



Lookout Housing and Health Society

Financial Statements

For the Year Ended 31 March 2020

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Independent Auditor's Report

To the Directors of Lookout Housing and Health Society

Opinion

We have audited the accompanying financial statements of Lookout Housing and Health Society (the "Society"), which comprise the Statement of Financial Position as at March 31, 2020 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.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Society as at March 31, 2020 and its results of operations, changes in net assets, and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally-accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Society in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Society's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Society, or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Society's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally-accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally-accepted auditing standards we exercise professional judgment and maintain professional skepticism throughout the audit. We also:



Identify and assess the risks of material misstatement of the financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Obtain an understanding of internal control relevant to the audit 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 Society's internal control.

Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Society's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However future events or conditions may cause the Society to cease to continue as a going concern.

Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

BDO Canada LLP

Chartered Professional Accountants

Vancouver, British Columbia

June 15, 2020



Statement of Financial Position

As at 31 March	Note	2020	2019
ASSETS			
Current Assets			
Cash and equivalents		\$ 9,411,283	\$ 8,542,211
Current portion of investments	(4)	1,717,559	4,045,697
Accounts receivable		727,135	712,782
Goods and services tax receivable		59,039	46,134
Prepaid amounts and deposits		226,623	331,954
Due from Lookout Foundation	(8)	141,618	-
		12,283,257	13,678,778
Long-term investments	(4)	4,692,597	1,374,760
Cash held in trust by B.C. Housing Management Commission	(5)	338,039	296,025
Capital Assets	(6)	64,002,405	39,245,490
		\$ 81,316,298	\$ 54,595,053
LIABILITIES			
Current Liabilities			
Accounts payable and accrued liabilities	(7)	\$ 5,373,938	\$ 4,417,565
Security deposits		254,404	189,847
Deferred contributions		5,923,162	5,038,862
Current portion of mortgages payable	(10)	1,738,219	713,791
Due to Lookout Foundation	(8)	-	377,037
		13,789,723	10,737,102
Replacement Reserves	(9)	1,841,660	1,644,088
Mortgages Payable	(10)	32,758,403	16,829,504
Forgivable Loans Payable	(11)	7,016,054	2,245,594
Deferred Capital Contributions	(12)	15,165,646	14,627,186
		70,071,486	46,083,474
NET ASSETS			
Invested in capital assets		8,362,122	5,125,440
Internally restricted	(14)	2,761,901	2,376,848
Unrestricted		120,789	1,009,291
		11,244,812	8,511,579
		\$ 81,316,298	\$ 54,595,053


 Director


 Director



Statement of Operations

For the year ended 31 March	Note	2020	2019
Revenue			
British Columbia Housing Management Commission		\$ 24,972,040	\$ 22,012,582
Vancouver Coastal Health Authority		5,433,980	5,021,566
Rental income		4,927,709	4,288,173
Fraser Health Authority		3,708,758	3,384,104
Not-for-profit grants		968,520	749,445
Amortization of deferred capital contributions		897,923	829,286
Other revenue		756,110	327,992
Client user fees		721,763	734,415
Vancouver Island Health Authority		546,268	372,080
Federal government		366,630	525,555
Provincial government		323,156	445,300
Municipal governments		263,759	158,172
Investment income		244,881	242,881
Donations	(15)	205,236	242,593
Recognition of forgivable loans payable		148,660	87,171
		\$ 44,485,393	\$ 39,421,315
Expenses			
Salaries and benefits		\$ 28,207,998	\$ 24,445,484
Program delivery		3,004,425	3,072,299
Service contracts	(8)	2,879,301	2,731,832
Renovations, repairs and maintenance		1,998,572	1,518,262
Food		1,932,898	1,894,643
Amortization of capital assets		1,887,166	1,587,927
Utilities		1,375,709	1,261,968
Office and general		985,503	1,013,909
Interest on mortgages payable		698,092	530,702
Transportation and travel		190,602	194,657
Professional fees		186,624	202,127
Insurance		185,676	136,645
Property taxes		100,474	131,214
		43,633,040	38,721,669
Excess of revenue over expense		\$ 852,353	\$ 699,646



