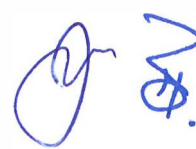


LOOKOUT EMERGENCY AID SOCIETY

FINANCIAL STATEMENTS

MARCH 31, 2013

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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, 2013 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

Lookout Emergency Aid Society derives a portion of its revenue from donations and fundraising activities. We were not able to obtain sufficient appropriate audit evidence about the completeness of the reported amounts for accounts receivable with respect to donation and fundraising revenue, donation and fundraising revenue, revenue in excess of expenses and changes to net assets because there is no direct relationship between assets or services given up in exchange for amounts received or receivable. Consequently we were unable to determine whether any adjustments to these amounts were necessary.

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 \$36,122 (2012 - \$22,786), excess of revenues over expenses would have increased by \$36,122 (2012 - \$22,786), accumulated amortization would have increased by \$936,136 (2012 - \$972,258) and the closing balance of net assets would have been reduced by \$936,136 (2012 - \$972,258).

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, 2013, 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 17, 2013


CHARTERED ACCOUNTANTS



LOOKOUT EMERGENCY AID SOCIETY
Statement of Operations
For the year ended March 31, 2013

	2013	2012
		(Note 3)
REVENUES		
British Columbia Housing Management Commission	\$ 10,729,973	\$ 9,903,432
Vancouver Coastal Health Authority	4,079,838	3,950,401
Self-paying residents	2,705,734	2,206,771
Other revenues (Note 18)	507,948	697,623
Donations (Note 19)	506,503	449,107
Amortization of deferred contributions (Note 20)	481,087	478,768
Fraser Health Authority	283,158	283,158
Service Canada	47,539	34,100
Recognition of replacement and renovation reserves	13,648	44,275
	19,360,428	18,047,635
EXPENSES		
Accommodation/rent supplements	62,810	69,636
Amortization	1,265,804	1,263,167
Client enhancements	225,263	186,253
Consultation and contracts	272,459	210,823
Employee benefits	2,319,140	2,078,814
Food	743,699	761,344
Health related support	152,588	150,843
Insurance	89,245	77,432
Interest on long-term debt (Mortgages)	891,522	914,855
Licences, fees, and dues	16,059	13,153
Office and general	456,702	508,906
Professional fees	102,304	81,981
Property taxes	40,886	73,421
Renovations, repairs and maintenance	808,806	979,909
Salaries - administration	193,201	203,921
Salaries - direct services	10,203,872	9,554,470
Staff training	33,995	48,913
Supplies	359,689	332,006
Telephone	90,190	69,011
Transportation and travel	67,886	66,433
Utilities	725,149	582,836
	19,121,269	18,228,127
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	\$ 239,159	\$ (180,492)

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, 2013

	Net Assets Beginning of Year (Note 3)	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)	\$ 3,202,797	\$ (713,406)	\$ 591,750	\$ 3,081,141
INTERNALLY RESTRICTED				
REPLACEMENT RESERVE				
Powell Community Service Centre	50,832	1,660	12,000	64,492
Cliff Block Residence	21,688	628	-	22,316
Sakura So Residence	212,741	16,344	10,000	239,085
North Shore Residence	62,629	1,815	-	64,444
514 Alexander Residence	20,781	758	10,000	31,539
NORTH SHORE SHELTER	39,742	1,151	-	40,893
NORTH SHORE HOUSING CENTRE	215,000	-	-	215,000
RENOVATION RESERVE				
Powell Community Service Centre	21,928	(9,068)	3,750	16,610
RESIDENTIAL HEALTH PROGRAM	21,051	-	-	21,051
TRAINING AND BENEFITS RESERVE	29,312	(32,846)	28,573	25,039
INFRASTRUCTURE REDEVELOPMENT				
RESERVE	275,000	-	-	275,000
ACCOMMODATION SUBSIDY RESERVE	42,877	1,166	-	44,043
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
	2,340,614	(18,392)	64,323	2,386,545
UNRESTRICTED				
Operating Net Assets	909,584	970,957	(656,073)	1,224,468
	\$ 6,452,995	\$ 239,159	\$ -	\$ 6,692,154

