

Regional District of East Kootenay
19 - 24th Avenue South
Cranbrook, BC, V1C 3H8

November 8th, 2024

Dear Board of Directors,

RE: Request for Financial Contribution and Letter of Support for Regional Childcare Project

I am writing on behalf of Kootenay Employment Services, the Creston Valley-Kootenay Lake Economic Action Partnership, and Community Futures East Kootenay to seek your support for an important initiative to strengthen the childcare sector in our region.

The Kootenays suffer from some of the lowest childcare coverage rates province-wide. The result of this debilitating childcare crisis is stymied economic growth in our communities. Informed by the latest research on the challenges faced by the region's childcare sector, our project undertakes to strengthen the sector through (a) recruitment of Early Childhood Educators to meet current and expanding demand, and (b) provision of much-needed business coaching to at-risk and expanding childcare centers.

Kootenay Employment Services, in partnership with Community Futures East Kootenay, recently submitted a funding application for this project to REDIP (the Rural Economic Diversification and Infrastructure Program). A letter of support from the RDEK would greatly increase our chances of success with this funding application. To help satisfy the REDIP requirement of a 20% financial contribution from the applicant, we kindly request a financial commitment of \$15,000 from the RDEK.

The attached memorandum outlines comprehensive details about the proposed project, including its objectives, planned activities, and anticipated deliverables. We greatly appreciate your time and consideration of this request. A financial contribution, along with a letter of support from the Regional District of East Kootenay, would greatly enhance our efforts and help secure the funding required for implementation of this important initiative.

Yours sincerely,

L. Kleinhans

Leandri Kleinhans

Kootenay Employment Services

Manager, Creston Valley-Kootenay Lake Economic Action Partnership



Memorandum: “Filling the gaps: Kootenay-region Childcare Recruitment & Sector Development”

1. Project summary

The Kootenays face some of the lowest childcare coverage rates in the province, hindering local economic growth. This project aims to strengthen the sector by (a) recruiting Early Childhood Educators to meet rising demand, and (b) offering business coaching to support at-risk and growing childcare centers.

2. Service Delivery Area and Economic Development Need

This project will be delivered across the entire Kootenay-region, covering the Regional Districts of East Kootenay, Central Kootenay, and Kootenay Boundary.

Insufficient access to a skilled labour force is a significant concern in the Kootenays, strongly impacting the economic vitality of the region. Population growth in the Kootenays is slower compared to the provincial average. From 2016-2021, the population of the Kootenays increased by 6.4%, falling behind the provincial growth rate of 7.6% (Statistics Canada 2021 Census data). This slower growth rate, combined with the fact that the Kootenays have the highest median age in the province (WorkBC 2023 regional profile), results in a much smaller resident workforce. The regional labour market is further plagued by lower rates of workforce participation. According to the CPABC’s 2023 “BC Check-up: Work” report¹, the Kootenays have one of the lowest labour force participation rates in the province, coming in at only 59.7%.

Against the background of these labour market concerns, child care emerges as an important economic development issue. A weak childcare sector and inadequate childcare coverage results in diminished workforce participation by parents of young children, further exacerbating the labour market challenges of the region.

¹ Chartered Professional Accountants British Columbia: <https://www.bccpa.ca/getmedia/a74d1e0d-7950-4885-a670-3a65ded643b2/BC-Check-up-WORK-2023.pdf>

3. Childcare crisis & sector challenges

The childcare crisis in the Kootenays is well-documented. Current supply of government-supported childcare in the Columbia Basin-Boundary area only covers 20% of children (aged 0-12) in need of care (Columbia Basin Trust's 2023 State of the Basin report). The Province's New Childcare Spaces Fund has brought some relief by supporting the development of 544 new spaces in the Kootenays. Nevertheless, significant gaps exist in the supports offered to childcare operators. Consequently, severe challenges within the region's childcare sector persist.

The September 2024 Mitacs study on the state of childcare in the Kootenays highlights the extent and nature of these challenges. 30% of the childcare operators surveyed said they couldn't financially sustain their operations long-term. Among the top challenges survey participants identified were recruitment of Early Childhood Educators (ECEs) and a lack of business and financial-administrative capacity.

