

INDEPENDENT AUDITORS' REPORT

TO: THE MEMBERS OF OCCA COMMUNITIES ASSOCIATION

Opinion

We have audited the financial statements of OCCA Communities Association (the "Association"), which comprise the statement of financial position as at December 31, 2022, and the statement of operations, statement of changes in net assets and statement of 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 Association as at December 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 (ASNPO).

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 Association 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.

Emphasis of Matter

We draw attention to Note 2 and 13 in the financial statements, which describes the basis of accounting that the Association adopted. The Association adopted Canadian accounting standards for not-for-profit organizations on January 1, 2022 with a transition date of December 31, 2021. These standards were applied retrospectively by management to the comparative information in these financial statements, including the balance sheet at December 31, 2021, and the statements of operations, changes in net assets, and cash flows for the year ended December 31, 2021 and related disclosures. We were not engaged to report on the restated comparative information, and as such, it is unaudited. As a result, the financial statements may not be suitable for another purpose. Our opinion is not modified in this matter.

Other Matter

The financial statements for the year ended December 31, 2021, presented for comparative purposes, are unaudited and we do not express an opinion on those financial statements.

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.

INDEPENDENT AUDITORS' REPORT, CONTINUED

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 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 .
- ◆ Conclude on the appropriateness of ' 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 conclude that a material uncertainty exists, required to draw attention in report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify opinion. conclusions are based on the audit evidence obtained up to the date of auditor's report. However, future events or conditions may cause the Association 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.



REID HURST NAGY INC.
CHARTERED PROFESSIONAL ACCOUNTANTS

OCCA COMMUNITIES ASSOCIATION

STATEMENT OF OPERATIONS

For the year ended December 31, 2022

	Operating Fund 2022	Capital fund 2022	Total 2022	Total 2021
	\$	\$	\$	\$
REVENUES				
Donations	59,609	24,304	83,913	86,177
Government of Canada	44,400	-	44,400	10,200
Service fees	19,928	-	19,928	7,040
Province of B.C.	12,500	-	12,500	45,000
Interest	4,405	-	4,405	1,952
Fundraising sales	1,933	-	1,933	410
Membership	915	-	915	770
Honorarium	850	-	850	350
	144,540	24,304	168,844	151,899
EXPENSES				
Advertising and promotion	1,724	-	1,724	815
Amortization	-	8,942	8,942	9,374
Bank charges and interest	802	-	802	772
Contract service	13,041	-	13,041	14,070
Fees, licences and dues	99	-	99	70
Honoraria	6,170	-	6,170	8,054
Insurance	2,558	-	2,558	2,399
Interest on long-term debt	6,061	-	6,061	7,042
Office	4,646	-	4,646	2,450
Professional fees	12,032	-	12,032	5,528
Property taxes	926	-	926	1,209
Rent	4,015	-	4,015	1,547
Repairs and maintenance	12,441	-	12,441	24,621
Salaries and related benefits	58,736	-	58,736	27,116
Supplies	9,848	-	9,848	12,921
Telephone	3,995	-	3,995	4,040
Utilities	1,142	-	1,142	1,299
Vehicle	3,058	-	3,058	2,240
Volunteer appreciation	1,840	-	1,840	3,178
	143,134	8,942	152,076	128,745
EXCESS OF REVENUE OVER EXPENSES BEFORE DEFERRED REVENUE ALLOCATION	1,406	15,362	16,768	23,154
Allocated from deferred revenue	41,864	4,470	46,334	44,456
Allocated to deferred revenue	(45,819)	(24,304)	(70,123)	(66,792)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	(2,549)	(4,472)	(7,021)	818

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

OCCA COMMUNITIES ASSOCIATION

STATEMENT OF CHANGES IN NET ASSETS For the year ended December 31, 2022

	Operating Fund 2022	Capital fund 2022	Total 2022	Total 2021
NET ASSETS, BEGINNING OF YEAR (Note 12)	\$ 18,876	\$ 200,702	\$ 219,578	\$ 218,760
Excess (deficiency) of revenue over expenses	(2,549)	(4,472)	(7,021)	818
Mortgage principal reduction	(4,067)	4,067	-	-
NET ASSETS, ENDING OF YEAR	12,260	200,297	212,557	219,578

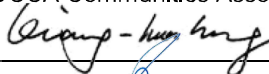
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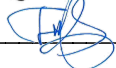
OCCA COMMUNITIES ASSOCIATION