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

LOOKOUT EMERGENCY AID SOCIETY
Statement of Financial Position
March 31, 2013

	March 31, 2013	March 31, 2012 (Note 3)	April 1, 2011 (Note 3)
ASSETS			
CURRENT			
Cash	\$ 5,027,302	\$ 3,679,050	\$ 2,021,880
Investments (Note 5)	4,115,469	4,102,248	4,232,926
Accounts receivable	305,087	423,011	418,607
Harmonized Sales Tax recoverable	69,355	62,211	183,170
Prepaid expenses	128,302	138,633	62,109
	9,645,515	8,405,153	6,918,692
INVESTMENTS (Note 5)	1,604,532	1,612,086	1,645,220
DUE FROM B.C. HOUSING MANAGEMENT COMMISSION (Note 6)	316,935	329,376	1,110,712
CAPITAL ASSETS (Note 7)	33,226,248	34,462,509	35,682,869
	\$ 44,793,230	\$ 44,809,124	\$ 45,357,493
LIABILITIES			
CURRENT			
Accounts payable and accrued liabilities (Note 8)	\$ 2,189,091	\$ 1,965,005	\$ 1,644,801
Security deposits	121,118	98,617	85,581
Deferred contributions (Note 9)	1,507,302	1,273,581	920,340
Current portion of mortgages payable (Note 11)	3,185,823	470,785	448,991
Current portion of forgivable loans payable (Note 12)	48,670	48,670	48,670
Current portion of long-term deferred contributions (Note 13)	814,542	812,231	810,166
	7,866,546	4,668,889	3,958,549
REPLACEMENT AND RENOVATION RESERVES (Note 10)	2,921,523	2,640,014	2,473,355
MORTGAGES PAYABLE , net of current portion (Note 11)	14,228,029	17,430,180	17,915,933
FORGIVABLE LOANS PAYABLE , net of current portion (Note 12)	2,479,217	2,527,887	2,806,177
LONG-TERM DEFERRED CONTRIBUTIONS , net of current portion (Note 13)	10,605,761	11,089,159	11,569,992
	38,101,076	38,356,129	38,724,006
FUNDS HELD IN TRUST (Note 14)			
NET ASSETS			
INVESTED IN CAPITAL ASSETS (Note 15)	3,081,141	3,202,797	3,446,485
INTERNALLY RESTRICTED	2,386,545	2,340,614	2,398,299
UNRESTRICTED	1,224,468	909,584	788,703
	6,692,154	6,452,995	6,633,487
	\$ 44,793,230	\$ 44,809,124	\$ 45,357,493

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, 2013

	2013	2012 (Note 3)
OPERATING ACTIVITIES		
Excess (deficiency) of revenues over expenses	\$ 239,159	\$ (180,492)
Adjustments:		
Amortization of deferred contributions	(481,087)	(478,768)
Recognition of forgivable loan payable	(48,670)	(48,670)
Recognition of replacement and renovation reserves	(18,648)	(44,275)
Amortization	1,265,804	1,263,167
Unrealized gains, losses on investments measured at fair value	12,207	(41,251)
	<u>968,765</u>	<u>470,598</u>
Non-cash working capital items affecting operations:		
Accounts receivable	117,924	(4,404)
Harmonized Sales Tax recoverable	(7,144)	120,959
Prepaid expenses	10,331	(76,524)
Accounts payable and accrued liabilities	224,086	320,204
Deferred contributions	233,721	353,241
Security deposits	22,501	13,036
	<u>1,570,184</u>	<u>1,197,110</u>
FINANCING ACTIVITIES		
Repayment of mortgages payable	(487,113)	(463,959)
Repayment of forgivable loans payable	-	(229,620)
Replacement and renovation reserve	300,157	210,934
	<u>(186,956)</u>	<u>(482,645)</u>
INVESTING ACTIVITIES		
Proceeds from investments	3,732,126	4,237,102
Purchase of investments	(3,750,000)	(4,032,926)
Due from B.C. Housing Management Commission	12,441	781,336
Acquisition of capital assets	(29,543)	(42,807)
	<u>(34,976)</u>	<u>942,705</u>
INCREASE IN CASH	1,348,252	1,657,170
CASH, beginning of year	3,679,050	2,021,880
CASH, end of year	\$ 5,027,302	\$ 3,679,050