Statement of Changes in Net Assets

	Invested in capital assets	Internally restricted	Unrestricted	Total
Balance as at 01 April 2018	\$ 4,580,110	\$ 2,417,254	\$ 814,569	\$ 7,811,933
Excess (deficiency) of revenue over expense	(671,470)	-	1,371,116	699,646
Acquisition of capital assets	2,135,513	-	(2,135,513)	-
Net change in mortgage payable	(311,999)	-	311,999	-
Receipt of deferred capital contributions	(612,607)	-	612,607	-
Net change in cash held in trust by BC Housing	5,893	-	(5,893)	-
Interfund transfers	-	(40,406)	40,406	-
Balance as at 31 March 2019	\$ 5,125,440	\$ 2,376,848	\$ 1,009,291	\$ 8,511,579
Balance as at 01 April 2019	\$ 5,125,440	\$ 2,376,848	\$ 1,009,291	\$ 8,511,579
Excess (deficiency) of revenue over expense	(840,583)	-	1,692,936	852,353
Contribution of land	1,880,880	-	-	1,880,880
Acquisition of forgivable loan	(6,800,000)	-	6,800,000	-
Acquisition of capital assets	26,644,081	-	(26,644,081)	-
Net change in mortgage payable	(16,253,327)	-	16,253,327	-
Receipt of deferred capital contributions	(1,436,383)	-	1,436,383	-
Net change held in trust by BC Housing	42,014	-	(42,014)	-
Interfund transfers	-	385,053	(385,053)	-
Balance as at 31 March 2020	\$ 8,362,122	\$ 2,761,901	\$ 120,789	\$ 11,244,812



Statement of Cash Flows

For the year ended 31 March	2020	2019
Operating Activities		
Excess of revenue over expense	\$ 852,353	\$ 699,646
Adjustments for non-cash items:		
Amortization of deferred non-cash items	(897,923)	(829,286)
Recognition of forgivable loan payable	(148,660)	(87,171)
Amortization of capital assets	1,887,166	1,587,927
	\$ 1,692,936	\$ 1,371,116
Changes in non-cash working capital items		
Accounts receivable	\$ (14,353)	\$ (193,179)
Goods and services tax recoverable	(12,905)	(2,382)
Prepaid expenses and deposits	105,331	(210,172)
Accounts payable and accrued liabilities	956,373	1,341,545
Deferred contributions	884,300	2,002,050
Security deposits	64,557	17,101
Due from (to) Lookout Foundation	(518,655)	465,273
	\$ 3,157,584	\$ 4,791,352
Financing Activities		
Proceeds from mortgages payable	\$ 17,746,688	\$ 1,005,650
Repayment of mortgages payable	(793,360)	(693,651)
Receipt of forgivable loans	6,800,000	-
Replacement reserves funding	458,470	329,391
Expenditures of replacement reserves	(260,899)	(351,320)
Receipt of deferred capital contributions	1,436,383	612,607
	\$ 25,387,282	\$ 902,677
Investing activities		
Increase in investments	\$ (989,699)	\$ (497,484)
Increase in cash held by BC Housing Management Commission	(42,014)	(5,893)
Acquisition of capital assets	(26,644,081)	(2,135,513)
	\$ (27,675,794)	\$ (2,638,890)
Net increase in cash	\$ 869,072	\$ 3,055,139
Cash and cash equivalents, beginning of year	8,542,211	5,487,072
Cash and cash equivalents, end of year	\$ 9,411,283	\$ 8,542,211



Notes to the Financial Statements for the year ended 31 March 2020

1. Nature of operations

Lookout Housing and Health Society was incorporated on 19 July 1974 under the laws of the Societies Act (BC) as a not-for-profit organization originally under the name of Lookout Emergency Aid Society and is a registered charity under the Income Tax Act. The Society provides housing and a range of support services to adults with low or no income who have few, if any, housing or support options. The Society operates 106 programs located with 46 sites and includes 1,716 housing and shelter units.

