

LOOKOUT EMERGENCY AID SOCIETY

FINANCIAL STATEMENTS

MARCH 31, 2014

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INDEPENDENT AUDITOR'S REPORT

To the Directors of Lookout Emergency Aid Society:

We have audited the accompanying financial statements of Lookout Emergency Aid Society, which comprise the statement of financial position as at March 31, 2014 and the 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 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 presentation 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 qualified audit opinion.

Basis for Qualified Opinion

In common with many not-for-profit organizations, Lookout Emergency Aid Society derives a portion of its revenue from donations and fundraising activities, 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 Lookout Emergency Aid Society and we were not able to determine whether any adjustments might be necessary to donations and fundraising revenues, excess of revenues over expenditures, assets, liabilities, and net assets.

Buildings are normally amortized over their useful life using a rational or systematic manner similar to the straight-line method. Note 2 describes the amortization policy with respect to certain buildings acquired under agreements with British Columbia Housing Management Commission. These agreements specify the use of the reduction in mortgage principal method. Under this method the initial costs of buildings are amortized proportionate to the amount of the reduction in the related mortgage principal. In this respect the financial statements are not in accordance with Canadian accounting standards for not-for-profit organizations. The estimated useful life of similar buildings is usually considered to be approximately 40 years. If amortization had been provided on the basis of an estimated useful life of 40 years, amortization for the current year would have decreased by \$50,186 (2013 - \$36,122), excess of revenues over expenses would have increased by \$50,186 (2013 - \$36,122), accumulated amortization would have increased by \$885,950 (2013 - \$936,136) and the closing balance of net assets would have been reduced by \$885,950 (2013 - \$936,136).



Opinion

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Lookout Emergency Aid 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. As required by the British Columbia Society Act, we report that in our opinion, these principles have been applied on a basis consistent with that of the previous year.

Vancouver, British Columbia
June 19, 2014

A handwritten signature in dark ink, appearing to read "C. MacKay", written in a cursive style.

CHARTERED ACCOUNTANTS

LOOKOUT EMERGENCY AID SOCIETY
Statement of Operations
For the year ended March 31, 2014

	2014	2013
REVENUES		
British Columbia Housing Management Commission	\$ 11,086,244	\$ 10,729,973
Vancouver Coastal Health Authority	4,235,872	4,079,838
Self-paying residents	2,767,279	2,705,734
Donations (Note 18)	578,719	506,503
Other revenues (Note 19)	833,321	507,948
Amortization of deferred contributions (Note 20)	483,675	481,087
Fraser Health Authority	228,738	283,158
Service Canada	94,641	47,539
Recognition of replacement and renovation reserves	15,457	18,648
	20,323,946	19,360,428
EXPENSES		
Accommodation/rent supplements	55,733	62,810
Amortization	1,269,701	1,265,804
Client enhancements	195,461	225,263
Consultation and contracts	183,606	272,459
Employee benefits	2,466,253	2,319,140
Food	895,636	743,699
Health related support	159,490	152,588
Insurance	84,230	89,245
Interest on long-term debt (Mortgages)	852,952	891,522
Licences, fees, and dues	12,943	16,059
Office and general	407,213	456,702
Professional fees	99,111	102,304
Property taxes	43,538	40,886
Renovations, repairs and maintenance	841,370	808,806
Salaries - administration	220,470	193,201
Salaries - direct services	10,740,208	10,203,872
Staff training	37,243	33,995
Supplies	393,602	359,689
Telephone	99,139	90,190
Transportation and travel	68,078	67,886
Utilities	829,454	725,149
	19,955,431	19,121,269
EXCESS OF REVENUES OVER EXPENSES	\$ 368,515	\$ 239,159

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

LOOKOUT EMERGENCY AID SOCIETY
Statement of Changes in Net Assets
For the year ended March 31, 2014

