

Sunshine Coast Community Services Society
Financial Statements
For the year ended March 31, 2014

Sunshine Coast Community Services Society
Financial Statements
For the year ended March 31, 2014

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Independent Auditor's Report

To the Members of Sunshine Coast Community Services Society

We have audited the accompanying financial statements of Sunshine Coast Community Services Society which comprise the Statements of Financial Position as at March 31, 2014, and the Statements of Operations and Changes in Net Assets and Cash Flows for the year ended and 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 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's 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 auditor's 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 audit opinion.

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of Sunshine Coast Community Services Society as at March 31, 2014, the results of its operations and cash flows for the year ended are in accordance with Canadian accounting standards for not-for-profit organizations.



Chartered Accountants

Vancouver, British Columbia
June 16, 2014

Sunshine Coast Community Services Society Statement of Financial Position

	Operating Fund	Capital Asset Fund	Reserve Fund	March 31 2014	March 31 2013
Assets					
Current					
Cash (Note 2)	\$ 280,546	\$ 41,558	\$ 593,737	\$ 915,841	\$ 954,379
Short-term investments (Note 2)	-	-	23,748	23,748	15,255
Accounts and grants receivable (Note 3)	122,931	-	-	122,931	87,307
GST/HST recoverable	72,874	-	-	72,874	60,286
Prepaid expenses	30,013	-	-	30,013	38,262
	506,364	41,558	617,485	1,165,407	1,155,489
Property and equipment (Note 4)	-	1,720,809	-	1,720,809	1,767,178
Property under capital lease (Note 4)	-	484,176	-	484,176	495,704
Investments (Note 2)	-	-	-	-	-
	\$ 506,364	\$ 2,246,543	\$ 617,485	\$ 3,370,392	\$ 3,418,371
Liabilities and Net Assets					
Liabilities					
Current					
Accounts payable and accrued liabilities	\$ 102,878	\$ 1,493	\$ -	\$ 104,371	\$ 125,407
Accrued payroll liabilities	316,486	-	-	316,486	264,997
Unearned revenue (Note 7)	109,219	-	-	109,219	100,207
Current portion of long-term debt (Note 5)	-	455,484	-	455,484	449,462
Current portion of capital lease payable (Note 6)	-	13,885	-	13,885	13,231
	528,583	470,862	-	999,445	953,304
Long-term debt (Note 5)	-	394,874	-	394,874	440,420
Capital lease payable (Note 6)	-	321,487	-	321,487	335,591
	528,583	1,187,223	-	1,715,806	1,729,315
Net Assets					
Externally restricted (Note 9)	-	-	109,971	109,971	97,447
Internally restricted (Note 9)	-	41,558	507,514	549,072	474,816
Invested in property & equipment	-	1,017,762	-	1,017,762	1,022,685
Unrestricted	(22,219)	-	-	(22,219)	94,108
	(22,219)	1,059,320	617,485	1,654,586	1,689,056
	\$ 506,364	\$ 2,246,543	\$ 617,485	\$ 3,370,392	\$ 3,418,371

Approved on behalf of the board:

_____ Administrator _____ Director

Sunshine Coast Community Services Society Statement of Operations and Changes in Net Assets

