



Consolidated Financial Statements

Our Place Society

March 31, 2013

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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 statements of financial position as at March 31, 2013, March 31, 2012 and April 1, 2011, and the consolidated statements of operations, statements of changes in net assets and statements of cash flows for the years ended March 31, 2013 and March 31, 2012, 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, 2013, March, 31, 2012 and April 1, 2011, and the results of its operations and its cash flows for the years ended March 31, 2013 and March, 31, 2012 in accordance with Canadian accounting standards for not-for-profit organizations.

Victoria, Canada
XXXXXXXX, 2013


Chartered accountants

Our Place Society

Consolidated Statement of Operations

Year ended March 31	2013	2012
Revenue		
Donations and fundraising (Note 6)	\$ 1,605,000	\$ 1,413,699
Grants (Note 7)	1,486,526	1,478,575
Housing	221,578	216,517
Amortization of deferred capital contributions (Note 8)	434,869	452,130
	<u>3,747,973</u>	<u>3,560,921</u>
Expenses		
Administration	69,989	68,050
Amortization of capital assets	477,943	499,161
Bad debt	4,928	1,563
Building services and maintenance	247,375	260,347
Drop in	33,029	84,129
Food services	334,735	456,696
Fundraising	157,583	145,108
Insurance	29,342	32,069
Minor equipment	1,099	9,786
Professional fees	30,768	38,109
Programs	10,500	15,466
Recruitment and development	25,854	17,495
Transportation	11,682	8,418
Wages and benefits	2,156,591	2,251,401
	<u>3,591,418</u>	<u>3,887,798</u>
Excess (deficiency) of revenue over expenses from operations	<u>156,555</u>	<u>(326,877)</u>
Other revenue		
Gain on disposal of capital assets	-	2,616
Interest	6,598	10,008
Miscellaneous	355	11,912
	<u>6,953</u>	<u>24,536</u>
Excess (deficiency) of revenue over expenses	<u>\$ 163,508</u>	<u>\$ (302,341)</u>

See accompanying notes to the consolidated financial statements.

Our Place Society**Consolidated Statement of Changes in Net Assets**Year Ended March 31

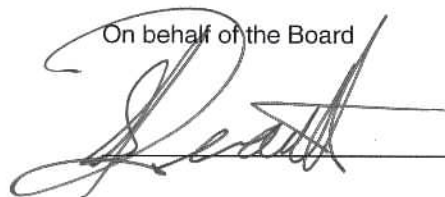
	Invested in capital assets	Internally restricted	Unrestricted	Total
Balance, April 1, 2011	\$ 1,939,983	\$ 645,000	\$ (7,516)	\$ 2,577,467
Deficiency of revenue over expenses	(32,306)	-	(270,035)	(302,341)
Additions to capital assets, net of disposals and capital contributions	178	-	(178)	-
Amounts transferred	-	(400,000)	400,000	-
Balance, March 31, 2012	1,907,855	245,000	122,271	2,275,126
Excess (deficiency) of revenue over expenses	(43,074)	-	206,582	163,508
Additions to capital assets, net of disposals and capital contributions	24,739	-	(24,739)	-
Amounts transferred (Note 10)	-	120,000	(120,000)	-
Balance, March 31, 2013	\$ 1,889,520	\$ 365,000	\$ 184,114	\$ 2,438,634

See accompanying notes to the consolidated financial statements.

Our Place Society

Consolidated Statement of Financial Position

March 31	2013	2012	April 1 2011 (Note 3)
Assets			
Current			
Cash and cash equivalents	\$ 365,190	\$ 310,771	\$ 220,135
Restricted cash and cash equivalents (Note 4)	338,462	235,291	795,514
Receivables	10,027	19,138	6,809
Sales tax charitable rebate	35,253	37,924	28,378
Prepays	35,281	47,295	79,647
	<u>784,213</u>	<u>650,419</u>	<u>1,130,483</u>
Restricted cash and cash equivalents (Note 4)	275,000	245,000	245,000
Capital assets (Note 5)	<u>12,005,792</u>	<u>12,425,496</u>	<u>12,920,237</u>
	<u>\$ 13,065,005</u>	<u>\$ 13,320,915</u>	<u>\$ 14,295,720</u>
Liabilities			
Current			
Payables and accruals	\$ 239,256	\$ 286,135	\$ 333,363
Government remittances	5,905	6,722	5,359
Deferred revenue	16,476	-	15,871
Deferred contributions (Note 7)	<u>248,462</u>	<u>235,291</u>	<u>395,514</u>
	<u>510,099</u>	<u>528,148</u>	<u>750,107</u>
Deferred capital contributions (Note 8)	<u>10,116,272</u>	<u>10,517,641</u>	<u>10,968,146</u>
	<u>10,626,371</u>	<u>11,045,789</u>	<u>11,718,253</u>
Net Assets			
Invested in capital assets (Note 9)	1,889,520	1,907,855	1,939,983
Internally restricted (Note 10)	365,000	245,000	645,000
Unrestricted	<u>184,114</u>	<u>122,271</u>	<u>(7,516)</u>
	<u>2,438,634</u>	<u>2,275,126</u>	<u>2,577,467</u>
	<u>\$ 13,065,005</u>	<u>\$ 13,320,915</u>	<u>\$ 14,295,720</u>