	Net Assets Beginning of Year	Excess (Deficiency) of Revenues Over Expenses	Invested in Capital Assets and Interfund Transfers (Note 16)	Net Assets End of Year
INVESTED IN				
CAPITAL ASSETS (Note 15)	\$ 3,081,141	\$ (717,952)	\$ 1,598,501	\$ 3,961,690
INTERNALLY RESTRICTED				
REPLACEMENT RESERVE				
Powell Community Service Centre	64,492	1,904	12,000	78,396
Cliff Block Residence	22,316	599	-	22,915
Sakura So Residence	239,085	145	(229,085)	10,145
North Shore Residence	64,444	1,729	-	66,173
514 Alexander Residence	31,539	991	10,000	42,530
NORTH SHORE SHELTER	40,893	1,097	-	41,990
NORTH SHORE HOUSING CENTRE	215,000	-	(215,000)	-
RENOVATION RESERVE				
Powell Community Service Centre	16,610	500	3,750	20,860
RESIDENTIAL HEALTH PROGRAM	21,051	-	-	21,051
TRAINING AND BENEFITS RESERVE	25,039	(37,138)	31,120	19,021
INFRASTRUCTURE REDEVELOPMENT				
RESERVE	275,000	-	-	275,000
ACCOMMODATION SUBSIDY RESERVE	44,043	1,304	-	45,347
GREATER VANCOUVER SHELTER STRATEGY	(11,599)	-	-	(11,599)
CAPITAL RESERVE				
Cliff Block Residence	785,000	-	-	785,000
Information Technologies	24,297	-	-	24,297
Sakura So Residence	350,000	-	(350,000)	-
Rhoda Kaellis Residence	150,000	-	-	150,000
Facility Modernization and Improvement	29,335	-	-	29,335
	2,386,545	(28,869)	(737,215)	1,620,461
UNRESTRICTED				
Operating Net Assets	1,224,468	1,115,336	(861,286)	1,478,518
	\$ 6,692,154	\$ 368,515	\$ -	\$ 7,060,669

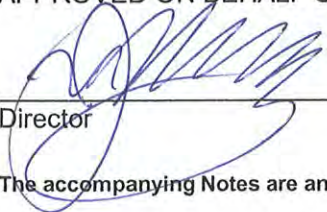
The accompanying Notes are an integral part of these financial statements.

LOOKOUT EMERGENCY AID SOCIETY
Statement of Financial Position
March 31, 2014

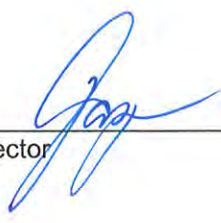
	2014	2013
ASSETS		
CURRENT		
Cash	\$ 5,495,476	\$ 5,027,302
Investments (Note 4)	3,671,229	4,115,469
Accounts receivable	690,376	305,087
Goods and Sales Tax recoverable	51,932	69,355
Prepaid expenses and deposits	277,818	128,302
	10,186,831	9,645,515
INVESTMENTS (Note 4)	1,260,325	1,604,532
DUE FROM B.C. HOUSING MANAGEMENT COMMISSION (Note 5)	317,827	316,935
CAPITAL ASSETS (Note 6)	32,076,193	33,226,248
CONSTRUCTION IN PROGRESS (Note 7)	1,355,519	-
	\$ 45,196,695	\$ 44,793,230
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities (Note 8)	\$ 2,303,435	\$ 2,189,091
Security deposits	118,713	121,118
Deferred contributions (Note 9)	1,473,771	1,507,302
Current portion of mortgages payable (Note 11)	523,975	3,185,823
Current portion of forgivable loans payable (Note 12)	48,670	48,670
Current portion of long-term deferred contributions (Note 13)	609,035	814,542
	5,077,599	7,866,546
REPLACEMENT AND RENOVATION RESERVES (Note 10)	3,462,890	2,921,523
MORTGAGES PAYABLE, net of current portion (Note 11)	16,373,287	14,228,029
FORGIVABLE LOANS PAYABLE, net of current portion (Note 12)	2,430,547	2,479,217
LONG-TERM DEFERRED CONTRIBUTIONS, net of current portion (Note 13)	10,791,703	10,605,761
	38,136,026	38,101,076
FUNDS HELD IN TRUST (Note 14)		
NET ASSETS		
INVESTED IN CAPITAL ASSETS (Note 15)	3,961,690	3,081,141
INTERNALLY RESTRICTED	1,620,461	2,386,545
UNRESTRICTED		
Operating	1,478,518	1,224,468
	7,060,669	6,692,154
	\$ 45,196,695	\$ 44,793,230

