



Consolidated Financial Statements

Our Place Society

March 31, 2015

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Independent Auditors' Report

Grant Thornton LLP
3rd Floor
888 Fort Street
Victoria, BC
V8W 1H8
T (250) 383-4191
F (250) 381-4623
www.GrantThornton.ca

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, 2015, 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, 2015, 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 17, 2015

Grant Thornton LLP

Chartered accountants

Our Place Society

Consolidated Statement of Operations

Year ended March 31	2015	2014
Revenue		
Donations and fundraising (Note 5)	\$ 2,630,110	\$ 2,070,389
Grants (Note 6)	1,804,088	1,518,514
Housing	233,634	242,050
Amortization of deferred capital contributions (Note 7)	362,537	419,762
	<u>5,030,369</u>	<u>4,250,715</u>
Expenses		
Administration	136,725	103,739
Amortization of capital assets	406,465	463,859
Bad debt	-	4,328
Building services and maintenance	323,573	282,920
Drop in	37,530	27,765
Food services	413,784	378,160
Fundraising	245,187	236,140
Insurance	31,019	29,754
Minor equipment	207	6,936
Professional fees	60,430	62,821
Programs	9,490	8,762
Recruitment and development	9,281	9,897
Transportation	10,971	8,826
Wages and benefits	3,092,508	2,449,586
	<u>4,777,170</u>	<u>4,073,493</u>
Excess of revenue over expenses from operations	<u>253,199</u>	<u>177,222</u>
Other revenue		
Interest	14,434	9,338
Miscellaneous	(987)	2,171
	<u>13,447</u>	<u>11,509</u>
Excess of revenue over expenses	<u>\$ 266,646</u>	<u>\$ 188,731</u>

See accompanying notes to the consolidated financial statements.

Our Place Society

Consolidated Statement of Changes in Net Assets

Year Ended March 31

2015

2014

	Invested in capital assets	Internally restricted	Unrestricted	Total	Total
Balance, beginning of year	\$ 1,866,816	\$ 545,000	\$ 215,549	\$ 2,627,365	\$ 2,438,634
Excess (deficiency) of revenue over expenses	(43,928)	-	310,574	266,646	188,731
Additions to capital assets, net of disposals and capital contributions	35,126	-	(35,126)	-	-
Amounts transferred (Note 9)	-	266,646	(266,646)	-	-
Balance, end of year	\$ <u>1,858,014</u>	\$ <u>811,646</u>	\$ <u>224,351</u>	\$ <u>2,894,011</u>	\$ <u>2,627,365</u>

See accompanying notes to the consolidated financial statements.

Our Place Society

Consolidated Statement of Financial Position

March 31 2015 2014

Assets

Current

Cash and cash equivalents	\$ 491,594	\$ 326,382
Restricted cash and cash equivalents (Note 3)	782,992	599,199
Receivables	20,157	10,615
Sales tax charitable rebate	21,717	16,068
Prepays	<u>70,591</u>	<u>89,282</u>

1,387,051 1,041,546

Restricted cash and cash equivalents (Note 3) 395,000 335,000

Capital assets (Note 4) 11,234,191 11,571,377

\$ 13,016,242 \$ 12,947,923

Liabilities

Current

Payables and accruals	\$ 215,567	\$ 205,548
Government remittances	13,254	4,625
Deferred revenue	150,887	16,625
Deferred contributions (Note 6)	<u>366,346</u>	<u>389,199</u>

746,054 615,997

Deferred capital contributions (Note 7) 9,376,177 9,704,561

10,122,231 10,320,558

Net Assets

Invested in capital assets (Note 8) 1,858,014 1,866,816

Internally restricted (Note 9) 811,646 545,000

Unrestricted 224,351 215,549

2,894,011 2,627,365

\$ 13,016,242 \$ 12,947,923

On behalf of the Board:

 Director

 Director

See accompanying notes to the consolidated financial statements.