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

2013

2012

Increase (decrease) in cash and cash equivalents

Operating

Excess (deficiency) of revenue over expenses	\$ 163,508	\$ (302,341)
Amortization of capital assets	477,943	499,161
Amortization of deferred capital contributions	(434,869)	(452,130)
Gain on disposal of capital assets	-	(2,616)

206,582 (257,926)

Change in non-cash operating working capital

Receivables	9,111	(12,329)
Sales tax charitable rebate	2,671	(9,546)
Prepays	12,014	32,352
Payables and accruals	(46,879)	(47,228)
Government remittances	(817)	1,362
Deferred revenue	16,476	(15,871)

199,158 (309,186)

Financing

Capital contributions received	33,500	1,625
Increase (decrease) in deferred contributions	13,171	(160,223)

46,671 (158,598)

Investing

Proceeds on disposal of capital assets	1,000	10,000
Purchase of capital assets	(59,239)	(11,803)

(58,239) (1,803)

Net increase (decrease) in cash and cash equivalents 187,590 (469,587)

Cash and cash equivalents, beginning of year 791,062 1,260,649

Cash and cash equivalents, end of year \$ 978,652 \$ 791,062

Cash and cash equivalents consist of:

Cash and cash equivalents	\$ 365,190	\$ 310,771
Restricted cash and cash equivalents		
– current	338,462	235,291
– non-current	275,000	245,000
	\$ 978,652	\$ 791,062

See accompanying notes to the consolidated financial statements

Our Place Society

Notes to the Consolidated 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

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.

Our Place Society

Notes to the Consolidated Financial Statements

March 31, 2012

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.

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

Our Place Society

Notes to the Consolidated Financial Statements

March 31, 2012

2. Summary of significant accounting policies (continued)

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. Impact of the change in the basis of accounting

These consolidated financial statements are the first financial statements for which the Society has applied ASNPO. The consolidated financial statements for the year ended March 31, 2013 were prepared in accordance with ASNPO. Comparative period information presented for the year ended March 31, 2012 and the opening consolidated statement of financial position as at April 1, 2011 were prepared in accordance with ASNPO and the provisions set out in Section 1501 *First-time adoption by not-for-profit organizations*.

The date of transition to ASNPO is April 1, 2011. The Society's transition from Canadian generally accepted accounting policies ("previous GAAP") to ASNPO had no significant impact on the opening net assets as at April 1, 2011 or the consolidated statement of operations or the consolidated statement of cash flows for the year ended March 31, 2012.

As a result, although the consolidated statement of financial position as at April 1, 2011 has been provided, the reconciliations and disclosures required by Section 1501, for the net assets at the transition date, the comparative period deficiency of revenue over expenses and the statement of cash flows are not necessary and have not been presented in these financial statement notes.

4. 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>2013</u>	<u>2012</u>	<u>April 1 2011</u>
Restricted cash and cash equivalents – current			
Deferred contributions	\$ 248,462	\$ 235,291	\$ 395,514
Internally restricted for operations	<u>90,000</u>	<u>-</u>	<u>400,000</u>
	<u>\$ 338,462</u>	<u>\$ 235,291</u>	<u>\$ 795,514</u>
Restricted cash and cash equivalents – non-current			
Internally restricted for future capital purposes	<u>\$ 275,000</u>	<u>\$ 245,000</u>	<u>\$ 245,000</u>

Our Place Society

Notes to the Consolidated Financial Statements

March 31, 2012

5. Capital assets

March 31, 2013	<u>Cost</u>	<u>Accumulated amortization</u>	<u>Net book value</u>
Land	\$ 1,400,000	\$ -	\$ 1,400,000
Building	13,126,384	2,678,199	10,448,185
Computer equipment	127,676	62,849	64,827
Vehicles	51,431	45,372	6,059
Furniture and equipment	<u>418,503</u>	<u>331,782</u>	<u>86,721</u>
	<u>\$ 15,123,994</u>	<u>\$ 3,118,202</u>	<u>\$ 12,005,792</u>

