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# LADYSMITH RESOURCES CENTRE ASSOCIATION

630 Second Avenue  
Ladysmith, BC  
V9G1B2

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November 4, 2024

Johnston, Johnston & Associates Ltd.  
103 - 4535 Uplands Drive  
Nanaimo BC V9T 6M8

Attention: John J. Bratkowski, CPA, CGA

Dear Sir:

This representation letter is provided in connection with your audit of the financial statements of Ladysmith Resources Centre Association for the year ended March 31, 2024 for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

In making the representations outlined below, we took the time necessary to appropriately inform ourselves on the subject matter through inquiries of entity personnel with relevant knowledge and experience, and, where appropriate, by inspecting supporting documentation.

We confirm that (to the best of our knowledge and belief):

## **Financial Statements**

We have fulfilled our responsibilities as set out in the terms of the audit engagement dated November 4, 2024 for:

- a. Preparing and fairly presenting the financial statements in accordance with ASNPO;
- b. Providing you with:
  - i. Access to all information of which we are aware that is relevant to the preparation of the financial statements, such as:
    - A. Accounting records, supporting data and other relevant documentation,
    - B. Minutes of meetings (such as shareholders, board of directors and audit committees) or summaries of actions taken for which minutes have not yet been prepared, and
    - C. Information on any other matters, of which we are aware, that is relevant to the preparation of the financial statements;
  - ii. Additional information that you have requested from us for the purpose of the audit; and
  - iii. Unrestricted access to persons within the entity from whom you determine it necessary to obtain audit evidence.
- c. Ensuring that all transactions have been recorded in the accounting records and are reflected in the financial statements; and
- d. Designing and implementing such internal control as we determined is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. We have also communicated to you any deficiencies in the design and implementation or the maintenance of internal control over financial reporting of which management is aware.

## **Fraud and Non Compliance**

We have disclosed to you:

(continued)

- a. All of our knowledge in relation to actual, alleged or suspected fraud affecting the entity's financial statements involving:
  - i. Management;
  - ii. Employees who have significant roles in internal control; or
  - iii. Others where the fraud could have a material effect on the financial statements;
- b. All of our knowledge in relation to allegations of fraud or suspected fraud communicated by employees, former employees, analysts, regulators or others;
- c. All known instances of non-compliance or suspected non-compliance with laws and regulations, including all aspects of contractual agreements that should be considered when preparing the financial statements;
- d. All known, actual, or possible litigation and claims that should be considered when preparing the financial statements; and
- e. The results of our risk assessments regarding possible fraud or error in the financial statements.

#### **Related Parties**

We have disclosed to you the identity of all of the Association's related-party relationships and transactions of which we are aware. All related-party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of ASNPO.

#### **Estimates**

We acknowledge our responsibility for determining the accounting estimates required for the preparation of the financial statements in accordance with ASNPO. Those estimates reflect our judgment based on our knowledge and experience of past and current events, and on our assumptions about conditions we expect to exist and courses of action we expect to take. We confirm that the methods, significant assumptions and the data used by us in making accounting estimates and related financial statement disclosures, including those measured at fair value, are appropriate to achieve recognition, measurement or disclosure that is in accordance with ASNPO.

#### **Subsequent Events**

All events subsequent to the date of the financial statements and for which ASNPO requires adjustment or disclosure have been adjusted or disclosed.

#### **Commitments and Contingencies**

There are no commitments, contingent liabilities/assets or guarantees (written or oral) that should be disclosed in the financial statements. This includes liabilities arising from contract terms, illegal acts or possible illegal acts, and environmental matters that would have an impact on the financial statements.

#### **Adjustments**

We have reviewed, approved and recorded all of your proposed adjustments to our accounting records. This includes journal entries, changes to account coding, classification of certain transactions and preparation of, or changes to, certain accounting records.

#### **Misstatements**

The effects of uncorrected misstatements are immaterial, individually and in aggregate, to the financial statements as a whole. A list of the uncorrected misstatements, including the reasons why they were not corrected, is attached to this letter.

#### **Accounting policies**

All significant accounting policies are disclosed in the financial statements and are consistent with those used in the previous period.

#### **Contractual compliance**

We have complied with the terms and conditions of all contractual agreements that could have a material effect, in the event of non-compliance, on the financial statements.

*(continued)*

### **Direct liabilities**

We have recorded in the accounts all known liabilities of our Association as at March 31, 2024 except for trivial amounts.

### **Future plans**

We have no plans or intentions that may materially affect the carrying value or classification of assets and liabilities reflected in the financial statements.

### **Inventories**

The inventories of raw material, work in progress, finished goods and supplies as at March 31, 2024 were the property of our entity and were determined by actual count, weight or measurement. They do not include any items billed to customers but not shipped, any items returned by customers for which credits have not been recorded, any items on consignment, bill-and-hold arrangements, or other arrangements either owned by us or by our suppliers.

