

Sunshine Coast Community Services Society
Financial Statements
For the year ended March 31, 2011

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Financial Statements
For the year ended March 31, 2011

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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 Statement of Financial Position as at March 31, 2011, and the Statements of Operations and 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 Consolidated 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.

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, 2011 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Chartered Accountants

Vancouver, British Columbia
June 16, 2011

Sunshine Coast Community Services Society Statement of Financial Position

March 31	Operating Fund	Capital Asset Fund	Reserve Fund	2011	2010
Assets					
Current					
Cash (Note 1)	\$ 360,177	\$ 41,558	\$ 413,662	\$ 815,397	\$ 546,508
Short-term investments (Note 1)	-	-	2,574	2,574	29,605
Accounts and grants receivable (Note 2)	162,850	-	-	162,850	132,644
GST/HST recoverable	38,312	-	-	38,312	7,841
Prepaid expenses	27,411	-	-	27,411	26,340
	588,750	41,558	416,236	1,046,544	742,938
Property and equipment (Note 3)	-	1,789,004	-	1,789,004	1,429,223
Property under capital lease (Note 3)	-	518,760	-	518,760	530,288
Investments (Note 1)	115,318	-	-	115,318	112,498
	\$ 704,068	\$ 2,349,322	\$ 416,236	\$ 3,469,626	\$ 2,814,947
Liabilities and Net Assets					
Liabilities					
Current					
Accounts payable and accrued liabilities	\$ 87,867	\$ 1,491	\$ -	\$ 89,358	\$ 123,972
Accrued payroll liabilities	315,967	-	-	315,967	219,095
Unearned revenue (Note 6)	176,177	-	-	176,177	122,687
Current portion of long-term debt (Note 4)	-	352,709	-	352,709	23,919
Current portion of capital lease payable (Note 5)	-	12,014	-	12,014	11,448
	580,011	366,214	-	946,225	501,121
Long-term debt (Note 4)	-	676,385	-	676,385	587,716
Capital lease payable (Note 5)	-	361,856	-	361,856	374,076
	580,011	1,404,455	-	1,984,466	1,462,913
Net Assets					
Externally restricted (Note 8)	-	-	69,413	69,413	57,348
Internally restricted (Note 8)	-	41,558	346,823	388,381	325,477
Invested in property & equipment	-	903,309	-	903,309	960,784
Unrestricted	124,057	-	-	124,057	8,425
	124,057	944,867	416,236	1,485,160	1,352,034
	\$ 704,068	\$ 2,349,322	\$ 416,236	\$ 3,469,626	\$ 2,814,947

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	2011	2010
Revenue					
Provincial grants	\$ 2,372,010	\$ -	-	\$ 2,372,010	\$ 2,788,345
Federal grants	142,376	-	-	142,376	46,215
Donations	216,821	-	-	216,821	232,592
Fundraising for projects	37,089	-	-	37,089	34,318
Rental income	44,374	-	-	44,374	31,027
Federal and provincial housing grants (Note 7)	1,125,015	-	-	1,125,015	171,575
Local government	127,848	-	-	127,848	139,040
Other revenues	124,197	-	-	124,197	85,805
School District #46	70,347	-	-	70,347	56,643
Grants from other charities and societies	176,584	-	-	176,584	213,882
Interest earned	15,683	-	121	15,804	10,226
Sales	141,451	-	-	141,451	20,050
	4,593,795	-	121	4,593,916	3,829,718
Expenses					
Advertising and publicity	9,527	-	-	9,527	13,255
Amortization	-	60,100	-	60,100	60,208
Audit and legal	30,954	-	-	30,954	25,054
Bank charges and interest	2,156	-	-	2,156	1,231
Capital lease interest	-	18,202	-	18,202	18,745
Cost of goods sold	18,783	-	-	18,783	20,588
Fundraising	13,918	-	-	13,918	13,196
Honorarium and consulting	28,584	-	-	28,584	33,241
Insurance	38,564	-	-	38,564	37,233
Maintenance	66,859	-	-	66,859	34,513
Long-term debt interest	-	57,915	-	57,915	39,031
Office expense	68,614	-	-	68,614	72,637
Program expense	1,125,570	-	-	1,125,570	686,522
Property tax	13,744	-	-	13,744	8,444
Salaries and wages	2,640,498	-	-	2,640,498	2,463,292
Staff and board development	31,921	-	-	31,921	37,195
Telephone	59,130	-	-	59,130	53,740
Travel	97,111	-	-	97,111	97,943
Utilities and rent	78,640	-	-	78,640	58,043
	4,324,573	136,217	-	4,460,790	3,774,111
Excess (deficiency) of revenue over expenses	269,222	(136,217)	121	133,126	55,607
Fund transfers:					
Long-term debt and accounts payable payments	(90,444)	90,444	-	-	-
Capital lease payments	(29,856)	29,856	-	-	-
	148,922	(15,917)	121	133,126	55,607
Replacement reserve provision and deposits (Note 8)	(40,476)	-	40,476	-	-
Reserve receipts, net of withdrawals (Note 8)	7,186	-	(7,186)	-	-
Addition (reduction) in funds balance	115,632	(15,917)	33,411	133,126	55,607
Fund balances, beginning of year	8,425	960,784	382,825	1,352,034	1,296,427
Fund balance, end of year	\$ 124,057	\$ 944,867	\$ 416,236	\$ 1,485,160	\$ 1,352,034