2. Summary of Significant Accounting Policies

These financial statements are prepared in accordance with Canadian Accounting Standards for Not for Profit Organizations and reflect the following significant accounting policies:

a) Revenue Recognition

The Society follows the deferral method of accounting for contributions.

Revenue is recognized from various sources as outlined below:

- i) Restricted contributions are recognized as revenue in the year in which the related expenses are incurred.
- ii) Restricted contributions for the purchase of capital assets that will not be amortized, such as land, are recognized as direct increase in net assets.
- iii) 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.
- iv) Capital contributions received for the acquisition of capital assets are deferred and amortized at the same rate as the amortization of the cost of the related capital asset.
- v) 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, or deferred depending on the nature of any external restrictions imposed on the investment income. Restricted investment income, including those related to replacement reserves, is recognized as revenue in the year in which the related expenses are incurred. Unrestricted investment income is recognized as revenue when earned.
- vi) Forgivable loans are recorded as liabilities and are amortized to income evenly over the life of the related acquired asset. The portion of the loan related to land is recorded as a direct contribution to net assets.

b) Cash Equivalents

Cash equivalents include highly liquid financial instruments with a term of maturity of ninety days or less at the date of acquisition. Cash equivalents are recorded at the lower of cost plus accrued interest and market value.



Notes to the Financial Statements for the year ended 31 March, 2020

c) Capital Assets

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

Capital assets are carried at cost less accumulated amortization. Amortization of capital assets is calculated using the straight line method over their estimated useful lives. The amortization periods applicable to the various classes of property and equipment are as follows:

Buildings	35-40 years
Leasehold improvements	30-40 years
Furniture and fixtures	5 years
Automotive	3 years
Computer hardware	3 years

The leased land is amortized over the lease term of 60 years, and is recorded at historical cost less accumulated amortization. Upon expiration of the lease contract, the property will revert to the lessor.

The prepaid building lease has a term of 60 years, and is recorded at historical cost less accumulated amortization.

Construction in progress is not amortized until completion of the project when the asset is ready for use.

d) Contributed Materials and Services

Contributed materials are recorded, when received, at the third party assessment, only if they would otherwise be purchased.

The Society benefits greatly from contributed services in the form of volunteer time. Management estimates that 10,174 volunteers (2019 – 8,220 volunteers) contributed approximately 64,462 hours (2019 – 84,392 hours) to assist the Society in carrying out its services. Due to the difficulty in determining their fair value, contributed services are not recognized in the financial statements.

e) Employee Future Benefits

The Society and its employees make contributions to the Municipal Pension Plan and the employees accrue benefits under this plan based on service. The Society's contributions to the Municipal Pension Plan are expensed when incurred.

f) 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.



Notes to the Financial Statements for the year ended 31 March, 2020

The areas requiring the greatest degree of estimation are the impairment of long lived assets, the useful lives of capital assets, determining the fair value of contributed assets, and allocation of forgivable loans between land and buildings.

g) Financial Instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, equities traded in an active market are reported at fair value, with any unrealized gains or losses reported in operations. All other financial instruments are reported at cost or amortized cost less impairment, if applicable. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items remeasured at fair value and added to the financial instrument's cost for those measured at amortized cost.

3. Financial Instruments Risk

The Society, through its financial assets and liabilities, is exposed to various risks. The following analysis provides a measurement of those risks at 31 March 2020. There have not been any changes in the risks from the prior year.

a) 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 investments and mortgages payable.

