



Non-Consolidated Financial Statements

Our Place Society

March 31, 2019

Contents

	Page
Independent Auditors' Report	1-2
Non-Consolidated Statement of Financial Position	3
Non-Consolidated Statement of Operations	4
Non-Consolidated Statement of Changes in Net Assets	5
Non-Consolidated Statement of Cash Flows	6
Notes to the Non-Consolidated Financial Statements	7-15

Independent Auditors' Report

Grant Thornton LLP
Suite 650
1675 Douglas Street
Victoria, BC
V8W 2G5
T +1 250 383 4191
F +1 250 381 4623

To the members of Our Place Society

Opinion

We have audited the financial statements of Our Place Society (“the Society”), which comprise the statement of financial position as at March 31, 2019, and the statements of operations, changes in 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 Our Place Society as at March 31, 2019, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

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 Organization 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 these 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 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 Organization'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 Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization'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.

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 Organization'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 Organization'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 Organization 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.

Victoria, Canada
June 19, 2019



Chartered Professional Accountants

Our Place Society
Non-Consolidated Statement of Financial Position

March 31 2019 2018

Assets

Current

Cash and cash equivalents	\$ 6,261,691	\$ 1,248,672
Receivables	325,542	164,917
Sales tax charitable rebate	29,281	23,395
Prepays	<u>63,311</u>	<u>59,883</u>
	6,679,825	1,496,867
Capital assets (Note 3)	<u>10,312,365</u>	<u>10,215,030</u>
	<u>\$ 16,992,190</u>	<u>\$ 11,711,897</u>

Liabilities

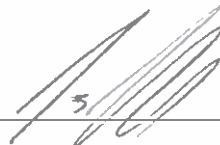
Current

Payables and accruals	\$ 539,226	\$ 501,118
Government remittances	64,075	31,228
Deferred revenue	24,718	22,366
Deferred contributions (Note 4)	<u>5,727,745</u>	<u>620,843</u>
	6,355,764	1,175,555
Deferred capital contributions (Note 5)	<u>8,484,206</u>	<u>8,407,654</u>
	<u>14,839,970</u>	<u>9,583,209</u>
Net Assets		
Invested in capital assets (Note 6)	1,828,159	1,807,376
Unrestricted	<u>324,061</u>	<u>321,312</u>
	<u>2,152,220</u>	<u>2,128,688</u>
	<u>\$ 16,992,190</u>	<u>\$ 11,711,897</u>

On behalf of the Board



Director



Director

See accompanying notes to the financial statements.

Our Place Society

Non-Consolidated Statement of Operations

Year ended March 31	2019	2018
Revenue		
Donations and fundraising	\$ 4,212,830	\$ 3,929,398
Grants (Note 4)	5,336,566	5,351,449
Housing	270,795	424,274
Amortization of deferred capital contributions (Note 5)	405,595	378,314
	<u>10,225,786</u>	<u>10,083,435</u>
Expenses		
Administration	1,079,880	1,025,359
Amortization of capital assets	444,508	409,264
Development	578,991	504,227
Donations (Note 11)	837,501	2,170,511
Employment program	214,073	12,519
Facilities	1,304,863	1,286,351
Food Services	758,442	645,070
Housing 919 Pandora	334,080	314,711
Outreach	1,493,805	1,832,160
Therapeutic Recovery Community	838,811	37,714
Transitional housing and shelters	2,400,357	3,124,334
	<u>10,285,311</u>	<u>11,362,220</u>
Deficiency of revenue over expenses from operations	<u>(59,525)</u>	<u>(1,278,785)</u>
Other revenue		
Interest	66,788	66,121
Miscellaneous	16,269	30,235
	<u>83,057</u>	<u>96,356</u>
Excess (deficiency) of revenue over expenses	\$ <u>23,532</u>	\$ <u>(1,182,429)</u>

See accompanying notes to the financial statements.

