

NORGATE HOUSE SOCIETY

FINANCIAL STATEMENTS

31 DECEMBER 2022

NORGATE HOUSE SOCIETY

Financial Statements

For the Year Ended 31 December 2022

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INDEPENDENT AUDITORS' REPORT

To the Board Members of,
Norgate House Society

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Norgate House Society (the Society), which comprise the statement of financial position as at 31 December 2022, and the statements of operations and net assets 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 31 December 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 Auditors' 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.

INDEPENDENT AUDITORS' REPORT - continued

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Society's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Society's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Society to cease to continue as a going concern.

INDEPENDENT AUDITORS' REPORT - 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.

Report on Other Legal and Regulatory Requirements

As required by the Societies Act (British Columbia), we report that, in our opinion, the accounting principles in Canadian accounting standards for not-for-profit organizations have been applied on a basis consistent with that of the preceding year.



CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, Canada
16 November 2023

NORGATE HOUSE SOCIETY
Statement of Financial Position
31 December 2022

	2022	2021
<hr/>		
Assets		
Cash	\$ 784	\$ 784
Investment in joint venture (Note 2, Schedule 1)	<u>141,085</u>	<u>130,456</u>
	<hr/> \$ 141,869	<hr/> \$ 131,240
<hr/>		
Net Assets		
Unrestricted	<u>141,869</u>	<u>131,240</u>
	<hr/> \$ 141,869	<hr/> \$ 131,240

APPROVED ON BEHALF OF NORGATE HOUSE SOCIETY:

_____ President _____ Director

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

NORGATE HOUSE SOCIETY
Statement of Operations and Net Assets
For the Year Ended 31 December 2022

	2022	2021
Revenue		
Share of net operating surplus from joint venture (Schedule 2)	<u>\$ 10,629</u>	<u>\$ 31,188</u>
Excess of revenue over expenses	10,629	31,188
Net assets - beginning of year	<u>131,240</u>	<u>100,052</u>
Net assets - end of year	<u>\$ 141,869</u>	<u>\$ 131,240</u>

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

NORGATE HOUSE SOCIETY
Notes to the Financial Statements
For the Year Ended 31 December 2022

1. Nature of Society

Norgate House Society was formed on 11 December 1995. The purpose of the Society is to provide affordable and accessible rental housing for senior citizens of modest means or persons otherwise deserving of community support.

In June 2019, all board members of The Norgate House Society resigned amicably and there were no new candidates proposed for election to the Board. As a result, annual reports have not yet been filed with the BC Registry Services since 2019. Failure to elect new board members and file an annual report in the near future may lead to dissolution of The Norgate House Society.

2. Investment in Joint Venture

On 15 July 1998, the Society entered into the Zajac Norgate House Joint Venture (the “Joint Venture”) with The Mel Jr. and Marty Zajac Foundation. The purpose of the Joint Venture is to provide affordable and accessible rental housing to senior citizens of modest means or persons otherwise deserving of community support.

The Society’s investment in this Joint Venture has been recorded using the equity method, whereby the Society’s 50% proportionate share in the net surplus or deficiency earned by the Joint Venture is reported on the statement of operations.

The investment is carried on the statement of financial position at the Society’s net contribution to the Joint Venture plus the Society’s share of Joint Venture earnings.

The assets, liabilities, revenues and expenses of the Joint Venture are reported in Schedules 1 and 2.

3. Statement of Cash Flows

These financial statements do not include a statement of cash flows as the information is readily available from the financial statements.

NORGATE HOUSE SOCIETY
Schedule 1 - The Zajac Norgate House Joint Venture
Statement of Financial Position
31 December 2022

	2022	2021
Assets		
Current		
Cash and term deposits	\$ 85,463	\$ 123,077
Accounts receivable	12,747	21,829
Prepaid expenses	86,870	72,599
	<u>185,080</u>	<u>217,505</u>
Cash and term deposits restricted for capital replacement reserve	476,579	450,402
Tangible capital assets	<u>1,579,356</u>	<u>1,676,573</u>
	\$ 2,241,015	\$ 2,344,480
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 36,280	\$ 33,711
Deferred rental revenue	4,342	4,801
Security deposits	23,373	23,501
Mortgage payable, current portion	125,700	121,500
	<u>189,695</u>	<u>183,513</u>
Mortgage payable	1,681,701	1,807,306
Deferred contribution	<u>87,450</u>	<u>92,750</u>
	<u>1,958,846</u>	<u>2,083,569</u>
Net assets		
Norgate House Society	141,085	130,456
The Mel Jr. and Marty Zajac Foundation	141,084	130,455
	<u>282,169</u>	<u>260,911</u>
	\$ 2,241,015	\$ 2,344,480

NORGATE HOUSE SOCIETY
Schedule 2 - The Zajac Norgate House Joint Venture
Statement of Operations
For the Year Ended 31 December 2022

	2022	2021
Revenue		
Rent	\$ 477,054	\$ 472,808
Other income	12,785	24,786
	<u>489,839</u>	<u>497,594</u>
Expenses		
Utilities and services	82,688	83,030
Management fees on and off site	67,881	70,843
Interest	62,424	66,459
Repairs and maintenance	56,283	38,023
Insurance	48,128	25,359
Property taxes	39,827	38,968
Accounting and legal	9,484	9,678
Office and miscellaneous	3,388	3,435
Rent	103	103
	<u>370,206</u>	<u>335,898</u>
Excess of revenues over expenses before other items	<u>119,633</u>	161,696
Other items		
Amortization of deferred contributions	5,300	5,300
Amortization of tangible capital assets	(103,675)	(104,620)
	<u>(98,375)</u>	<u>(99,320)</u>
Excess of revenues over expenses	<u>\$ 21,258</u>	<u>\$ 62,376</u>
Excess of revenues over expenses		
Norgate House Society	\$ 10,629	\$ 31,188
The Mel Jr. and Marty Zajac Foundation	10,629	31,188
	<u>\$ 21,258</u>	<u>\$ 62,376</u>