



Non-Consolidated Financial Statements

*Our Place Society*

March 31, 2018

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# Independent Auditors' Report

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To the members of Our Place Society

We have audited the accompanying non-consolidated financial statements of Our Place Society, which comprise the non-consolidated statement of financial position as at March 31, 2018, the non-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 financial statements

Management is responsible for the preparation and fair presentation of these non-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 non-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 non-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 non-consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the non-consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the non-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 non-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 non-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 non-consolidated financial statements present fairly, in all material respects, the non-consolidated financial position of Our Place Society as at March 31, 2018, and the results of its 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 Societies 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 20, 2018



Chartered Professional Accountants

# Our Place Society

## Non-Consolidated Statement of Financial Position

March 31

2018

2017

### Assets

#### Current

Cash and cash equivalents	\$ 1,248,672	\$ 2,841,829
Receivables	164,917	32,147
Sales tax charitable rebate	23,395	20,651
Prepays	59,883	87,991

1,496,867 2,982,618

Capital assets (Note 3) 10,215,030 10,496,574

\$ 11,711,897 \$ 13,479,192

### Liabilities

#### Current

Payables and accruals	\$ 501,118	\$ 436,605
Government remittances	31,228	28,075
Deferred revenue	22,366	144,428
Deferred contributions (Note 4)	620,843	874,327

1,175,555 1,483,435

Deferred capital contributions (Note 5) 8,407,654 8,684,640

9,583,209 10,168,075

### Net Assets

Invested in capital assets (Note 6)	1,807,376	1,811,934
Internally restricted (Note 7)	-	1,228,398
Unrestricted	321,312	270,785

2,128,688 3,311,117

\$ 11,711,897 \$ 13,479,192

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	2018	2017
<b>Revenue</b>		
Donations and fundraising	\$ 3,929,398	\$ 3,127,817
Grants (Note 4)	5,351,449	5,324,680
Housing	424,274	299,950
Amortization of deferred capital contributions (Note 5)	378,314	355,978
	<u>10,083,435</u>	<u>9,108,425</u>
<b>Expenses</b>		
Administration	1,026,157	860,536
Amortization of capital assets	409,264	390,481
Development	503,429	463,467
Donations	2,170,511	-
Facilities	1,292,431	1,332,779
Food Services	645,070	623,196
Housing 919 Pandora	314,711	368,568
Outreach	1,881,980	1,163,081
Transitional housing and shelters	3,118,667	3,662,979
	<u>11,362,220</u>	<u>8,865,087</u>
Excess (deficiency) of revenue over expenses from operations	<u>(1,278,785)</u>	<u>243,338</u>
<b>Other revenue</b>		
Interest	66,121	13,374
Miscellaneous	30,235	18,571
	<u>96,356</u>	<u>31,945</u>
Excess (deficiency) of revenue over expenses	\$ <u>(1,182,429)</u>	\$ <u>275,283</u>

See accompanying notes to the financial statements.

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## Our Place Society

### Non-Consolidated Statement of Changes in Net Assets

Year Ended March 31

2018

2017

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	Invested in capital assets	Internally restricted	Unrestricted	Total	Total
Balance, beginning of year	\$ 1,811,934	\$ 1,228,398	\$ 270,785	\$ 3,311,117	\$ 3,035,834
Excess (deficiency) of revenue over expenses	(30,950)	-	(1,151,479)	(1,182,429)	275,283
Additions to capital assets, net of disposals and capital contributions	26,392	-	(26,392)	-	-
Amounts transferred (Note 7)	-	(1,228,398)	1,228,398	-	-
Balance, end of year	\$ <u>1,807,376</u>	\$ <u>-</u>	\$ <u>321,312</u>	\$ <u>2,128,688</u>	\$ <u>3,311,117</u>

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See accompanying notes to the financial statements.

# Our Place Society

## Non-Consolidated Statement of Cash Flows

Year ended March 31

2018

2017

Increase (decrease) in cash and cash equivalents

### Operating

Excess (deficiency) of revenue over expenses	\$ (1,182,429)	\$ 275,283
Amortization of capital assets	409,264	390,481
Amortization of deferred capital contributions	(378,314)	(355,978)

(1,151,479) 309,786

Change in non-cash operating working capital

Receivables	(132,770)	(20,565)
Sales tax charitable rebate	(2,744)	2,370
Prepays	28,108	(19,815)
Payables and accruals	64,513	102,755
Government remittances	3,153	2,354
Deferred revenue	(122,062)	(21,588)

(1,313,281) 355,297

### Financing

Capital contributions received	101,328	17,544
Decrease in deferred contributions	(253,484)	293,557

(152,156) 311,101

### Investing

Purchase of capital assets	(127,720)	(22,454)
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Net (decrease) increase in cash and cash equivalents (1,593,157) 643,944

Cash and cash equivalents, beginning of year 2,841,829 2,197,885

Cash and cash equivalents, end of year \$ 1,248,672 \$ 2,841,829

See accompanying notes to the financial statements.



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# **Our Place Society**

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

March 31, 2018

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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. 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.

