



Consolidated Financial Statements

Our Place Society

March 31, 2016

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Independent Auditors' Report

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To the members of Our Place Society

We have audited the accompanying consolidated financial statements of Our Place Society, which comprise the consolidated statement of financial position as at March 31, 2016, the consolidated statements of operations, changes in net assets and cash flows for the year then ended, and notes comprising a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Our Place Society as at March 31, 2016, and the results of its consolidated operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Victoria, Canada
June 16, 2016

Grant Thornton LLP
Chartered Professional Accountants

Our Place Society

Consolidated Statement of Financial Position

March 31 2016 2015

Assets

Current

Cash and cash equivalents	\$ 673,096	\$ 491,594
Restricted cash and cash equivalents (Note 3)	1,135,416	782,992
Receivables	11,582	20,157
Sales tax charitable rebate	23,021	21,717
Prepays	<u>68,176</u>	<u>70,591</u>

1,911,291 1,387,051

Restricted cash and cash equivalents (Note 3) 426,018 395,000

Capital assets (Note 4) 10,864,601 11,234,191

\$ 13,201,910 \$ 13,016,242

Liabilities

Current

Payables and accruals	\$ 333,849	\$ 215,567
Government remittances	25,721	13,254
Deferred revenue	171,934	150,887
Deferred contributions (Note 5)	<u>580,770</u>	<u>366,346</u>

1,112,274 746,054

Deferred capital contributions (Note 6) 9,023,074 9,376,177

10,135,348 10,122,231

Net Assets

Invested in capital assets (Note 7) 1,841,527 1,858,014

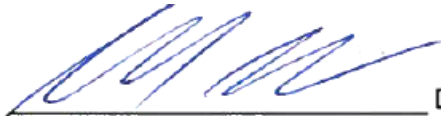
Internally restricted (Note 8) 980,664 811,646

Unrestricted 244,371 224,351

3,066,562 2,894,011

\$ 13,201,910 \$ 13,016,242

On behalf of the Board:

Dianna Butts Director  Director

See accompanying notes to the consolidated financial statements.

Our Place Society

Consolidated Statement of Operations

Year ended March 31	2016	2015
Revenue		
Donations and fundraising	\$ 2,910,504	\$ 2,630,110
Grants (Note 5)	2,440,844	1,804,088
Housing	249,425	233,634
Amortization of deferred capital contributions (Note 6)	<u>358,027</u>	<u>362,537</u>
	5,958,800	5,030,369
Expenses		
Administration	139,128	136,725
Amortization of capital assets	397,706	406,465
Building services and maintenance	399,454	298,369
Drop in	37,636	37,530
Food services	356,574	413,784
Fundraising	279,334	245,187
Insurance	33,071	31,019
Minor equipment	1,259	207
Professional fees	57,626	60,430
Programs	10,736	9,490
Recruitment and development	12,982	9,281
Transitional housing and shelters	221,229	25,204
Transportation	15,722	10,971
Wages and benefits	<u>3,852,070</u>	<u>3,092,508</u>
	5,814,527	4,777,170
Excess of revenue over expenses from operations	<u>144,273</u>	<u>253,199</u>
Other revenue		
Interest	12,673	14,434
Miscellaneous	<u>15,605</u>	<u>(987)</u>
	28,278	13,447
Excess of revenue over expenses	\$ 172,551	\$ 266,646

See accompanying notes to the consolidated financial statements.

Our Place Society

Consolidated Statement of Changes in Net Assets

Year Ended March 31

2016

2015

	Invested in capital assets	Internally restricted	Unrestricted	Total	Total
Balance, beginning of year	\$ 1,858,014	\$ 811,646	\$ 224,351	\$ 2,894,011	\$ 2,627,365
Excess (deficiency) of revenue over expenses	(39,679)	-	212,230	172,551	266,646
Additions to capital assets, net of disposals and capital contributions	23,192		(23,192)	-	-
Amounts transferred (Note 8)	-	169,018	(169,018)	-	-
Balance, end of year	\$ <u>1,841,527</u>	\$ <u>980,664</u>	\$ <u>244,371</u>	\$ <u>3,066,562</u>	\$ <u>2,894,011</u>

See accompanying notes to the consolidated financial statements.

