

Report from the Treasurer to the 2022 Annual General Meeting

I am pleased to submit my treasurer's report to the annual meeting for the year ending July 31, 2022.

My role as your treasurer is to link our finances to the strategic objectives approved by the board for CHF BC and its related subsidiaries. As the world emerges from the grip of pandemic-related restrictions, we have tried to find just the right balance of prudence and ambition to reconfigure the supports and services we deliver to members and to anticipate changes still to come.

CHF BC maintained a strong financial position during the year, with revenues of almost \$3M. Thanks to our loyal members, we achieved record-breaking revenues in our group buying, planning and renewal and education and co-op services programs. **Total sales in group buying programs such as waste management, kitchen and cabinets, flooring and other services increased by 41% year over year.** By combining the purchasing power of more than 250 housing co-ops, we generated savings to members and diversified our revenue to keep membership dues affordable.

I am proud of how engaged our members are in the business and governance of CHF BC, as demonstrated by the increasing number of members who are actively using our programs and services, higher attendance rates at member events, and the consistently high percentage of member dues paid within the first 90 days of the fiscal year.

The Federation finished the year in solid financial shape, posting a surplus of just under \$31,000 in a year with a projected deficit of \$176,000. Last year's much larger surplus was realized when expenses were curtailed in response to the limitations imposed by the pandemic. This year, the cost of doing business increased while members benefited from the second year of a two-year freeze in member dues.

Members have clearly signaled their preference for a choice between online and in-person activities, and this has increased the cost of holding events like education conferences and members' meetings. While costs have increased, we are committed to removing the barriers that have prevented some members from being included in our signature events. The revenue we earn from member take-up in new programs and services helps to mitigate the impact of these cost increases on our bottom line.

This year we directed more effort toward helping our members respond to and plan for the impact of climate change in our co-op buildings. We also began a spirited discussion of how the values of equity, inclusion and belonging can be most effectively reflected in our co-op communities. And we advanced our understanding and commitment to action in a journey of truth and reconciliation with Indigenous communities. These efforts changed the way we engage and communicate with housing co-ops and their members, and this change is reflected in the increased cost of our education program and co-op services.

At year end, we added \$30,810 to the balance of the Operating Fund, after the usual transfer to the Capital Asset Fund, and realized a significant increase in the value of our equity holding in Encasa Financial Inc. We also withdrew \$50,000 from the Research and Development Fund as a contribution



to the purchase of two co-op properties in Burnaby at risk of being sold to private investment funds or developers. The members of Post 83 and 115 Place housing co-ops can rest easy knowing that their properties have been secured by the Community Land Trust.

CHF BC also operates COHO Management Services Society and several non-profit societies operating as the Community Land Trust.

COHO provides property management services to 90 clients with more than 6,000 homes and posted an operating surplus of \$89,000 in the year ending July 31, 2022. All of COHO's earnings are reinvested in the development and delivery of management services to housing co-ops.

The Community Land Trust supports a portfolio of 1,635 occupied homes, with 527 more under construction and 1,145 homes actively under development. With assets worth more than \$220M the Community Land Trust is well positioned to deliver on its mandate of acquiring, developing, redeveloping, and stewarding permanently affordable homes across the province.

At the semi-annual general meeting in May, I reported that the board would be considering options for enhancing the financial oversight and risk management of CHF BC and its group of social enterprises. Members attending this annual meeting will be asked to approve a special resolution to amend CHF BC's Rules to eliminate the finance committee in its current form. The committee will be replaced by a new Finance, Audit and Risk Committee with a broader and more robust mandate to provide financial oversight and risk management advice to the board. Members will find more information on the special resolution in the Delegate Handbook distributed before the meeting.

I am pleased to present another clean, unqualified auditor's opinion to our members at this annual meeting. The board is also recommending that you reappoint Grant Thornton to serve as our auditors for another year.

As we wrap up our 40th year as a federation serving housing co-ops in British Columbia, I am proud of CHF BC's financial position, which is a result of four decades of responsible governance and sound management. I am grateful to past treasurers for their guidance, to our members for their continuing support, to the board for its oversight and leadership, and to the staff for their diligence. Members can be confident that we will continue to steward the resources of the Federation prudently and strategically in the best interests of the association and its members.

Thank you for your support and confidence.

Respectfully submitted,

Deanna Overland
Treasurer

Please note: The auditor's report, statement of financial position, and statement of operations and changes in fund balances for the year ending July 31, 2022 are attached. The full audited financial statements, including notes, are available on request.

Independent Auditor's Report

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To the Members of
Co-operative Housing Federation of British Columbia

Opinion

We have audited the financial statements of the Co-operative Housing Federation of British Columbia ("the Federation"), which comprise the statement of financial position as at July 31, 2022, and the statements of operations and changes in fund balances 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 Co-operative Housing Federation of British Columbia as at July 31, 2022, and its results of 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 Federation 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 these 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 Federation'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 Federation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Federation'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 Federation'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 Federation'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 Federation 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.

