

**EAST KOOTENAY
ADDICTION SERVICES SOCIETY**
Financial Statements
Year Ended March 31, 2020

EAST KOOTENAY ADDICTION SERVICES SOCIETY

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Year Ended March 31, 2020

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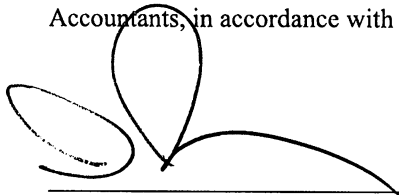
MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The financial statements of East Kootenay Addiction Services Society have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances. These statements include certain amounts based on management's estimates and judgments. Management has determined such amounts on a reasonable basis in order to ensure that the financial statements are presented fairly in all material respects.


The integrity and reliability of East Kootenay Addiction Services Society's reporting systems are achieved through the use of formal policies and procedures, the careful selection of employees and an appropriate division of responsibilities. These systems are designed to provide reasonable assurance that the financial information is reliable and accurate.

The Board of Directors is responsible for ensuring that management fulfills its responsibility for financial reporting and is ultimately responsible for reviewing and approving the financial statements. The Board meets periodically with management and the members' auditors to review significant accounting, reporting and internal control matters. Following its review of the financial statements and discussions with the auditors, the Board of Directors approves the financial statements. The Board also considers, for approval by the members, the engagement or re-appointment of the external auditors.

The financial statements have been audited on behalf of the shareholders by Adams Wooley, Chartered Professional Accountants, in accordance with Canadian generally accepted auditing standards.



Mr. Dean Nicholson, Executive Director



Mr. Gary Dalton, Chair

Cranbrook, BC
May 25, 2020

INDEPENDENT AUDITOR'S REPORT

To the Members of East Kootenay Addiction Services Society

Report on the Financial Statements

Opinion

We have audited the financial statements of East Kootenay Addiction Services Society (the Society), which comprise the statement of financial position as at March 31, 2020, and the statements of operations, changes in fund balances and cash flow 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 March 31, 2020, and the results of its operations and cash flow 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 Society 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 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 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 Society's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Society or to cease operations, or has no realistic alternative but to do so.

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

Auditor's 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.

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Independent Auditor's Report to the Members of East Kootenay Addiction Services Society *(continued)*

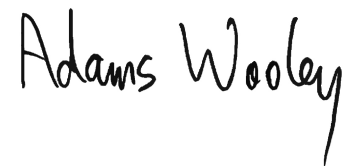
As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- 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 auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Society to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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 of British Columbia, we report that, in our opinion, the accounting policies applied in preparing and presenting the financial statements in accordance with Canadian accounting standards for not-for-profit organizations have been applied on a basis consistent with that of the preceding year.



Adams Wooley
Chartered Professional Accountants

Cranbrook, BC
May 25, 2020

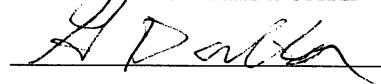
EAST KOOTENAY ADDICTION SERVICES SOCIETY

Statement of Financial Position

March 31, 2020

	2020	2019
ASSETS		
CURRENT		
Cash (Note 4)	\$ 539,921	\$ 512,575
Short term investments (Notes 4 and 5)	322,180	316,050
Goods and services tax recoverable (Note 2)	1,587	1,091
Prepaid expenses (Note 6)	4,000	5,150
	<u>867,688</u>	834,866
TANGIBLE CAPITAL ASSETS (Note 7)	<u>32,857</u>	33,083
	<u>\$ 900,545</u>	\$ 867,949
LIABILITIES AND FUND BALANCES		
CURRENT		
Accounts payable and accrued liabilities	\$ 12,672	\$ 11,039
Wages payable (Note 8)	84,935	62,204
Employee deductions payable (Note 9)	48,275	49,311
Deferred revenue (Notes 4 and 10)	138,353	121,013
	<u>284,235</u>	243,567
EMPLOYEE FUTURE BENEFITS (Notes 4 and 11)	<u>172,932</u>	188,341
	<u>457,167</u>	431,908
FUND BALANCES		
Operating fund	328,184	336,953
Internally Restricted Fund (Notes 4 and 12)	82,336	66,005
Tangible Capital Asset Fund (Note 13)	32,858	33,083
	<u>443,378</u>	436,041
	<u>\$ 900,545</u>	\$ 867,949
CONTINGENT LIABILITY (Note 14)		
LEASE COMMITMENTS (Note 15)		