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

LOOKOUT EMERGENCY AID SOCIETY
Notes to Financial Statements
March 31, 2013

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 provides non-sectarian, lay services to adult men and women who are challenged with a wide variety of problems including mental illness, mental handicaps, medical problems, physical disabilities, social dysfunctions, legal concerns, and addictions. The Society operates twenty-four programs located within seventeen sites and includes eight 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 dividends and interest income is 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, 2013

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, 1,697 volunteers contributed approximately 33,365 hours (2012 - 43,562 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, 2013

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. IMPACT OF THE CHANGE IN THE BASIS OF ACCOUNTING

These are the Society's first financial statements prepared in accordance with Canadian accounting standards for not-for-profit organizations. The 2012 comparative financial statements include an opening statement of financial position as at April 1, 2011 that provides for the impact of the transition.

As a result of the adoption of this new accounting framework, at April 1, 2011 previously reported unrestricted accumulated unrealized gains on available-for-sale financial assets in the amount of \$137,354 were reclassified to unrestricted operating net assets on the statement of financial position.

At March 31 2012, previously reported unrealized gains on available-for-sale financial assets included in net assets of \$40,364 were reclassified to other revenues on the statement of operations. The net effect is excess (deficiency) of revenues over expenses for 2012 decreased by \$40,364 from previously report \$(220,856) to \$(180,492); unrestricted accumulated gains on available-for-sale financial assets decreased by \$177,718; and unrestricted operating net assets increased by \$177,718 from \$731,866 to \$909,584. There was no effect to the net cash flows from operations in the statement of cash flows for 2012.



LOOKOUT EMERGENCY AID SOCIETY
Notes to Financial Statements
March 31, 2013

3. IMPACT OF THE CHANGE IN THE BASIS OF ACCOUNTING (CONTINUED)

Elective exemptions

The rules for transition to Canadian accounting standards for not-for-profit organizations normally require that an enterprise prepare its opening statement of financial position using the standards that will be followed thereafter. However, certain elective exemptions are available. In preparing the opening statement of financial position referred to above, the Society has not elected to use any exemptions.

4. 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, 2013, \$10,403,552 (2012 - \$9,055,516) of cash and investments are held at Vancity and RBC Dominion Securities Inc.

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. At March 31, 2013, the Society has working capital of \$1,778,969(2012 - \$3,736,264).



LOOKOUT EMERGENCY AID SOCIETY
Notes to Financial Statements
March 31, 2013

4. FINANCIAL INSTRUMENTS (CONTINUED)

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 these 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.

5. INVESTMENTS

	2013	2012
Term deposits maturing between April 15, 2013 to October 1, 2015, at rates varying from 1.20% to 1.75% (2012 - maturing between April 15, 2012 to February 27, 2014, at rates varying from 0.90% to 1.30%)	\$ 4,075,469	\$ 4,060,272
Government bonds maturing up to December 4, 2020, at rates varying from 3.48% to 6.16% (2012 - 3.48% to 6.16%)	1,644,532	1,654,062
	5,720,001	5,714,334
Less: current portion	4,115,469	4,102,248
	\$ 1,604,532	\$ 1,612,086

During the year, the Society recorded unrealized gains (losses) of \$(12,207) (2012 - \$40,364) on investments measured at fair value which is included in other revenues. The above investments include \$2,921,523 (2012 - \$2,640,014) which is subject to restrictions as described in Note 10 .

LOOKOUT EMERGENCY AID SOCIETY
Notes to Financial Statements
March 31, 2013

6. DUE FROM B.C. HOUSING MANAGEMENT COMMISSION

	2013	2012
Cash held in trust by B.C. Housing relating to the Rhoda Kaellis Residence, is invested in interest bearing accounts.	\$ 314,092	\$ 320,157
Cash held in trust by B.C. Housing relating to the Cliff Block Residence, is invested in interest bearing accounts.	2,843	2,808
Cash held in trust by B.C. Housing relating to the Yukon Housing Centre, is invested in interest bearing accounts.	-	6,411
	\$ 316,935	\$ 329,376

During the current year, the Society repaid interest of \$6,411 (2012 - \$NIL) 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 2012.

