



Consolidated Financial Statements

*Our Place Society*

March 31, 2017

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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, 2017, 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, 2017, 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.

### Report on other legal and regulatory requirements

As required by the Society Act of British Columbia, we report that, in our opinion, these accounting principles have been applied on a basis consistent with that of the preceding year.

Victoria, Canada  
June 21, 2017



Chartered Professional Accountants

# Our Place Society

## Consolidated Statement of Financial Position

March 31

2017

2016

### Assets

#### Current

Cash and cash equivalents	\$ 775,779	\$ 673,096
Restricted cash and cash equivalents (Note 3)	1,601,707	1,135,416
Receivables	32,147	11,582
Sales tax charitable rebate	20,651	23,021
Prepays	<u>87,991</u>	<u>68,176</u>
	<b>2,518,275</b>	1,911,291

Restricted cash and cash equivalents (Note 3)	<b>501,018</b>	426,018
Capital assets (Note 4)	<u>10,496,574</u>	<u>10,864,601</u>
	<b>\$ 13,515,867</b>	<b>\$ 13,201,910</b>

### Liabilities

#### Current

Payables and accruals	\$ 436,604	\$ 333,849
Government remittances	28,075	25,721
Deferred revenue	144,428	171,934
Deferred contributions (Note 5)	<u>874,327</u>	<u>580,770</u>
	<b>1,483,434</b>	1,112,274

Deferred capital contributions (Note 6)	<u>8,684,640</u>	<u>9,023,074</u>
	<b>10,168,074</b>	10,135,348

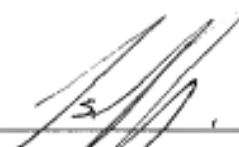
### Net Assets

Invested in capital assets (Note 7)	1,811,934	1,841,527
Internally restricted (Note 8)	1,228,398	980,664
Unrestricted	<u>307,461</u>	<u>244,371</u>
	<b>3,347,793</b>	3,066,562
	<b>\$ 13,515,867</b>	<b>\$ 13,201,910</b>

On behalf of the Board:



Director



Director

See accompanying notes to the consolidated financial statements.

# Our Place Society

## Consolidated Statement of Operations

Year ended March 31	2017	2016
<b>Revenue</b>		
Donations and fundraising	\$ 3,133,753	\$ 2,910,504
Grants (Note 5)	5,324,680	2,440,844
Housing	299,950	249,425
Amortization of deferred capital contributions (Note 6)	355,978	358,027
	<u>9,114,361</u>	<u>5,958,800</u>
<b>Expenses</b>		
Administration	860,535	927,574
Amortization of capital assets	390,481	397,706
Development	463,467	465,677
Facilities	1,332,779	1,249,274
Food Services	623,196	719,831
Housing 919 Pandora	368,568	377,320
Outreach	1,163,081	900,702
Transitional housing and shelters	3,662,979	776,443
	<u>8,865,086</u>	<u>5,814,527</u>
Excess of revenue over expenses from operations	<u>249,275</u>	<u>144,273</u>
<b>Other revenue</b>		
Interest	13,385	12,673
Miscellaneous	18,571	15,605
	<u>31,956</u>	<u>28,278</u>
Excess of revenue over expenses	<u>\$ 281,231</u>	<u>\$ 172,551</u>

See accompanying notes to the consolidated financial statements.

# Our Place Society

## Consolidated Statement of Changes in Net Assets

Year Ended March 31

2017

2016

	Invested in capital assets	Internally restricted	Unrestricted	Total	Total
Balance, beginning of year	\$ 1,841,527	\$ 980,664	\$ 244,371	\$ 3,066,562	\$ 2,894,011
Excess (deficiency) of revenue over expenses	(34,503)	-	315,734	281,231	172,551
Additions to capital assets, net of disposals and capital contributions	4,910	-	(4,910)	-	-
Amounts transferred (Note 8)	-	247,734	(247,734)	-	-
Balance, end of year	\$ 1,811,934	\$ 1,228,398	\$ 307,461	\$ 3,347,793	\$ 3,066,562

See accompanying notes to the consolidated financial statements.

# Our Place Society

## Consolidated Statement of Cash Flows

Year ended March 31

2017

2016

Increase (decrease) in cash and cash equivalents

### Operating

Excess of revenue over expenses	\$ 281,231	\$ 172,551
Amortization of capital assets	390,481	397,706
Amortization of deferred capital contributions	<u>(355,978)</u>	<u>(358,027)</u>

**315,734**                      212,230

Change in non-cash operating working capital

Receivables	(20,565)	8,575
Sales tax charitable rebate	2,370	(1,304)
Prepays	(19,815)	2,415
Payables and accruals	102,755	118,282
Government remittances	2,354	12,467
Deferred revenue	<u>(27,506)</u>	<u>21,047</u>

**355,327**                      **373,712**

### Financing

Capital contributions received	17,544	4,924
Increase in deferred contributions	<u>293,557</u>	<u>214,424</u>

**311,101**                      219,348

### Investing

Purchase of capital assets	<u>(22,454)</u>	<u>(28,116)</u>
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Net increase in cash and cash equivalents                      **643,974**                      564,944

Cash and cash equivalents, beginning of year                      2,234,530                      1,669,586

Cash and cash equivalents, end of year                      \$ 2,878,504                      \$ 2,234,530

### Cash and cash equivalents consist of:

Cash and cash equivalents	\$ 775,779	\$ 673,096
Restricted cash and cash equivalents		
Current	1,601,707	1,135,416
Non-current	<u>501,018</u>	<u>426,018</u>
	<b>\$ 2,878,504</b>	<b>\$ 2,234,530</b>

See accompanying notes to the consolidated financial statements.