STATEMENT OF FINANCIAL POSITION December 31, 2022

	December 31 2022	December 31 2021 (Unaudited)	January 1 2022 Note 9
	\$	\$	\$
ASSETS			
CURRENT ASSETS			
Cash	36,702	67,882	67,882
Restricted cash (Note 3)	17,500	29,864	29,864
Term deposits (Note 4)	200,160	116,971	116,971
GST receivable	492	588	588
Prepaid expense	1,371	832	832
	256,225	216,137	216,137
TANGIBLE CAPITAL ASSETS (NOTE 5)	467,172	476,114	476,114
	723,397	692,251	692,251
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable and accrued liabilities	16,636	8,034	8,034
Payroll deductions payable	9,843	-	-
Deferred revenue (Note 6)	45,819	41,864	41,864
Current portion of long-term debt (Note 8)	4,873	4,891	4,891
	77,171	54,789	54,789
DEFERRED CAPITAL CONTRIBUTIONS (NOTES 7 & 12)	278,942	259,108	259,108
LONG-TERM DEBT (NOTE 8)	154,727	158,776	158,776
	433,669	417,884	417,884
	510,840	472,673	472,673
NET ASSETS			
Operating fund	12,260	18,876	18,876
Capital fund	200,297	200,702	200,702
	212,557	219,578	219,578
	723,397	692,251	692,251

Approved on behalf of
OCCA Communities Association





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

OCCA COMMUNITIES ASSOCIATION

STATEMENT OF CASH FLOWS

For the year ended December 31, 2022

	2022	2021
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	(7,021)	818
adjustments for non-cash items		
Amortization	8,942	9,374
	1,921	10,192
NET CHANGES IN NON-CASH WORKING CAPITAL		
Accounts receivable	-	500
Prepaid expenses	(539)	7,380
Restricted cash	12,364	(29,864)
Accounts payable and accruals	8,602	5,703
GST payable	96	(157)
Wages and benefits payable	9,843	(153)
Deferred capital contributions	19,834	136,673
Deferred revenue	3,955	2,064
	56,076	132,338
INVESTING ACTIVITIES		
Investments in term deposits	(83,189)	48,867
Purchase of tangible capital assets	-	(749)
	(83,189)	48,118
FINANCING ACTIVITIES		
Repayment of long-term debt	(4,303)	(4,891)
	(4,303)	(4,891)
NET INCREASE (DECREASE) IN CASH	(31,416)	175,565
CASH, BEGINNING OF YEAR	97,746	52,120
CASH, END OF YEAR	54,202	97,746

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

OCCA COMMUNITIES ASSOCIATION

NOTES TO THE FINANCIAL INFORMATION December 31, 2022

1. NATURE OF OPERATIONS

The OCCA Communities Association ("the Association") was incorporated under the Societies Act of British Columbia on November 4, 2010, and is a registered charity exempt from income taxes.

The objectives of the Association are:

- a) To develop, promote and increase the public appreciation of Canadian multi-cultures and history by providing seminars and celebrations.
- b) To provide services to new immigrants in need, such as language training, job placement, and translation services for medical, legal, and other appointments
- c) To provide educational programs to youth to teach them about Canadians and immigrants' traditions and ethnic heritage

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations. The significant policies are detailed below:

(a) Revenue Recognition

The Association follows the deferral method of accounting for revenue.

Restricted contributions are recognized as revenue in the year in which the related expenses are incurred.

Unrestricted Contributions are recognized as revenue when received, or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Interest revenue is recognized in the period in which it is earned.

Revenue from all other sources is recognized as services are fully performed and once collectibility of the revenue can be reasonably assured.

(b) Deferred capital contributions

Deferred capital contributions represent the unamortized unspent amount of externally restricted contributions received for the purchase of capital assets. Deferred capital contributions are recognized as revenue in the statement of operations on a basis at a rate corresponding with the amortization rate for related tangible capital assets.

(c) Contributed services

Directors, committee members and membership volunteer their time to assist in the Association's activities. While these services benefit the Association considerably, a reasonable estimate of their amount and fair value cannot be made and, accordingly, these contributed services are not recognized in the financial statements.

(d) Short-term investments

Short-term investments are initially recorded at cost at the date of acquisition and subsequently adjusted to fair market value at the reporting date with adjustment recognized as interest income.