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

Sunshine Coast Community Services Society
Statement of Cash Flows

For the year ended March 31	2011	2010
Cash provided by (used in)		
Operating activities		
Excess of revenue over expenses for the year	\$ 133,126	\$ 55,607
Items not involving cash		
Amortization of property and equipment	60,100	60,208
Changes in non-cash operating capital		
Accounts and grants receivable	(30,206)	(74,226)
GST/HST recoverable	(30,471)	16
Prepaid expenses	(1,071)	898
Accounts payable and accrued liabilities	(34,614)	65,252
Accrued payroll liabilities	96,872	46,374
Unearned revenue	53,490	34,406
	<u>247,226</u>	<u>188,535</u>
Financing and investing activities		
Proceeds from long-term debt	450,000	-
Principal payments on long-term debt	(32,452)	(23,030)
Principal payments on capital lease payable	(11,654)	(11,111)
Purchase of property and equipment	(408,442)	(20,410)
Investments sold (acquired)	(2,820)	43,682
	<u>(5,368)</u>	<u>(10,869)</u>
Increase in cash and cash equivalents during the year	241,858	177,666
Cash and cash equivalents, beginning of year	576,113	398,447
Cash and cash equivalents, end of year	\$ 817,971	\$ 576,113
Cash and cash equivalents		
Cash	\$ 815,397	\$ 546,508
Short-term investments	2,574	29,605
	<u>\$ 817,971</u>	<u>\$ 576,113</u>

Sunshine Coast Community Services Society

Summary of Significant Accounting Policies

March 31, 2011

General	<p>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.</p>
Fund Accounting	<p>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.</p> <p>Resources are classified for accounting and reporting purposes into funds according to the activity or objective specified.</p> <p>(a) 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.</p> <p>(b) 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.</p> <p>(c) The Reserve Fund reports unrestricted resources and restricted operating grants.</p>
Revenue Recognition	<p>Revenues are recognized as it is earned in accordance with the following:</p> <ul style="list-style-type: none">- Restricted contributions such as Provincial grants, federal grants, federal and provincial housing grants, grants from other charities and societies are deferred and recognized as revenue in the year in which the related expense occurs.- 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 Summary of Significant Accounting Policies

March 31, 2011

Contributed Goods and Services

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

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 estimated reliably. 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.

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.

Financial Instruments

The Society's financial instruments consist of cash, short-term investments, accounts and grants receivable, investments, accounts payable and accrued liabilities, accrued payroll liabilities, and long-term debt. These financial instruments are accounted for as follows:

Held-for-trading

The Society has designated the following financial assets as held-for-trading: cash, short-term investments and investments. These instruments are recognized at their fair value, determined by published price quotations in an active market. Transactions to purchase or sell these items are recorded on the settlement date, and transaction costs are immediately recognized in income. Net gains and losses arising from changes in fair value are recognized immediately in income.