In seeking to minimize the risk from interest rate fluctuations, the interest rates on the mortgages and investments are fixed. Therefore, the society is not exposed to significant interest rates risk with respect future cash flow.

b) Credit Risk

Credit risk is the risk that the Society will incur a loss due to the failure by its debtors to meet their contractual obligations. The organization is exposed to credit risk arising from its accounts receivable, which is managed by contracting with high quality funding partners with defined contracts and by initiating a prompt collection process.

c) Liquidity Risk

Liquidity risk is the risk that the Society will not be able to meet its obligations as they fall due. The Society maintains adequate levels of working capital to ensure all its obligations can be met when they fall due. Management and the Board prepare detailed budgets and cash flow forecasts to monitor the available cash to manage liquidity.



Notes to the Financial Statements for the year ended 31 March, 2020

d) Foreign Exchange Risk

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instruments will fluctuate because of changes in foreign exchange rates. The Society's exposure to foreign exchange risk is not material.

4. Investments

As at year ended 31 March	2020	2019
Term deposits maturing between November 2020 and September 2022, at rates varying from 1.80% to 2.25%	\$ 5,193,464	\$ 4,535,154
Government bonds maturing December 2020, at a rate of 4.77%	125,192	119,341
GAFF Term deposit maturing February 2022, at a rate of 2.00%	314,632	
RBC Premium Money Market Fund	762,724	750,839
Royal Bank of Canada shares	13,076	15,123
Other shares	1,068	-
	6,410,156	5,420,457
Less: Current portion	(1,717,559)	(4,045,697)
	\$ 4,692,597	\$ 1,374,760

5. Cash held in Trust by BC Housing Management Commission (BCHMC)

As at year ended 31 March	2020	2019
Cash held in trust by BCHMC relating to the following projects		
Rhoda Kaellis	\$ 302,432	\$ 296,025
Cedar Valley Residential	35,607	-
	\$ 338,039	\$ 296,025



Notes to the Financial Statements for the year ended 31 March, 2020

6. Capital Assets

As at year ended 31 March 2020	Cost	Accumulated Amortization	2020 Net Book Value
Land	\$ 14,257,087	\$ -	\$ 14,257,087
Buildings	62,055,613	20,152,220	41,903,393
Leasehold improvements	1,489,080	145,095	1,343,985
Leased land	3,224,436	1,149,662	2,074,774
Prepaid building lease	3,875,000	110,833	3,764,167
Furniture and fixtures	1,394,863	1,174,372	220,491
Automotive	499,537	486,325	13,212
Computer hardware	333,319	308,935	24,384
Construction in progress	400,912	-	400,912
	\$ 87,529,847	\$ 23,527,442	\$ 64,002,405

As at year ended 31 March 2019	Cost	Accumulated Amortization	2019 Net Book Value
Land	\$ 7,066,393	\$ -	\$ 7,066,393
Buildings	47,275,012	18,636,126	28,638,884
Leasehold improvements	932,120	107,529	824,591
Leased land	3,224,436	1,095,922	2,128,514
Furniture and fixtures	1,285,569	1,057,868	227,701
Automotive	479,719	433,150	46,569
Computer hardware	346,066	282,197	63,869
Construction in progress	248,969	-	248,969
	\$ 60,858,284	\$ 21,612,792	\$ 39,245,490

7. Accounts payable and accrued liabilities

As at year end 31 March	2020	2019
Accrued payroll and benefits	\$ 3,305,738	\$ 2,431,797
Trade accounts and other payables	1,944,293	1,800,653
Government remittances payable	123,907	185,115
	\$ 5,373,938	\$ 4,417,565



Notes to the Financial Statements for the year ended 31 March, 2020

8. Due to/from Lookout Foundation

The Lookout Foundation (the "Foundation") was incorporated under the laws of the Societies Act (BC) as a not-for-profit organization and is a registered charity under the Income Tax Act. Its purpose includes soliciting and receiving donations and administering and distributing those funds to support the objectives and activities of the Society. The Foundation is not a controlled entity of the Society as the organizations have independent board of directors with no common board members. The amount receivable from or due to the Foundation is non-interest bearing, unsecured and repayable on demand.

