes in working capital accounts		
Accounts receivable	79,799	210,454
Government agencies receivable	(57,654)	(16,731)
Prepaid expenses	146,687	(157,419)
Accounts payable and accruals	104,807	538,459
Deferred contributions	126,272	434,253
	<b>788,256</b>	<b>1,658,832</b>
<b>Financing</b>		
Repayment of long-term debt	(83,053)	(665,591)
Increase in replacement reserve	4,174	8,348
	<b>(78,879)</b>	<b>(657,243)</b>
<b>Investing</b>		
Purchase of marketable securities/portfolio investments	(400,000)	-
Purchase of capital assets	(1,265,000)	(320,656)
Purchase of term deposit	(100,750)	(200,000)
Proceeds on disposal of term deposit	-	864,846
	<b>(1,765,750)</b>	<b>344,190</b>
<b>Increase (decrease) in cash resources</b>	<b>(1,056,373)</b>	<b>1,345,779</b>
<b>Cash resources, beginning of year</b>	<b>5,569,783</b>	<b>4,224,004</b>
<b>Cash resources, end of year</b>	<b>4,513,410</b>	<b>5,569,783</b>

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, 2023

### 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.

### 2. 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.

#### **Term deposits**

Term deposits consist of twelve-month investments, recorded at cost. Term deposits that mature under twelve months subsequent to March 31, 2023 have been classified as current assets in concurrence with the nature of the investment.

#### **Marketable securities**

Marketable securities with prices quoted in an active market are measured at fair value while those that are not quoted in an active market are measured at cost less impairment. They consist of equities and bonds which are all traded in the public markets. Changes in fair value are recorded immediately in the excess of revenues over expenses.

#### **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.

	<b>Term</b>
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.

#### **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.



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

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.

**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.

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.

**2. Significant accounting policies** *(Continued from previous page)*

**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).

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, 2023 and 2022, 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 13).

**Foreign currency translation**

Transaction amounts denominated in foreign currencies are translated into their Canadian dollar equivalents at exchange rates prevailing at the transaction dates. Carrying values of monetary assets and monetary liabilities reflect the exchange rates at the statement of financial position date. Gains and losses on translation or settlement are included in the determination of excess of revenues over expenses for the current period.

**Sources Community Resources Society**  
**Notes to the Financial Statements**  
*For the year ended March 31, 2023*

**3. Term deposits**

	2023	2022
Measured at cost:		
Vancity Credit Union twelve-month term deposit earning interest at 4.55% (2022 - 0.85%) annually, maturing February 2025	100,750	100,000
Envision Credit Union twelve-month term deposit earning interest at 4.75% (2022 - 1.30%) annually, maturing February 2024	100,000	100,000
National Bank, term deposit earning interest at 5.11% (2022 - Nil) annually, maturing November 2023	100,000	-
	<b>300,750</b>	<b>200,000</b>
Less: current portion	<b>200,000</b>	<b>100,000</b>
	<b>100,750</b>	<b>100,000</b>

**4. Capital assets**

	<i>Cost</i>	<i>Accumulated amortization</i>	<i>2023 Net book value</i>	<i>2022 Net book value</i>
Land	3,956,984	-	3,956,984	2,810,089
Buildings	6,340,507	2,677,282	3,663,225	3,672,948
Automotive	1,001,847	779,594	222,253	359,660
Equipment	869,565	693,227	176,338	213,639
Electronic equipment	457,899	231,075	226,824	296,665
Leasehold improvements	132,911	84,092	48,819	65,093
Artwork	10,950	-	10,950	10,950
	<b>12,770,663</b>	<b>4,465,270</b>	<b>8,305,393</b>	<b>7,429,044</b>

**5. 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:

	2023	2022
Balance, beginning of year	2,288,360	1,854,107
Amount received during the year	23,558,473	24,743,606
Less: Amount recognized as revenue during the year	<b>(23,432,201)</b>	<b>(24,309,353)</b>
Balance, end of year	<b>2,414,632</b>	<b>2,288,360</b>

Deferred contributions are comprised of the below:

	2023	2022
British Columbia Gaming Grant	287,605	224,435
Deferred Federal/Provincial contract revenue	2,127,027	2,063,925
	<b>2,414,632</b>	<b>2,288,360</b>