Our Place Society

Non-Consolidated Statement of Changes in Net Assets

Year Ended March 31

2019

2018

	Invested in capital assets	Unrestricted	Total	Total
Balance, beginning of year	\$ 1,807,376	\$ 321,312	\$ 2,128,688	\$ 3,311,117
Excess (deficiency) of revenue over expenses	(38,913)	62,445	23,532	(1,182,429)
Additions to capital assets, net of disposals and capital contributions	59,696	(59,696)	-	-
Balance, end of year	\$ 1,828,159	\$ 324,061	\$ 2,152,220	\$ 2,128,688

See accompanying notes to the financial statements.

Our Place Society

Non-Consolidated Statement of Cash Flows

Year ended March 31

2019

2018

Increase (decrease) in cash and cash equivalents

Operating

Excess (deficiency) of revenue over expenses	\$	23,532	\$	(1,182,429)
Amortization of capital assets		444,508		409,264
Amortization of deferred capital contributions		(405,595)		(378,314)

62,445 (1,151,479)

Change in non-cash operating working capital

Receivables	(160,626)	(132,770)
Sales tax charitable rebate	(5,886)	(2,744)
Prepays	(3,428)	28,108
Payables and accruals	38,108	64,512
Government remittances	32,847	3,153
Deferred revenue	2,352	(122,061)

(34,188) (1,313,281)

Financing

Capital contributions received	482,147	101,328
Increase (decrease) in deferred contributions	5,106,902	(253,484)

5,589,049 (152,156)

Investing

Purchase of capital assets	(541,842)	(127,720)
----------------------------	------------------	-----------

Net increase (decrease) in cash and cash equivalents **5,013,019** (1,593,157)

Cash and cash equivalents, beginning of year **1,248,672** 2,841,829

Cash and cash equivalents, end of year **\$ 6,261,691** \$ 1,248,672

See accompanying notes to the financial statements.

Our Place Society

Notes to the Non-Consolidated Financial Statements

March 31, 2019

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. As a permitted option under ASNPO, these financial statements are prepared on a non-consolidated basis (see Note 11 to these non-consolidated financial statements).

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 rental 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 Non-Consolidated Financial Statements

March 31, 2019

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 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
Leasehold improvements	33% 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.

Our Place Society

Notes to the Non-Consolidated Financial Statements

March 31, 2019

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.

3. Capital assets		2019	2018	
	<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	13,136,957	4,855,807	8,281,150	8,633,086
Computer equipment	334,273	199,796	134,477	45,212
Vehicles	72,254	50,634	21,620	30,886
Leasehold improvements	250,998	18,683	232,315	17,283
Furniture & equipment	725,069	482,266	242,803	88,563
	<u>\$ 15,919,551</u>	<u>\$ 5,607,186</u>	<u>\$ 10,312,365</u>	<u>\$ 10,215,030</u>

Our Place Society

Notes to the Non-Consolidated Financial Statements

March 31, 2019

4. 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>
B.C. Gaming Policy and Enforcement Branch	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000
B.C. Housing	262,423	3,120,939	3,065,255	318,107
Mental Health & Additions	-	4,700,000	700,000	4,000,000
Island Health	86,704	1,220,775	1,209,412	98,067
City of Victoria	-	235,192	139,525	95,667
Victoria Foundation	40,000	-	40,000	-
Other	<u>131,716</u>	<u>1,066,562</u>	<u>82,374</u>	<u>1,115,904</u>
	\$ 620,843	\$ 10,443,468	\$ 5,336,566	\$ 5,727,745

5. 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 2019</u>	<u>Total 2018</u>
Balance, beginning of year	\$ 7,573,162	\$ 834,492	\$ 8,407,654	\$ 8,684,640
Contributions received	407,631	74,516	482,147	101,328
Amounts amortized to revenue	<u>(309,109)</u>	<u>(96,486)</u>	<u>(405,595)</u>	<u>(378,314)</u>
Balance, end of year	\$ 7,671,684	\$ 812,522	\$ 8,484,206	\$ 8,407,654

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:

Our Place Society

Notes to the Non-Consolidated Financial Statements

March 31, 2019

5. Deferred capital contributions (continued)

- 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.