These challenges pose a serious threat to the sustained operations of existing childcare providers and the viability of new and expanding centers. Before developing this proposal, KES and CFEK (Community Futures East Kootenay) met with all Childcare Referral and Resource (CCRR) Centers in the Kootenays. All stated that while they do provide operators with subject-matter resources and some planning assistance, recruitment and individualized childcare-specific business coaching are beyond their mandate.

4. Project outcomes

This project will deliver on three goals critical to the sustainability and growth of the Kootenay-region childcare sector:

- 1) Recruitment of Early Childhood Educators (ECEs) – In the East Kootenays alone, approximately 120 additional ECEs are needed to meet current demand and demand from expanding centers. With many more applications to the Province of BC's New Childcare Spaces Fund² currently under review, this number is likely to increase. Our goal is to recruit a minimum of 70-90 ECEs over the next two years.
- 2) Business coaching for at-risk centers – As noted previously, 30% of current childcare operations in the Kootenays are not financially viable long-term. This project will provide these centers with childcare specific business coaching to help them achieve financial and operational viability and, ultimately, to enable them to keep their doors open.
- 3) Business coaching for expanding centers/centers actively seeking expansion – The New Childcare Spaces Fund has enabled rapid expansion, leading to new and increased operational and financial

² Government of British Columbia: <https://www2.gov.bc.ca/gov/content/family-social-supports/caring-for-young-children/childcarebc-programs/childcare-new-spaces-fund>

management challenges. Many more centers are interested in expansion but lack the organizational capacity to do so. Childcare-specific business coaching will similarly be provided to these organizations with the goal of guiding them to operational and financial sustainability as larger centers.

5. Key project activities:

To recruit more childcare workers to the Kootenays, high-quality marketing materials will be created, including videos, a website, advertisements for newspaper and radio, and social media shorts. Materials will showcase the multitude of opportunities for childcare workers and the exceptional quality of life in Kootenay communities, in addition to promoting the CBT's \$2 p/h wage top-up for early childhood educators (ECEs) in the Columbia Basin.

Robust marketing strategies and campaigns will target three distinct audiences: (a) ECEs currently in British Columbia/Kootenay communities but not working in the sector; (b) out-of-province ECEs; and (c) internationally-trained ECEs in select countries where candidates' language skills and qualifications are likely to align with the requirements of licensing bodies in British Columbia.

A full-time Childcare Recruitment Coordinator will be hired to implement this recruitment initiative. The responsibilities of this role include:

- fielding inquiries from ECEs interested in working in Kootenay communities, and, if applicable, referring them to information on steps to follow to become fully licensed in BC
- case-managing already licensed ECEs and matching them to Kootenay communities with current vacancies; and
- updating Kootenay communities on the status of recruitment efforts to enable planning for workforce housing for incoming childcare staff.

For the second component of this project, a Childcare Business Coach with extensive knowledge of childcare operations, funding sources, and operational scaling will be tasked with providing support to at-risk childcare centers as well as operators in the process of expansion or actively seeking to expand.

The coach will be instrumental in providing:

- customized support to centers to create sustainable service delivery models;
- providing targeted guidance on financial modeling and forecasting, funding, operational design, staffing models, training plans for staff, etc.

To meet the needs of childcare operators, as expressed in the Mitacs study, coaching will be hands-on, one-to-one, and available after working hours.

6. Timeline

If successful in securing funds from REDIP, this project would commence in March 2025 and be completed by March 2027.

Nikki Bradshaw

Subject: Delegation request for presentation to RDEK Board

From: Leandri Kleinhans

Sent: November 27, 2024 2:37 PM

To: Nikki Bradshaw <nbradshaw@rdek.bc.ca>

Subject: RE: Delegation request for presentation to RDEK Board on Nov. 8th

Hi Nikki,

Please find attached:

- A copy of Kootenay Employment Services' most recent financial statements
- A copy of the project budget, showing that the funds requested from RDEK, along with other funds, would be utilized for contracting one or more business coaches to support childcare centres that are at-risk of closing

We are requesting financial supports from the RDEK as the project delivery area spans the entire Kootenay-region. With this project, we will provide recruitment services and support at-risk and expanding childcare centers across all three regional districts (RDEK, RDCK and RDKB).

As we've put the same financial request of \$15,000 to each regional district, every effort will be made to ensure an equitable delivery of supports to eligible centers in each of the three regional districts. Providing enough eligible centers from the RDEK apply to our program, we aim to provide business coaching and mentorship to a minimum of 3 at-risk childcare centers in the East Kootenay, and support the expansion of at least 6 more centers located within the RDEK.