During the year, the Society paid the Foundation services contract fees of \$2,589,656 (2019 - \$2,407,186) for administrative and financial services, as the senior operating team for Lookout Society are employees of Lookout Foundation, and paid capital and operating contributions of \$299,345 (2019 - \$76,777). The Society received contributions from the Foundation of \$417,238 (2019 - \$458,005). The transactions are recorded at the exchange amount, being the consideration established and agreed to by the related parties.

9. Replacement Reserves

As at year ended Mar 31	2019	Annual Allocation	Expenditures	2020
First Place (BCH)	\$ 592,722	\$ 99,225	\$ 31,376	\$ 660,571
Yukon Housing Centre (BCH)	325,412	2,488	68,880	259,020
Jim Green (BCH)	205,495	35,540	80,734	160,301
Cliff Block (BCH)	185,802	21,687	18,545	188,944
Jeffrey Ross (BCH)	167,373	15,406	61,363	121,416
Rhoda Kaellis (BCH)	129,431	18,703	-	148,134
Belcourt Residence (City of Vancouver)	37,853	265,421	-	303,274
	\$ 1,644,088	\$ 458,470	\$ 260,898	\$ 1,841,660

BC Housing has not completed the annual review of the Society's 2019 fiscal year. No adjustments have been recorded in the fiscal 2020 financial statements.

Under the terms of the agreements with BC Housing, Canada Mortgage and Housing Corporation, and the City of Vancouver, the Replacement Reserve accounts are to be credited in the amount determined by the budget provision per annum plus interest earned. As approved expenditures are made, the funding is drawn from the reserve and recognized as revenue.

The funders will review the expenditures and remaining funding on a periodic basis to ensure alignment with the relevant agreements. If expenditures are denied as eligible for replacement reserve funding adjustments will be recognized. At this time, BC Housing has not completed its reviews for the 2019 fiscal year end. There were no adjustments recorded in the fiscal 2020 or 2019 financial statements.



Notes to the Financial Statements for the year ended 31 March, 2020

10. Mortgages Payable

For the years ended 31 March	2020	2019
13802-13804 Grosvenor Road, Surrey BC Housing loan, bearing interest at 1.42% per annum. This loan was replaced by a commercial mortgage on 1 June 2020 .	\$ 969,946	\$ -
524-528 Powell Street Development Demand Loan from the Greater Vancouver Community Assistance Foundation to be repaid in full before 18 February 2023, bearing interest at 2.0% per annum.	700,000	
Belcourt; 947 East Hastings Street, Vancouver MCAP Financial Corporation mortgage, bearing interest at 2.482% per annum, and repayable in monthly payments of \$13,789 including principal and interest. The mortgage will mature on 1 October 2029.	3,845,802	-
Cedar Valley Residence; 7251 Cedar Valley Connector, Mission MCAP Financial Corporation mortgage, bearing interest at 2.86% per annum, and repayable in monthly payments of \$45,896 including principal and interest. The mortgage will mature on 1 December 2029.	12,150,657	-
Center Street Residence; 2386-88 Center Street, Abbotsford Vancouver City Savings Credit Union mortgage, bearing interest at 3.65% per annum, repayable in monthly payments of \$3,734 including principal and interest. The mortgage will mature on 29 March 2023.	787,715	803,611
Chilliwack Residence; 46101 Princess Avenue, Chilliwack Vancouver City Savings Credit Union mortgage, bearing interest at 3.65% per annum, repayable in monthly payment of \$3,734 including principal and interest. The mortgage will mature on 7 June 2023.	648,883	661,788
Cliff Block Residence: 606 Clarkson Street, New Westminster TD Canada Trust mortgage, bearing interest at 3.21% per annum, repayable in monthly payments of \$2,803 including principal and interest. The repayment terms are due for renewal on 1 July 2028. Secured by a fixed charge on real property.	466,672	485,129
Crawford Manor: 10008-10010 128th Street, Surrey Vancouver City Savings Credit Union mortgage, bearing interest at 2.69% per annum, repayable in monthly payments of \$3,075 including principal and interest. The repayment terms are due for renewal on 1 April 2021. Secured by a fixed charge on real property.	593,928	614,601
High Drive Residence; 34860-64 High Drive, Abbotsford Vancouver City Savings Credit Union mortgage, bearing interest at 3.65% per annum, repayable in monthly payments of \$3,744 including principal and interest. The mortgage will mature on 29 March 2023	789,724	805,666
Jeffrey Ross Residence: 510 Alexander Street, Vancouver Canada Mortgage and Housing Corporation mortgage, bearing interest at 2.61% per annum, repayable in monthly payments of \$14,378 including principal and interest. The repayment terms are due for renewal on 1 December 2023. Secured by a fixed charge on real property.	1,349,457	1,484,654
Jim Green Residence: 415 Alexander Street, Vancouver Peoples Trust Company mortgage, bearing interest at 2.41% per annum, repayable in monthly payments of \$25,792 including principal and interest. The repayment terms are due for renewal on 1 May 2026. Secured by a fixed charge on real property.	3,030,237	3,264,182
Macmillan House: 11184 and 11186 143A Street, Surrey Vancouver City Savings Credit Union mortgage, bearing interest at 4.00% per annum, repayable in monthly payments of \$2,235 including principal and interest. The repayment terms are due for renewal on 5 December 2024. Secured by a fixed charge on real property.	366,948	382,947