6. Net assets invested in capital assets	<u>2019</u>	<u>2018</u>
Capital assets	\$ 10,312,365	\$ 10,215,030
Deferred capital contributions	<u>(8,484,206)</u>	<u>(8,407,654)</u>
	<u>\$ 1,828,159</u>	<u>\$ 1,807,376</u>

7. 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 39,525 hours (2018: 36,420) 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 Non-Consolidated Financial Statements

March 31, 2019

8. 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 for the Foundation from 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>2019</u>
Fair market value, opening	\$ 351,793
Contributions received during the period	14
Income earned on investments	5,647
Fund management fees	(237)
Grants paid to the Society	<u>(320,843)</u>
Fair market value, ending	<u>\$ 36,374</u>
Funds to be maintained as endowments	\$ 36,374
Funds available to grant	<u>-</u>
	<u>\$ 36,374</u>

9. British Columbia Societies Act

On November 28, 2016 the 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 \$574,184 (2018: \$464,616) in remuneration to six (2018: five) individuals who are employees, whose remuneration, during the applicable period, was at least \$75,000.

Our Place Society

Notes to the Non-Consolidated Financial Statements

March 31, 2019

10. Commitments

The Society has committed to two agreements related to the improvement of the grounds and infrastructure of the Therapeutic Recovery Community.

The Society has committed \$554,260 towards the development of a therapeutic garden on the grounds of the Therapeutic Recovery Community. The cost of the therapeutic garden is fully funded by a private donor. The Society has also committed \$140,000 towards renovations of the facilities at the Therapeutic Recovery Community.

Our Place Society

Notes to the Non-Consolidated Financial Statements

March 31, 2019

11. Entities under common control

By virtue of a common board, the Society is under common control with the Our Place Foundation and the Upper Room.

A summary of the Foundation's financial statements including additional information on fund balances and related party transactions for the year ended March 31, 2019 with corresponding amounts for the year ended March 31, 2018 are as follows:

Summary Statement of Operations and Changes in Fund Balances

Year ended March 31	2019	2018
Donations and fundraising revenue	\$ 839,501	\$ 2,170,511
Interest revenue	52,287	363
Expenses	<u>(422,035)</u>	<u>-</u>
Excess of revenue over expenses	<u>469,753</u>	<u>2,170,874</u>
Fund balances, beginning of year	<u>2,170,874</u>	<u>-</u>
Fund balances, end of year	<u>\$ 2,640,627</u>	<u>\$ 2,170,874</u>

Summary Statement of Financial Position

March 31	General Fund	General Fund
Assets	<u>\$ 2,640,627</u>	<u>\$ 2,170,511</u>
Liabilities	<u>-</u>	<u>-</u>
Fund balances		
Unrestricted	<u>2,640,627</u>	<u>2,170,874</u>
	<u>\$ 2,640,627</u>	<u>\$ 2,170,874</u>

From time to time, the Society and Foundation provide funding for each other's programs. During the year the Society transferred funds to the Foundation in the amount of \$839,501 (2018: 2,170,511), all of which was included in revenue in the non-consolidated financial statements of the Foundation.

During the year, the Foundation transferred funds to the Society in the amount of \$422,000, all of which carried no restrictions of use.

Our Place Society

Notes to the Non-Consolidated Financial Statements

March 31, 2019

11. Entities under common control (continued)

A summary of the Upper Room's financial statements including additional information on fund balances and related party transactions for the year ended December 31, 2018 with corresponding amounts for the year ended December 31, 2017 are as follows:

Summary Statement of Operations and Changes in Fund Balances

Year ended December 31	2018 Total	2017 Total
Donations and fundraising revenue	\$ 197	\$ 279
Interest	9	9
Expenses	35	-
Excess of revenue over expenses	171	288
Fund balances, beginning of year	36,941	36,653
Fund balances, end of year	\$ 37,112	\$ 36,941

Summary Statement of Financial Position

December 31	2018 Total	2017 Total
Assets	\$ 37,112	\$ 36,941
Liabilities	-	-
Fund balances		
Internally restricted	-	-
Unrestricted	37,112	36,941
	\$ 37,112	\$ 36,941