**Sources Community Resources Society**  
**Notes to the Financial Statements**  
*For the year ended March 31, 2023*

**6. Long-term debt**

	2023	2022
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 \$196,853 (2022 - \$200,922); matures June 1, 2024.	12,166	16,463
Scotiabank - Demand mortgage (2022 - 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 (2022 - combined monthly instalments of \$6,563) plus interest at the bank's prime lending rate of 6.7% (2022 - 2.70%) plus 0.25% annually and a banker's acceptance fee of 1.8% per annum, repayment is currently based on a 20 year amortization.	774,316	853,072
	786,482	869,535
Less: Current portion	784,287	862,706
	2,195	6,829

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:

2024	88,727
2025	80,951
2026	78,756
2027	78,756
2028	78,756
Thereafter	380,536
	786,482

Long-term debt is subject to certain financial covenants with respect to earnings before interest, taxes depreciation, and amortization. As at March 31, 2023, 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, 2023.

**7. Replacement reserve**

As at March 31, 2023, the replacement reserve was funded and maintained in accordance with the BCHMC operating agreement.

The replacement reserve consists of the following:

	2023	2022
Balance, beginning of year	35,915	27,567
Replacement reserve provision	4,174	8,348
	40,089	35,915

**Sources Community Resources Society**  
**Notes to the Financial Statements**  
*For the year ended March 31, 2023*

**8. Deferred contributions related to capital assets**

	<b>2023</b>	2022
Balance, beginning of year	<b>636,878</b>	729,018
Less: Amounts recognized as revenue during the year	<b>(92,140)</b>	(92,140)
<b>Balance, end of year</b>	<b>544,738</b>	636,878

**9. Commitments**

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

2024	660,850
2025	381,720
2026	314,219
2027	151,662
2028	70,448
	<u>1,578,899</u>

**10. 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 \$372,221 (2022 - \$320,517) from the Foundation.

The Society paid donations of \$Nil (2022 - \$1,000,000) to the Foundation.

Included in accounts receivable is \$15,872 (2022 - \$217) 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.

**11. Employee future benefits**

The Society and its employees contribute to the Municipal Pension Plan (a jointly trustee 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, 2021, the plan has about 227,000 active members and approximately 101,000 retired members. Active members include approximately 42,000 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, 2021, indicated a \$3.761 billion funding surplus for basic pension benefits on a going concern basis.

The Society paid \$1,162,806 (2022 - \$1,238,107) for employer contributions to the plan in fiscal 2023.

The next valuation was dated as at December 31, 2022, with results available in 2025.

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.

# Sources Community Resources Society

## Notes to the Financial Statements

*For the year ended March 31, 2023*

### 12. Employee and director compensation

During the year ended March 31, 2023, seventy-one (2022 - sixty-six) employees and contractors earned over \$75,000 in remuneration, inclusive of salary, pension and other benefits, totaling \$6,784,803 (2022 - \$6,321,690). No remuneration was paid to the members of the Society's Board of Directors during the year ended March 31, 2023 (2022 - \$NIL).

### 13. 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, 2023 and 2022, and for the years then ended, are as follows:

	2023	2022
<b>Balance Sheet</b>		
Total assets	5,553,104	5,544,707
Total liabilities	(150,842)	(131,961)
<b>Total net assets</b>	<b>5,402,262</b>	<b>5,412,746</b>
<b>Revenues and Expenses</b>		
Total revenues	776,596	1,658,850
Total expenses	(183,289)	(136,520)
Disbursements to Sources Society	(501,946)	(386,125)
<b>Excess of revenues over expenses</b>	<b>91,361</b>	<b>1,136,205</b>
<b>Cash Flows</b>		
Cash provided by operating activities	238,459	1,165,486
Cash used in investing activities	(163,208)	(1,027,866)
<b>Increase in cash resources</b>	<b>75,251</b>	<b>137,620</b>

### 14. 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 term deposits and long-term debt.

During the year, the Society's exposure to interest rate risk increased because the prime rate was increased by 4% in response to inflationary pressures in the economy. As a result, interest expense and interest income increased in the year. Subsequent to year end, the prime lending rate increased again, which is expected to increase interest expense and income attributable to the long-term debt and term deposits.

**14. Financial instruments** *(Continued from previous page)*

***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.

***Foreign currency risk***

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Society enters into transactions to purchase marketable securities denominated in USD for which the related revenues are subject to exchange rate fluctuations. The Society is exposed to foreign currency risk of \$70,864 (2022 - NIL) through its investments in foreign-denominated marketable securities.

**15. 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.