Our Place Society

Consolidated Statement of Cash Flows

Year ended March 31

2015

2014

Increase (decrease) in cash and cash equivalents

Operating

Excess of revenue over expenses	\$	266,646	\$	188,731
Amortization of capital assets		406,465		463,859
Amortization of deferred capital contributions		(362,537)		(419,762)

310,574 232,828

Change in non-cash operating working capital

Receivables		(9,542)		(588)
Sales tax charitable rebate		(5,649)		19,185
Prepays		18,691		(54,001)
Payables and accruals		10,019		(33,708)
Government remittances		8,629		(1,280)
Deferred revenue		134,262		149

466,984 162,585

Financing

Capital contributions received		34,153		8,051
Increase (decrease) in deferred contributions		(22,853)		140,737

11,300 148,788

Investing

Purchase of capital assets		(69,279)		(29,444)
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(69,279) (29,444)

Net increase in cash and cash equivalents

409,005 281,929

Cash and cash equivalents, beginning of year

1,260,581 978,652

Cash and cash equivalents, end of year

\$ 1,669,586 \$ 1,260,581

Cash and cash equivalents consist of:

Cash and cash equivalents \$ 491,594 \$ 326,382

Restricted cash and cash equivalents

 Current 782,992 599,199

 Non-current 395,000 335,000

\$ 1,669,586 \$ 1,260,581

See accompanying notes to the consolidated financial statements

Our Place Society

Notes to the Consolidated Financial Statements

March 31, 2015

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, 2015

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

Change in accounting estimate

During the year the Society re-evaluated the amortization rate used for its building, and has recalculated amortization on a straight-line basis over the building's expected remaining life of 28.5 years. This change in accounting estimate has been applied prospectively, and does not have a material impact on amortization expense in the current and future periods.

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.

Our Place Society

Notes to the Consolidated Financial Statements

March 31, 2015

2. Summary of significant accounting policies (continued)

Financial instruments (continued)

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 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>2015</u>	<u>2014</u>
Restricted cash and cash equivalents – current		
Deferred contributions	\$ 366,346	\$ 389,199
Internally restricted for operations	<u>416,646</u>	<u>210,000</u>
	<u>\$ 782,992</u>	<u>\$ 599,199</u>
Restricted cash and cash equivalents – non-current		
Internally restricted for future capital purposes	<u>\$ 395,000</u>	<u>\$ 335,000</u>

Our Place Society

Notes to the Consolidated Financial Statements

March 31, 2015

4. Capital assets		<u>2015</u>	<u>2014</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	3,448,063	9,678,321	10,030,257
Computer equipment	191,238	114,896	76,342	71,463
Vehicles	51,431	48,462	2,969	4,241
Furniture and equipment	<u>453,665</u>	<u>377,106</u>	<u>76,559</u>	<u>65,416</u>
	<u>\$ 15,222,718</u>	<u>\$ 3,988,527</u>	<u>\$ 11,234,191</u>	<u>\$ 11,571,377</u>

5. 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 37,783 hours (2014: 31,838) 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.

6. 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	\$ 179,786	\$ 675,488	\$ 721,805	\$ 133,469
B.C. Housing	41,667	597,630	597,630	41,667
United Church of Canada	-	104,000	62,588	41,412
B.C. Gaming Policy and Enforcement Branch	100,000	100,000	100,000	100,000
Capital Regional District	-	87,500	87,500	-
Victoria Foundation	31,003	36,000	46,853	20,150
United Way	-	29,035	29,035	-
City of Victoria	6,250	25,000	25,000	6,250
Other	<u>30,493</u>	<u>126,582</u>	<u>133,677</u>	<u>23,398</u>
	<u>\$ 389,199</u>	<u>\$ 1,781,235</u>	<u>\$ 1,804,088</u>	<u>\$ 366,346</u>

Our Place Society

Notes to the Consolidated Financial Statements

March 31, 2015

7. 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 2015</u>	<u>Total 2014</u>
Balance, beginning of year	\$ 8,809,598	\$ 894,963	\$ 9,704,561	\$ 10,116,272
Contributions received	-	34,153	34,153	8,051
Amounts amortized to revenue	<u>(309,109)</u>	<u>(53,428)</u>	<u>(362,537)</u>	<u>(419,762)</u>
Balance, end of year	\$ <u>8,500,489</u>	\$ <u>875,688</u>	\$ <u>9,376,177</u>	\$ <u>9,704,561</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, 2015

8. Net assets invested in capital assets	2015	2014
Capital assets	\$ 11,234,191	\$ 11,571,377
Deferred capital contributions	(9,376,177)	(9,704,561)
	\$ 1,858,014	\$ 1,866,816

9. 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.

	Operating	Capital	Total 2015	Total 2014
Balance, beginning of year	\$ 210,000	\$ 335,000	\$ 545,000	\$ 365,000
Amounts transferred from the unrestricted fund	206,646	60,000	266,646	180,000
Balance, end of year	\$ 416,646	\$ 395,000	\$ 811,646	\$ 545,000