The same goes for recruitment of staff for childcare centers. Working with the local Childcare Resource and Referral Center in Cranbrook, and through a region-wide marketing campaign, recruitment support will be offered to all childcare centers in the RDEK. While we won't be able to guarantee that childcare staff will accept offers of employment with centers in the RDEK, our project will actively promote employment opportunities with East Kootenay childcare centers and connect suitably qualified candidates to these opportunities.

In terms of funding, we require a \$130,000 applicant contribution to enable our recently submitted REDIP application to move ahead through the adjudication process. This number includes a \$30,000 in-kind contribution from Kootenay Employment Services. So far, the RDCK has agreed to provide a \$15,000 contribution. We've approached CBT for an additional \$55,000 and hope to have confirmation from them, and from the RDKB, by the end of the week.

We request a further \$15,000 from the RDEK in order to meet the applicant contribution requirement.

If you require any further information, please don't hesitate to reach out.

Kind regards,
Leandri



**Economic
Action
Partnership**
Creston Valley &
Kootenay Lake

Leandri Kleinhans

Creston Valley-Kootenay Lake Economic Action
Partnership Manager

P: 250-489-5117 ext. 437

A: 119 11th Avenue N, Creston, BC, V0B 1G0

www.eap.kes.bc.ca



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Kootenay Employment Services and our employees are committed to the continuous understanding of truth and reconciliation. We respectfully acknowledge that we live and work on the unceded traditional and current territories of the Ktunaxa Nation, including the Yaqan Nu?kiy, ?aqam, Yaqit ?a'Knuq?i'it, and ?akisq'nuk as well as the Shuswap Band. Unceded means that the land was never agreed to be signed away.

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Budget for REDIP application: Kootenay-region Childcare Project					
Expense				Funding Source	
Consulting and Professional Fees					
Business Coach(es) for expanding childcare centers	10 centers	20 hrs per center	20,000	REDIP	
Business Coach(es) for at-risk childcare centers	20 centers	20 hrs per center	60,000	Regional District of East Kootenay, Regional District of Central Kootenay, Regional District of Kootenay Boundary, REDIP	
Childcare Recruitment Coordinator	2 years	90,000 per year	180,000	Columbia Basin Trust, REDIP	
Marketing, Promotion & Engagement					
Development of recruitment videos (4-6 videos created), website, social media, ads.			120,000	REDIP	
Ad promotion (print, media, online etc.)			10,000	REDIP	
Travel and other program supports for staff of participating childcare operators (e.g. private childcare at weekends to attend coaching sessions).			30,000	REDIP	
Use of Kootenay Employment Services' locations and equipment to access training and coaching (4 locations throughout the Kootenay region)			30,000	Applicant in-kind	
Project Management					
Internal project management, staffing and operational overhead		60,000 per year	120,000	REDIP	
TOTAL:			570,000		
Applicant contribution required by REDIP		20%			
Kootenay Employment Services in-kind	30,000				
Funds requested from RDEK	15,000				
Funds requested from RDCK	15,000				
Funds requested from RDKB	15,000				
Funds requested from Columbia Basin Trust	55,000				
Total applicant contribution:	130,000				
% of Project Total:		22.80701754			

KOOTENAY EMPLOYMENT SERVICES SOCIETY
FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2024

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INDEPENDENT AUDITORS' REPORT

To the Members Kootenay Employment Services Society

Opinion

We have audited the accompanying financial statements of Kootenay Employment Services Society, which comprise the statement of financial position as at March 31, 2024, statements of changes in net assets, operations and net assets 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 Society as at March 31, 2024, and its financial performance 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 the 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 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.

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 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 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 of 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 the 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 (British Columbia), we report that, in our opinion, the accounting policies applied in preparing and presenting 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 period.

The logo for Apex Accounting, featuring the words "Apex Accounting" in a stylized, handwritten-style script font.