Inventories were measured at the lower of actual cost and net realizable value. [Insert appropriate description of cost formula.]

In pricing the inventories, due allowance was made for slow-moving, obsolete, unsaleable or unusable items.

Inventories were measured on the same basis and were determined in the same manner as inventories at the end of the preceding period.

### **Journal entries**

We have approved all journal entries and other adjustments proposed by you, and they have been included in our financial statements.

### **Liabilities and contingencies**

All liabilities and contingencies, including those associated with guarantees, whether written or oral, have been disclosed to you and are appropriately reflected in the financial statements.

### **Material measurement uncertainties**

The nature of all material measurement uncertainties has been appropriately disclosed in the financial statements, including all estimates where it is reasonably possible that the estimate will change in the near term and the effect of the change could be material to the financial statements.

### **Property, plant and equipment**

Property, plant and equipment are recorded at cost. We have good and valid title to all items of property and equipment reflected in the accounts relating thereto, and there are no liens or encumbrances on our assets. During the period ended March 31, 2024, no material amounts relating to additions or improvements of property, plant and equipment were charged to expense. The provision for amortization is based on the cost and expected economic useful lives of the property using the declining balance method.

The property, leasehold improvement and equipment accounts, and the related allowances for amortization have been adjusted for all important items of such assets that were idle, obsolete, sold, dismantled, abandoned or otherwise disposed of for the period ended March 31, 2024 and for all prior periods.

We have evaluated property, plant and equipment for recoverability in accordance with the provisions of the CPA Canada Handbook – Accounting, Part II, Section 3063 (Impairment of Long-Lived Assets). Impairment losses have been recognized in earnings when required.

### **Receivables**

The accounts receivable reflected in the accounts constitute valid claims against customers and other debtors. They do not include amounts for goods shipped on consignment, approval or under repurchase commitments, or for goods shipped after March 31, 2024.

No abnormal returns have been made by customers since March 31, 2024 or are expected in respect of merchandise shipped prior to the close of business on March 31, 2024.

(continued)

Receivables known to be uncollectible have been written off, and adequate provision has been made for anticipated adjustments or losses in connection with the collection of receivables.

#### **Regulatory compliance**

We are up to date with all corporate filings and annual returns. This includes all Canada Revenue Agency and HST/GST/PST returns.

#### **Revenue recognition**

We have recorded all revenue that met the following criteria:

- a. Persuasive evidence of an arrangement exists;
- b. Delivery has occurred, or services have been rendered;
- c. Price is fixed or determinable; and
- d. Collectability is reasonably assured.

#### **Subsequent events**

There have been no events between the balance sheet date and the date of this letter that would require recognition or disclosure in the financial statements.

There have been no events subsequent to the balance sheet date of the comparative financial statements that would require adjustment or disclosure in the current financial statements.

#### **Proceeds of Crime (Money Laundering) and Terrorist Financing Act**

We hereby acknowledge that Johnston, Johnston & Associates Ltd. have made us aware of your legal obligations under the Proceeds of Crime (Money Laundering) and Terrorist Financing Act. We hereby acknowledge that we are aware of potential conflict of interest that may arise as a result of your legal obligations under this Act and authorize Johnston, Johnston & Associates Ltd. to release and disclose information about Ladysmith Resources Centre Association as required by statute.

#### **None of the members were in debt to the Association**

None of the members were in debt to the Association, other than in the ordinary course of business at the period-end or at any time during the period.

#### **Management fees, wages or bonuses paid to (or accrued on behalf of) related parties**

All management fees, bonuses or other remuneration paid to or accrued on behalf of members or related parties represent the fair market value of services performed for, or goods provided to, the Association.


Acknowledged and agreed on behalf of Ladysmith Resources Centre Association by:

*Sandra Rader*

Board Member

November 4, 2024

Date signed

  
Board Member

November 4, 2024

Date signed

**LADYSMITH RESOURCES CENTRE ASSOCIATION**  
**Financial Statements**  
**Year Ended March 31, 2024**

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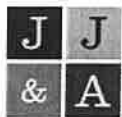
**LADYSMITH RESOURCES CENTRE ASSOCIATION**

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**Year Ended March 31, 2024**

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## INDEPENDENT AUDITOR'S REPORT

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To the Members of Ladysmith Resources Centre Association

*Report on the Financial Statements*

*Qualified Opinion*

We have audited the financial statements of Ladysmith Resources Centre Association (the "Association"), which comprise the statement of financial position as at March 31, 2024, and the statements of changes in net assets, revenues and expenditures and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matters described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Association as at March 31, 2024, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

*Basis for Qualified Opinion*

In common with many not-for-profit organizations, the Association derives revenue from fundraising activities the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Association. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising revenue, excess of revenues over expenses, and cash flows from operations for the year ended March 31, 2024, current assets and net assets as at March 31, 2024.