For the year ended March 31	Operating Fund	Capital Asset Fund	Reserve Fund	2014	2013
Revenue					
Provincial grants	\$2,446,622	\$ -	\$ -	\$2,446,622	\$ 2,447,550
Federal grants	40,000	-	-	40,000	49,118
Fees for service	7,269	-	-	7,269	-
Donations	319,736	-	-	319,736	326,952
Fundraising for projects	15,746	-	-	15,746	5,944
Rental income	63,480	-	-	63,480	63,086
Federal and provincial housing grants (Note 8)	804,378	-	-	804,378	776,090
Local government	212,028	-	-	212,028	214,583
Other revenues	86,717	-	2,496	89,213	81,530
School District #46	48,857	-	-	48,857	68,795
Grants from other charities and societies	417,304	-	-	417,304	308,792
Interest earned	12,657	-	-	12,657	15,744
Sales	152,719	-	-	152,719	201,719
	4,627,513	-	2,496	4,630,009	4,559,903
Expenses					
Advertising and publicity	20,175	-	-	20,175	24,935
Amortization	-	71,710	-	71,710	72,796
Audit and legal	28,337	-	-	28,337	29,399
Bank charges and interest	4,632	-	-	4,632	3,550
Capital lease interest	-	16,406	-	16,406	16,666
Cost of goods sold	37,785	-	-	37,785	43,120
Fundraising	9,990	-	-	9,990	15,534
Honorarium and consulting	78,431	-	-	78,431	42,348
Insurance	49,881	-	-	49,881	42,445
Maintenance	100,618	-	-	100,618	60,622
Long-term debt interest	-	36,520	-	36,520	44,100
Office expense	78,747	-	-	78,747	70,270
Program expense	761,339	-	-	761,339	770,823
Property tax	17,235	-	-	17,235	16,067
Salaries and wages	3,068,766	-	-	3,068,766	2,924,836
Staff and board development	33,261	-	-	33,261	26,713
Telephone	74,336	-	-	74,336	73,196
Travel	88,340	-	-	88,340	93,201
Utilities and rent	87,970	-	-	87,970	78,165
	4,539,843	124,636	-	4,664,479	4,448,786
Excess (deficiency) of revenue over expenses	87,670	(124,636)	2,496	(34,470)	111,117
Fund transfers:					
Property & equipment acquired	(13,813)	13,813	-	-	-
Long-term debt	(76,044)	76,044	-	-	-
Capital lease payments	(29,856)	29,856	-	-	-
	(32,043)	(4,923)	2,496	(34,470)	111,117
Replacement reserve provision and deposits (Note 9)	(29,898)	-	29,898	-	-
Reserve receipts, net of withdrawals (Note 9)	(54,386)	-	54,386	-	-
Addition (reduction) in funds balance	(116,327)	(4,923)	86,780	(34,470)	111,117
Fund balances, beginning of year	94,108	1,064,243	530,705	1,689,056	1,577,939
Fund balances, end of year	\$ (22,219)	\$1,059,320	\$ 617,485	\$1,654,586	\$ 1,689,056

The accompanying notes are an integral part of these financial statements.

Sunshine Coast Community Services Society
Statement of Cash Flows

For the year ended March 31 2014 2013

Cash provided by (used in)

Operating activities

Excess of revenue over expenses for the year	\$	(34,470)	\$	111,117
Item not involving cash				
Amortization of property and equipment		71,710		72,796
Changes in non-cash operating capital				
Accounts and grants receivable		(35,624)		11,302
GST/HST recoverable		(12,588)		(33,260)
Prepaid expenses		8,249		(7,009)
Accounts payable and accrued liabilities		(21,036)		(39,549)
Accrued payroll liabilities		51,489		(47,621)
Unearned revenue		9,012		(32,820)
		36,742		34,956

Financing and investing activities

Principal payments on long-term debt	(39,524)		(103,229)
Principal payments on capital lease payable	(13,450)		(12,823)
Purchase of property and equipment	(13,813)		(40,000)
	(66,787)		(156,052)

Increase (decrease) in cash and cash equivalents during the year	(30,045)		(121,096)
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Cash and cash equivalents, beginning of year	969,634		1,090,730
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Cash and cash equivalents, end of year	\$ 939,589		\$ 969,634
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Cash and cash equivalents is comprised of:

Cash	\$ 915,841		\$ 954,379
Short-term investments	23,748		15,255
	\$ 939,589		\$ 969,634

Sunshine Coast Community Services Society

Notes to the Financial Statements

March 31, 2014

1. Significant Accounting Policies

(a) Nature and Purpose of Organization

Sunshine Coast Community Services Society (the "Society") is a society that delivers community based programs under contract with the Federal, Provincial and Municipal governments. The Society is incorporated under the Canada Corporations Act as a not-for-profit organization and is a registered charity under the Income Tax Act.

(b) Fund Accounting

The Society maintains its accounts in accordance with the principles of fund accounting. The Society follows the restricted fund method of accounting in which restricted contributions made to funds other than the Operating Fund are recognized when collectibility is assured. Restricted contributions to the Operating Fund are deferred and recognized when related expenditures are made.

Resources are classified for accounting and reporting purposes into funds according to the activity or objective specified.

- (i) The Operating Fund reflects assets, liabilities, revenues and expenditures relating to the general operations of the Society. Included are contributions to the capital fund to purchase property and equipment and to make lease and long-term debt payments.
- (ii) The Capital Assets Fund reports the assets, liabilities, revenues and expenses related to the society's property and equipment and building expenditures. The property and equipment are recorded at cost.
- (iii) The Reserve Fund reports unrestricted resources and restricted operating grants.

(c) Revenue Recognition

Revenues are recognized as it is earned in accordance with the following:

- Restricted contributions such as provincial grants, federal grants, federal and provincial housing grants, and grants from other charities and societies are deferred and recognized as revenue in the year in which the related expenses occur.
- Unrestricted contributions such as donations and fundraising for projects are recognized as revenue when cash is received.
- Sales, rental income and other revenues are recognized as revenue in the year earned.
- Local government and School District #46 and interest revenue are recognized on an accrual basis.

