



Consolidated Financial Statements

*Our Place Society*

March 31, 2014

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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, 2014, and the consolidated statements of operations, changes in net assets and 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 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 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 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 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 consolidated financial statements present fairly, in all material respects, the financial position of Our Place Society as at March 31, 2014, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Victoria, Canada  
June 18, 2014



Chartered accountants

# Our Place Society

## Consolidated Statement of Operations

Year ended March 31	2014	2013
<b>Revenue</b>		
Donations and fundraising (Note 5)	\$ 2,070,389	\$ 1,605,000
Grants (Note 6)	1,518,514	1,486,526
Housing	242,050	221,578
Amortization of deferred capital contributions (Note 7)	419,762	434,869
	<u>4,250,715</u>	<u>3,747,973</u>
<b>Expenses</b>		
Administration	103,739	69,989
Amortization of capital assets	463,859	477,943
Bad debt	4,328	4,928
Building services and maintenance	282,920	247,375
Drop in	27,765	33,029
Food services	378,160	334,735
Fundraising	236,140	157,583
Insurance	29,754	29,342
Minor equipment	6,936	1,099
Professional fees	62,821	30,768
Programs	8,762	10,500
Recruitment and development	9,897	25,854
Transportation	8,826	11,682
Wages and benefits	2,449,586	2,156,591
	<u>4,073,493</u>	<u>3,591,418</u>
Excess of revenue over expenses from operations	<u>177,222</u>	<u>156,555</u>
<b>Other revenue</b>		
Interest	9,338	6,598
Miscellaneous	2,171	355
	<u>11,509</u>	<u>6,953</u>
Excess of revenue over expenses	<u>\$ 188,731</u>	<u>\$ 163,508</u>

See accompanying notes to the consolidated financial statements.

# Our Place Society

## Consolidated Statement of Changes in Net Assets

Year Ended March 31

2014

2013

	Invested in capital assets	Internally restricted	Unrestricted	Total	Total
Balance, beginning of year	\$ 1,889,520	\$ 365,000	\$ 184,114	\$ 2,438,634	\$ 2,275,126
Excess (deficiency) of revenue over expenses	(44,097)	-	232,828	188,731	163,508
Additions to capital assets, net of disposals and capital contributions	21,393	-	(21,393)	-	-
Amounts transferred (Note 9)	-	180,000	(180,000)	-	-
Balance, end of year	\$ 1,866,816	\$ 545,000	\$ 215,549	\$ 2,627,365	\$ 2,438,634

See accompanying notes to the consolidated financial statements.

# Our Place Society

## Consolidated Statement of Financial Position

March 31

2014

2013

### Assets

#### Current

Cash and cash equivalents	\$ 326,382	\$ 365,190
Restricted cash and cash equivalents (Note 3)	599,199	338,462
Receivables	10,615	10,027
Sales tax charitable rebate	16,068	35,253
Prepays	89,282	35,281

**1,041,546** 784,213

Restricted cash and cash equivalents (Note 3) **335,000** 275,000

Capital assets (Note 4) **11,571,377** 12,005,792

**\$ 12,947,923** \$ 13,065,005

### Liabilities

#### Current

Payables and accruals	\$ 205,548	\$ 239,256
Government remittances	4,625	5,905
Deferred revenue	16,625	16,476
Deferred contributions (Note 6)	389,199	248,462

**615,997** 510,099

Deferred capital contributions (Note 7) **9,704,561** 10,116,272

**10,320,558** 10,626,371

### Net Assets

Invested in capital assets (Note 8) **1,866,816** 1,889,520

Internally restricted (Note 9) **545,000** 365,000

Unrestricted **215,549** 184,114

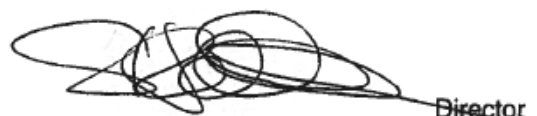
**2,627,365** 2,438,634

**\$ 12,947,923** \$ 13,065,005

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

2014

2013

Increase (decrease) in cash and cash equivalents

### Operating

Excess of revenue over expenses	\$ 188,731	\$ 163,508
Amortization of capital assets	463,859	477,943
Amortization of deferred capital contributions	<u>(419,762)</u>	<u>(434,869)</u>

232,828 206,582

Change in non-cash operating working capital

Receivables	(588)	9,111
Sales tax charitable rebate	19,185	2,671
Prepays	(54,001)	12,014
Payables and accruals	(33,708)	(46,879)
Government remittances	(1,280)	(817)
Deferred revenue	<u>149</u>	<u>16,476</u>