March 31, 2012	<u>Cost</u>	<u>Accumulated amortization</u>	<u>Net book value</u>
Land	\$ 1,400,000	\$ -	\$ 1,400,000
Building	13,126,384	2,242,859	10,883,525
Computer equipment	74,275	50,140	24,135
Vehicles	51,431	42,777	8,654
Furniture and equipment	<u>413,666</u>	<u>304,484</u>	<u>109,182</u>
	<u>\$ 15,065,756</u>	<u>\$ 2,640,260</u>	<u>\$ 12,425,496</u>

April 1, 2011	<u>Cost</u>	<u>Accumulated amortization</u>	<u>Net book value</u>
Land	\$ 1,400,000	\$ -	\$ 1,400,000
Building	13,126,384	1,789,379	11,337,005
Computer equipment	73,141	43,295	29,846
Vehicles	76,759	57,012	19,747
Furniture and equipment	<u>402,997</u>	<u>269,358</u>	<u>133,639</u>
	<u>\$ 15,079,281</u>	<u>\$ 2,159,044</u>	<u>\$ 12,920,237</u>

6. Donations

Donations include donations in-kind of goods and services with a fair value of \$33,986 (2012: \$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 25,845 (2012: 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.

Our Place Society

Notes to the Consolidated Financial Statements

March 31, 2012

7. 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>
Year ended March 31, 2013:				
Vancouver Island Health Authority	\$ 69,558	\$ 708,542	\$ 723,314	\$ 54,786
B.C. Gaming Policy and Enforcement Branch	100,000	100,000	100,000	100,000
B.C. Housing	41,667	522,495	522,495	41,667
City of Victoria	-	25,000	18,750	6,250
United Way	4,245	12,755	17,000	-
Victoria Foundation	-	49,608	33,068	16,540
Other	19,821	81,297	71,899	29,219
	<u>\$ 235,291</u>	<u>\$ 1,499,697</u>	<u>\$ 1,486,526</u>	<u>\$ 248,462</u>

	<u>Opening Balance</u>	<u>Received during Year</u>	<u>Recognized as Revenue</u>	<u>Ending Balance</u>
Year ended March 31, 2012:				
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	-	21,745	17,500	4,245
Other	17,800	54,545	52,524	19,821
	<u>\$ 395,514</u>	<u>\$ 1,318,352</u>	<u>\$ 1,478,575</u>	<u>\$ 235,291</u>

Our Place Society

Notes to the Consolidated Financial Statements

March 31, 2012

8. 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</u>
Balance, April 1, 2011	\$ 9,955,626	\$ 1,012,520	\$ 10,968,146
Contributions received	1,625	-	1,625
Amounts amortized to revenue	<u>(398,225)</u>	<u>(53,905)</u>	<u>(452,130)</u>
Balance, March 31, 2012	9,559,026	958,615	10,517,641
Contributions received	-	33,500	33,500
Amounts amortized to revenue	<u>(382,361)</u>	<u>(52,508)</u>	<u>(434,869)</u>
Balance, March 31, 2013	\$ <u>9,176,665</u>	\$ <u>939,607</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.

Our Place Society

Notes to the Consolidated Financial Statements

March 31, 2012

9. Net assets invested in capital assets

	<u>2013</u>	<u>2012</u>	<u>April 1 2011</u>
Capital assets	\$ 12,005,792	\$ 12,425,496	\$ 12,920,237
Less:			
Payables and accruals	-	-	12,108
Deferred capital contributions	<u>10,116,272</u>	<u>10,517,641</u>	<u>10,968,146</u>
	<u>\$ 1,889,520</u>	<u>\$ 1,907,855</u>	<u>\$ 1,939,983</u>

10. Restrictions on 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</u>
Balance, April 1, 2011	\$ 400,000	\$ 245,000	\$ 645,000
Amounts transferred to the unrestricted fund	<u>(400,000)</u>	<u>-</u>	<u>(400,000)</u>
Balance, March 31, 2012	-	245,000	245,000
Amounts transferred from the unrestricted fund	<u>90,000</u>	<u>30,000</u>	<u>120,000</u>
Balance, March 31, 2013	<u>\$ 90,000</u>	<u>\$ 275,000</u>	<u>\$ 365,000</u>