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# **Our Place Society**

## **Notes to the Consolidated Financial Statements**

March 31, 2017

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### **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.

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### **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.

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# Our Place Society

## Notes to the Consolidated Financial Statements

March 31, 2017

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### 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.

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# Our Place Society

## Notes to the Consolidated Financial Statements

March 31, 2017

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### 2. Summary of significant accounting policies (continued)

#### Financial instruments (continued)

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 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.

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### 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>2017</u>	<u>2016</u>
Restricted cash and cash equivalents – current		
Deferred contributions	\$ 874,327	\$ 580,770
Internally restricted for operations	<u>727,380</u>	<u>554,646</u>
	<u>\$ 1,601,707</u>	<u>\$ 1,135,416</u>
Restricted cash and cash equivalents – non-current		
Internally restricted for future capital purposes	<u>\$ 501,018</u>	<u>\$ 426,018</u>

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### 4. Capital assets

			<u>2017</u>	<u>2016</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	4,151,935	8,974,449	9,326,385
Computer equipment	219,339	159,056	60,283	74,650
Vehicles	51,431	51,431	-	2,078
Furniture & equipment	<u>476,133</u>	<u>414,291</u>	<u>61,842</u>	<u>61,488</u>
	<u>\$ 15,273,287</u>	<u>\$ 4,776,713</u>	<u>\$ 10,496,574</u>	<u>\$ 10,864,601</u>

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# Our Place Society

## Notes to the Consolidated Financial Statements

March 31, 2017

### 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	\$ 56,737	\$ 888,985	804,138	\$ 141,584
B.C. Housing	307,962	4,274,798	4,155,687	427,073
United Church of Canada	17,752	108,501	54,085	72,168
B.C. Gaming Policy and Enforcement Branch	100,000	100,000	100,000	100,000
Capital Regional District	-	58,788	58,788	-
United Way	-	55,000	55,000	-
City of Victoria	6,250	50,000	56,250	-
Other	92,069	82,165	40,732	133,502
	<u>\$ 580,770</u>	<u>\$ 5,618,237</u>	<u>\$ 5,324,680</u>	<u>\$ 874,327</u>

### 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 2017</u>	<u>Total 2016</u>
Balance, beginning of year	\$ 8,191,380	\$ 831,694	\$ 9,023,074	\$ 9,376,177
Contributions received	-	17,545	17,545	4,924
Amounts amortized to revenue	<u>(309,109)</u>	<u>(46,869)</u>	<u>(355,978)</u>	<u>(358,027)</u>
Balance, end of year	<u>\$ 7,882,271</u>	<u>\$ 802,369</u>	<u>\$ 8,684,640</u>	<u>\$ 9,023,074</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.

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# Our Place Society

## Notes to the Consolidated Financial Statements

March 31, 2017

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### 6. Deferred capital contributions (continued)

- 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.

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<b>7. Net assets invested in capital assets</b>	<u>2017</u>	<u>2016</u>
Capital assets	\$ 10,496,574	\$ 10,864,601
Deferred capital contributions	<u>(8,684,640)</u>	<u>(9,023,074)</u>
	<u>\$ 1,811,934</u>	<u>\$ 1,841,527</u>

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### 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 2017</u>	<u>Total 2016</u>
Balance, beginning of year	\$ 554,646	\$ 426,018	\$ 980,664	\$ 811,646
Amounts transferred from the unrestricted fund	172,734	75,000	<b>247,734</b>	198,000
Amounts approved for expenditures from reserves	<u>-</u>	<u>-</u>	<u>-</u>	<u>(28,982)</u>
Balance, end of year	<u>\$ 727,380</u>	<u>\$ 501,018</u>	<u>\$ 1,228,398</u>	<u>\$ 980,664</u>

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# Our Place Society

## Notes to the Consolidated Financial Statements

March 31, 2017

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### 9. Donations in-kind

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 34,093 hours (2016: 37,559) 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.

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### 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>2017</u>
Fair market value, opening	\$ 666,018
Contributions received during the period	-
Income earned on investments	8,530
Fund management fees	1,476
Grants paid to the Society	<u>(150,696)</u>
Fair market value, ending	<u>\$ 525,327</u>
Funds to be maintained as endowments	\$ 24,632
Funds available to grant	<u>500,695</u>
	<u>\$ 525,327</u>

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# **Our Place Society**

## **Notes to the Consolidated Financial Statements**

March 31, 2017

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### **11. British Columbia Societies Act**

On November 28, 2016 the new British Columbia Societies Act came into force. Included in the new Act is a requirement to disclose the remuneration paid to all directors, and certain employees and contractors who are paid at least \$75,000 annually.

During the year, the Society did not pay their directors nor did it have any contractors paid in excess of \$75,000. The Society paid \$367,019 in remuneration to four individuals who are employees, whose remuneration, during the applicable period, was at least \$75,000.

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### **12. Comparative figures**

Certain 2016 comparative figures have been reclassified to conform to the presentation adopted in the current year.

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