In addition, we were unable to obtain sufficient audit evidence through appropriate auditing procedures to confirm the existence of the ending inventory on hand as at March 31, 2024, which is stated in the balance sheet at \$26,990. As a result of these matters, we were unable to determine whether any adjustments might have been found necessary in respect of recorded or unrecorded inventories and the elements making up statements of changes in net assets, revenues and expenditures, and cash flows.

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 Association in accordance with 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 audit opinion.

(continues)

**A Professional Corporation**

103 - 4535 Uplands Drive • Nanaimo, BC • V9T 6M8 • P: 250.758.8383 • F: 250.758.8380 • E: [frontdesk@jjacpa.ca](mailto:frontdesk@jjacpa.ca)

Independent Auditor's Report to the Members of Ladysmith Resources Centre Association *(continued)*

*Other Matter*

The financial statements for the year ended March 31, 2023 were audited by another auditor who expressed an unmodified opinion on those financial statements on October 30, 2023.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with ASNPO, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Association'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 Association or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Association'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 Association'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 Association'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 Association to cease to continue as a going concern.

*(continues)*



Independent Auditor's Report to the Members of Ladysmith Resources Centre Association (*continued*)

- 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.

Johnston Johnston & Associates

Nanaimo, BC  
November 4, 2024

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JOHNSTON, JOHNSTON & ASSOCIATES LTD.  
CHARTERED PROFESSIONAL ACCOUNTANTS

# LADYSMITH RESOURCES CENTRE ASSOCIATION

## Statement of Financial Position

March 31, 2024

	2024	2023
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash - <i>note 3</i>	\$ 1,012,980	\$ 713,735
Restricted cash - <i>note 4</i>	73,617	72,511
Term deposits - <i>note 3</i>	27,396	-
Accounts receivable	80,317	963,397
Inventory	26,990	20,724
Goods and services tax recoverable	-	296,375
Prepaid expenses	2,256	33,919
Deposits	-	29,500
	1,223,556	2,130,161
PROPERTY, PLANT AND EQUIPMENT - <i>note 5</i>	12,364,336	12,310,853
LONG TERM INVESTMENTS - <i>note 3</i>	-	27,125
DEPOSIT - TOWN OF LADYSMITH - <i>note 6</i>	221,954	226,862
	<u>\$ 13,809,846</u>	<u>\$ 14,695,001</u>

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

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**LADYSMITH RESOURCES CENTRE ASSOCIATION**  
**Statement of Financial Position**  
**March 31, 2024**

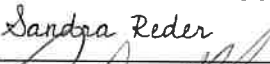

	2024	2023
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities	\$ 82,383	\$ 1,039,047
Interest payable	23,950	-
Goods and services tax payable	241,351	-
Wages payable	91,786	63,795
Employee deductions payable	23,033	18,584
Security deposits	21,330	-
Deferred contributions - note 7	807,532	720,096
Current portion of long term debt	91,096	-
Gaming prizing liability	-	7,609
	<u>1,382,461</u>	<u>1,849,131</u>
Callable debt - note 8	-	6,780,871
	<u>1,382,461</u>	<u>8,630,002</u>
LONG TERM DEBT - note 9	6,763,020	-
DEFERRED CAPITAL CONTRIBUTIONS - notes 8 and 10	4,697,690	5,064,381
	<u>12,843,171</u>	<u>13,694,383</u>
<b>NET ASSETS</b>		
Invested in capital assets - note 11	788,579	819,192
Internally restricted - note 12	368,624	378,440
Unrestricted	<u>(190,528)</u>	<u>(197,014)</u>
	<u>966,675</u>	<u>1,000,618</u>
	<u>\$ 13,809,846</u>	<u>\$ 14,695,001</u>

COMMITMENTS - note 13

ECONOMIC DEPENDENCE - note 15

CONTINGENT LIABILITY - note 17

**ON BEHALF OF THE BOARD**

 Director  
 Director

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

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# LADYSMITH RESOURCES CENTRE ASSOCIATION

## Statement of Changes in Net Assets

Year Ended March 31, 2024

	Invested in capital assets (note 11)	Internally restricted (note 12)	Unrestricted	2024	2023
NET ASSETS - BEGINNING OF YEAR					
Deficiency of revenues over expenses	\$ 819,192	\$ 378,440	\$ (197,014)	\$ 1,000,618	\$ 996,702
Prior year adjustment	(5,373)	(4,908)	(23,662)	(33,943)	3,916
Net change in investment in capital assets	-	(4,908)	4,908	-	-
	(25,240)	-	25,240	-	-
NET ASSETS - END OF YEAR	\$ 788,579	\$ 368,624	\$ (190,528)	\$ 966,675	\$ 1,000,618