7. CAPITAL ASSETS

	Cost	Accumulated Amortization	2013 Net Book Value	2012 Net Book Value
Buildings and improvements	\$ 38,399,670	\$ 10,513,783	\$ 27,885,887	\$ 29,035,870
Leased land	3,224,436	773,478	2,450,958	2,504,699
Land	2,723,557	-	2,723,557	2,723,557
Furniture and fixtures	727,975	641,851	86,124	97,467
Automotive	238,378	181,276	57,102	81,574
Computer hardware	174,595	151,975	22,620	19,342
	\$ 45,488,611	\$ 12,262,363	\$ 33,226,248	\$ 34,462,509

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2013	2012
Accounts payable	\$ 1,060,195	\$ 942,489
Accrued liabilities	1,027,067	936,599
Government remittances payable	101,829	85,917
	\$ 2,189,091	\$ 1,965,005



LOOKOUT EMERGENCY AID SOCIETY
Notes to Financial Statements
March 31, 2013

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.

10. REPLACEMENT AND RENOVATION RESERVES

	Beginning Balance	Interest	Annual Allocation	Expenditures	Ending Balance
REPLACEMENT RESERVE					
Residential Downtown	\$ 473,498	\$ 13,691	\$ 11,400	\$ (13,324)	\$ 485,265
Jim Green	654,848	19,443	34,400	(4,516)	704,175
Yukon Housing Centre	489,635	14,795	38,901	(106)	543,225
Jeffrey Ross	286,124	8,501	14,240	(702)	308,163
Cliff Block	317,003	9,186	-	-	326,189
Rhoda Kaellis	35,908	1,311	17,280	-	54,499
First Place	-	1,452	92,880	-	94,332
RENOVATION RESERVE					
Residential Downtown	382,998	11,277	11,400	-	405,675
	\$ 2,640,014	\$ 79,656	\$ 220,501	\$ (18,648)	\$ 2,921,523

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 5 for details of these investments.

LOOKOUT EMERGENCY AID SOCIETY
Notes to Financial Statements
March 31, 2013

11. MORTGAGES PAYABLE

	2013	2012
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. (Rhoda Kaellis Residence: 1105 Royal Avenue, New Westminster)	\$ 6,874,214	\$ 6,970,933
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)	4,268,793	4,367,901
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)	3,016,175	3,082,443
Canada Mortgage and Housing Corporation mortgage, bearing interest at 2.86% per annum, repayable in monthly payments of \$14,630 including principal and interest. The repayment terms are due for renewal on December 1, 2013. Secured by a fixed charge on real property. (Jeffrey Ross Residence: 510 Alexander Street)	2,226,516	2,337,193
Bank of Montreal mortgage, bearing interest at 4.89% per annum, repayable in monthly payments of \$3,382 including principal and interest. The repayment terms are due for renewal on July 1, 2013. Secured by a fixed charge on real property. (Cliff Block Residence: 606 Clarkson Street, New Westminster)	591,152	602,868
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. (Downtown Housing Centre: 346 Alexander Street)	437,002	539,627
Subtotal, carried forward	\$ 17,413,852	\$ 17,900,965

LOOKOUT EMERGENCY AID SOCIETY
Notes to Financial Statements
March 31, 2013

11. MORTGAGES PAYABLE (continued)

Subtotal carried forward from previous page	\$ 17,413,852	\$ 17,900,965
Less: current portion	3,185,823	470,785
	\$ 14,228,029	\$ 17,430,180

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

2014	\$ 3,185,823
2015	388,468
2016	409,989
2017	4,248,210
2018	<u>2,841,317</u>
	\$ 11,073,807

12. FORGIVABLE LOANS PAYABLE

	2013	2012
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
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
Subtotal, carried forward	\$ 2,195,380	\$ 2,195,380

LOOKOUT EMERGENCY AID SOCIETY
Notes to Financial Statements
March 31, 2013

12. FORGIVABLE LOANS PAYABLE (continued)

	2013	2012
Subtotal carried forward from previous page	\$ 2,195,380	\$ 2,195,380
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)	210,607	238,077
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)	121,900	143,100
	2,527,887	2,576,557
Less: amount to be recognized as revenue next year	48,670	48,670
	\$ 2,479,217	\$ 2,527,887

The amounts forgiven over the next five years will be \$48,670 per year for a total of \$243,350.