Sunshine Coast Community Services Society Summary of Significant Accounting Policies

March 31, 2011

Financial Instruments (Continued)

Loans and receivables

The Society has classified accounts and grants receivable as loans and receivables. These assets are initially recognized at their fair value. Fair value is approximated by the instrument's initial cost in a transaction between unrelated parties. Loans and receivables are subsequently measured at their amortized cost, using the effective interest method. Gains and losses arising from changes in fair value are recognized in net income upon derecognition or impairment. The fair value of accounts and grants receivable approximate the carrying value due to the short term nature.

Other financial liabilities

The Society has classified the following financial liabilities as other financial liabilities: accounts payable and accrued liabilities, accrued payroll liabilities, and long-term debt. These liabilities are initially recognized at their fair value. Fair value is approximated by the instrument's initial cost in a transaction between unrelated parties. Other financial liabilities are subsequently measured at their amortized cost, using the effective interest method. Gains and losses arising from changes in fair value are recognized in net income upon derecognition or impairment. The fair values of all other financial liabilities, excluding long-term debt, approximates the carrying value due to the short term nature. The fair value of the long-term debt is disclosed in Note 4.

It is management's opinion that the Society is not exposed to significant interest, currency or credit risks arising from these financial instruments.

Use of Estimates

The preparation of the financial statements in conformity with Canadian generally accepted accounting principles 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 fair market value of long term debt and investments at the date of the financial statement and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from the estimates.

Sunshine Coast Community Services Society
Notes to Financial Statements

March 31, 2011

1. Cash and Investments

				2011	2010	
	Operating Fund Market Value	Capital Fund Market Value	Asset Fund Market Value	Reserve Fund Market Value	Total Market Value	Total Market Value
Cash	\$ 360,177	41,558	\$ 416,236	\$ 817,971	\$ 576,113	
Term deposit	115,318	-	-	115,318	112,498	
	475,495	41,558	416,236	933,289	688,611	
Less cash and short term investments	360,177	41,558	416,236	817,971	576,113	
Long-term investments	\$ 115,318	-	\$ -	\$ 115,318	\$ 112,498	

The term deposit bears interest at 2.5% with maturity date March 26, 2012.

The Society's investment philosophy is to invest conservatively with highly-rated counterparties with the objective of preserving capital while earning a reasonable rate of return.

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.

Currency Risk

The Society is not exposed to currency risk as all financial instruments are denominated in Canadian dollars.

Credit and Market Risk

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.

2. Accounts and Grants Receivable

	2011	2010
Employee advances	\$ 1,000	\$ 151
Municipal and other sources	75,977	15,194
Government grants	85,873	117,299
	<u>\$ 162,850</u>	<u>\$ 132,644</u>

Sunshine Coast Community Services Society
Notes to Financial Statements

March 31, 2011

3. Property and Equipment

			2011	2010
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	\$ 792,921	\$ -	\$ 792,921	\$ 646,910
Buildings	1,254,841	368,268	886,573	659,498
Equipment	185,080	154,196	30,884	38,605
Furniture and fixtures	74,031	67,316	6,715	8,394
Leasehold improvements	55,718	13,835	41,883	46,793
Portable buildings	45,938	15,910	30,028	27,397
Software	10,172	10,172	-	1,626
	\$ 2,418,701	\$ 671,255	\$ 1,789,004	\$ 1,429,223
Property under capital lease	\$ 691,680	\$ 172,920	\$ 518,760	\$ 530,288