ON BEHALF OF THE BOARD

 Director

Director

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

EAST KOOTENAY ADDICTION SERVICES SOCIETY

**Statement of Operations
Year Ended March 31, 2020**

	2020	2019
REVENUES		
Province of British Columbia <i>(Note 16)</i>	\$ 1,590,441	\$ 1,688,531
Interest	8,917	8,248
Employee benefit reimbursement	6,268	-
Miscellaneous	4,593	3,000
Donations	3,729	6,107
Lease	2,800	2,450
Apartment rent	-	7,478
	<u>1,616,748</u>	<u>1,715,814</u>
EXPENSES		
Advertising and promotion	4,558	6,071
Amortization	20,482	14,924
Client recreation	3,073	4,318
Contract relief staff	1,519	5,836
Employee benefits	291,343	292,708
Fees and dues	169	50
Insurance	5,871	6,230
Office	37,518	35,450
Professional fees	13,283	12,659
Program supplies	1,318	8,069
Rental	65,002	64,220
Salaries and wages	1,100,164	1,046,128
Support recovery program	-	21,765
Telephone	7,392	8,171
Training	3,611	7,084
Travel - accommodations <i>(Note 10)</i>	13,882	8,040
Travel - bus fare <i>(Note 10)</i>	2,381	7,231
Travel - employees	29,221	27,625
Utilities and property tax	8,624	11,603
	<u>1,609,411</u>	<u>1,588,182</u>
EXCESS OF REVENUES OVER EXPENSES	<u>\$ 7,337</u>	<u>\$ 127,632</u>

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

EAST KOOTENAY ADDICTION SERVICES SOCIETY
Statement of Changes in Fund Balances
Year Ended March 31, 2020

	Operating Fund	Internally Restricted Fund	Tangible Capital Asset Fund	2020	2019
FUND BALANCES - BEGINNING OF YEAR					
As previously reported	\$ 459,026	\$ 50,711	\$ 33,083	\$ 542,820	\$ 453,616
Prior period adjustment and change in accounting policy (<i>Note 19</i>)	(122,073)	15,294	-	(106,779)	(145,207)
As restated	336,953	66,005	33,083	436,041	308,409
Excess (Deficiency) of revenues over expenses	27,819	-	(20,482)	7,337	127,632
Transfer of internally restricted funds	(16,331)	16,331	-	-	-
Purchase of tangible capital assets	(20,257)	-	20,257	-	-
FUND BALANCES - END OF YEAR	\$ 328,184	\$ 82,336	\$ 32,858	\$ 443,378	\$ 436,041

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

EAST KOOTENAY ADDICTION SERVICES SOCIETY

Statement of Cash Flow

Year Ended March 31, 2020

	2020	2019
OPERATING ACTIVITIES		
Excess of revenues over expenses	\$ 7,337	\$ 127,632
Item not affecting cash:		
Amortization of tangible capital assets	20,482	14,924
	<u>27,819</u>	<u>142,556</u>
Changes in non-cash working capital:		
Accounts payable and accrued liabilities	1,634	(649)
Deferred revenue	17,340	17,162
Prepaid expenses	1,150	1,524
Goods and services tax payable	(496)	(526)
Wages payable	22,731	(10,079)
Employee deductions payable	(1,036)	(10,243)
Deposits received	-	(1,225)
Employee future benefits	(15,409)	4,689
	<u>25,914</u>	<u>653</u>
Cash flow from operating activities	<u>53,733</u>	<u>143,209</u>
INVESTING ACTIVITY		
Purchase of tangible capital assets	<u>(20,257)</u>	<u>(20,816)</u>
INCREASE IN CASH FLOW	33,476	122,393
Cash - beginning of year	<u>828,625</u>	<u>706,232</u>
CASH - END OF YEAR	<u>\$ 862,101</u>	<u>\$ 828,625</u>
CASH CONSISTS OF:		
Cash	\$ 539,921	\$ 512,575
Short term investments	<u>322,180</u>	<u>316,050</u>
	<u>\$ 862,101</u>	<u>\$ 828,625</u>

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

EAST KOOTENAY ADDICTION SERVICES SOCIETY

Notes to Financial Statements

Year Ended March 31, 2020

1. PURPOSE OF THE SOCIETY

East Kootenay Addiction Services Society (the "society") is incorporated under the Society Act of British Columbia as a not-for-profit organization and is a registered charity under the Income Tax Act of Canada. As such the society is exempt from income taxes and can issue charitable donation receipts. The society's primary activity is to provide addiction counselling services.

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 (ASNPO).

Fund accounting

East Kootenay Addiction Services Society follows the deferral method of accounting for contributions.

The Operating fund accounts for revenues and expenses related to program delivery and administrative activities. The fund also reports unrestricted resources and restricted operating grants.