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# Our Place Society

## Notes to the Non-Consolidated Financial Statements

March 31, 2018

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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 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 Non-Consolidated Financial Statements

March 31, 2018

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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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<b>3. Capital assets</b>		<u>2018</u>	<u>2017</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	13,136,957	4,503,871	8,633,086	8,974,449
Computer equipment	219,339	174,127	45,212	60,283
Vehicles	72,254	41,368	30,886	-
Leasehold improvements	17,283	-	17,283	-
Furniture & equipment	531,875	443,312	88,563	61,842
	<u>\$ 15,377,708</u>	<u>\$ 5,162,678</u>	<u>\$ 10,215,030</u>	<u>\$ 10,496,574</u>

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# Our Place Society

## Notes to the Non-Consolidated Financial Statements

March 31, 2018

### 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>
Island Health	\$ 141,584	\$ 1,239,163	1,294,043	\$ 86,704
B.C. Housing	427,073	3,527,539	3,685,189	269,423
BC Conference	-	35,000	35,000	-
United Church of Canada	72,168	(42,753)	14,870	14,545
B.C. Gaming Policy and Enforcement Branch	100,000	100,000	100,000	100,000
Capital Regional District	-	67,467	67,467	-
United Way	-	25,000	25,000	-
City of Victoria	-	50,000	50,000	-
Victoria Foundation	-	40,000	-	40,000
Other	133,502	56,549	79,880	110,171
	<u>\$ 874,327</u>	<u>\$ 5,097,965</u>	<u>\$ 5,351,449</u>	<u>\$ 620,843</u>

### 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 2018</u>	<u>Total 2017</u>
Balance, beginning of year	\$ 7,882,271	\$ 802,369	\$ 8,684,640	\$ 9,023,074
Contributions received	-	101,328	101,328	17,545
Amounts amortized to revenue	<u>(309,109)</u>	<u>(69,205)</u>	<u>(378,314)</u>	<u>(355,979)</u>
Balance, end of year	<u>\$ 7,573,162</u>	<u>\$ 834,492</u>	<u>\$ 8,407,654</u>	<u>\$ 8,684,640</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:

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# Our Place Society

## Notes to the Non-Consolidated Financial Statements

March 31, 2018

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### 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.

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<b>6. Net assets invested in capital assets</b>	<u>2018</u>	<u>2017</u>
Capital assets	\$ 10,215,030	\$ 10,496,574
Deferred capital contributions	<u>(8,407,654)</u>	<u>(8,684,640)</u>
	<u>\$ 1,807,376</u>	<u>\$ 1,811,934</u>

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# Our Place Society

## Notes to the Non-Consolidated Financial Statements

March 31, 2018

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### 7. 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 2018</u>	<u>Total 2017</u>
Balance, beginning of year	\$ 727,380	\$ 501,018	\$ 1,228,398	\$ 980,664
Amounts transferred from (to) the unrestricted fund	(727,380)	(501,018)	(1,228,398)	247,734
Amounts approved for expenditures from reserves	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,228,398</u>

During the year the board approved the release of \$727,380 from the Society's operating reserve and \$501,018 from the capital reserve.

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### 8. 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 36,420 hours (2017: 34,093) 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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### 9. 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.

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# Our Place Society

## Notes to the Non-Consolidated Financial Statements

March 31, 2018

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### 9. Victoria Foundation (continued)

	<u>2018</u>
Fair market value, opening	\$ 525,327
Contributions received during the period	-
Income earned on investments	7,382
Fund management fees	(221)
Grants paid to the Society	<u>(180,695)</u>
Fair market value, ending	<u>\$ 351,793</u>
Funds to be maintained as endowments	\$ 30,949
Funds available to grant	<u>320,844</u>
	<u>\$ 351,793</u>

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### 10. British Columbia Societies Act

Under 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 \$464,616 (2017: \$367,019) in remuneration to five individuals who are employees, whose remuneration, during the applicable period, was at least \$75,000.

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# Our Place Society

## Notes to the Non-Consolidated Financial Statements

March 31, 2018

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### 11. Entities under common control

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

#### Summary Statement of Operations and Changes in Fund Balances

Year ended March 31	<b>2018</b>
Donations and fundraising revenue	\$ 2,170,511
Expenses	<u>-</u>
Excess of revenue over expenses	<u>2,170,511</u>
Fund balances, beginning of year	<u>-</u>
Fund balances, end of year	<u>\$ 2,170,511</u>

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#### Summary Statement of Financial Position

March 31	<b>General Fund</b>
<b>Assets</b>	<u>\$ 2,170,511</u>
<b>Liabilities</b>	<u>-</u>
<b>Fund balances</b>	
Internally restricted	-
Unrestricted	<u>2,170,511</u>
	<u>\$ 2,170,511</u>

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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 \$2,170,511 to establish the Foundation, all of which was included in revenue in the non-consolidated financial statements of the Foundation.



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# Our Place Society

## Notes to the Non-Consolidated Financial Statements

March 31, 2018

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### 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, 2017 with corresponding amounts for the year ended December 31, 2016 are as follows:

#### Summary Statement of Operations and Changes in Fund Balances

Year ended December 31	2017 Total	2016 Total
Donations and fundraising revenue	\$ 279	\$ 5,917
Interest	9	13
Expenses	-	-
Excess of revenue over expenses	288	5,930
Fund balances, beginning of year	36,653	30,723
Fund balances, end of year	\$ 36,941	\$ 36,653

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#### Summary Statement of Financial Position

December 31	2018 Total	2017 Total
<b>Assets</b>	\$ 36,941	\$ 36,653
<b>Liabilities</b>	-	-
<b>Fund balances</b>		
Internally restricted	-	-
Unrestricted	36,941	36,653
	\$ 36,941	\$ 36,653

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