Sunshine Coast Community Services Society
Notes to Financial Statements

March 31, 2011

4. Long-Term Debt

	2011	2010
Sunshine Coast Credit Union - Inlet Avenue Mortgage		
Mortgage payable at \$510 bi-weekly with principal and interest at 6.25%. Collateralized by first mortgage on Inlet Avenue and assignment of rents. Next mortgage renewal is December 17, 2011. (Fair value - \$77,756)	\$ 76,037	\$ 84,357
Sunshine Coast Credit Union - Trail Avenue		
Mortgage payable at \$890 bi-weekly with principal and interest at 6.25%. Collateralized by first mortgage on Trail Avenue and assignment of rents. Next mortgage renewal is April 14, 2012. (Fair value - \$259,752)	256,094	263,267
Sunshine Coast Credit Union- Farnham Road		
Mortgage payable at \$966 bi-weekly with principal and interest at 6.25%. Collateralized by first mortgage on Inlet, Lamprey Lane and assignment of rents. Next mortgage renewal is October 20, 2011. (Fair value - \$259,488)	255,105	264,011
Sunshine Coast Credit Union - North Road		
Mortgage payable at \$1,225 bi-weekly with principal and interest at 5.15%. Collateralized by first mortgage on North Road and assignment of rents. Next mortgage renewal is April 30, 2013. (Fair value - \$446,958)	441,858	-
	1,029,094	611,635
Less current portion	(352,709)	(23,919)
	\$ 676,385	\$ 587,716

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

2012	\$ 352,709
2013	255,582
2014	420,803
	\$ 1,029,094

The fair values indicated above are based upon current mortgage rates existing at the fiscal year end for similar debt.

Sunshine Coast Community Services Society
Notes to Financial Statements

March 31, 2011

5. Capital Lease

The Society has entered into a 60 year lease held by BC Housing Management Corporation ("BCHMC") for the Thyme Housing Program. The mortgage has an interest rate of 4.84% per annum, compounded monthly with a maturity date of May 1, 2030, renewable every 10 years. The lease asset is amortized over its useful life of 60 years.

	2011	2010
Obligations under capital lease	\$ 373,870	\$ 385,524
Less amounts due within one year included in current liabilities	(12,014)	(11,448)
	\$ 361,856	\$ 374,076

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

2012	\$ 29,856
2013	29,856
2014	29,856
2015	29,856
2016	325,333
	444,757
Less imputed interest at 4.84%	(70,887)
	\$ 373,870

During the year, the interest expense on capital leases totaled \$18,202 (2010 - \$18,745).

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 Financial Statements

March 31, 2011

6. Unearned Revenue

	2011	2010
Grants received in advance	\$ 173,009	\$ 122,687
Rent received in advance	3,168	-
	\$ 176,177	\$ 122,687

7. 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.

8. Restricted Funds

Under the terms of the agreements with BCHMC, the Replacement Reserve accounts for Transition House and Thyme 2nd Stage 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.

	Beginning Balance	Replacement Reserve	Receipts	Interest Earned	Withdrawal	Closing Balance
Externally Restricted						
Transition house	\$ 23,100	\$ 12,000	\$ -	\$ -	\$ -	\$ 35,100
Thyme 2nd stage	34,248	13,863	-	121	(17,532)	30,700
Legacy housing	-	3,613	-	-	-	3,613
	57,348	29,476	-	121	(17,532)	69,413
Internally Restricted						
Inlet Avenue	15,016	11,000	-	-	-	26,016
Operating	196,679	-	42,641	-	-	239,320
Designated	68,373	-	1,922	-	(34,190)	36,105
Food Bank	45,409	-	-	-	(27)	45,382
Unspent debt	-	-	450,000	-	(408,442)	41,558
	325,477	11,000	494,563	-	(442,659)	429,939
	\$ 382,825	\$ 40,476	\$ 494,563	\$ 121	\$ (460,191)	\$ 457,794

Sunshine Coast Community Services Society
Notes to Financial Statements

March 31, 2011

9. Pension Plan

In fiscal 2011, the Society and its employees 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 163,000 active members and approximately 60,000 retired members. Active members include approximately 35,000 contributors from local government.

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, 2009 indicates an unfunded liability of \$1,024 million for basic pension benefits. The next valuation will be as at December 31, 2012 with results available in 2013. The actuary does not attribute portions of the unfunded liability to individual employers. The Society paid \$113,599 (2010 - nil) for employer contributions to the plan in the year ended March 31, 2011 while employee contributions totaled \$88,519 (2010 - nil).

10. Comparative Amounts

The comparative amounts presented in the financial statements have been restated to conform to the current year's presentation.