Sunshine Coast Community Services Society
Notes to the Financial Statements

March 31, 2014

1. Significant Accounting Policies (Continued)

(d) Contributed Goods and Services

The Society receives contributed goods and voluntary services and services in kind. Where the value of the good or service cannot be readily determined, it is not recognized in the financial statements.

(e) Property and Equipment

Purchased property and equipment are recorded at cost. Contributed property and equipment are recorded at fair market value at the date of contribution when such value can be reliably estimated. Amortization of property and equipment is recorded on a declining balance basis at the following rates:

Buildings	4%
Equipment	20%
Furniture and fixtures	20%
Portable Buildings	20%
Software	100%
Vehicles	30%
Leasehold improvements	straight-line over life of the lease up to 10 years

Amortization expense is reported in the Capital Asset Fund.

(f) Assets Under Capital Lease

Assets under capital lease are recorded at the present value of the minimum lease payments at the inception of the lease.

(g) Financial Instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, equities traded in an active market and derivatives are reported at fair value, with any unrealized gains and losses reported in operations. In addition, all bonds and guaranteed investment certificates have been designated to be in the fair value category, with gains and losses reported in operations. All other financial instruments are reported at cost or amortized cost less impairment, if applicable. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items remeasured at fair value at each statement of financial position date and charged to the financial instrument for those measured at amortized cost.

Sunshine Coast Community Services Society
Notes to the Financial Statements

March 31, 2014

1. Significant Accounting Policies (Continued)

(h) Use of Estimates

The preparation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets, particularly useful lives of property and equipment for calculating amortization and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

2. Cash and Investments

	March 31 2014			March 31 2013	
	Operating Fund Market Value	Capital Asset Fund Market Value	Reserve Fund Market Value	Total Market Value	Total Market Value
Cash and short-term investments	\$ 280,546	\$ 41,558	\$ 617,485	\$ 939,589	\$ 969,634

3. Accounts and Grants Receivable

	March 31 2014		March 31 2013	
Municipal and other sources	\$ 122,481		\$ 87,307	
Employee advances	450		-	
	\$ 122,931		\$ 87,307	

Sunshine Coast Community Services Society
Notes to the Financial Statements

March 31, 2014

4. Property and Equipment

	March 31 2014		March 31 2013	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	\$ 792,921	\$ -	\$ 792,921	\$ 792,921
Buildings	1,329,535	476,508	853,027	892,228
Equipment	189,080	170,963	18,117	22,646
Furniture and fixtures	74,248	70,615	3,633	4,298
Leasehold improvements	60,658	38,880	21,778	25,621
Portable buildings	49,450	19,366	30,084	27,679
Software	23,768	23,768	-	-
Vehicle	3,000	1,751	1,249	1,785
	\$ 2,522,660	\$ 801,851	\$ 1,720,809	\$1,767,178
Property under capital lease	\$ 691,680	\$ 207,504	\$ 484,176	\$ 495,704

5. Long-Term Debt

	March 31 2014		March 31 2013	
Sunshine Coast Credit Union - Trail Avenue				
Mortgage payable at \$927 bi-weekly with principal and interest at 4.50%. Collateralized by first mortgage on Trail Avenue and assignment of rents. Next mortgage renewal is October 20, 2014.	\$ 221,158		\$ 235,101	
Sunshine Coast Credit Union- Farnham Road				
Mortgage payable at \$895 bi-weekly with principal and interest at 4.5%. Collateralized by first mortgage on Inlet, Lamprey Lane and assignment of rents. Next mortgage renewal is April 14, 2015.	220,006		233,198	
Sunshine Coast Credit Union - North Road				
Mortgage payable at \$2,361 per month with principal and interest at 3.9%. Collateralized by first mortgage on North Road and assignment of rents. Next mortgage renewal is April 30, 2016.	409,194		421,583	
	850,358		889,882	
Less: current portion	(455,484)		(449,462)	
	\$ 394,874		\$ 440,420	

Sunshine Coast Community Services Society
Notes to the Financial Statements

March 31, 2014

5. Long-Term Debt (Continued)

Annual principal repayments for the next five years are as follows:

2015		\$	453,652
2016			13,093
2017			383,613
			383,613
		\$	850,358

6. Capital Lease

The Society has entered into a 60 year lease held by BC Housing Management Corporation ("BCHMC") for the Thyme Housing Program. The lease has an interest rate of 4.84% per annum, compounded monthly with a maturity date of May 1, 2015, renewable every 10 years. The leased asset is amortized over its useful life of 60 years.