OCCA COMMUNITIES ASSOCIATION

NOTES TO THE FINANCIAL INFORMATION December 31, 2022

2. SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

(e) Tangible Capital Assets

Tangible capital assets are recorded at cost. The Association provides for amortization using the declining balance method at rates designed to amortize the cost of the tangible capital assets over their estimated useful lives. The annual amortization rates are as follows:

Buildings	Declining balance	4%
Furniture and fixtures	Declining balance	20%

Tangible capital assets are reviewed for impairment whenever events or changes in the circumstances indicate that the carrying value may not be recoverable. If the total estimated undiscounted future cash flows is less than the carrying value of the asset, an impairment loss is recognized for the excess of the carrying value over the fair value of the asset during the year the impairment occurs.

The estimated useful lives of assets are reviewed by management and adjusted if necessary.

(f) Income Tax Status

For income tax purposes, the Association is a non-profit organization exempt from income taxes under section 149(1) of the Canadian Income Tax Act.

(g) Long-term Debt

Long-term debt is recorded as a liability on the balance sheet. Principal repayments are treated as a reduction in the liability, while interest portions are expensed through the statement of operations.

(h) 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 amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. By their nature, these estimates are subject to measurement uncertainty. The effect of changes in such estimates on the financial statements in future periods could be significant. Accounts specifically affected by estimates in these financial statements are collectability of accounts receivable, accounts payable and accruals, the useful lives and residual value of tangible capital assets, and depreciation methods.

OCCA COMMUNITIES ASSOCIATION

NOTES TO THE FINANCIAL INFORMATION December 31, 2022

2. SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

(i) Financial instruments

(i) Measurement of financial instruments

The Association initially measures its financial assets and liabilities at fair value.

The Association subsequently measures all its financial assets and financial liabilities at cost or amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in the statement of operations in the period incurred.

Financial assets measured at amortized cost include cash, accounts receivable, investments in GICs and term deposits.

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

The Association has not designated any financial asset or financial liability to be measured at fair value.

(ii) Impairment

For financial assets measured at cost or amortized cost, the Association determines whether there are indications of possible impairment. When there is an indication of impairment, and the Association determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows, a write-down is recognized in the statement of operations. A previously recognized impairment loss may be reversed to the extent of the improvement. The carrying amount of the financial asset may not be greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in the statement of operations.

(iii) Transaction costs

Transaction costs related to financial instruments that will be subsequently measured at fair value are recognized in the statement of operations in the period incurred. Transaction costs related to financial instruments subsequently measured at amortized cost are included in the original cost of the asset or liability and recognized in net income over the life of the instrument using the straight-line method.

3. RESTRICTED CASH

Restricted cash are composed of the following components:

	2022	2021
Restricted cash - gaming fund	-	29,864
Restricted cash - capital expenditure fund	17,500	-
	<u>17,500</u>	<u>29,864</u>

OCCA COMMUNITIES ASSOCIATION

NOTES TO THE FINANCIAL INFORMATION December 31, 2022

4. TERM DEPOSITS

INSTITUTION	INSTRUMENT	MATURES	INTEREST RATE	FAIR VALUE
				\$
Oaken Financial	Term Deposit	January 31, 2023	2.15%	50,983
Oaken Financial	Term Deposit	March 28, 2023	2.25%	52,891
Oaken Financial	Term Deposit	April 19, 2023	3.10%	15,375
Oaken Financial	Term Deposit	June 10, 2024	4.30%	30,725
Royal Bank of Canada	Term Deposit	May 7, 2023	0.15%	25,031
Royal Bank of Canada	Term Deposit	May 7, 2023	0.75%	25,155
				200,160

5. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated Amortization	2022 Net Book Value	2021 Net Book Value
	\$	\$	\$	\$
Land	262,687	-	262,687	262,687
Buildings	234,288	31,827	202,461	210,897
Furniture and fixtures	3,636	1,612	2,024	2,530
	500,611	33,439	467,172	476,114

6. DEFERRED REVENUE

	Balance, beginning of year	Received	Recognized	Balance, end of year
	\$	\$	\$	\$
Federal government - CSMARI asian heritage month	-	19,500	(13,631)	5,869
Federal government - CSMARI internal capacity building	-	24,900	(12,450)	12,450
Provincial government - community gaming grant	29,864	12,500	(29,864)	12,500
RBC Foundation	5,000	10,000	(5,000)	10,000
Telus Friendly Future Foundation	7,000	-	(7,000)	-
Warm Hearts Foundation	-	5,000	-	5,000
	41,864	71,900	(67,945)	45,819

7. DEFERRED CAPITAL CONTRIBUTIONS

	2022	2021
	\$	\$
Balance, beginning of year	259,108	238,837
Contributions received	24,304	24,927
Amount amortized to revenue	(4,470)	(4,656)
Balance, end of year	278,942	259,108