Our Place Society

Consolidated Statement of Cash Flows

Year ended March 31

2016

2015

Increase (decrease) in cash and cash equivalents

Operating

Excess of revenue over expenses	\$	172,551	\$	266,646
Amortization of capital assets		397,706		406,465
Amortization of deferred capital contributions		(358,027)		(362,537)

212,230 310,574

Change in non-cash operating working capital

Receivables		8,575		(9,542)
Sales tax charitable rebate		(1,304)		(5,649)
Prepays		2,415		18,691
Payables and accruals		118,282		10,019
Government remittances		12,467		8,629
Deferred revenue		21,047		134,262

373,712 466,984

Financing

Capital contributions received		4,924		34,153
Increase in deferred contributions		214,424		(22,853)

219,348 11,300

Investing

Purchase of capital assets		(28,116)		(69,279)
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(28,116) (69,279)

Net increase in cash and cash equivalents

564,944 409,005

Cash and cash equivalents, beginning of year

1,669,586 1,260,581

Cash and cash equivalents, end of year

\$ 2,234,530 \$ 1,669,586

Cash and cash equivalents consist of:

Cash and cash equivalents \$ 673,096 \$ 491,594

Restricted cash and cash equivalents

Current 1,135,416 782,992

Non-current 426,018 395,000

\$ 2,234,530 \$ 1,669,586

See accompanying notes to the consolidated financial statements

Our Place Society

Notes to the Consolidated Financial Statements

March 31, 2016

1. Purpose of the Society

Our Place Society (“the Society”) was incorporated under the Society Act of British Columbia in 2005 and commenced operations in November of 2007. The mission of the Society is to offer a sense of belonging to Greater Victoria’s most vulnerable citizens, providing a home, nourishment, and hope through living, sharing, learning and worshipping together.

The Society is registered with Canada Revenue Agency as a charitable organization, and accordingly is exempt from income tax. Tax receipts are issued for eligible donations.

2. Summary of significant accounting policies

Basis of presentation

The Society has elected to apply the standards of Part III of the CICA Accounting Handbook in accordance with Canadian accounting standards for not-for-profit organizations.

Principles of consolidation

These consolidated financial statements include the accounts of Our Place Society and The Upper Room Society. The Upper Room Society and Our Place Society are controlled by the same board of directors.

Revenue recognition

The Society follows the deferral method of accounting for grants and contributions. Restricted grants and 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 reasonably assured.

Housing revenues are recognized as services are provided.

Investment income is recognized as earned.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances with banks and short term deposits with original maturities of three months or less.

Use of estimates

In preparing the Society’s financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenue and expenses during the period. Actual results could differ from these estimates.

Our Place Society

Notes to the Consolidated Financial Statements

March 31, 2016

2. Summary of significant accounting policies (continued)

Impairment of long-lived assets

The Society regularly reviews the carrying value of long-lived assets including capital assets and continually makes estimates regarding future cash flows, and other factors, to determine the fair value of the respective assets. If these estimates or their related assumptions change in the future, the Society may be required to record impairment charges for these assets.

Donations-in-kind

The Society records donated goods and services in those cases where:

- the Society controls the way they are used;
- there is a measurable basis for arriving at fair value; and
- the goods and services are essential to operations, which would normally be purchased and paid for, if not donated.

The Society also receives significant donations of food, clothing and other items that have not been reflected in these consolidated financial statements.

Capital assets and amortization

Capital assets are recorded at cost. Contributed capital assets are recorded at their estimated fair value at the date of contribution. The rates and bases of amortization applied to write off the cost less estimated salvage value of capital assets over their estimated lives are as follows:

Building	Straight-line basis over 35 years
Computer equipment	25% declining balance
Vehicles	30% declining balance
Furniture and equipment	25% declining balance

Financial instruments

The Society's financial instruments consist of cash and cash equivalents, restricted cash and cash equivalents, receivables, sales tax charitable rebate, payables and accruals, and government remittances.