162,585 199,158

### Financing

Capital contributions received	8,051	33,500
Increase in deferred contributions	<u>140,737</u>	<u>13,171</u>

148,788 46,671

### Investing

Proceeds on disposal of capital assets	-	1,000
Purchase of capital assets	<u>(29,444)</u>	<u>(59,239)</u>

(29,444) (58,239)

Net increase in cash and cash equivalents

281,929 187,590

Cash and cash equivalents, beginning of year

978,652 791,062

Cash and cash equivalents, end of year

\$ 1,260,581 \$ 978,652

### Cash and cash equivalents consist of:

Cash and cash equivalents	\$ 326,382	\$ 365,190
Restricted cash and cash equivalents		
Current	599,199	338,462
Non-current	<u>335,000</u>	<u>275,000</u>

\$ 1,260,581 \$ 978,652

See accompanying notes to the consolidated financial statements



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# **Our Place Society**

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

March 31, 2014

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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 ("ASNPO").

#### **Principles of consolidation**

The 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, 2014

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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 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, 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, 2014

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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>2014</u>	<u>2013</u>
Restricted cash and cash equivalents – current		
Deferred contributions	\$ 389,199	\$ 248,462
Internally restricted for operations	<u>210,000</u>	<u>90,000</u>
	<u>\$ 599,199</u>	<u>\$ 338,462</u>
Restricted cash and cash equivalents – non-current		
Internally restricted for future capital purposes	<u>\$ 335,000</u>	<u>\$ 275,000</u>

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### 4. Capital assets

			<u>2014</u>	<u>2013</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	3,096,127	10,030,257	10,448,185
Computer equipment	157,121	85,658	71,463	64,827
Vehicles	51,431	47,190	4,241	6,059
Furniture & equipment	<u>418,503</u>	<u>353,087</u>	<u>65,416</u>	<u>86,721</u>
	<u>\$ 15,153,439</u>	<u>\$ 3,582,062</u>	<u>\$ 11,571,377</u>	<u>\$ 12,005,792</u>

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# Our Place Society

## Notes to the Consolidated Financial Statements

March 31, 2014

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### 5. Donations

Donations include donations in-kind of goods and services with a fair value of \$73,984 (2013: \$33,986).

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 31,838 hours (2013: 25,845) 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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### 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	\$ 54,786	\$ 800,488	\$ 675,488	\$ 179,786
B.C. Gaming Policy and Enforcement Branch	100,000	100,000	100,000	100,000
B.C. Housing	41,667	500,000	500,000	41,667
City of Victoria	6,250	25,000	25,000	6,250
Victoria Foundation	16,540	33,821	19,358	31,003
Other	29,219	199,942	198,668	30,493
	<u>\$ 248,462</u>	<u>\$ 1,659,251</u>	<u>\$ 1,518,514</u>	<u>\$ 389,199</u>

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# Our Place Society

## Notes to the Consolidated Financial Statements

March 31, 2014

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### 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 2014</u>	<u>Total 2013</u>
Balance, beginning of year	\$ 9,176,665	\$ 939,607	\$ <b>10,116,272</b>	\$ 10,517,641
Contributions received	-	8,051	<b>8,051</b>	33,500
Amounts amortized to revenue	<u>(367,067)</u>	<u>(52,695)</u>	<u><b>(419,762)</b></u>	<u>(434,869)</u>
Balance, end of year	\$ <u>8,809,598</u>	\$ <u>894,963</u>	\$ <u><b>9,704,561</b></u>	\$ <u>10,116,272</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. 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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## Our Place Society

### Notes to the Consolidated Financial Statements

March 31, 2014

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<b>8. Net assets invested in capital assets</b>	<u>2014</u>	<u>2013</u>
Capital assets	\$ 11,571,377	\$ 12,005,792
Deferred capital contributions	<u>(9,704,561)</u>	<u>(10,116,272)</u>
	<u>\$ 1,866,816</u>	<u>\$ 1,889,520</u>

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#### **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.

	<u>Operating</u>	<u>Capital</u>	<u>Total 2014</u>	<u>Total 2013</u>
Balance, beginning of year	\$ 90,000	\$ 275,000	\$ 365,000	\$ 245,000
Amounts transferred from the unrestricted fund	<u>120,000</u>	<u>60,000</u>	<u>180,000</u>	<u>120,000</u>
Balance, end of year	<u>\$ 210,000</u>	<u>\$ 335,000</u>	<u>\$ 545,000</u>	<u>\$ 365,000</u>

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