The Internally restricted fund maintains funds to ensure that the long-term obligations or initiatives of the society, as approved by the Board of Directors, are met.

The Tangible capital asset fund accounts for the assets, liabilities, revenues, and expenses related to the society's tangible capital assets and building improvements.

Funds are maintained separately, but reported on a combined basis due to the small nature of the operation.

Cash and short term investments

Cash and cash equivalents consist primarily of commercial paper and deposits with an original maturity date of purchase of three months or less. Because of the short term maturity of these investments, their carrying amount approximates fair value.

Goods and Services Tax

As a registered charity, 50% of the goods and services tax paid is recoverable. The remaining 50% unrecoverable portion is included in the expense or asset balance, as applicable.

Tangible capital assets

Tangible capital assets are stated at cost less accumulated amortization. Tangible capital assets are amortized over their estimated useful lives on a straight-line basis at the following rates and methods:

Computer software	1 year
Equipment	5 years
Leasehold improvements	5 years

The society regularly reviews its tangible capital assets to eliminate obsolete items.

Tangible capital assets acquired during the year but not placed into use are not amortized until they are placed into use.

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EAST KOOTENAY ADDICTION SERVICES SOCIETY

Notes to Financial Statements

Year Ended March 31, 2020

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

Impairment of Long Lived Assets

The society tests for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Recoverability is assessed by comparing the carrying amount to the projected future net cash flows the long-lived assets are expected to generate through their direct use and eventual disposition. When a test for impairment indicates that the carrying amount of an asset is not recoverable, an impairment loss is recognized to the extent the carrying value exceeds its fair value.

Accrued Sick and Severance Pay

Employees accumulate sick leave and severance pay benefits in accordance with their collective agreement, as provided in *Note 11*.

Revenue recognition

East Kootenay Addiction Services Society follows the deferral method of accounting for contributions.

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. Endowment contributions, if any, are recognized as direct increases in net assets.

Restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Unrestricted investment income is recognized as revenue when earned.

Certain government contracts require surplus repayment, reallocation or retention at the option of the funding agency. The society records revenue from these contracts as deferred revenue when received and allocates the funds to revenue when expenses related to the contract are incurred.

Contributed services

The operations of the organization depend on both the contribution of time by volunteers and donated materials from various sources. The fair value of donated materials and services cannot be reasonably determined and are therefore not reflected in these financial statements.

Measurement uncertainty

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. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

3. FINANCIAL INSTRUMENTS

The society 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 society's risk exposure and concentration as of March 31, 2020.

(continues)

EAST KOOTENAY ADDICTION SERVICES SOCIETY

Notes to Financial Statements

Year Ended March 31, 2020

3. FINANCIAL INSTRUMENTS (continued)

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The society is exposed to this risk mainly in respect of its receipt of funds from its funders and other related sources, leases payable, contributions to the pension plan, 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. In seeking to minimize the risks from interest rate fluctuations, the society manages exposure through its normal operating and financing activities. The society is exposed to interest rate risk primarily through its floating rate investments.

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

4. CASH

	<u>2020</u>	2019
Cash	\$ 539,921	\$ 512,575
Short term investments (Note 5)	<u>322,180</u>	<u>316,050</u>
Total cash	862,101	828,625
Cash held for deferred revenue (Note 10)	(138,353)	(121,013)
Cash held for employee future benefits (Note 11)	(172,932)	(188,431)
Cash held for internally restricted fund (Note 12)	<u>(82,336)</u>	<u>(66,005)</u>
Unrestricted cash available for operations	<u>\$ 468,480</u>	<u>\$ 513,135</u>

5. SHORT TERM INVESTMENTS

	<u>2020</u>	2019
EKCCU 2.35% GIC maturing April 19, 2020	\$ 108,013	\$ -
EKCCU 2.15% Community Bond maturing October 16, 2020	108,341	-
EKCCU 1.20% Community Bond maturing October 16, 2020	105,826	-
EKCCU 1.95% GIC maturing April 19, 2019	-	105,554
EKCCU 1.20% GIC maturing October 16, 2019	-	104,572
EKCCU 2.40% Community Bond maturing October 16, 2019	-	<u>105,924</u>
	322,180	316,050
	<u>\$ 322,180</u>	<u>\$ 316,050</u>

EAST KOOTENAY ADDICTION SERVICES SOCIETY

Notes to Financial Statements

Year Ended March 31, 2020

6. PREPAID EXPENSES

	2020	2019
Prepaid rent	\$ 1,500	\$ 2,650
Damage deposit	2,500	2,500
	\$ 4,000	\$ 5,150

7. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated amortization	2020 Net book value	2019 Net book value
Computer software	\$ 8,648	\$ 8,648	\$ -	\$ 1,585
Equipment	159,810	148,656	11,154	3,283
Leasehold improvements	132,113	110,410	21,703	28,215
	\$ 300,571	\$ 267,714	\$ 32,857	\$ 33,083

8. WAGES PAYABLE

	2020	2019
Vacation pay	\$ 54,871	\$ 49,069
Sick leave, current	14,639	13,135
Severance pay, current	15,425	-
	\$ 84,935	\$ 62,204

The current portion of sick leave and severance pay represents the amounts expected to be paid out within the next 12 months.