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

# LADYSMITH RESOURCES CENTRE ASSOCIATION

## Statement of Revenues and Expenditures

Year Ended March 31, 2024

	2024	2023
<b>REVENUES</b>		
BC Community gaming grants	\$ 78,915	\$ 80,237
BC Provincial contracts and subsidies	1,174,836	911,316
Donations and fundraising revenue	247,228	169,392
Federal grants	45,130	68,550
Foundation and charitable grants	122,582	142,466
Interest revenue	877	734
Municipal grants	38,635	25,952
Other revenue	7,050	12,875
Rental income	330,654	9,268
Amortization of deferred capital contributions	366,691	21,136
	<u>2,412,598</u>	<u>1,441,926</u>
<b>EXPENSES</b>		
Amortization - note 5	372,064	30,049
Building	4,908	4,908
Contractor and consulting fees	92,121	18,928
Fundraising expenses	3,222	3,625
General administrative costs	10,175	7,218
Insurance	55,991	14,019
Mortgage interest	192,324	-
Occupancy and maintenance - note 6	74,299	21,917
Office	11,918	11,019
Payroll expenses - note 14	1,221,443	1,071,311
Professional fees	57,454	45,915
Program costs	260,004	179,205
Travel	8,858	8,562
Utilities	81,760	21,334
	<u>2,446,541</u>	<u>1,438,010</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES</b>	<u>\$ (33,943)</u>	<u>\$ 3,916</u>

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

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# LADYSMITH RESOURCES CENTRE ASSOCIATION

## Statement of Cash Flows

Year Ended March 31, 2024

	2024	2023
<b>OPERATING ACTIVITIES</b>		
Excess (deficiency) of revenues over expenses	\$ (33,943)	\$ 3,916
Item not affecting cash:		
Amortization of property, plant and equipment	372,064	30,049
	338,121	33,965
Changes in non-cash working capital - note 16	314,802	4,634,765
Cash flow from operating activities	652,923	4,668,730
<b>INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	-	(1,315)
Construction of Buller Street Project	(425,546)	(5,852,152)
Long term investments	(272)	(135)
Cash flow used by investing activities	(425,818)	(5,853,602)
<b>FINANCING ACTIVITIES</b>		
Proceeds from callable debt	124,537	687,797
Repayment of callable debt	(6,905,408)	-
Proceeds from long term debt	6,905,408	-
Repayment of long term debt	(51,291)	-
Cash flow from financing activities	73,246	687,797
<b>INCREASE (DECREASE) IN CASH FLOW</b>	300,351	(497,075)
Cash - beginning of year	786,246	1,283,321
<b>CASH - END OF YEAR</b>	<b>\$ 1,086,597</b>	<b>\$ 786,246</b>
<b>CASH CONSISTS OF:</b>		
Cash	\$ 1,012,980	\$ 713,735
Restricted cash	73,617	72,511
	<b>\$ 1,086,597</b>	<b>\$ 786,246</b>

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

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# LADYSMITH RESOURCES CENTRE ASSOCIATION

## Notes to Financial Statements

Year Ended March 31, 2024

### 1. PURPOSE OF THE ASSOCIATION

Ladysmith Resources Centre Association (the "Association") is an organization established to coordinate, facilitate and provide community services and information in order to enhance the quality of life in the community of Ladysmith and the surrounding area. The Association was incorporated July 22, 1992 under the Societies Act of B.C. as a not-for-profit organization and is a registered charity under the Income Tax Act of Canada. The Association is exempt from income tax as long as certain conditions are met. The Association may issue charitable tax receipts to donors.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Basis of presentation

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

#### Revenue recognition

Ladysmith Resources Centre Association follows the deferral method of accounting for contributions, which includes donations and government grants.

Externally restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Contributions restricted for the purchase of capital assets are deferred and amortized into revenue on a basis and rate corresponding with the amortization of the related 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 reasonable assured.

Rental revenue is recognized as revenue when earned if the amount to be received can be reasonably estimated and collection is reasonably assured.

Fees for services are recognized when services are delivered.

#### Net assets

The association segregates its net assets based on any restrictions related to such balances.

Net asset invested in capital assets represents the Association's net investment after unamortized deferred capital contributions and long term debt in administrative and service related housing equipment and leasehold improvements.

Internally restricted net assets represents those funds restricted by Board designation for contingency purposes. These amounts are not available for purposes other than those designated by the Board of Directors.

