CASTLEGAR COMMUNITY SERVICES

FINANCIAL STATEMENTS

March 31, 2025

CONTENTS

CHILDS CHANTON
CHARTERED PROFESSIONAL ACCOUNTANTS*
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors

Castlegar Community Services

Qualified Opinion

We have audited the accompanying financial statements of the Castlegar Community Services, (the Society) which comprise the statement of financial position as at March 31, 2025 and the statement of operations, statement of changes in net assets, and statement of cash flow for the year then ended, and a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the "Basis for Qualified Opinion" paragraph, the accompanying financial statements present fairly, in all material respects, the financial position of the Castlegar Community Services as at March 31, 2025 and its financial performance and its cash flow for the year then ended in accordance with Canadian Accounting Standards for not-for-profit organizations.

Basis for Qualified Opinion

In common with many charitable organizations, the Society derives revenue from donations and cash sales, which are inherently not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the accounting records of the Society. We were not able to determine whether any adjustments might be necessary to donations and fundraising, excess of revenues over expenses, cash flows from operations, current assets and net assets. Our audit opinion on the financial statements for the year ended March 31, 2025 was modified accordingly, because of the possible effects of this scope limitation.

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 qualified 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-capital 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 Responsibility 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 internal controls of the Society.

- 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.

- Obtain sufficient appropriate audit evidence regarding the financial information of the society to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on other Legal and Regulatory Requirements

As required by the Societies Act (British Columbia), we report that, in our opinion, the accounting policies applied in preparing and presenting the financial statements have been applied on a basis consistent with that of the preceding year.

Jeremy Childs, CPA CA

June 20, 2025

CHILDS CHANTON
CHARTERED PROFESSIONAL ACCOUNTANTS
Castlegar, BC

CASTLEGAR COMMUNITY SERVICES
STATEMENT OF FINANCIAL POSITION
As at March 31, 2025

	2025	2024
Assets		
Current		
Cash	$ 909,128	$ 574,566
Accounts receivable	59,116	27,612
Prepaid expenses	10,010	52
Loans receivable	4,284	9,544
	982,538	**611,774**
Investment (Note 3)	100	100
Tangible capital assets (Note 4)	963,574	1,259,503
	$ 1,946,211	**$ 1,871,377**
Liabilities		
Current		
Accounts payable and accrued liabilities	$ 57,662	$ 51,086
Government remiitances payable	80,883	61,878
Wages payable	66,829	50,678
Rental and damage deposits	3,588	11,479
Current portion of long-term debt (Note 7)	25,448	24,224
Rent bank capital	18,744	22,601
Deferred contributions (Note 5)	207,434	109,123
	460,588	**331,069**
Forgivable loans (Note 6)	24,487	28,353
Long-term debt (Note 7)	300,511	465,965
Deferred capital contributions (Note 8)	155,549	164,945
	941,135	**990,332**
Net Assets		
Invested in tangible capital assets (Note 14)	483,024	601,465
Internally restricted (Note 14)	15,000	15,000
Unrestricted	507,052	264,580
	1,005,076	**881,045**
	$ 1,946,211	**$ 1,871,377**

APPROVED ON BEHALF OF THE DIRECTORS:

Kent [signature]

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

CASTLEGAR COMMUNITY SERVICES
STATEMENT OF OPERATIONS
For the Year Ended March 31, 2025