9. EMPLOYEE DEDUCTIONS PAYABLE

	2020	2019
Statutory payroll deductions	\$ 20,379	\$ 23,382
Municipal pension plan	16,554	15,564
Health and long-term disability	7,928	7,167
Union dues	1,680	1,573
WorkSafe BC	1,734	1,625
	\$ 48,275	\$ 49,311

EAST KOOTENAY ADDICTION SERVICES SOCIETY

Notes to Financial Statements

Year Ended March 31, 2020

10. DEFERRED REVENUE

The deferred revenue reported in the operating fund represents restricted operating funding received in the current period that is related to a subsequent period. Changes to deferred revenue are as follows:

	Opening balance	Funds received or receivable during the year	Transferred to revenue	Ending balance
IHA - accommodation program (<i>Note 16</i>)	\$ 74,218	\$ 23,439	\$ 13,882	\$ 83,775
IHA - bus fare program (<i>Note 16</i>)	46,795	10,164	2,381	54,578
	\$ 121,013	\$ 33,603	\$ 16,263	\$ 138,353

11. EMPLOYEE FUTURE BENEFITS

The Society accumulates sick leave and severance pay benefits for employees who are covered by the Provincial Agreement between The Health Science Professionals Bargaining Association and Health Employers Association of BC, as follows:

Sick Leave

Employees receive 40% of their accumulated sick leave credits based on their existing salary upon retirement or on voluntarily leaving the workforce after the employee's 55th birthday.

Severance Allowance

Employees with ten years of service will be entitled to one week's pay for every two years of service to a maximum of twenty weeks pay, subject to certain exclusion.

The current portion of sick and severance liability in *Note 8* is the amount of sick and severance that is expected to be paid within a period of 12 months. The sick and severance liability reported under employee future benefits is the amount of sick and severance that is expected to be paid after 12 months and up to 5 years.

In addition to this amount, an internally restricted fund for sick and severance pay that is expected to be paid between 6 and 10 years provides for additional payouts beyond the time period covered by the liability reported here (*Note 12*).

	2020	2019
Sick leave	\$ 106,156	\$ 115,971
Severance allowance	66,776	72,370
	\$ 172,932	\$ 188,341

EAST KOOTENAY ADDICTION SERVICES SOCIETY

Notes to Financial Statements

Year Ended March 31, 2020

12. INTERNALLY RESTRICTED FUND BALANCES

The society maintains internally restricted funds to ensure that the longer term obligations or initiatives of the society are met. Internally restricted funds are increased (decreased) by an allocation from (to) the operating fund. These internally restricted amounts are not available for unrestricted purposes without approval of the Board of Directors. At year end, the balances of the society's internally restricted funds consisted of:

	Opening balance	Transfers from (to) operating fund	Ending balance
Future sick and severance pay	\$ 66,005	\$ 16,331	\$ 82,336

The future sick and severance pay fund provides for the amount of sick and severance pay that is expected to accrue in addition to the wages payable (*Note 8*) and the employee future benefit liability (*Note 11*). This fund is an estimate of the sick and severance pay that is expected to be paid to employees between 6 and 10 years from now, discounted to the present value of the expected payout.

13. TANGIBLE CAPITAL ASSET FUND

	2020	2019
Balance - beginning of year	\$ 33,083	\$ 27,191
Purchase of tangible capital assets	20,255	20,816
Amortization	(20,482)	(14,924)
Balance - end of year	\$ 32,856	\$ 33,083

14. CONTINGENT LIABILITY

In the spring of 2020, the COVID-19 pandemic severely impacted general business activity both globally and locally. The Society continues to provide services to clients via telephone and online-based alternatives. The extent to which the pandemic may impact future operations, cash flow, continued employment of staff and future funding of the Society is currently unable to be determined.

15. LEASE COMMITMENTS

The society has entered into leases for its premises located at: 1617 Baker Street, Cranbrook; 312 - 304th Street, Kimberley, 1022A 7th Avenue, Invermere and 1221E - 7th Avenue, Fernie. The leases expire between June 2020 and July 2023. The total aggregate rental commitment includes GST where applicable. All other premises are leased on a month-to-month basis.