Grant Thornton LLP

Vancouver, Canada
October 23, 2022

Chartered Professional Accountants

Co-operative Housing Federation of British Columbia

Statement of Financial Position

July 31, 2022

	Operating Fund	Research and Development Fund	Capital Asset Fund	Encasa Equity Investment Fund	Total 2022	Total 2021
Current assets						
Cash and cash equivalents	\$ 1,332,628	\$ 127,422	\$ -	\$ -	\$ 1,460,050	\$ 1,461,366
Investments (Note 3)	338,158	-	-	-	338,158	365,127
Receivables (Note 4)	177,443	-	-	-	177,443	126,302
Prepaid expenses	46,600	-	-	-	46,600	60,247
	<u>1,894,829</u>	<u>127,422</u>	<u>-</u>	<u>-</u>	<u>2,022,251</u>	<u>2,013,042</u>
Long-term assets						
Investment in Encasa Financial Inc. (Note 5)	-	-	-	835,239	835,239	676,209
Property and equipment (Note 6)	-	-	200,856	-	200,856	318,855
	<u>\$ 1,894,829</u>	<u>\$ 127,422</u>	<u>\$ 200,856</u>	<u>\$ 835,239</u>	<u>\$ 3,058,346</u>	<u>\$ 3,008,106</u>
Current liabilities						
Payables and accruals (Note 7)	\$ 187,149	\$ -	\$ -	\$ -	\$ 187,149	\$ 113,423
Due to vendors: Commercial Services	170,206	-	-	-	170,206	109,896
Deferred dues and grants (Note 8)	428,883	-	-	-	428,883	515,693
Current portion of loan (Note 9)	16,401	-	25,398	-	41,799	45,420
	<u>802,639</u>	<u>-</u>	<u>25,398</u>	<u>-</u>	<u>828,037</u>	<u>784,432</u>
Long-term liabilities						
Long-term portion of loan (Note 9)	40,102	-	159	-	40,261	84,747
Share capital (Note 10)	15,100	-	-	-	15,100	15,050
Fund balances						
Unrestricted	1,036,988	127,422	-	835,239	1,999,649	1,859,809
Invested in capital assets	-	-	175,299	-	175,299	264,068
	<u>1,036,988</u>	<u>127,422</u>	<u>175,299</u>	<u>835,239</u>	<u>2,174,948</u>	<u>2,123,877</u>
	<u>\$ 1,894,829</u>	<u>\$ 127,422</u>	<u>\$ 200,856</u>	<u>\$ 835,239</u>	<u>\$ 3,058,346</u>	<u>\$ 3,008,106</u>

Approved by:

Director

Director

See accompanying notes and schedules to the financial statements.

Co-operative Housing Federation of British Columbia

Statements of Operations and Changes in Fund Balances

Year ended July 31, 2022

	Operating Fund (Schedules 1 & 2)	Research and Development Fund	CHF BC Capital Asset Fund	Encasa Equity Investment Fund	Total 2022	Total 2021
Revenue						
Administration	\$ 1,193,549	\$ -	\$ -	\$ -	\$ 1,193,549	\$ 1,171,090
Commercial services (Note 14)	1,498,573	-	-	-	1,498,573	1,868,960
Communications	1,772	-	-	-	1,772	1,589
Education program	217,341	-	-	-	217,341	234,585
Income on investment in Encasa Financial Inc. (Note 5)	-	-	-	159,030	159,030	135,020
	<u>2,911,235</u>	<u>-</u>	<u>-</u>	<u>159,030</u>	<u>3,070,265</u>	<u>3,411,244</u>
Expenses						
Amortization	-	-	143,068	-	143,068	134,378
Administration	2,871,106	50,000	-	-	2,921,106	2,738,839
Commercial services	81,238	-	-	-	81,238	84,915
Communications	129,132	-	-	-	129,132	66,665
Education program	231,009	-	-	-	231,009	209,651
	<u>3,312,485</u>	<u>50,000</u>	<u>143,068</u>	<u>-</u>	<u>3,505,553</u>	<u>3,234,448</u>
Less: cost recoveries (Note 13)	<u>(486,359)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(486,359)</u>	<u>(476,383)</u>
	<u>2,826,126</u>	<u>50,000</u>	<u>143,068</u>	<u>-</u>	<u>3,019,194</u>	<u>2,758,065</u>
Excess (deficiency) of revenue over expenses	85,109	(50,000)	(143,068)	159,030	51,071	653,179
Interfund transfers						
Transfer from operating fund (Note 11)	<u>(54,299)</u>	<u>-</u>	<u>54,299</u>	<u>-</u>	<u>-</u>	<u>-</u>
	30,810	(50,000)	(88,769)	159,030	51,071	653,179
Fund balances, beginning of year	<u>1,006,178</u>	<u>177,422</u>	<u>264,068</u>	<u>676,209</u>	<u>2,123,877</u>	<u>1,470,698</u>
Fund balances, end of year	<u>\$ 1,036,988</u>	<u>\$ 127,422</u>	<u>\$ 175,299</u>	<u>\$ 835,239</u>	<u>\$ 2,174,948</u>	<u>\$ 2,123,877</u>

See accompanying notes and schedules to the financial statements.