Notes to the Financial Statements for the year ended 31 March, 2020

North Shore Apartment; 101-719 West 3rd Street North Vancouver Vancouver City Union mortgage, bearing interest at 3.65% per annum, and repayable in monthly payments of \$1,694 including principal and interest. The mortgage will mature on 31 May 2023.	318,874	327,456
Rhoda Kaellis Residence: 1105 Royal Avenue, New Westminister 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 1 January 2021. Secured by a fixed charge on real property and an assignment of rents.	6,076,196	6,202,148
Yukon Housing Centre: 2088 Yukon Street, Vancouver TD Canada Trust mortgage, bearing interest at 2.63% per annum, repayable in monthly payments of \$14,472 including principal and interest. The repayment terms are due for renewal on 1 May 2027. Secured by a fixed charge on real property and an assignment of rents.	2,401,583	2,511,113
	34,496,622	17,543,295
Less: current portion	(1,738,219)	(713,791)
	\$ 32,758,403	\$ 16,829,504

Principle payments due in the next five years and thereafter are as follows:

2021	\$ 1,738,219
2022	1,077,146
2023	1,108,598
2024	1,141,478
2025	1,174,905
Thereafter	28,256,276
	\$ 34,496,622



Notes to the Financial Statements for the year ended 31 March, 2020

11. Forgivable Loans Payable

	2020	2019
Cedar Valley Residence: 7251 Cedar Valley Connector, Mission		
BCHMC forgivable loan is non-interest bearing and will be forgiven over twenty-five years beginning on the first day of the eleventh year following the commencement date of 19 August 2019. 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.	\$ 6,800,000	\$ -
Less amounts amortized	(1,942,367)	-
	\$ 4,857,633	\$ -
Cliff Block Residence: 606 Clarkson Street, New Westminster		
CMHC forgivable loan bears interest at 8.125% per annum and will be forgiven over fifteen years at the rate of \$21,200 annually, beginning on 1 January 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 1 January 2019. Secured by a fixed charge on real property.	\$ 318,000	\$ 318,000
Less amounts amortized	(145,372)	(136,287)
	\$ 172,628	\$ 181,713
DoverCourt Residence: 1606 Lynn Valley Road, North Vancouver		
BCHMC forgivable loan is non-interest bearing and will be forgiven over fifteen years beginning on the first day of the eleventh year following the commencement date of 17 February 2017. 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.	\$ 1,494,000	\$ 1,494,000
Less amounts amortized	(1,128,902)	(1,119,015)
	\$ 365,098	\$ 374,985
North Shore Shelter: 705 West 2nd Street, North Vancouver		
CMHC forgivable loan is non-interest bearing and will be forgiven over fifteen years at a rate of \$27,470 annually, beginning on 1 December 2005. If there is a default under the loan agreement, unearned principal computed from the date of default will be repayable. Terms expire on 1 November 2020. Secured by a fixed charge on real property.	\$ 412,020	\$ 412,020
Less amounts amortized	(154,336)	(143,306)
	\$ 257,684	\$ 268,714
North Shore Transitional Housing: 705 West 2nd Street, North Vancouver		
BCHMC forgivable loan is non-interest bearing and will be forgiven over twenty-five years beginning on the first day of the eleventh year following the commencement date of 1 April 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.	\$ 545,380	\$ 545,380
Less amounts amortized	(204,281)	(189,688)
	\$ 341,099	\$ 355,692
Rhoda Kaellis Residence: 1105 Royal Avenue, New Westminster		