OCCA COMMUNITIES ASSOCIATION

NOTES TO THE FINANCIAL INFORMATION December 31, 2022

8. LONG-TERM DEBT

	December 31 2022	December 31 2021	January 1 2022
	\$	\$	\$
Royal Bank of Canada, repayable at \$918 per month including interest at 3.94% per annum, secured by land, buildings and improvements at 1460 Inkar Road, Kelowna, B.C. The term matures on May 31, 2024.	159,600	163,667	163,667
Less: current portion	4,873	4,891	4,891
Due beyond one year	154,727	158,776	158,776
Principal portion of long-term debt due within the next five years:			
2023			4,873
2024			154,727
			159,600

9. SOCIETY ACT DISCLOSURE

The Societies Act of British Columbia requires disclosure of remuneration paid to all directors, the ten highest paid employees and all contractors who are paid above \$75,000 annually.

No management or key personnel received remuneration over \$75,000 in the 2022 and 2021 fiscal years.

No members of the board of directors received remuneration in the 2022 and 2021 fiscal years.

10. ADOPTION OF ACCOUNTING STANDARDS FOR NOT-FOR-PROFIT ORGANIZATIONS

Effective January 1, 2022, the Association adopted the Canadian accounting standards for not-for-profit organizations (ASNPO). On adoption of ASNPO, an organization is permitted to selectively elect certain exemptions and choose accounting policies that may differ from the previously presented financial statement information. This can result in adjustments to the opening statement of financial position at the transition date, which is the first day of the period for which comparative information is presented. Although the Association made no changes to the previously presented financial statements, an opening statement of financial position at January 1, 2022 has been presented (as required by ASNPO).

OCCA COMMUNITIES ASSOCIATION

NOTES TO THE FINANCIAL INFORMATION December 31, 2022

11. FINANCIAL INSTRUMENTS

Transactions in financial instruments may result in an entity assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of financial statements in assessing the extent of risk related to financial instruments.

(a) **Fair value**

The fair value of current financial assets and current financial liabilities approximates their carrying value due to their short-term maturity dates. The fair value of long-term financial liabilities approximates their carrying value based on the presumption that the Association is a going concern and thus expects to fully repay the outstanding amounts.

(b) **Liquidity risk**

The Association does have a liquidity risk in the accounts payable and accrued liabilities of \$16,636 (2021 - \$8,034). Liquidity risk is the risk that the Association cannot repay its obligations when they become due to its creditors. In the opinion of management the liquidity risk exposure to the Association is low and is not material.

(c) **Interest rate risk**

The Association is exposed to interest rate risk. Interest rate risk is the risk that the Association has interest rate exposure on its bank indebtedness, which are variable based on the bank's prime rates. This exposure may have an effect on its earnings in future periods. The Association reduces its exposure to interest rate risk by regularly monitoring published bank prime interest rates which have been relatively stable over the period presented. There are some loans payable that are at fixed term rates and do not affect interest rate risk. The Association does not use derivative instruments to reduce its exposure to interest rate risk. In the opinion of management the interest rate risk exposure to the Association low and is not material.

12. PRIOR PERIOD ADJUSTMENT

In previous years, the capital contributions allocated towards the purchase of land and building was recognized as revenue in the year of purchase. In the current year, we have restated the prior year figures to reflect the capital contributions as a liability which will be recognized as revenue at the same rate as amortization.

As a result of the changes, the financial statements have been restated as follows:

	Previously reported	Adjustments	Restated
	\$	\$	\$
Deferred capital contributions	147,363	111,745	259,108
Net assets, beginning of the year	335,161	(116,401)	218,760
Net assets, end of year	331,323	(111,745)	219,578
Amorization of deferred capital contributions	-	4,656	4,656
Excess (deficiency) of revenue over expenses	(3,838)	4,656	818

OCCA COMMUNITIES ASSOCIATION

NOTES TO THE FINANCIAL INFORMATION

December 31, 2022

13. COMPARATIVE FIGURES

Financial statements for the year ended December 31, 2021 were neither audited nor reviewed and presented for comparative purposes only. The previous year's financial statements were prepared under a Compilation engagement in accordance with CSRS 4200.

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year earnings.

14. SUBSEQUENT EVENT

Subsequent to the year end, the Association signed a revolving demand facility agreement with Royal Bank of Canada in the amount of \$250,000. The credit facility is secured by a general security agreement and the property held at 1460 Inkar Road, Kelowna.