Contingent Liabilities (Note 21)

APPROVED ON BEHALF OF THE BOARD:



 Director



 Director

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

LOOKOUT EMERGENCY AID SOCIETY
Statement of Cash Flows
For the year ended March 31, 2014

	2014	2013
OPERATING ACTIVITIES		
Excess of revenues over expenses	\$ 368,515	\$ 239,159
Adjustments:		
Amortization of deferred contributions	(483,675)	(481,087)
Recognition of forgivable loan payable	(48,670)	(48,670)
Recognition of replacement and renovation reserves	(15,457)	(18,648)
Amortization	1,269,701	1,265,804
Unrealized losses on investments measured at fair value	44,977	12,207
	<u>1,135,391</u>	<u>968,765</u>
Non-cash working capital items affecting operations:		
Accounts receivable	(385,289)	117,924
Goods and Sales Tax recoverable	17,423	(7,144)
Prepaid expenses and deposits	(149,516)	10,331
Accounts payable and accrued liabilities	114,344	224,086
Deferred contributions	(33,531)	233,721
Security deposits	(2,405)	22,501
	<u>696,417</u>	<u>1,570,184</u>
FINANCING ACTIVITIES		
Proceeds from mortgages payable	584,540	-
Repayment of mortgages payable	(1,101,130)	(487,113)
Replacement and renovation reserve	556,824	300,157
Increase in long-term deferred contributions	464,110	-
	<u>504,344</u>	<u>(186,956)</u>
INVESTING ACTIVITIES		
Proceeds from investments	2,033,792	3,732,126
Purchase of investments	(1,290,322)	(3,750,000)
Due from B.C. Housing Management Commission	(892)	12,441
Acquisition of capital assets	(119,646)	(29,543)
Increase in construction in progress	(1,355,519)	-
	<u>(732,587)</u>	<u>(34,976)</u>
INCREASE IN CASH	468,174	1,348,252
CASH, beginning of year	5,027,302	3,679,050
CASH, end of year	\$ 5,495,476	\$ 5,027,302

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

LOOKOUT EMERGENCY AID SOCIETY

Notes to Financial Statements

March 31, 2014

1. GENERAL

Lookout Emergency Aid Society (the "Society") was incorporated on July 19, 1974 under the laws of the Society Act of British Columbia as a not-for-profit organization and is a registered charity under the Income Tax Act. The Society is a "social safety net" that provides housing and a range of support services to adults with low or no income who have few, if any, housing or support options. Because they have challenges in meeting needs and goals, the Society places minimal barriers between them and the Society's services. The Society operates thirty-four programs located within nineteen sites and includes ten subsidized housing projects.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations. The significant accounting policies are detailed as follows:

Revenue Recognition

The Society's revenue recognition policies are as follows:

The Society follows the deferral method of accounting for contributions.

Restricted contributions are recognized as revenue in the year in which the related expenses are incurred.

Restricted contributions for the purchase of capital assets that will not be amortized are recognized as direct increase in net assets.

Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Certain contributions received are required under the original agreements with British Columbia Housing Management Commission ("B.C. Housing") to be deferred and amortized on a pro-rata basis as determined by the reduction in the related mortgage principal. All other contributions received for the acquisition of buildings, replacement and renovation reserves, are deferred and amortized at the same rate as the amortization of the cost of the related building.

Investment income includes dividend and interest income recorded on the accrual basis, as well as realized investment gains and losses and unrealized gains and losses on financial instruments subsequently measured at fair value. Investment income is included in the statement of operations, deferred or reported directly in net assets depending on the nature of any external restrictions imposed on the investment income. Restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Unrestricted investment income is recognized as revenue when earned.