	2025	2024
Revenue		
Provincial government grants	$ 1,334,296	$ 1,125,927
Non-government grants	373,460	400,098
Regional and local government grants	48,406	103,172
Other income	67,446	85,380
Residential rental income	59,463	59,054
Federal government grants and assistance	3,680	51,801
Donations and fundraising	30,046	32,212
Gain on sale of building	398,595	-
	2,315,392	**1,857,644**
Expenses		
Advertising and promotion	6,285	22,772
Amortization	39,315	53,811
Bank charges and interest	3,052	1,001
Computer expense	21,651	27,008
Conference and meetings	3,597	1,455
Food and beverage	60,701	29,045
Insurance and licenses	49,087	34,639
Interest on long-term debt	21,802	25,283
Office	38,395	23,202
Professional development	11,529	9,578
Professional fees	60,259	33,757
Program expenses	355,634	383,612
Property tax	11,564	5,549
Repairs and maintenance	23,389	67,909
Telephone	18,858	22,464
Travel	17,032	4,759
Utilities	46,093	38,469
Vehicle operating	1,775	1,031
Volunteer expenses	-	3,020
Wages and benefits	1,401,343	1,202,439
	2,191,361	**1,990,804**
Excess (Deficiency) of revenue over expenses	**$ 124,031**	**$ (133,160)**

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

CASTLEGAR COMMUNITY SERVICES

STATEMENT OF CHANGES IN NET ASSETS

For the Year Ended March 31, 2025

	Invested in capital assets	Unrestricted net assets	Internally restricted	2025	2024
Balance, beginning of year (Note 14)	$ 601,465	$ 264,580	$ 15,000	$ 881,045	$ 1,014,205
Excess of revenues over expenditures	-	124,031	-	124,031	(133,160)
Amortization of tangible capital assets	(39,315)	39,315	-	-	-
Tangible capital asset additions	26,926	(26,926)	-	-	-
Disposition of Tangible Capital Asset	(283,544)	283,544	-	-	-
Amortization of deferred capital contributions	13,262	(13,262)	-	-	-
Principal repayments on debt	164,230	(164,230)	-	-	-
Balance, end of year	**$ 483,024**	**$ 507,052**	**$ 15,000**	**$ 1,005,076**	**$ 881,045**

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

CASTLEGAR COMMUNITY SERVICES
STATEMENT OF CASH FLOW
For the Year Ended March 31, 2025

	2025	2024
Operating		
Excess of revenues over expenses	$ 124,031	$ (133,160)
Items not affecting cash		
Amortization of tangible capital assets	39,315	53,811
Loan forgiveness	-	(3,867)
Accounting gain on sale of disposition of building	(398,595)	-
Amortization of deferred capital contributions	(9,396)	(10,515)
	(244,645)	**(93,731)**
Changes in non-cash working capital items		
Accounts receivable	(45,773)	107,791
Prepaid expenses	(9,958)	3,133
Loans receivable	7,342	26,069
Accounts payable and accrued liabilities	(5,044)	(11,189)
Wages payable	7,466	(62,098)
Goods and services taxes payable	39,877	(4,870)
Deferred contributions	98,311	(329,953)
	92,221	**(271,117)**
Cash used by operating activities	**$ (152,424)**	**$ (364,848)**
Financing		
Rent bank capital decreases	(3,856)	(12,899)
Repayment of long-term debt	(164,229)	(62,998)
Cash provided by financing activities	**$ (168,085)**	**$ (75,897)**
Investing		
Purchase of tangible capital assets	(26,929)	(9,811)
Proceeds on disposition of tangible capital assets	682,000	-
Cash used for investing activities	**$ 655,071**	**$ (9,811)**
Increase (decrease) in cash and cash equivalents	**334,562**	**(450,556)**
Cash and cash equivalents, beginning of year	574,566	1,025,122
Cash and cash equivalents, end of year	**$ 909,128**	**$ 574,566**

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

1. PURPOSE OF THE ORGANIZATION

Castlegar and District Community Services Society (the Society) was incorporated in 1983 under the Societies Act of British Columbia to provide assistance, counselling and support, and work for social change in Castlegar, B.C. and area.

2. BASIS OF ACCOUNTING AND SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

These financial statements have been prepared in accordance with Canadian Accounting Standards for not-for-profit organizations (Part III of the CPA Canada Handbook).

Revenue Recognition

The Society follows the deferral method of accounting for contributions. Externally restricted contributions are recognized as revenue in the year in which the related expenses are incurred.