Financial instruments are recorded at fair value on initial recognition and subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Society has not elected to carry any such financial instruments at fair value.

Financial assets are assessed for impairment on an annual basis if there are indicators of impairment. The Society determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset.

If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the

Our Place Society

Notes to the Consolidated Financial Statements

March 31, 2016

2. Summary of significant accounting policies (continued)

Financial instruments (continued)

amount that could be realized from selling the financial asset or the amount the Society expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

Unless otherwise noted, it is management's opinion that the Society is not exposed to significant interest, currency or credit risks arising from these financial instruments.

3. Restricted cash and cash equivalents

The Society holds cash and cash equivalent amounts that have been both externally restricted and internally restricted for certain purposes. The breakdown is as follows:

	<u>2016</u>	<u>2015</u>
Restricted cash and cash equivalents – current		
Deferred contributions	\$ 580,770	\$ 366,346
Internally restricted for operations	<u>554,646</u>	<u>416,646</u>
	<u>\$ 1,135,416</u>	<u>\$ 782,992</u>
Restricted cash and cash equivalents – non-current		
Internally restricted for future capital purposes	<u>\$ 426,018</u>	<u>\$ 395,000</u>

4. Capital assets

			<u>2016</u>	<u>2015</u>
	<u>Cost</u>	<u>Accumulated amortization</u>	<u>Net book value</u>	<u>Net book value</u>
Land	\$ 1,400,000	\$ -	\$ 1,400,000	\$ 1,400,000
Building	13,126,384	3,799,999	9,326,385	9,678,321
Computer equipment	214,430	139,780	74,650	76,342
Vehicles	51,431	49,353	2,078	2,969
Furniture & equipment	<u>458,589</u>	<u>397,101</u>	<u>61,488</u>	<u>76,559</u>
	<u>\$ 15,250,834</u>	<u>\$ 4,386,233</u>	<u>\$ 10,864,601</u>	<u>\$ 11,234,191</u>

Our Place Society

Notes to the Consolidated Financial Statements

March 31, 2016

5. Deferred contributions

Deferred contributions reflect the following externally restricted grants related to operations:

	<u>Opening Balance</u>	<u>Received during Year</u>	<u>Recognized as Revenue</u>	<u>Ending Balance</u>
Island Health	\$ 133,469	\$ 681,402	\$ 758,134	\$ 56,737
B.C. Housing	41,667	1,570,331	1,304,036	307,962
United Church of Canada	41,412	46,750	70,410	17,752
B.C. Gaming Policy and Enforcement Branch	100,000	100,000	100,000	100,000
Capital Regional District	-	58,000	58,000	-
Victoria Foundation	20,150	4,000	24,150	-
United Way	-	84,353	84,353	-
City of Victoria	6,250	25,000	25,000	6,250
Other	23,398	85,432	16,761	92,069
	<u>\$ 366,346</u>	<u>\$ 2,655,268</u>	<u>\$ 2,440,844</u>	<u>\$ 580,770</u>

Our Place Society

Notes to the Consolidated Financial Statements

March 31, 2016

6. Deferred capital contributions

Deferred capital contributions represent restricted grants and other donations and fundraising revenues received for the purchase of capital assets and include the following:

	<u>BC Housing</u>	<u>Other</u>	<u>Total 2016</u>	<u>Total 2015</u>
Balance, beginning of year	\$ 8,500,489	\$ 875,688	\$ 9,376,177	\$ 9,704,561
Contributions received	-	4,924	4,924	34,153
Amounts amortized to revenue	<u>(309,109)</u>	<u>(48,918)</u>	<u>(358,027)</u>	<u>(362,537)</u>
Balance, end of year	\$ <u>8,191,380</u>	\$ <u>831,694</u>	\$ <u>9,023,074</u>	\$ <u>9,376,177</u>