(continues)

## LADYSMITH RESOURCES CENTRE ASSOCIATION

### Notes to Financial Statements

Year Ended March 31, 2024

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

##### Contributed materials and services

The operations of the organization depend on both the contribution of time by volunteers and donated materials from various sources. Contribution services are not recognized in the financial statements because of the difficulty in determining the fair value of the services provided.

Contributed materials are recorded at the fair market value only when a realizable value of the related benefit can be reasonably estimated and the materials are used in the normal course of operations and would otherwise be purchased.

##### Financial instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

##### Cash and cash equivalents

Cash includes cash and cash equivalents. Cash equivalents are highly liquid investments valued at cost plus accrued interest. The carrying amounts approximate fair value because they have maturities at the date of purchase of less than one year.

##### Inventory

Inventory is valued at the lower of cost and net realizable value with the cost being determined on a first in, first out basis. Inventory consists of food supplies. It is estimated that there is \$4,520 of donated non-perishable food on hand at March 31, 2024 (2023 - \$19,367).

*(continues)*



## LADYSMITH RESOURCES CENTRE ASSOCIATION

### Notes to Financial Statements

Year Ended March 31, 2024

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

##### Property, plant and equipment

Property, plant and equipment is stated at cost or deemed cost less accumulated amortization. Contributed assets are recorded at fair market value at the date of contribution. Repairs and maintenance costs are charged to expenses. Betterments which extend the estimated useful life of an asset are capitalized. The tangible capital assets are amortized over their estimated useful lives at the following rates and methods:

Buller Street land		non-amortizable
Buller Street development	35 years	straight-line method
Computer equipment	55%	declining balance method
Equipment	20%	declining balance method
Furniture and fixtures	20%	declining balance method
Leasehold improvements	3 years	straight-line method
Motor vehicles	20%	declining balance method

The Association regularly reviews its property, plant and equipment for impairment whenever events or changes in circumstances indicate that either the full or partial amount of the asset no longer has long-term service potential to the Association. If such conditions exist an impairment loss is measured at the amount by which the carrying amount of the asset exceeds its fair value or replacement cost.

Property, plant and equipment acquired during the year but not placed into use are not amortized until they are placed into use.

##### Use of estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Significant areas requiring the use of management estimate relate to the determination of useful lives of capital assets for amortization, valuation of receivables, accrued liabilities, and provision for contingencies. Actual results could differ from these estimates.

##### Allocation of expenses

The Association engages in various programs. The costs of each program include the costs of personnel, building and other expenses that are directly related to providing the program. The Association also includes a number of general support expenses that are common to the administration of the Association and each of its programs.

The Association allocates certain of its general support expenses by estimating the appropriate basis of allocating each component expense, and applies that basis consistently each year.

## LADYSMITH RESOURCES CENTRE ASSOCIATION

### Notes to Financial Statements

Year Ended March 31, 2024

#### 3. CASH AND TERM DEPOSIT

The Association's bank accounts are held at one credit union. Deposits at the credit union are insured by the Province of British Columbia.

In addition to operating accounts, the Association holds a 3-year term rate climber deposit with a current rate of 1.7%. The term maturity is January 18, 2025.

	2024	2023
Current portion	\$ 27,396	\$ -
Long term	-	27,125
	<u>\$ 27,396</u>	<u>\$ 27,125</u>

#### 4. RESTRICTED CASH

Restricted cash relates to the unallocated balance of funds of the Association's Gaming accounts and may be utilized only for program purposes as approved by the B.C. Gaming Commission from time to time.

Cash in the Internally Restricted Fund relates to balances the Board has internally restricted to support the Community Kitchen/Food Security programs, and the Contingency Reserve Fund. - *note 12*

	2024	2023
Gaming funds	\$ 73,617	\$ 64,905
Bingo funds	-	7,606
	<u>\$ 73,617</u>	<u>\$ 72,511</u>

# LADYSMITH RESOURCES CENTRE ASSOCIATION

## Notes to Financial Statements

Year Ended March 31, 2024

### 5. PROPERTY, PLANT AND EQUIPMENT

	Cost	Accumulated amortization	2024 Net book value	2023 Net book value
Buller Street land	\$ 312,291	\$ -	\$ 312,291	\$ 312,291
Buller Street development	12,370,772	345,555	12,025,217	11,945,226
Computer equipment	63,987	61,461	2,526	5,612
Equipment	37,887	22,727	15,160	18,949
Furniture and fixtures	83,424	79,377	4,047	5,059
Leasehold improvements	52,042	52,042	-	17,347
Motor vehicles	46,206	41,111	5,095	6,369
	<u>\$ 12,966,609</u>	<u>\$ 602,273</u>	<u>\$ 12,364,336</u>	<u>\$ 12,310,853</u>

Amortization expense for the year was \$372,064 (2023 - \$30,049).