Contributions restricted for the purchase of tangible capital assets are deferred and amortized into revenue at a rate corresponding with the amortization rate for the related tangible capital assets.

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.

Residential rental income is recognized during the period of occupancy.

Cost Allocation

Costs are allocated to various programs based on management's estimate of the program's proportionate share of the actual expenditure.

Financial Instruments

The Society considers any contract creating an asset, liability or equity instrument as a financial instrument, except in certain limited circumstances. The Society accounts for the following as financial instruments:
- cash
- accounts receivable
- loans receivable
- accounts payable and accrued liabilities
- wages payable
- long-term debt

A financial asset or liability is recognized when the Society becomes party to contractual provision of the instrument.

Initial recognition:

Financial assets or liabilities obtained in arm's length transactions are initially measured at their fair value. Financial assets or liabilities obtained in related party transactions are measured in accordance with the accounting policy for related party transactions except for those transactions that are with a person or whose sole relationship with the Society is in the capacity of management in which case they are accounted for in accordance with the financial instruments accounting policy.

2. BASIS OF ACCOUNTING AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Subsequent measurement:

The Society 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; investments in equity instruments that are not quoted in an active market, which are measured at cost less any reduction for impairment; derivative contracts, which are measured at fair value; and certain financial assets and financial liabilities which the Society has elected to measure at fair value. Changes in fair value are recognized in net income.

Financial assets subsequently measured at amortized cost include cash, accounts receivable and loans receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities, wages payable and long-term debt.

Impairment

Financial assets measured at cost are tested for impairment when there are indicators of impairment. Previously recognized impairment losses are reversed to the extent of the improvement provided the asset is not carried at an amount, at the date of the reversal, greater than the amount that would have been the carrying amount had no impairment loss been recognized previously. The amounts of any write-downs or reversals are recognized in net income.

Tangible Capital Assets

Purchased tangible capital assets are recorded at cost. Contributed tangible capital assets are recorded at the fair value at the date of contribution. Amortization is provided at the following annual rates:

Building	- 4% declining balance
Building improvements	- straight line over 10 years
Furniture and equipment	- 20% declining balance
Computer hardware and software	- straight line over 3 years
Vehicles	- 30% declining balance

Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and the reported amounts of revenues and expenses during the period, including related disclosures. The main estimates related to the expected useful life of tangible capital assets, identification of doubtful accounts, the value of items donated as sponsorships and the recognition and allocation of revenues. Actual results may differ from estimate.

Income Tax

Management has determined that they are exempt from payment of income tax under Section 149(1) of the Income Tax Act.

Cash and cash equivalents

Cash and cash equivalents are made up of unrestricted cash and gift cards.

3. INVESTMENT

The Society owns a member share in Kootenay Boundary Community Services Co-operative.

4. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated Amortization	2025 Net Book Value	2024 Net Book Value
Land	$ -	$ -	$ -	$ 38,500
Buildings	3,029	(1,666)	1,363	246,710
Furniture and Equipment	146,461	(135,279)	11,182	10,822
Computer equipment	1,808	(1,808)	-	-
HP Land	396,152	-	396,152	396,152
HP Buildings	702,389	(181,156)	521,233	529,207
HP Vehicles	7,840	(3,998)	3,842	5,488
HP Furniture and Equipment	63,207	(33,405)	29,802	32,624
HP Computer equipment	7,124	(7,124)	-	-
	$ 1,328,010	**$ (364,436)**	**$ 963,574**	**$ 1,259,503**

5. DEFERRED CONTRIBUTIONS

	2025	2024
Opening balance	$ 109,123	$ 439,076
Deferred contributions received	1,092,203	1,100,210
Revenue recognized from deferred contributions	(993,892)	(1,430,163)
Deferred contributions - end of year	**$ 207,434**	**$ 109,123**

