



Financial Statements

Our Place Society

March 31, 2012

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Independent auditors' report

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To the members of Our Place Society

We have audited the accompanying financial statements of Our Place Society, which comprise the statement of financial position as at March 31, 2012, and the statement of operations, statement of changes in net assets and statement of cash flows for the year then ended, and 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 financial statements in accordance with Canadian generally accepted accounting principles, 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.

Auditors' responsibility

Our responsibility is to express an opinion on these 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the 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 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 financial statements.

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

Basis for qualified opinion

In common with many non-profit organizations, the Society derives revenue from donations from the public, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Society and we were not able to determine whether any adjustments might be necessary to revenues, excess of revenue over expenses, assets and net assets.

Qualified opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Our Place Society as at March 31, 2012, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Victoria, Canada
July 18, 2012



Chartered accountants

Our Place Society

Statement of Operations

Year Ended March 31	2012	2011
		(Note 13)
Revenue		
Donations and fundraising (Notes 7 and 12)	\$ 1,413,692	\$ 1,612,341
Grants (Note 8)	1,478,575	1,568,050
Housing	216,517	217,646
Amortization of deferred capital contributions (Note 9)	<u>452,130</u>	<u>475,850</u>
	<u>3,560,914</u>	<u>3,873,887</u>
Expenses		
Administration	67,291	72,381
Amortization of capital assets	499,161	534,833
Bad debt	1,563	-
Building services and maintenance	260,347	256,254
Drop in	84,129	86,554
Food services	456,696	532,516
Fundraising	145,108	118,574
Insurance	32,069	32,069
Minor equipment	9,786	6,626
Professional fees	38,109	62,662
Programs	15,466	9,129
Recruitment and development	17,495	22,256
Transportation	8,418	15,582
Wages and benefits	<u>2,251,401</u>	<u>2,466,422</u>
	<u>3,887,039</u>	<u>4,215,858</u>
Deficiency from operations	<u>(326,125)</u>	<u>(341,971)</u>
Other revenue		
Gain on disposal of capital assets	2,616	-
Interest	10,008	11,522
Miscellaneous	<u>11,912</u>	<u>3,173</u>
	<u>24,536</u>	<u>14,695</u>
Deficiency of revenue over expenses	<u>\$ (301,589)</u>	<u>\$ (327,276)</u>

See accompanying notes to the financial statements.

Our Place Society

Statement of Changes in Net Assets

Year Ended March 31

2012

2011

	Invested in capital <u>assets</u>	Internally <u>Restricted</u>	<u>Unrestricted</u>	<u>Total</u>	<u>Total</u>
Balance, beginning of year	\$ 1,939,983	\$ 645,000	\$ (15,754)	\$ 2,569,229	\$ 2,896,505
Deficiency of revenue over expenses	(32,306)	-	(269,283)	(301,589)	(327,276)
Additions to capital assets, net of disposals and capital contributions	178	-	(178)	-	-
Amounts transferred (Note 11)	-	(400,000)	400,000	-	-
Balance, end of year	<u>\$ 1,907,855</u>	<u>\$ 245,000</u>	<u>\$ 114,785</u>	<u>\$ 2,267,640</u>	<u>\$ 2,569,229</u>

See accompanying notes to the financial statements.

Our Place Society

Statement of Financial Position

March 31

2012

2011

Assets

Current

Cash and cash equivalents	\$ 303,285	\$ 211,897
Restricted cash and cash equivalents (Note 4)	235,291	795,514
Receivables	19,138	6,809
Sales tax charitable rebate	37,924	28,378
Prepays	<u>47,295</u>	<u>79,647</u>
	642,933	1,122,245

Restricted cash and cash equivalents (Note 4)	245,000	245,000
Capital assets (Note 5)	<u>12,425,496</u>	<u>12,920,237</u>

\$ 13,313,429	\$ 14,287,482
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Liabilities

Current

Payables and accruals	\$ 292,857	\$ 338,722
Deferred revenue	-	15,871
Deferred contributions (Note 8)	<u>235,291</u>	<u>395,514</u>
	528,148	750,107

Deferred capital contributions (Note 9)	<u>10,517,641</u>	<u>10,968,146</u>
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11,045,789	11,718,253
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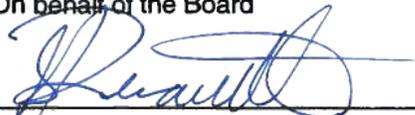
Net Assets

Invested in capital assets (Note 10)	1,907,855	1,939,983
Internally restricted (Note 11)	245,000	645,000
Unrestricted	<u>114,785</u>	<u>(15,754)</u>

2,267,640	2,569,229
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\$ 13,313,429	\$ 14,287,482
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On behalf of the Board



Director



Director

See accompanying notes to the financial statements.