### 6. DEPOSIT - TOWN OF LADYSMITH

The Association has entered into an agreement with the Town of Ladysmith ("Town") to lease a facility. Under the terms of the agreement the Association has agreed to pay the Town annual rent of \$10 per annum commencing June 1, 2011. The term of the lease is for five years with up to seven options to renew for five years each. The current term renews in 2026.

As part of the agreement, the Association was required to deposit \$363,000 with the Town. The Town transfers \$479 each month from the \$363,000 deposit to a Contingency Reserve Fund owned by the Town, in order to set aside funds for the future replacement of major interior building elements including mechanical, HVAC, electrical building systems, fixtures and flooring.

In 2016, the Association received an additional lump sum payment of \$75,000 to help with expenses. This amount will reduce the overall funding committed from the Town of Ladysmith.

	2024	2023
Opening balance	\$ 226,862	\$ 231,770
Transfer to Contingency Reserve Fund	(4,908)	(4,908)
	<u>\$ 221,954</u>	<u>\$ 226,862</u>

Principal repayment terms are approximately:

2025	\$ 7,996
2026	213,958
	<u>\$ 221,954</u>

# LADYSMITH RESOURCES CENTRE ASSOCIATION

## Notes to Financial Statements

Year Ended March 31, 2024

### 7. DEFERRED CONTRIBUTIONS

Deferred contributions include grants, public funding and sponsorships received for a specific use, but for which the related expenditures have not been incurred.

	Balance, beginning of year	Current year contributions received (reallocated)	Amounts recognized as revenue	Balance, end of year
Contracts and grants	\$ 50,947	\$ 75,608	\$ (52,505)	\$ 74,050
Community gaming grants	64,900	73,606	(64,900)	73,606
Buller Street project contributions	31,439	-	(6,071)	25,368
Program fund contributions	572,810	2,342,301	(2,280,603)	634,508
	<u>\$ 720,096</u>	<u>\$ 2,491,515</u>	<u>\$ (2,404,079)</u>	<u>\$ 807,532</u>

### 8. CALLABLE DEBT

BC Housing Management Commission non-interest bearing interim construction loan repayable at the time of substantial completion of construction. The loan was advanced for the purposes of the construction of 36 residential units at 314 Buller Street, Ladysmith for households with low and moderate incomes. On August 1, 2023, the loan was repaid in full with takeout financing provided by Scotiabank. Loan was callable on demand.

	2024	2023
	\$ -	\$ 6,780,871

# LADYSMITH RESOURCES CENTRE ASSOCIATION

## Notes to Financial Statements

Year Ended March 31, 2024

### 9. LONG TERM DEBT

Scotiabank loan bearing interest at 4.23% per annum, repayable in monthly blended payments of \$31,381. The loan matures on August 1, 2033 and is secured by A first charge claim over the 309/314 Buller Street, Ladysmith, BC, V9G 1A9 which has a carrying value of \$ 12,337,508.

Amounts payable within one year

	2024	2023
	\$ 6,854,116	\$ -
	(91,096)	-
	<u>\$ 6,763,020</u>	<u>\$ -</u>

Principal repayment terms are approximately:

2025	\$ 91,096
2026	93,333
2027	96,294
2028	100,447
2029	104,779
Thereafter	6,368,167
	<u>\$ 6,854,116</u>

### 10. DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions represent both the unamortized value of capital assets donated to the Association and contributions received for the acquisition of capital assets. The changes in deferred capital contributions for the year are as follows:

	2024	2023
Balance, beginning of year	\$ 5,064,381	\$ 91,329
Capital contributions received	-	5,028,085
Transfer to capital project financing	-	(33,897)
Amortization of deferred capital contributions	(366,691)	(21,136)
	<u>\$ 4,697,690</u>	<u>\$ 5,064,381</u>

# LADYSMITH RESOURCES CENTRE ASSOCIATION

## Notes to Financial Statements

Year Ended March 31, 2024

### 11. INVESTED IN CAPITAL ASSETS

	2024	2023
<b>Invested in capital assets is calculated as follows:</b>		
Capital assets	\$ 12,364,335	\$ 12,310,853
Amounts financed by:		
ScotiaBank mortgage	(6,854,116)	-
Accrued interest payable	(23,950)	-
Deferred capital contributions	(4,697,690)	(4,710,790)
Interim construction financing from BCHMC	-	(6,780,871)
	<u>\$ 788,579</u>	<u>\$ 819,192</u>

### 12. INTERNALLY RESTRICTED NET ASSETS

The Board of Directors has internally restricted \$46,670 (2023 - \$51,578) as a contingency fund for the future repair and maintenance of the leased building and \$221,954 (2023 - \$226,862) related to the funds on deposit with the Town of Ladysmith (Note 6).