Chartered Professional Accountants

Creston, BC
September 19, 2024

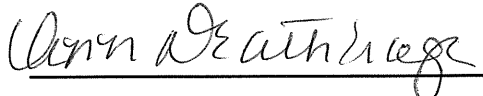
KOOTENAY EMPLOYMENT SERVICES SOCIETY
STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2024

	2024	2023
ASSETS		
Current		
Cash and cash equivalents (Note 3)	\$ 2,299,564	\$ 1,388,903
Short-term investments (Note 4)	1,008,567	1,400,000
Accounts receivable	946,112	398,683
Government remittances receivable	-	5,394
Prepaid expense	12,840	13,433
	4,267,083	3,206,413
Long-term investments (Note 5)	2,740,020	1,683,767
Tangible capital assets (Note 6)	864,740	887,945
	\$ 7,871,843	\$ 5,778,125
LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$ 149,837	\$ 166,919
Payroll liabilities	173,124	165,376
Government remittances payable	29,000	-
Deferred revenue (Note 7)	1,985,536	752,568
	2,337,497	1,084,863
NET ASSETS		
Restricted net assets	-	2,221
Unrestricted net assets	4,669,606	3,803,096
Net assets invested in tangible capital assets	864,740	887,945
	5,534,346	4,693,262
	\$ 7,871,843	\$ 5,778,125

See accompanying notes to the financial statements

Approved on behalf of the Board:

 , Director

 , Director

KOOTENAY EMPLOYMENT SERVICES SOCIETY
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED MARCH 31, 2024

	2024			2023	
	Restricted Net Assets - KES General	Unrestricted Net Assets	Invested in Tangible Capital Assets	2024 Total	2023 Total
NET ASSETS , beginning of year	\$ 2,221	\$ 3,803,096	\$ 887,945	\$ 4,693,262	\$ 4,528,008
Excess (deficiency) of revenue over expenditure for the year	-	911,675	(70,591)	841,084	165,254
Purchase of equipment	-	(47,386)	47,386	-	-
Transfer of program funds	(2,221)	2,221	-	-	-
NET ASSETS , end of year	\$ -	\$ 4,669,606	\$ 864,740	\$ 5,534,346	\$ 4,693,262

See accompanying notes to the financial statements

KOOTENAY EMPLOYMENT SERVICES SOCIETY
STATEMENT OF OPERATIONS AND NET ASSETS
FOR THE YEAR ENDED MARCH 31, 2024

	2024	2023
INCOME		
Provincial revenue (Note 8)	\$ 7,564,535	\$ 7,087,400
Federal revenue - Service Canada	683,416	544,031
Investment income	308,155	79,710
Corporate and local government revenue	288,280	114,122
Other revenue	110,195	156,135
	8,954,581	7,981,398
EXPENDITURES		
Amortization	70,591	78,011
Client and delivery	3,603,647	3,462,156
Occupancy	291,577	279,427
Operational	276,965	199,119
Staffing expenses	3,870,717	3,797,431
	8,113,497	7,816,144
EXCESS OF RECEIPTS OVER EXPENDITURES	841,084	165,254
NET ASSETS, beginning of year	4,693,262	4,528,008
NET ASSETS, end of year	\$ 5,534,346	\$ 4,693,262

See accompanying notes to the financial statements

KOOTENAY EMPLOYMENT SERVICES SOCIETY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2024

	2024	2023
CASH FLOW FROM OPERATING ACTIVITIES		
Excess of receipts over expenditures	\$ 841,084	\$ 165,254
Amortization	70,591	78,011
Decrease (increase) in accounts receivable	(547,431)	204,479
Decrease in government remittances receivable	34,393	395
Decrease (increase) in prepaid expenses	593	(4,791)
Decrease in accounts payable	(17,080)	(102,361)
Increase in payroll liabilities	7,748	21,082
Increase (decrease) in deferred revenue	1,232,969	(230,575)
	<u>1,622,867</u>	<u>131,494</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Decrease in short-term investments	391,433	300,000
Increase in long-term investments	(1,056,253)	(1,683,767)
Purchase of tangible capital assets	(47,386)	(19,974)
	<u>(712,206)</u>	<u>(1,403,741)</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	910,661	(1,272,247)
CASH AND EQUIVALENTS, beginning of year	1,388,903	2,661,150
CASH AND EQUIVALENTS, end of year	\$ 2,299,564	\$ 1,388,903

See accompanying notes to the financial statements

KOOTENAY EMPLOYMENT SERVICES SOCIETY

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2024

1. STATEMENT OF PURPOSE

The Kootenay Employment Services Society is a non-profit society committed to contributing to the on-going growth and integrity of the Kootenay region by providing dynamic employment and community development services. The Society is a registered charity under the Income Tax Act and is not taxable under the Federal Income Tax Act.

2. SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of the significant accounting policies of the Society:

a) BASIS OF ACCOUNTING

These financial statements have been prepared in accordance with Canadian Accounting Standards for Not-for-Profit Organizations (ASNFPPO).

b) REVENUE RECOGNITION

The Society follows the deferral method of accounting for funding received. Revenue and expenditures are recorded on an accrual basis whereby revenue and expenditure are recorded in the fiscal period to which they apply, except for donations which are recorded on a cash basis. Revenues are recorded when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Investment income is recorded in the year when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

c) CASH AND CASH EQUIVALENTS

Cash equivalents include highly liquid Guaranteed Investment Certificates, fixed income securities and money market funds that are readily convertible to a known amount of cash, mature within three months of year end and that are subject to an insignificant risk of change in value.

d) INVESTMENTS

The Society's investments include Guaranteed Investment Certificates and fixed income securities and are initially recognized at cost and subsequently measured at fair value. Investments that mature within twelve months of the year end are classified as short-term investments and maturity over one year of the year end are classified as long-term investments. Changes in fair value are recognized in the statement of operations in the year they occur.

Income is recognized to the extent of interest and dividends received.

KOOTENAY EMPLOYMENT SERVICES SOCIETY

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2024

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

e) TANGIBLE CAPITAL ASSETS

Tangible capital assets are recorded at cost. Contributed tangible capital assets are recorded at fair value at the date of contribution. Amortization is provided on a straight-line basis and applied over a consistent basis at the following rates:

Building	25 years
Equipment	3 years
Furniture and fixtures	5 years
Paving	12.5 years

f) DEFERRED REVENUE

Deferred revenue includes funds received for specific uses for which the related expenditures have not been incurred.

Capital contributions related to the purchase of tangible capital assets are deferred and recognized into income on a straight-line basis over the estimated useful life of the corresponding asset.

g) USE OF ESTIMATES

The preparation of financial statements, in accordance 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 and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the period in which they became known. Significant estimates for the Society include the calculation of allowance for doubtful accounts, the estimated useful life of tangible capital assets, accrued liabilities and deferred revenue.

h) MEASUREMENT UNCERTAINTY

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. In preparing these financial statements management has made estimates and assumptions that affect the amount reported. Actual results could differ from those estimates.

i) FINANCIAL INSTRUMENTS

Measurement of financial instruments

The Society initially measures its financial assets and financial liabilities at fair value. The Society subsequently measures all its financial assets and financial liabilities at amortized cost.

Financial assets measured at amortized cost include cash and cash equivalents, accounts receivable and government remittances receivable.

Financial liabilities measured at amortized cost include accounts payable and payroll liabilities.

KOOTENAY EMPLOYMENT SERVICES SOCIETY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2024

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

i) FINANCIAL INSTRUMENTS (CONTINUED)

Impairment

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in net income. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no 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 net income.

j) IMPAIRMENT OF LONG-LIVED ASSETS

The Society assesses long-lived assets for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. An impairment loss is recognized on a long-lived asset to be held and used when its carrying value exceeds the total undiscounted cash flows expected from its use and disposal. The amount of the loss is determined by deducting the asset's fair value from its carrying amount.

3. CASH AND CASH EQUIVALENTS

	2024	2023
Cash	\$ 757,069	\$ 872,131
Flexible GICs, with interest varying from 4.60% to 5.65% per annum	200,000	-
Money market funds	1,142,537	514,551
Fixed income securities (Cost - 2024 - \$196,700; 2023 - \$Nil)	199,958	-
Restricted cash (overdraft)	-	2,221
	<u>\$ 2,299,564</u>	<u>\$ 1,388,903</u>

4. SHORT-TERM INVESTMENTS

	2024	2023
Flexible GICs, with interest varying from 5.15% to 5.475% (2023 - 4.60% to 5.65%) per annum	\$ 910,000	\$ 1,400,000
Fixed income securities (Cost - 2024 - \$96,664; 2023 - \$Nil)	98,567	-
	<u>\$ 1,008,567</u>	<u>\$ 1,400,000</u>

KOOTENAY EMPLOYMENT SERVICES SOCIETY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2024