LOOKOUT EMERGENCY AID SOCIETY
Notes to Financial Statements
March 31, 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital Assets and Amortization

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution.

Capital assets are carried at cost less accumulated amortization. Amortization of capital assets, with the exception of buildings and improvements, and leased land, is calculated using the declining balance method at the following annual rates:

Furniture and fixtures	20%
Automotive	30%
Computer hardware	30%

Certain buildings are required under the original agreements with B.C. Housing to be amortized using the reduction in mortgage principal method. Under this method the initial costs of buildings are amortized proportionate to the amount of the reduction in the related mortgage principal. All other buildings are amortized using the straight-line method between 15 to 35 years.

The building improvements are amortized using the straight-line method between 15 to 40 years.

The leased land is amortized on a straight-line basis over the remaining term of the lease.

Contributed Materials and Services

Contributed materials are recorded, when received, at their fair value.

According to management, 5,231 volunteers contributed approximately 34,124 hours (2013 - 33,365 hours) to assist the Society in carrying out its services. Because of the difficulty in determining their fair value, contributed services are not recognized in the financial statements.

Pension Plan Cost

The Society contributes to a municipal defined contribution benefit pension plan. Pension costs related to current service are charged to operations in the current period.

Income Taxes

Income taxes are not reflected in the financial statements as the Society is a not-for-profit organization.

Use of Estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires the Society's management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in operations in the period in which they become known.

LOOKOUT EMERGENCY AID SOCIETY
Notes to Financial Statements
March 31, 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial Instruments

Financial assets originated or acquired or financial liabilities issued or assumed in an arm's length transaction are initially measured at their fair value. In the case of a financial asset or financial liability not subsequently measured at its fair value, the initial fair value is adjusted for financing fees and transaction costs that are directly attributable to its origination, acquisition, issuance or assumption. Such fees and costs in respect of financial assets and liabilities subsequently measured at fair value are expensed.

Investments are measured at fair value. All other financial assets and financial liabilities are measured at amortized cost.

Impairment

At the end of each reporting period, management assesses whether there are any indications that financial assets measured at cost or amortized cost may be impaired. If there is an indication of impairment, management determines whether a significant adverse change has occurred in the expected timing or the amount of future cash flows from the asset, in which case the asset's carrying amount is reduced to the highest expected value that is recoverable by either holding the asset, selling the asset or by exercising the right to any collateral. The carrying amount of the asset is reduced directly or through the use of an allowance account and the amount of the reduction is recognized as an impairment loss in the statement of operations.

Previously recognized impairment losses may be reversed to the extent of any improvement. The amount of the reversal is recognized in the statement of operations.

3. FINANCIAL INSTRUMENTS

Transactions in financial instruments may result in an entity assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of financial statements in assessing the extent of risk related to financial instruments.

The financial instruments of the Society and the nature of the risks to which it may be subject are as follows:

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. The Society is exposed to credit risk in its cash and investments as the majority of its cash and investments are held at two financial institutions. The Society limits its credit risk by purchasing high quality, liquid investments such as term deposits and by placing its cash and investments with major financial institutions. As at March 31, 2014, \$10,080,688 (2013 - \$10,403,552) of cash and investments are held at Vancity and RBC Dominion Securities Inc.

LOOKOUT EMERGENCY AID SOCIETY
Notes to Financial Statements
March 31, 2014

3. FINANCIAL INSTRUMENTS (CONTINUED)

Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting its obligations associated with financial liabilities. The Society's exposure to liquidity risk is dependent on the receipt of funds from its related sources, whether in the form of revenue or advances. The Society reduces its exposure to liquidity risk by ensuring that it documents when authorized payments become due; monitors and manages its cash and investment balance to ensure adequate cash flow is available to repay trade creditors as payments become due. As at March 31, 2014, the Society has working capital of \$5,109,232 (2013 - \$1,778,969).

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, equity prices, and exposure of long term investments.

(i) 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. The Society is exposed to interest rate risk from the interest rate differentials between the market rate and the rates used on the financial instruments.