Our Place Society

Statement of Cash Flows

Year Ended March 31

2012

2011

Increase (decrease) in cash and cash equivalents

Operating		
Deficiency of revenue over expenses	\$ (301,589)	\$ (327,276)
Amortization of capital assets	499,161	534,833
Amortization of deferred capital contributions	(452,130)	(475,850)
Gain on disposal of capital assets	<u>(2,616)</u>	<u>-</u>
	(257,174)	(268,293)
Change in non-cash operating working capital		
Receivables	(12,329)	6,086
Prepays	32,352	(19,781)
Sales tax charitable rebate	(9,546)	(11,599)
Payables and accruals	(45,866)	59,112
Deferred revenue	<u>(15,871)</u>	<u>1,382</u>
	<u>(308,434)</u>	<u>(233,093)</u>
Financing		
(Decrease) increase in deferred contributions	<u>(160,223)</u>	<u>98,580</u>
Investing		
Capital contributions received	1,625	-
Proceeds on disposal of capital assets	10,000	-
Purchase of capital assets	<u>(11,803)</u>	<u>(8,077)</u>
	<u>(178)</u>	<u>(8,077)</u>
Net decrease in cash and cash equivalents	(468,835)	(142,590)
Cash and cash equivalents, beginning of year	<u>1,252,411</u>	<u>1,395,001</u>
Cash and cash equivalents, end of year	\$ <u>783,576</u>	\$ <u>1,252,411</u>

Cash and cash equivalents consist of:

Cash and cash equivalents	\$ 303,285	\$ 211,897
Restricted cash and cash equivalents – current	235,291	795,514
Restricted cash and cash equivalents – non-current	<u>245,000</u>	<u>245,000</u>
	\$ <u>783,576</u>	\$ <u>1,252,411</u>

See accompanying notes to the financial statements

Our Place Society

Notes to the Financial Statements

March 31, 2012

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

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.

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.

Our Place Society

Notes to the Financial Statements

March 31, 2012

2. Summary of significant accounting policies (continued)

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 the 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	4% declining balance
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, and payables and accruals.

Cash and cash equivalents, both unrestricted and restricted, have been classified as held for trading and carried at fair value. Changes in fair value are included in the excess (deficiency) of revenue over expenses in the period in which they arise. Receivables and sales tax charitable rebates have been classified as loans and receivables, with payables and accruals classified as other financial liabilities. Both categories are carried at amortized cost, using the effective interest method.

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. The fair value of these financial instruments approximates their carrying values due to their short term to maturity, unless otherwise noted.

Our Place Society

Notes to the Financial Statements

March 31, 2012

3. Future change in accounting policies

Effective April 1, 2012, the Society will adopt Canadian accounting standards for not-for-profit organizations. These accounting policies are included as Part III of the CICA handbook. The transition to these new standards is expected to have a minimal impact on the financial statements of the Society.

4. Restricted cash and cash equivalents 2012 2011

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:

Restricted cash and cash equivalents – current			
Deferred contributions	\$ 235,291		\$ 395,514
Internally restricted for operations	<u>-</u>		<u>400,000</u>
	<u>\$ 235,291</u>		<u>\$ 795,514</u>
Restricted cash and cash equivalents – non-current			
Internally restricted for future capital purposes	<u>\$ 245,000</u>		<u>\$ 245,000</u>

5. Capital assets	<u>2012</u>			<u>2011</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	2,242,859	10,883,525	11,337,005
Computer equipment	74,275	50,140	24,135	29,846
Vehicles	51,431	42,777	8,654	19,747
Furniture and equipment	<u>413,666</u>	<u>304,484</u>	<u>109,182</u>	<u>133,639</u>
	<u>\$ 15,065,756</u>	<u>\$ 2,640,260</u>	<u>\$ 12,425,496</u>	<u>\$ 12,920,237</u>

Our Place Society

Notes to the Financial Statements

March 31, 2012

6. Capital management

The capital structure of the Society consists of a net investment in capital assets, internally restricted and unrestricted net assets. The net investment in capital assets is net of payables and accruals and unamortized deferred capital contributions. Internally restricted net assets are amounts restricted by the board of directors for future operating and capital purposes.