The Board has also internally restricted \$100,000 (2023 - \$100,000) to support the Community Kitchen/Food Security programs. Total internally restricted net assets are \$368,624 (2023 - \$378,440).

	2024	2023
Contingency fund for repairs of leased building	\$ 46,670	\$ 51,578
Community kitchen/food security program	100,000	100,000
Town of Ladysmith funds on deposit	221,954	226,862
	<u>\$ 368,624</u>	<u>\$ 378,440</u>

### 13. COMMITMENTS

In the ordinary course of business, the Association has entered into various contractual arrangements with service providers. These contracts have various terms and lengths. The minimum annual commitments for the next five years are as follows:

2025	\$ 1,277
2026	1,277
2027	319
	<u>\$ 2,873</u>

## LADYSMITH RESOURCES CENTRE ASSOCIATION

### Notes to Financial Statements

Year Ended March 31, 2024

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#### 14. DISCLOSURE OF EMPLOYEE, CONTRACTOR, AND DIRECTOR REMUNERATION

The Societies Act (British Columbia) requires the disclosure of remuneration paid by the Association to employees and contractors whose remuneration was at least \$75,000 and any amounts of remuneration paid by the Association to directors.

For the fiscal year ended March 31, 2024, the Association did not pay any individual employee for services for annual remuneration of \$75,000 or greater.

No remuneration of \$75,000 or greater was paid to contractors for services and no remuneration was paid to any members of the Board.

#### 15. ECONOMIC DEPENDENCE

The Association received the majority of its funding from contracts with the Province of British Columbia through its various ministries and crown corporations, which provide funds for specific programs that offer services that benefit the community. The continuation of the majority of programs is dependent upon the continued funding from these sources. For the year ended March 31, 2024, 57.42% (2023 - 64.14%) of the Association's funding came from the Provincial Government.

The BC Housing agreement for the Buller Street apartment project requires the Association to tenant the Building within specific parameters. Failure to place tenants who will pay rents within the parameters of the BC Housing agreement for this project could result in the loss of BC Housing funding for the Buller Street apartment project, and potentially the removal of the project from the Association's programs. Currently all the units have been tenanted within the BC Housing Parameters and sufficient rents are being collected.

# LADYSMITH RESOURCES CENTRE ASSOCIATION

## Notes to Financial Statements

Year Ended March 31, 2024

### 16. CHANGES IN NON-CASH WORKING CAPITAL

	2024	2023
Accounts receivable	\$ 883,080	\$ (315,273)
Goods and services tax payable (recoverable)	537,726	(26,980)
Inventory	(6,266)	(17,221)
Prepaid expenses	36,571	(25,129)
Deposits	29,500	2,411
Accounts payable and accrued liabilities	(956,666)	215,895
Wages payable	27,991	10,294
Employee deductions payable	4,449	1,349
Interest payable	23,951	-
Increase in security deposits	21,330	-
Deferred contributions	87,436	(183,633)
Deferred capital contributions	(366,691)	4,973,052
Gaming prize liability	(7,609)	-
	<u>\$ 314,802</u>	<u>\$ 4,634,765</u>

### 17. CONTINGENT LIABILITY

The Association has been named as a defendant in a Human Rights Complaint alongside BC Housing and the Ministry of Social Development and Poverty Reduction. This complaint was filed on May 9, 2022 and the Ladysmith Resources Centre Association was formally included as a party to the complaint on December 7, 2022. On the date of the initial filing, both the current President of the Association and her daughter were named as complainants. Subsequent to the initial filings and before the Ladysmith Resources Centre Association was formally included as a party, the President had removed her name from the complaint, and her daughter subsequently removed her name on November 20, 2023. The Human Rights Tribunal is expected to hear this complaint in early 2025. The results of this complaint are not determinable at this time.



## LADYSMITH RESOURCES CENTRE ASSOCIATION

### Notes to Financial Statements

Year Ended March 31, 2024

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#### 18. FINANCIAL INSTRUMENTS

The Association is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Association's risk exposure and concentration as of March 31, 2024.

##### Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Association is exposed to credit risk from contributors and tenants. The Association has a significant number of contributors and tenants which minimizes concentration of credit risk.

##### Liquidity risk

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

##### 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 interest rates may effect the cash flows associates with some of the Company's financial assets and liabilities. In seeking to minimize the risks from interest rate fluctuations, the Association manages exposure through its normal operating and financing activities. The Association is exposed to interest rate risk primarily through its credit facilities.

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

#### 19. COMPARATIVE FIGURES

The prior year comparative figures were audited by another firm of Chartered Professional Accountants.

Some of the prior period comparative figures have been reclassified to conform to the current year presentation.