The Society manages its financial instruments and interest rate risks based on its cash flow needs and with a view to minimizing interest expense. The interest rates on the mortgages are fixed. Therefore, the Society is not exposed to significant interest rate risk.

(ii) Foreign currency exchange rate risk

Foreign currency exchange rate risk is the risk that the fair value of financial instruments or future cash flows will fluctuate as a result of changes in foreign exchange rates. The Society is not exposed to foreign currency exchange rate risk.



LOOKOUT EMERGENCY AID SOCIETY
Notes to Financial Statements
March 31, 2014

4. INVESTMENTS

	2014	2013
Term deposits maturing between September 12, 2014 to February 27, 2016, at rates varying from 1.30% to 2.05% (2013 - maturing between April 15, 2013 to October 1, 2015, at rates varying from 1.20% to 1.75%)	\$ 3,324,230	\$ 4,075,469
Government bonds maturing up to December 4, 2020, at rates varying from 3.48% to 6.16% (2013 - 3.48% to 6.16%)	1,600,316	1,644,532
Royal Bank of Canada shares	7,008	-
	4,931,554	5,720,001
Less: current portion	3,671,229	4,115,469
	\$ 1,260,325	\$ 1,604,532

During the year, the Society had unrealized losses of \$44,977 (2013 - \$12,207) on investments measured at fair value which is included in other revenues. The above investments include \$3,462,890 (2013 - \$2,921,523) which is subject to restrictions as described in Note 10.

5. DUE FROM B.C. HOUSING MANAGEMENT COMMISSION

	2014	2013
Cash held in trust by B.C. Housing relating to the Rhoda Kaellis Residence, is invested in interest bearing accounts.	\$ 317,827	\$ 314,092
Cash held in trust by B.C. Housing relating to the Cliff Block Residence, is invested in interest bearing accounts.	-	2,843
	\$ 317,827	\$ 316,935

During the current year, the Society repaid interest of \$2,843 (2013 - \$NIL) to B.C. Housing for the interest earned on the cash held in trust relating to the Cliff Block Residence for the years from 2007 to 2013 and repaid interest of \$NIL (2013 - \$6,411) to B.C. Housing for the interest earned on the cash held in trust relating to the Yukon Housing Centre for the years from 2007 to 2013.

LOOKOUT EMERGENCY AID SOCIETY
Notes to Financial Statements
March 31, 2014

6. CAPITAL ASSETS

	Cost	Accumulated Amortization	2014 Net Book Value	2013 Net Book Value
Buildings and improvements	\$ 38,519,316	\$ 11,688,602	\$ 26,830,714	\$ 27,885,887
Leased land	3,224,436	827,219	2,397,217	2,450,958
Land	2,723,557	-	2,723,557	2,723,557
Furniture and fixtures	727,975	659,075	68,900	86,124
Automotive	238,378	198,407	39,971	57,102
Computer hardware	174,595	158,761	15,834	22,620
	\$ 45,608,257	\$ 13,532,064	\$ 32,076,193	\$ 33,226,248

7. CONSTRUCTION IN PROGRESS

The construction costs are related to the Sakura So Residence and will be reallocated to building and improvements in capital assets when construction is complete, and amortized under the Society's amortization policy when it is put into use.

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2014	2013
Accounts payable	\$ 1,127,877	\$ 1,060,195
Accrued liabilities	1,070,028	1,027,067
Government remittances payable	105,530	101,829
	\$ 2,303,435	\$ 2,189,091

9. DEFERRED CONTRIBUTIONS

Deferred contributions represent rental income, grants and subsidies received in the current year that are related to expenses to be incurred in the subsequent years.