The primary objective of the Society's capital management is to ensure that it maintains adequate capital resources for future upgrades to the facilities and to support the operations of the Society, allowing it to continually offer services to Victoria's most vulnerable citizens. The Society manages its capital structure with the primary goal of minimizing risk to the stability of cash flow from operations. The Society has complied with any restrictions placed on the utilization of internally and externally restricted resources.

7. Donations

Donations include donations in-kind of goods and services with a fair value of \$20,272 (2011: \$35,098).

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 21,124 (2011: 24,180) hours during the year. Because of the difficulty of attaching a fair value to these hours, contributed services have not been recognized in the financial statements.

8. 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>
Vancouver Island Health Authority	\$ 206,046	\$ 610,497	\$ 746,985	\$ 69,558
B.C. Gaming Policy and Enforcement Branch	100,000	100,000	100,000	100,000
B.C. Housing	71,668	506,565	536,566	41,667
City of Victoria	-	25,000	25,000	-
United Way	-	17,500	17,500	-
Other	<u>17,800</u>	<u>58,790</u>	<u>52,524</u>	<u>24,066</u>
	<u>\$ 395,514</u>	<u>\$ 1,318,352</u>	<u>\$ 1,478,575</u>	<u>\$ 235,291</u>

Our Place Society

Notes to the Financial Statements

March 31, 2012

9. 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:

	B.C. <u>Housing</u>	<u>Other</u>	Total <u>2012</u>	Total <u>2011</u>
Balance, beginning of year	\$ 9,955,626	\$ 1,012,520	\$ 10,968,146	\$ 11,443,996
Contributions received	1,625	-	1,625	-
Amounts amortized to revenue	<u>(398,225)</u>	<u>(53,905)</u>	<u>(452,130)</u>	<u>(475,850)</u>
Balance, end of year	<u>\$ 9,559,026</u>	<u>\$ 958,615</u>	<u>\$ 10,517,641</u>	<u>\$ 10,968,146</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 1/25 each year, commencing in year 11 (2017). 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 Financial Statements

March 31, 2012

10. Net assets invested in capital assets 2012 2011

Net assets invested in capital assets are calculated as follows:

Capital assets	\$ 12,425,496	\$ 12,920,237
Less:		
Payables and accruals	-	12,108
Deferred capital contributions	<u>10,517,641</u>	<u>10,968,146</u>
	<u>\$ 1,907,855</u>	<u>\$ 1,939,983</u>

11. Restrictions on net assets

Internally restricted net assets consist of two amounts internally restricted by the board of directors of the Society.

In January 2010, the board of directors internally restricted \$245,000 to be held for future capital purposes at the discretion of the board which has been presented as non-current on the balance sheet.

In March 2010, the board of directors internally restricted \$400,000 to be held for future operating purposes which was presented as current on the balance sheet as at March 31, 2011. During the 2012 fiscal year, the amounts were transferred to the unrestricted fund as directed by the board.

Our Place Society

Notes to the Financial Statements

March 31, 2012

12. Related party transactions

The Upper Room Society (the Society) is incorporated under the Society Act of British Columbia and is registered with Canada Revenue Agency as a charitable organization. Its main purpose is to support the programs of Our Place Society.

The Upper Room Society and Our Place Society are controlled by the same board of directors. The Society reports under Canadian generally accepted accounting principles. These financial statements are non-consolidated and do not include the financial information of the Society. Summarized financial information of the Society for the year ended March 31, 2012 is as follows:

	<u>2012</u>	<u>2011</u>
Statement of Financial Position		
Total assets	\$ <u>7,486</u>	\$ <u>8,238</u>
Total liabilities	\$ -	\$ -
Net assets	<u>7,486</u>	<u>8,238</u>
	<u>\$ 7,486</u>	<u>\$ 8,238</u>
Statement of Operations		
Revenue	\$ 7	\$ 2,774
Expenses	<u>759</u>	<u>9,372</u>
Deficiency of revenue over expenses	<u>\$ (752)</u>	<u>\$ (6,598)</u>

13. Comparative figures

Certain 2011 comparative figures have been reclassified to conform to the presentation adopted in the current year.