# Ladysmith Resources Centre Association

Year End: March 31, 2024

Adjusting Journal Entries

Date: 2023-04-01 To 2024-03-31


Number	Date	Name	Account No	Reference	Debit	Credit	Recurrence	Misstatement
1	2024-03-31	XXX - GST on Capital Purchases	1332	FF.12, FF. 13		276,339.00		
1	2024-03-31	Capital Project - Building	1780	FF.12, FF. 13	276,339.00			
To record GST self assessment								
2	2024-03-31	Unrestricted funds	3560		276,339.00			
2	2024-03-31	Invested in Capital Assets	3570			276,339.00		
To allocate fund balance relating to GST self-assessment on building completion								
					552,678.00	552,678.00		
Net Income (Loss)			-33,942.66					

Sandra Reder



Prepared by	Reviewed by	Manager
GCD 2024-09-05	JJB 2024-09-25	JJB 2024-09-25

SIGNATURE CERTIFICATE



**REFERENCE NUMBER**  
34D9A7B2-CE88-44DA-B6C7-0BDA32483858

TRANSACTION DETAILS

**Reference Number**  
34D9A7B2-CE88-44DA-B6C7-0BDA32483858

**Transaction Type**  
Signature Request

**Sent At**  
11/05/2024 16:26 -08:00

**Executed At**  
11/07/2024 13:58 -08:00

**Identity Method**  
email

**Distribution Method**  
email

**Signed Checksum**  
65421de3f48cc4cda2c73e7cs75fe1c6882ec18db5eef08fc0576dc0a40c0f09

**Signer Sequencing**  
Disabled

**Document Passcode**  
Disabled

DOCUMENT DETAILS

**Document Name**  
Ladysmith Resources Centre Association March 31 2024 - signature pages

**Filename**  
Ladysmith\_Resources\_Centre\_Association\_March\_31\_2024\_-\_signature\_pages.pdf

**Pages**  
26 pages

**Content Type**  
application/pdf

**File Size**  
707 KB

**Original Checksum**  
0bf901be8931c760316280d78d3606b8a29794b4ee556f1854152ec5cccc4973

SIGNERS

SIGNER	E-SIGNATURE	EVENTS
<b>Name</b> Sandra Reder	<b>Status</b> signed	<b>Viewed At</b> 11/06/2024 13:34 -08:00
<b>Email</b> sreder@verticalbridge.ca	<b>Multi-factor Digital Fingerprint Checksum</b> 5d3b1838770350346b733d9d6d7ecec7baa77f1f0955d8818076fc2e5f6adc95	<b>Identity Authenticated At</b> 11/06/2024 13:36 -08:00
<b>Components</b> 3	<b>IP Address</b> 205.250.56.140	<b>Signed At</b> 11/06/2024 13:36 -08:00
	<b>Device</b> Chrome via Windows	
	<b>Typed Signature</b> Sandra Reder	
	<b>Signature Reference ID</b> BF9AF6C7	

AUDITS

TIMESTAMP	AUDIT
11/06/2024 00:26 +00:00	John Bratkowski (john@jjacpa.ca) created document 'Ladysmith_Resources_Centre_Association_March_31_2024_-_signature_pages.pdf' on Chrome via Windows from 54.144.112.110.
11/06/2024 00:26 +00:00	Sandra Reder (sreder@verticalbridge.ca) was emailed a link to sign.
11/06/2024 00:26 +00:00	Sandra Marquis (sandra@lrca.ca) was emailed a link to sign.
11/06/2024 21:16 +00:00	Sandra Reder (sreder@verticalbridge.ca) was emailed a reminder.
11/06/2024 21:34 +00:00	Sandra Reder (sreder@verticalbridge.ca) viewed the document on Chrome via Windows from 205.250.56.140.
11/06/2024 21:36 +00:00	Sandra Reder (sreder@verticalbridge.ca) authenticated via email on Chrome via Windows from 205.250.56.140.
11/06/2024 21:36 +00:00	Sandra Reder (sreder@verticalbridge.ca) signed the document on Chrome via Windows from 205.250.56.140.
11/07/2024 21:58 +00:00	Sandra Marquis (sandra@lrca.ca) was removed from document 34d9a7b2-ce88-44da-b6c7-0bda32483858 as the document was force completed.
11/07/2024 21:58 +00:00	Component 'Signature 6' assigned to signer2 was removed as the document was force completed.
11/07/2024 21:58 +00:00	Component 'Signature 3' assigned to signer2 was removed as the document was force completed.
11/07/2024 21:58 +00:00	Component 'Signature 2' assigned to signer2 was removed as the document was force completed.
11/07/2024 21:58 +00:00	John Bratkowski (john@jjacpa.ca) force completed document 'Ladysmith_Resources_Centre_Association_March_31_2024_-_signature_pages.pdf' on Chrome via Windows from 35.169.110.255.