BCHMC forgivable loan is non-interest bearing and will be forgiven over twenty-five years at a rate of \$21,815 beginning on the first day of the eleventh year following the commencement date of 1 January 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.	\$ 1,650,000	\$ 1,650,000
Less amounts amortized	(628,088)	(585,510)
	\$ 1,021,912	\$ 1,064,490
	\$ 7,016,054	\$ 2,245,594



Notes to the Financial Statements for the year ended 31 March, 2020

12. Deferred Capital Contributions

	2020	2019
BCHMC	\$ 5,799,259	\$ 5,942,774
Other capital grants	5,084,169	4,370,880
Service Canada	4,282,218	4,313,532
	\$ 15,165,646	14,627,186

13. Employee Future Benefits

The Society and its employees contribute to the Municipal Pension Plan (the "Plan"), a jointly trustee pension plan. The Plan's board of trustees, representing plan members and employers, is responsible for administering the plan, including investment of assets and administration of benefits. The plan is a multi employer defined benefit pension plan. Basic pension benefits are based on a formula. As at 31 December 2018, plan membership is broken down into 204,500 active members and approximately 101,000 retired members.

Every three years, an actuarial valuation is performed to assess the financial position of the plan and adequacy of plan funding. The actuary determines an appropriate combined employer and member contribution rate to fund the plan. The actuary's calculated contribution rate is based on the entry age normal cost method, which produces the long term rate of member and employer contributions sufficient to provide benefits for average future entrants to the plan. This rate may be adjusted for the amortization of any actuarial funding surplus and will be adjusted for the amortization of any unfunded actuarial liability.

The most recent valuation for the Municipal Pension Plan as of 31 December 2018, indicated a \$2,866 million funding surplus for basic pension benefits on a going concern basis. The Society paid \$1,497,981 (2019-\$1,002,886) for employer contributions to the Plan in fiscal 2019. The next valuation will be as at 31 December 2021, with results available later in 2022.

Employers participating in the plan record their pension expense as the amount of employer contributions made during the fiscal year (defined contribution pension plan accounting). This is because the plan records accrued liabilities and accrued assets for the plan in aggregate, resulting in no consistent and reliable basis for allocating the obligation, assets and cost to individual employers participating in the plan.



Notes to the Financial Statements for the year ended 31 March, 2020

14. Internally Restricted Net Assets

	Replacement Reserve	Renovation Reserve	Health and Training Reserves	Infrastructure Reserve	Accommodation Reserve	Capital Reserve	Total
Internally restricted net assets, 1 April 2018	\$ 677,582	\$ 381,881	\$ 40,072	\$ 275,000	\$ 46,180	\$ 996,539	\$ 2,417,254
Transfer from unrestricted net assets	(40,406)	-	-	-	-	-	(40,406)
Internally restricted net assets, 31 March 2019	\$ 637,176	\$ 381,881	\$ 40,072	\$ 275,000	\$ 46,180	\$ 996,539	\$ 2,376,848
Internally restricted net assets, 1 April 2019	\$ 637,176	\$ 381,881	\$ 40,072	\$ 275,000	\$ 46,180	\$ 996,539	\$ 2,376,848
Re-classification	46,173	(381,881)	-	(81,507)	(46,180)	463,395	-
Transfer from unrestricted net assets	(34,947)	-	-	100,000	-	320,000	385,053
Internally restricted net assets, 31 March 2020	\$ 648,402	\$ -	\$ 40,072	\$ 293,493	\$ -	\$ 1,779,934	\$ 2,761,901