13. LONG-TERM DEFERRED CONTRIBUTIONS

	2013	2012
Deferred contributions - Service Canada	\$ 5,892,421	\$ 6,173,740
Deferred contributions - B.C. Housing	3,892,047	4,032,642
Deferred contributions - other capital grants	1,635,835	1,695,008
	11,420,303	11,901,390
Less: amount to be recognized as revenue next year	814,542	812,231
	\$ 10,605,761	\$ 11,089,159

LOOKOUT EMERGENCY AID SOCIETY
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14. FUNDS HELD IN TRUST

The Society maintains trust funds on behalf of clientele. As at March 31, 2013, the funds held in trust totaled \$48,869 (2012 - \$45,094).

15. INVESTED IN CAPITAL ASSETS

	2013	2012
Capital assets, net beginning of year (Note 7)	\$ 34,462,509	\$ 35,682,869
Acquisition of capital assets	29,543	42,807
Amortization	<u>(1,265,804)</u>	<u>(1,263,167)</u>
	33,226,248	34,462,509
Less amounts financed by:		
Mortgages payable	(17,413,852)	(17,900,965)
Deferred contributions	(11,420,303)	(11,901,390)
Forgivable loans	(2,527,887)	(2,576,557)
Trade payables	-	(110,176)
Contributed land	900,000	900,000
Due from BC Housing	<u>316,935</u>	<u>329,376</u>
	<u>\$ 3,081,141</u>	<u>\$ 3,202,797</u>

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

Amortization of deferred contributions	\$ 481,087
Recognition of forgivable loans	48,670
Recognition of replacement and renovation reserves	18,648
Interest earned on amounts due from B.C. Housing	3,993
Amortization	<u>(1,265,804)</u>
	<u>\$ (713,406)</u>

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LOOKOUT EMERGENCY AID SOCIETY
Notes to Financial Statements
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16. INVESTED IN CAPITAL ASSETS AND INTERFUND TRANSFERS

In the current year, the Society transferred \$591,750 (2012 - \$439,648) from the unrestricted operating net assets to the Capital Asset Fund in order to fund the cash outlays for capital asset acquisitions.

The Society transferred \$64,323 (2012 - \$(4,790)) 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 (2012 - \$12,000).
- (b) Replacement Reserve - Sakura So Residence \$10,000 (2012 - \$10,000).
- (c) Replacement Reserve - North Shore Residence \$NIL (2012 - \$12,050).
- (d) Replacement Reserve - 514 Residence \$10,000 (2012 - \$10,000).
- (e) Renovation Reserve - Powell Community Service Centre \$3,750 (2012 - \$3,552).
- (f) Training and Benefits Reserve \$28,573 (2012 - \$17,608).
- (g) Pension Benefit Reserve \$NIL (2012 - \$(70,000)).

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 \$(83,261) (2012 - \$(658)) were repaid to (by) B.C. Housing for prior year's operating net surplus (deficit).

18. OTHER REVENUES

	2013	2012
Rental	\$ 184,594	\$ 181,792
Miscellaneous	150,115	294,031
Interest	75,076	59,913
Recognition of forgivable loans	48,670	48,670
Community liaison	35,000	38,000
North Shore shelter - District of West and North Vancouver	10,500	7,000
Interest from cash held in trust by B.C. Housing	3,993	8,118
Cycleback training - City of Vancouver	-	60,099
	\$ 507,948	\$ 697,623

LOOKOUT EMERGENCY AID SOCIETY
Notes to Financial Statements
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19. 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: BC Food Processors Association, Choices Market, Coast Coal Harbour Hotel, Craig Newsholme, Darwin Construction, Dundarave Festival of Lights, Estate of Katherine Heller, Hockey Helps the Homeless, "Angels of the Night", Ken McNaughton, North Vancouver Lawn Bowling Club, Vancouver Food Bank/Runners, Warren J.A. Mitchell, Whole Foods.

20. AMORTIZATION OF DEFERRED CONTRIBUTIONS

	2013	2012
Service Canada (Human Resources and Skills Development Canada) - capital grants	\$ 281,319	\$ 281,319
B.C. Housing - repayable subsidies and grants	140,595	138,012
Other capital grants	59,173	59,437
	\$ 481,087	\$ 478,768

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.

22. COMPARATIVE FIGURES

Comparative figures for 2012 have been reclassified where applicable to conform to the current presentation. The reclassification does not affect prior year net assets.