	March 31 2014	March 31 2013
Obligations under capital lease	\$ 335,372	\$ 348,822
Less: amounts due within one year included in current liabilities	(13,885)	(13,231)
	\$ 321,487	\$ 335,591

The future minimum lease payments for the next five years and thereafter are as follows:

2015		\$	29,856
2016			325,333
			355,189
Less imputed interest at 4.84%			(19,817)
		\$	335,372

During the year, the interest expense on capital leases totaled \$16,406 (2013 - \$16,666).

The Society has entered into an operating agreement with BCHMC with a renewable term of one year, that will provide a non-repayable subsidy to cover the building operating costs under the Thyme Housing Program.

Sunshine Coast Community Services Society
Notes to the Financial Statements

March 31, 2014

7. Unearned Revenue

	March 31 2014	March 31 2013
Grants received in advance	\$ 104,069	\$ 97,867
Rent received in advance	5,151	2,340
	\$ 109,220	\$ 100,207

8. Subsidy Adjustment

BCHMC conducts an annual review of the financial statements for specific rental projects and may adjust an operating surplus or deficit. Prior years' funding adjustments are recognized in the fiscal year in which they are determined.

9. Restricted Funds

Under the terms of the agreements with BCHMC, the Replacement Reserve accounts for Transition House, Thyme 2nd Stage and Legacy Housing are to be credited in the amount determined by the budget provision per annum plus interest earned. These funds along with the accumulated interest must be held in a separate bank account and invested only in accounts or instruments covered under specific insurance.

	April 1 2013 Balance	Replacement Reserve	Receipts	Interest Earned	Withdrawal	March 31 2014 Balance
Externally Restricted						
Transition house	\$ 27,441	\$ 2,000	\$ -	\$ -	\$ -	\$ 29,441
Thyme 2nd stage	48,553	19,128	-	-	(17,374)	50,307
Legacy housing	21,453	8,670	-	-	-	30,123
Vicki Dobbyn Bursary	-	100	-	-	-	100
	97,447	29,898	-	-	(17,374)	109,971
Internally Restricted						
Inlet Avenue	29,494	-	12,000	-	-	41,494
Operating	298,133	-	19,732	-	(52,361)	265,504
Designated	32,068	-	94,830	-	(22,780)	104,118
Food Bank	72,422	-	21,973	-	-	94,395
Innovation	1,141	-	862	-	-	2,003
Unspent debt	41,558	-	-	-	-	41,558
	474,816	-	149,397	-	(75,141)	549,072
	\$ 572,263	\$ 29,898	\$ 149,397	\$ -	\$ (92,515)	\$ 659,043

Sunshine Coast Community Services Society Notes to the Financial Statements

March 31, 2014

10. Pension Plan

During fiscal 2010, the Society and its employees began to contribute to the Municipal Pension Plan (the "Plan"), a jointly-trusted pension plan. The Plan's Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the Plan, including investment of the assets and administration of the benefits. The pension plan is a multi-employer contributory pension plan. Basic pension benefits provided are defined. The plan has about 179,000 active members and approximately 71,000 retired members. Active members include approximately 50 contributors from the Society

Every three years an actuarial valuation is performed to assess the financial position of the Plan and the adequacy of Plan funding. The most recent valuation as at December 31, 2012 indicates an unfunded liability of \$1,370 million for basic pension benefits. The next valuation will be as at December 31, 2015 with results available in 2016. The actuary does not attribute portions of the unfunded liability to individual employers. The Society and its employees contributed \$303,174 towards the plan in the year ended March 31, 2014 (2013 - \$277,236).

11. Financial Instrument Risks

The Society, through its financial assets and liabilities, is exposed to various risks. The following provides a description of those risks at March 31, 2014:

(a) Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Financial instruments that potentially subject the Society to significant concentrations of credit risk consist primarily of cash and cash equivalents and accounts receivable.

(b) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Investments held by the Society mainly bear interest at fixed rates thus exposing it to the risk of changes in fair value arising from interest rate fluctuations.

(d) Liquidity Risk

Liquidity risk is the risk that the Society encounters difficulty in meeting its obligations associated with financial liabilities. The Society maintains adequate levels of working capital to ensure all its obligations can be met when they fall due.

Sunshine Coast Community Services Society
Notes to the Financial Statements

March 31, 2014

11. Financial Instrument Risks (Continued)

(e) Market Risk

Market risk is the risk that the value of an investment will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual investment, or factors affecting all securities traded in the market. The Society has an investment policy that restricts the types and amounts of eligible investments and requires dealing with highly-rated counterparties. The Society did not hold any asset-backed commercial paper during the year.

12. Subsequent Events

In June 2014, the Society offered to purchase property at 5782 Cowrie Street for \$429,000 from a third party. The purchase agreement has not been signed and is subject to final decision by the Board of Directors.