6. FORGIVABLE LOANS

	2025	2024
BC Housing forgivable loan in the amount of $61,377, bearing interest at 0% per annum, forgiven over 10 years commencing April 2018, repayable on demand in the event of default, plus interest at prime plus 2% per annum	$ 23,324	$ 27,007
BC Housing forgivable loan in the amount of $3,057, bearing interest at 0% per annum, forgiven over 10 years commencing April 2018, repayable on demand in the event of default, plus interest at prime plus 2% per annum	1,163	1,346
	$ 24,487	**$ 28,353**

7. LONG-TERM DEBT

	2025	2024
Kootenay Savings Credit Union mortgage repayable in monthly installments of $1,856.87 including interest at 5.55%. Secured by assets of the Society, due May 2040.	$ 164,372	$ 237,433
Kootenay Savings Credit Union one year open mortgage, repayable in weekly installments of $500 including interest of bank prime plus 0.50%. Secured by land and building. Renews January 2028.	161,587	252,756
	325,959	**490,189**
Less current portion	25,448	24,224
Due beyond one year	**$ 300,511**	**$ 465,965**

Estimated principal payments are as follows:

2026	$ 25,448
2027	$ 26,736
2028	$ 28,424
2029	$ 29,527
2030	$ 31,005
Thereafter	$ 184,819

8. DEFERRED CAPITAL CONTRIBUTIONS

	2025	2024
Balance, beginning of year	$ 164,945	$ 175,460
Less: amount recognized into income	(9,396)	(10,515)
Balance, end of year	**$ 155,549**	**$ 164,945**

9. INTERNALLY RESTRICTED NET ASSETS

By Board approval, $15,000 has been reserved for future operating or capital contingencies. No amounts were transferred in or out during the year.

10. FINANCIAL INSTRUMENTS RISK

The Society is exposed to the following potentially significant financial risks through its transactions in financial instruments:

(a) Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment. The Society is exposed to credit risk in the event of non-performance by counterparties in connection with its accounts receivable. The Society does not obtain collateral or other security to support the accounts receivable subject to credit risk but mitigates this risk by transacting only with parties that management believes to be financially sound counterparties and, accordingly, does not anticipate significant loss for non-performance. This risk has not changed since the prior year.

(b) Liquidity risk

Liquidity risk is the risk that the Society will encounter difficulty in meeting its obligations associated with financial liabilities. The Society is exposed to liquidity risk arising primarily from the accounts payable. The Society's ability to meet obligations depends on the receipt of funds from its operations and other related sources, whether in the form of revenue or grants. This risk has not changed increased since the prior year.

11. EMPLOYEE AND CONTRACTOR REMUNERATION

The Societies Act of British Columbia requires disclosure in the financial statements of the remuneration of directors, employees, and contractors. For employee and contractor remuneration the requirement is to disclose amounts paid to individuals whose remuneration was greater than $75,000-. For the fiscal year ended March 31, 2025, one individual employee earned $97,526. No remuneration was paid to the directors.

12. COMPARATIVE FIGURES

Certain prior period comparatives have been reclassified to conform to current period presentation.

13. COMMITMENTS

The Society has entered into a lease agreement for their offices for a three year term expiring on May 31, 2027, with basic monthly payments of $4,050 plus triple net costs.

14. PRIOR PERIOD ADJUSTMENT

The Society performed a reconciliation of its net assets subsequent to the sale of a building in 2025. In this reconciliation it discovered that its unrestricted net assets were understated and its net assets invested in tangible capital assets were overstated. An adjustment has been made within net assets to correctly reflect its current unrestricted position. This adjustment increased unrestricted net assets by $91,951 and reduced net assets invested in tangible capital assets by the same amount. There was no effect to the deficit shown on the statement of operations resulting from this adjustment.

15. SUBSEQUENT EVENT

Subsequent to year end, the society sold a real property asset located on Highway Drive, Blueberry. This sale is effective June 20, 2025 at a sales price of $530,000.