The Society has entered into a forgivable mortgage with the British Columbia Housing Management Commission (BC Housing) through the Provincial Homelessness Initiative for the development of transitional housing units for those at risk of homelessness in the Greater Victoria Area. The forgivable mortgage agreement includes the following terms:

- The land is to be used only for the development and operation of shelter beds and rental housing with support services for men and women who are homeless, or at risk of homelessness.
- The project is to include the development and operation of a minimum of 45 transitional housing units. The rents charged must be reasonably affordable to eligible tenants and must not act as a barrier to occupancy, and must not exceed the average market housing rent for comparable housing in the community.
- Provided the land and building are used for the intended purpose, the principal amount owing will be reduced by 1/28.5 each year. The balance of the forgivable mortgage will become payable if the land ceases to be used for the intended purpose. Interest will accrue from the date that the forgivable mortgage becomes repayable at bank prime plus 2% compounded semi-annually.
- A mortgage has been registered in favor of B.C. Housing on the land title.

Management has determined that due to the remote likelihood of a default by the Society, the principal amount should be recognized as deferred capital contributions for financial reporting purposes, and should be amortized on the same basis as the amortization of the underlying assets funded by the forgivable mortgage.

The other column consists of capital contributions for the building, equipment, computers and a vehicle from organizations other than BC Housing.

Our Place Society

Notes to the Consolidated Financial Statements

March 31, 2016

7. Net assets invested in capital assets	<u>2016</u>	<u>2015</u>
Capital assets	\$ 10,864,601	\$ 11,234,191
Deferred capital contributions	<u>(9,023,074)</u>	<u>(9,376,177)</u>
	<u>\$ 1,841,527</u>	<u>\$ 1,858,014</u>

8. Internally restricted net assets

Internally restricted net assets consist of amounts that are internally restricted by the board of directors of the Society for future operating and capital purposes.

	<u>Operating</u>	<u>Capital</u>	<u>Total 2016</u>	<u>Total 2015</u>
Balance, beginning of year	\$ 416,646	\$ 395,000	\$ 811,646	\$ 545,000
Amounts transferred from the unrestricted fund	138,000	60,000	198,000	266,646
Amounts approved for expenditures from reserves	<u> </u>	<u>(28,982)</u>	<u>(28,982)</u>	<u>-</u>
Balance, end of year	<u>\$ 554,646</u>	<u>\$ 426,018</u>	<u>\$ 980,664</u>	<u>\$ 811,646</u>

9. Donations

The Society would not be able to carry out its activities without the services of many volunteers who donate a considerable number of hours of service. Management estimates that volunteers contributed approximately 37,559 hours (2015: 37,783) during the year. Because of the difficulty of attaching a fair value to these hours, contributed services have not been recognized in these financial statements.

Our Place Society

Notes to the Consolidated Financial Statements

March 31, 2016

10. Victoria Foundation

The Society is the income beneficiary of the Our Place Fund (“the Fund”) established in October 2015 by the Victoria Foundation (the “Foundation”). During the year contributions of \$750,000 were received by an anonymous donor and \$7,500 in contributions were contributed by the Foundation. Of this amount, \$17,500, net of investment returns and investment income is required to be maintained permanently by the Foundation as an endowment. Funds available to grant are those designated at the time of contribution to be flowed through to the Society at the request of the donor. When disbursing grants the Foundation receives recommendations from the Society for review and final approval by the Foundation’s Board of Directors. The balances of the Fund are not recorded in the financial statements of the Society until received.

	<u>2016</u>
Fair market value, opening	\$ -
Contributions received during the period	757,500
Income earned on investments	222
Fund management fees	(1,704)
Grants paid to the Society	<u>(90,000)</u>
Fair market value, ending	<u>\$ 666,018</u>
Funds to be maintained as endowments	\$ 15,322
Funds available to grant	<u>650,696</u>
	<u>\$ 666,018</u>

11. Comparative figures

Certain 2015 comparative figures have been reclassified to conform to the presentation adopted in the current year.