LOOKOUT EMERGENCY AID SOCIETY
Notes to Financial Statements
March 31, 2014

10. REPLACEMENT AND RENOVATION RESERVES

	Beginning		Annual		Ending
	Balance	Interest	Allocation	Expenditures	Balance
REPLACEMENT RESERVE					
Al Mitchell Place	\$ 485,265	\$ 13,002	\$ 11,400	\$ (12,423)	\$ 497,244
Jim Green	704,175	19,355	34,400	(2,226)	755,704
Yukon Housing Centre	543,225	15,133	38,901	(106)	597,153
Jeffrey Ross	308,163	8,462	14,240	(702)	330,163
Cliff Block	326,189	8,750	-	-	334,939
Rhoda Kaellis	54,499	1,712	17,280	-	73,491
First Place	94,332	3,874	92,880	-	191,086
RENOVATION RESERVE					
Al Mitchell Place	405,675	11,047	11,400	-	428,122
REMEDICATION RESERVE					
First Place	-	-	254,988	-	254,988
	\$ 2,921,523	\$ 81,335	\$ 475,489	\$ (15,457)	\$ 3,462,890

Under the terms of the agreements with B.C. Housing and Canada Mortgage and Housing Corporation ("CMHC"), the Replacement Reserve accounts 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/or invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or the Credit Union Deposit Insurance Corporation; or in investments guaranteed by the Canadian Government. Also, under the B.C. Housing agreements, the funds may be invested in other investment instruments if agreed upon with B.C. Housing. See Note 4 for details of these investments.

LOOKOUT EMERGENCY AID SOCIETY

Notes to Financial Statements

March 31, 2014

11. MORTGAGES PAYABLE

	2014	2013
TD Canada Trust mortgage, bearing interest at 4.16% per annum, repayable in monthly payments of \$31,906 including principal and interest. The repayment terms are due for renewal on January 1, 2021. Secured by a fixed charge on real property and an assignment of rents. (Rhoda Kaellis Residence: 1105 Royal Avenue, New Westminster)	\$ 6,773,424	\$ 6,874,214
Royal Bank mortgage, bearing interest at 8.25% per annum, repayable in monthly payments of \$37,489 including principal and interest. The repayment terms are due for renewal on May 1, 2016. Secured by a fixed charge on real property. (Jim Green Residence: 415 Alexander Street)	4,161,340	4,268,793
TD Canada Trust mortgage, bearing interest at 4.67% per annum, repayable in monthly payments of \$17,297 including principal and interest. The repayment terms are due for renewal on May 1, 2017. Secured by a fixed charge on real property and an assignment of rents. (Yukon Housing Centre: 2088 Yukon Street)	2,946,773	3,016,175
Canada Mortgage and Housing Corporation mortgage, bearing interest at 2.61% (2013 - 2.86%) per annum, repayable in monthly payments of \$14,378 (2013 - \$14,630) including principal and interest. The repayment terms are due for renewal on December 1, 2023. Secured by a fixed charge on real property. (Jeffrey Ross Residence: 510 Alexander Street)	2,112,267	2,226,516
TD Canada Trust mortgage, bearing interest at 2.73% per annum, repayable in monthly payments of \$2,688 including principal and interest. The repayment terms are due for renewal on July 1, 2018. Secured by a fixed charge on real property. (Cliff Block Residence: 606 Clarkson Street, New Westminster)	573,545	-
Canada Mortgage and Housing Corporation mortgage, bearing interest at 4.37% per annum, repayable in monthly payments of \$10,328 including principal and interest. The repayment terms are due for renewal on January 1, 2017. Secured by a fixed charge on real property. (Al Mitchell Place: 346 Alexander Street)	329,913	437,002
Subtotal, carried forward	\$ 16,897,262	\$ 16,822,700



LOOKOUT EMERGENCY AID SOCIETY
Notes to Financial Statements
March 31, 2014

11. MORTGAGES PAYABLE (continued)

	2014	2013
Subtotal carried forward from previous page	\$ 16,897,262	\$ 16,822,700
Bank of Montreal mortgage was refinanced by TD Canada Trust mortgage. (Cliff Block Residence: 606 Clarkson Street, New Westminster)	-	591,152
	16,897,262	17,413,852
Less: current portion	523,975	3,185,823
	\$ 16,373,287	\$ 14,228,029

Principal payments due in the next five years are as follows:

2015	\$ 523,975
2016	548,967
2017	4,378,810
2018	2,986,211
2019	<u>756,288</u>
	\$ 9,194,251

12. FORGIVABLE LOANS PAYABLE

	2014	2013
British Columbia Housing and Management Commission forgivable loan is non-interest bearing and will be earned over twenty-five years beginning on the first day of the eleventh year following the commencement date of January 1, 2009. If there is a default under the loan agreement, unearned principal plus interest of 2% per annum in excess of the prime rate computed from the date of default will be repayable. Secured by a fixed charge on real property. (Rhoda Kaellis Residence: 1105 Royal Avenue, New Westminster)	\$ 1,650,000	\$ 1,650,000
Subtotal, carried forward	\$ 1,650,000	\$ 1,650,000

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12. FORGIVABLE LOANS PAYABLE (continued)

	2014	2013
Subtotal carried forward from previous page	\$ 1,650,000	\$ 1,650,000
British Columbia Housing and Management Commission forgivable loan is non-interest bearing and will be earned over twenty-five years beginning on the first day of the eleventh year following the commencement date of April 1, 2005. If there is a default under the loan agreement, unearned principal plus interest of 2% per annum in excess of the prime rate computed from the date of default will be repayable. Secured by a fixed charge on real property. (North Shore Transitional Housing: 705 West 2nd Street, North Vancouver)	545,380	545,380
Canada Mortgage and Housing Corporation forgivable loan is non-interest bearing and will be earned over fifteen years at a rate of \$27,470 annually, beginning on December 1, 2005. If there is a default under the loan agreement, unearned principal computed from the date of default will be repayable. Terms expire on November 1, 2020. Secured by a fixed charge on real property. (North Shore Shelter: 705 West 2nd Street, North Vancouver)	183,137	210,607
Canada Mortgage and Housing Corporation forgivable loan bears interest at 8.125% per annum and will be earned over fifteen years at the rate of \$21,200 annually, beginning on January 1, 2004. If there is a default under the loan or the operating agreement, unearned principal plus interest computed from the date of default will be repayable. Terms expire on January 1, 2019. Secured by a fixed charge on real property. (Cliff Block Residence: 606 Clarkson Street, New Westminster)	100,700	121,900
	2,479,217	2,527,887
Less: amount to be recognized as revenue next year	48,670	48,670
	\$ 2,430,547	\$ 2,479,217

The amounts forgiven over the next five years are as follows.

2015	\$ 48,670
2016	48,670
2017	70,485
2018	70,485
2019	65,185
	<u>303,495</u>
	\$ 303,495

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13. LONG-TERM DEFERRED CONTRIBUTIONS

	2014	2013
Deferred contributions	\$ 5,611,102	\$ 5,892,421
Deferred contributions for the construction costs of Sakura So Residence (Note 7)	588,580	-
Total deferred contributions - Service Canada	6,199,682	5,892,421
Deferred contributions - B.C. Housing	3,537,023	3,892,047
Deferred contributions - other capital grants	1,664,033	1,635,835
	11,400,738	11,420,303
Less: amount to be recognized as revenue next year	609,035	814,542
	\$ 10,791,703	\$ 10,605,761

14. FUNDS HELD IN TRUST

The Society maintains trust funds on behalf of clientele. As at March 31, 2014, the funds held in trust totaled \$64,325 (2013 - \$48,869).



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15. INVESTED IN CAPITAL ASSETS

	2014	2013
Capital assets, net beginning of year (Note 6)	\$ 33,226,248	\$ 34,462,509
Acquisition of capital assets	119,646	29,543
Increase in construction costs	1,355,519	-
Amortization	<u>(1,269,701)</u>	<u>(1,265,804)</u>
	33,431,712	33,226,248
Less amounts financed by:		
Mortgages payable	<u>(16,897,262)</u>	<u>(17,413,852)</u>
Deferred contributions	<u>(11,311,370)</u>	<u>(11,420,303)</u>
Forgivable loans	<u>(2,479,217)</u>	<u>(2,527,887)</u>
Contributed land	900,000	900,000
Due from BC Housing	<u>317,827</u>	<u>316,935</u>
	\$ 3,961,690	\$ 3,081,141