5. LONG-TERM INVESTMENTS

	2024	2023
Flexible GICs, with interest varying from 4.60% to 5.65% (2023 - 5.15% to 5.25%) per annum	\$ 1,100,000	\$ 1,300,000
Fixed income securities (Cost - 2024 - \$1,629,744; 2023 - \$385,429)	1,640,020	383,767
	<u>\$ 2,740,020</u>	<u>\$ 1,683,767</u>

6. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated Amortization	Net 2024	Net 2023
Land	\$ 245,066	\$ -	\$ 245,066	\$ 245,066
Building	1,179,357	594,730	584,627	617,951
Equipment	192,638	175,402	17,236	22,133
Furniture and fixtures	125,392	108,575	16,817	1,523
Paving	3,466	2,472	994	1,272
	<u>\$ 1,745,919</u>	<u>\$ 881,179</u>	<u>\$ 864,740</u>	<u>\$ 887,945</u>

7. DEFERRED REVENUE

Deferred contributions represents restricted operating funding received in the current period that is related to the subsequent period. Changes in the deferred operating balance are as follows:

	2024	2023
Beginning balance	\$ 752,568	\$ 983,142
Add: program funding received	3,685,331	1,767,751
Less: program funding spent	(2,452,363)	(1,993,825)
grants relating to capital assets recognized as income	-	(4,500)
	<u>\$ 1,985,536</u>	<u>\$ 752,568</u>

During the 2021 year, grant funding was received for the purchase of computer equipment. The grant has been deferred and amortized to income based on the three-year expected useful life of the computer equipment.

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8. PROVINCIAL REVENUE

	2024	2023
Ministry of Social Development and Poverty Reduction	\$ 3,533,305	\$ 3,206,338
WorkBC	1,902,090	2,127,089
Ministry of Advance Education, Skills and Training	839,745	1,532,550
Ministry of Advanced Education	621,992	-
Ministry of Jobs, Economic Recovery and Innovation	306,543	-
Ministry of Child and Family	141,068	135,123
Ministry of Tourism, Arts, Culture and Sport	128,792	-
WorksafeBC	69,850	86,300
Other provincial funding	21,150	-
	<u>\$ 7,564,535</u>	<u>\$ 7,087,400</u>

9. ECONOMIC DEPENDENCE

The Society operates as an independent contractor but is economically dependent on the Province of British Columbia and the Government of Canada who provide substantially all the funding for the Society. The Society's main funding agreement (WorkBC) expired March 31, 2024. An agreement has been made with WCG International Consultants Ltd., expiring March 31, 2027, which will provide the main funding for the Society.

10. REMUNERATION OF EMPLOYEES AND CONTRACTORS

For the year ended March 31, 2024, the Society paid total remuneration of \$539,671 (2023 - \$606,838) to six (2023 - seven) employees and contractors for services, each of whom received total annual remuneration of \$75,000 or greater.

No remuneration was paid to any members of the Board of Directors during fiscal 2024 (2023 - nil).

11. COMPARATIVE FIGURES

Certain of the comparative figures for 2023 have been restated to conform with the financial statement presentation adopted in the current year.

KOOTENAY EMPLOYMENT SERVICES SOCIETY

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12. FINANCIAL INSTRUMENTS

The Society is exposed to various risks through its financial instruments. The following analysis provides a measure of the company's risk exposure and concentrations on the balance sheet date.

Credit Risk

Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment obligations. The Society's credit risk is primarily attributable to cash, GICs and accounts receivable. Management manages cash and GICs default risk by dealing with only large financial institutions with good credit ratings. The Society's accounts receivable are mainly from government agencies.

Liquidity Risk

Liquidity risk is the risk that the Society cannot meet a demand for cash or fund its obligations as they come due. Maximum exposure to liquidity risk is \$2,337,497 (2023 - \$1,084,863), the total of the Society's accounts payable, government remittances payable, payroll liabilities and deferred revenue as at March 31, 2024, which is due to be paid in full before March 31, 2025. The Society retains sufficient cash positions to maintain liquidity.

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The Society is mainly exposed to interest rate risk and other price risk.

Interest Rate Risk

Interest rate risk is the risk associated with changes in interest rates. The Society mitigates risk with a combination of fixed rate GICs.

Other Price Risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from currency risk or interest rate risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Society is exposed to other price risk through its investments in quoted shares.