Lease repayment schedule:

2021	\$ 30,866
2022	17,940
2023	11,440
2024	2,730
	<u>62,976</u>

EAST KOOTENAY ADDICTION SERVICES SOCIETY

Notes to Financial Statements

Year Ended March 31, 2020

16. PROVINCE OF BRITISH COLUMBIA

	<u>2020</u>	<u>2019</u>
Operating grant (Interior Health Authority)	\$ 1,547,811	\$ 1,587,989
Operating grant (Ministry of Children & Family Development)	26,367	77,771
Interior Health Authority - Accommodation fee funding used (Note 10)	13,882	8,040
Interior Health Authority - Bus fare funding used (Note 10)	2,381	7,231
Regional District of East Kootenay	-	6,100
University of Victoria - Compassion Project	-	1,400
	<u>\$ 1,590,441</u>	<u>\$ 1,688,531</u>

17. ECONOMIC DEPENDENCE

The society is dependent on government sources for a major portion of its funding. If the funding were to cease, continued operations would not be possible.

18. EMPLOYEE BENEFITS - MULTI-EMPLOYER PENSION PLAN

The Society and its employees contribute to the Municipal Pension Plan (a jointly trustee pension plan). The board of trustees, representing plan members and employers, is responsible for administering the plan, including investment of assets and administration of benefits. The plan is a multi-employer defined benefit pension plan. Basic pension benefits are based on a formula. As at December 31, 2018, the plan had about 205,000 active members and approximately 101,000 retired members. Active members include approximately 40,000 contributors from local government.

Every three years, an actuarial valuation is performed to assess the financial position of the plan and adequacy of plan funding. The actuary determines an appropriate combined employer and member contribution rate to fund the plan. The actuary's calculated contribution rate is based on the entry-age normal cost method, which produces the long-term rate of member and employer contributions sufficient to provide benefits for average future entrants to the plan. This rate is then adjusted to the amortization of any actuarial funding surplus and will be adjusted for the amortization of any unfunded actuarial liability.

The most recent valuation for the Municipal Pension Plan as at December 31, 2018, indicated a \$2,866 million funding surplus for basic pension benefits on a going concern basis.

The next valuation will be as at December 31, 2021 with results available in 2022.

Employers participating in the plan record their pension expense as the amount of employer contributions made during the fiscal year (defined contribution pension plan accounting). This is because the plan records accrued liabilities and accrued assets for the plan in aggregate, resulting in no consistent and reliable basis for allocating the obligation, assets and cost to individual employers participating in the plan.

East Kootenay Addiction Services Society paid \$199,147 for combined employer and employee contributions to the plan in fiscal 2020 (2019: \$190,837).

EAST KOOTENAY ADDICTION SERVICES SOCIETY

Notes to Financial Statements

Year Ended March 31, 2020

19. PRIOR PERIOD ADJUSTMENT AND CHANGE IN ACCOUNTING POLICY

The financial statements were restated to reflect a change in the accounting policy for accrual of future sick and severance pay and to add a liability for accrued vacation pay.

Historically, the Society had accrued the expected current future sick and severance pay to Employee Future Benefits liability, with a reserve for an additional 5 years of Future Sick and Severance Pay.

Currently, the Society accrues the current sick and severance liability in wages payable. The sick and severance liability for upcoming years 2 to 5 are accrued in Employee Future Benefits, and the expected liability for upcoming years 6 to 10 are accrued in the Future Sick and Severance Pay Reserve.

The financial statements have been restated, as follows:

- To add accrued vacation pay as a current liability.
- To reallocate the expected current portion of accrued sick and severance pay to current liabilities from employee future benefits.
- To reflect the payout of accrued sick and severance in the 2019 year-end for an employee who was paid out in the 2020 year-end, but was not included on the 2019 accrued sick and severance pay liability.

	2019 Previously stated	Change in accounting policy	Prior period adjustment	2019 Restated
<u>Statement of Financial Position</u>				
Wages payable	\$ -	\$ -	\$ 62,204	\$ 62,204
Employee future benefits payable	143,766	44,575	-	188,341
Operating fund	459,026	(59,869)	(62,204)	336,953
Internally restricted fund	50,711	15,294	-	66,005
<u>Statement of Operations</u>				
Employee benefits expense	307,922	(28,349)	13,135	292,708
Salaries and wages expense	1,069,342	-	(23,214)	1,046,128
	\$ 2,030,767	\$ (28,349)	\$ (10,079)	\$ 1,992,339