The deficiency of revenues over expenses for invested in capital assets is as follows:

Amortization of deferred contributions	\$ 483,675
Recognition of forgivable loans	48,670
Recognition of replacement and renovation reserves	15,457
Interest earned on amounts due from B.C. Housing	3,947
Amortization	<u>(1,269,701)</u>
	\$ (717,952)

16. INVESTED IN CAPITAL ASSETS AND INTERFUND TRANSFERS

In the current year, the Society transferred \$1,598,501 (2013 - \$591,750) from the unrestricted operating net assets to the Capital Asset Fund in order to fund the cash outlays for capital asset acquisitions and construction in progress.

The Society transferred \$(737,215) (2013 - \$64,323) from (to) the Unrestricted Operating Net Asset to (from) the Internally Restricted Net Assets as follows:

- (a) Replacement Reserve - Powell Community Service Centre \$12,000 (2013 - \$12,000).
- (b) Replacement Reserve - Sakura So Residence \$(229,085) (2013 - \$10,000).
- (c) Replacement Reserve - 514 Alexander Residence \$10,000 (2013 - \$10,000).
- (d) North Shore Housing Centre - \$(215,000) (2013 - \$NIL).
- (e) Renovation Reserve - Powell Community Service Centre \$3,750 (2013 - \$3,750).
- (f) Training and Benefits Reserve \$31,120 (2013 - \$28,573).
- (g) Capital Reserve - Sakura So Residence \$(350,000) (2013 - \$NIL).

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17. SUBSIDY ADJUSTMENTS

B.C. Housing conducts an annual review of the Financial Statements and may adjust for any operating surplus or deficit. Prior year's funding adjustments are recognized in the fiscal year they are determined. During the current year, subsidies of \$NIL (2013 - \$83,261) were repaid by B.C. Housing for prior year's operating net deficit.

18. DONATIONS

Donations include amounts received in cash and in-kind from a variety of organizations, businesses and individuals. Some substantial and sustaining donations came from: Choices Market, Darwin Construction, Dunderave Festival of Lights, Estate of Katherine Heller, Hockey Helps the Homeless, Ken McNaughton, Vancouver Food Bank/Runners, Warren JA Mitchell, Whole Foods, Real Estate Foundation, Fortis BC, The Phyliss & Irving Snider Foundation, Raising the Roof, Lohn Foundation and Ameresco.

19. OTHER REVENUES

	2014	2013
Miscellaneous	\$ 391,700	\$ 150,115
Rental	192,822	184,594
Interest	108,437	75,076
Recognition of forgivable loans	48,670	48,670
Community liaison grant	35,000	35,000
Employment Initiative grant	35,000	-
North Shore Shelter - District of West and North Vancouver	17,745	10,500
Interest from cash held in trust by B.C. Housing	3,947	3,993
	<u>\$ 833,321</u>	<u>\$ 507,948</u>

20. AMORTIZATION OF DEFERRED CONTRIBUTIONS

	2014	2013
Service Canada (Human Resources and Skills Development Canada) - capital grants	\$ 281,319	\$ 281,319
B.C. Housing - repayable subsidies and grants	143,394	140,595
Other capital grants	58,962	59,173
	<u>\$ 483,675</u>	<u>\$ 481,087</u>



LOOKOUT EMERGENCY AID SOCIETY

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21. CONTINGENT LIABILITIES

In 2003, the Society entered into two agreements with B.C. Housing dated May 10, 2002. Under the agreements, B.C. Housing provided for the funding to the Society to enable the Society to complete building envelope repairs to the Jeffrey Ross Residence and the Jim Green Residence. The funding was comprised partially of repayable subsidies and loans. At the option of B.C. Housing, the repayable subsidy portion of the funding may be repaid to B.C. Housing from the proceeds of litigation, if any. The loan portion of the funding is secured by a mortgage, which will rank behind existing mortgage financing, over the buildings.