Notes to the Financial Statements for the year ended 31 March, 2020

15. Donations

As at year ended 31 March	2020	2019
Cash donations	\$ 140,568	\$ 80,603
Donations in kind	64,668	161,990
	\$ 205,236	\$ 242,593

16. Commitments

The Society leases office premises and residential buildings under various operating lease arrangements. The required minimum lease payments for base rent until lease maturity are as follows:

2021	\$ 245,248
2022	206,648
2023	175,498
2024	175,498
2025	175,498
2026	60,250
2027	24,800
2028	-
	\$ 1,063,440

In addition, the Society is required to pay property taxes, repairs and maintenance and other costs related to the properties which is not included in the above figures.

17. Contingent Liabilities

Under two agreements with BC Housing, BC 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 BC Housing, the repayable subsidy portion of the funding may be repayable to BC Housing, if any proceeds of litigation are received. There are no litigation proceeds expected and therefore no expectation to repay the subsidies. Accordingly, no liability has been recorded.

18. Subsidy Adjustments

BC Housing conducts an annual review of the financial statements and may adjust for any operating surplus or deficit. Funding adjustments are accrued in the fiscal year they are determined by BC Housing. BC Housing has not completed the annual review of the Society's 2019 fiscal year. There are no expected significant net obligations to BC Housing related to fiscal 2019.



Notes to the Financial Statements for the year ended 31 March, 2020

19. Remuneration of Directors, Employees and Contractors

The Societies Act (BC) requires that the Society discloses the total remuneration paid to directors, for either being a director or for acting in another capacity, as well as the total remuneration of the top ten most highly remunerated employees or contractors with annual remuneration equal to or greater than \$75,000.

During the years ended 31 March 2020 and 31 March 2019 the amounts paid to the Board of Directors of the Society for acting in their noted capacity was \$nil (2019 - \$nil).

Wages, employee benefits and contractor expenses for the year include ten employees or contractors that each earned over \$75,000 for a total of \$1,238,672 (2019 - \$1,102,300).

20. Funds Held in Trust

The Society administers funds for certain program participants. These funds are held in separate bank accounts by the Society and are not included as assets or liabilities on the statement of financial position. As at 31 March 2020, funds held in trust for participants was \$84,752 (2019 - \$73,039).

21. Subsequent Events

Subsequent to year end, the impact of COVID-19 in Canada and on the global economy increased significantly. As the impacts of COVID-19 continue there could be an impact on the Society and its members, clients, contractors, supplies and other third part associates that could impact the timing and amounts realized on the Society's assets and future viability.

The Society has managed to continue on housing clients and providing programs and services as an essential service provider. At this time, there has been no material reduction or cancellation of any existing funding arrangements although some projects have been significantly impacted. Management has reviewed the Society's investments and noted no material impact as the amounts are held in fixed interest instruments or similar pooled funds.

Management has reviewed and revised their forecasts to account for any additional unexpected operating costs and related funding and is satisfied that there are sufficient reserves to be drawn upon to cover any unplanned deficits in fiscal 2020/21. The disruption from the virus is expected to be temporary, but the ultimate duration of disruption and financial impacts cannot be reasonably estimated with any certainty at this time, so the Society's Management will continue to monitor cash flows and financial projections and available reserves.

22. Comparative Figures

Certain comparative figures have been reclassified to conform to the current year's presentation.