

Sea to Sky Community Services Society
Financial Statements
For the year ended March 31, 2015

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For the year ended March 31, 2015

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Independent Auditor's Report

To the Board of Directors of the Sea to Sky Community Services Society

We have audited the accompanying financial statements of Sea to Sky Community Services Society, which comprise the Statement of Financial Position as at March 31, 2015, and the Statement of Operations, Changes in Fund Balances 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 preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

In common with many charitable organizations, Sea to Sky Community Services Society derives revenue from donations, fundraising and cash receipts, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of Sea to Sky Community Services Society. Therefore, we were not able to determine whether any adjustments might be necessary to donation revenue, fundraising revenue, excess (deficiency) of revenues over expenses, and cash flows from operations for the years ended March 31, 2015 and 2014, current assets and net assets as at March 31, 2015 and 2014, and net assets as at April 1, 2014 and 2013. Our audit opinion on the financial statements for the year ended March 31, 2014 was modified accordingly because of the possible effects of this limitation in scope.

Qualified Opinion

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Sea to Sky Community Services Society as at March 31, 2015 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.

Supplemental Information

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The supplementary information included in the Summary Schedule of Program Operations and Changes in Fund Balances, Schedules of Program Operations and Changes in Fund Balances and the Schedule of Capital Assets (Schedules 1 through 124) is presented for purposes of additional analysis. Such supplementary information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

BDO Canada LLP.
Chartered Accountants

August 11, 2015
Squamish, British Columbia

Sea to Sky Community Services Society
Statement of Financial Position

For the year ended March 31	2015	2014
Assets		
Current		
Cash and cash equivalents (Note 2)	\$ 684,712	\$ 880,720
Accounts receivable (Note 3)	615,794	389,357
GST receivable	47,627	54,642
Prepaid expenses	42,007	33,683
	1,390,140	1,358,402
Capital Assets (Note 4)	11,827,267	11,853,255
	\$ 13,217,407	\$ 13,211,657
Liabilities and Fund Balances		
Liabilities		
Current		
Accounts payable and accruals	\$ 340,818	\$ 297,082
Wages and benefits payable	344,838	375,029
Pre-development loans (Note 5)	138,123	103,131
Government remittances payable	52,234	48,953
Mortgages payable (Note 6)	302,450	269,723
Deferred contributions from operations (Note 7)	176,723	169,882
	1,355,186	1,263,800
Mortgages payable (Note 6)	10,867,528	11,169,977
	12,222,714	12,433,777
Fund Balances - Operating		
Externally restricted (Note 9)	692,515	491,800
Fund Balances - Capital		
Invested in capital assets	519,166	310,424
Externally restricted - capital fund (Note 9)	(112,773)	19,589
Internally restricted - capital fund (Note 9)	(104,215)	(43,933)
	994,693	777,880
	\$ 13,217,407	\$ 13,211,657

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

Sea to Sky Community Services Society
Statement of Operations

For the year ended March 31	2015	2014
Revenues		
Grants (Note 8)	\$ 6,354,446	\$ 5,734,359
Grants, fundraising and donations - capital fund (Note 8)	1,970	5,088
Donations - receipted (Note 8)	227,757	183,499
Donations - unreceipted (Note 8)	29,783	106,864
Fundraising	48,973	16,139
Sales revenue - Reuse It	26,222	-
Childcare subsidies	10,147	28,815
User fees	656,466	637,318
Workshop revenue	15,476	5,170
Interest	10,978	10,443
Miscellaneous income	12,349	12,502
Rent	826,784	798,241
	8,221,351	7,538,438
Expenses		
Advertising	16,063	10,382
Amortization (Schedule 124)	499,570	257,354
Bank charges and interest	8,998	9,696
Bad debts (Note 3)	-	3,318
Client expense reimbursements	22,355	21,601
Contractor fees	509,646	536,133
Fees, licences and dues	23,294	12,108
Food	142,908	146,216
Freight	751	789
Fundraising costs	7,516	7,780
Honoraria	16,650	25,150
Insurance	71,576	66,132
Mortgage interest	398,983	127,154
Office and miscellaneous	271,396	288,356
Professional fees	53,484	57,839
Recreation and child care fees	39,912	27,095
Rent of facilities	379,761	350,799
Repairs and maintenance	194,628	142,095
Telephone, cable and Internet	72,876	66,369
Training costs	48,813	62,378
Utilities	317,866	280,753
Vehicles	145,436	136,106
Wages and benefits	4,762,056	4,575,277
	8,004,538	7,210,880
Excess of revenues over expenses for the year	\$ 216,813	\$ 327,558

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

Sea to Sky Community Services Society
Statement of Changes in Fund Balances

For the year ended March 31

	Capital Fund	Operating Fund	2015	2014
Balance, beginning of year	\$ 286,080	\$ 491,800	\$ 777,880	\$ 450,322
Revenues	218,983	8,002,368	8,221,351	7,538,438
Expenses	(511,221)	(7,493,317)	(8,004,538)	(7,210,880)
Excess (deficiency) of revenues over expenses for the year	(292,238)	509,051	216,813	327,558
Capital acquisition	473,582	(138,555)	335,027	182,977
Capital acquisition financed by debt	(33,007)	33,007	-	-
Externally restricted capital receipts	(66,935)	66,935	-	-
Mortgage principal payments	269,723	(269,723)	-	-
Interfund transfer (Note 9)	(335,027)	-	(335,027)	(182,977)
Balance, end of year	\$ 302,178	\$ 692,515	\$ 994,693	\$ 777,880
Represented by				
Internally restricted	\$ -	\$ -	\$ -	\$ -
Externally restricted	-	692,515	692,515	491,800
Unrestricted	-	-	-	-
Invested in capital assets	519,166	-	519,166	310,424
Externally restricted - capital fund	(112,773)	-	(112,773)	19,589
Internally restricted - capital fund	(104,215)	-	(104,215)	(43,933)
	\$ 302,178	\$ 692,515	\$ 994,693	\$ 777,880

Sea to Sky Community Services Society
Statement of Cash Flows

For the year ended March 31	2015	2014
Cash provided by (used in)		
Operating activities		
Excess of revenues over expenses for the year	\$ 216,813	\$ 327,558
Items not requiring cash		
Amortization	499,570	257,354
Deferred contributions recognized as revenue	(169,882)	(169,866)
Changes in non-cash working capital balances		
Accounts receivable	(226,437)	(214,195)
GST receivable	7,015	22,212
Prepaid expenses	(8,324)	8,320
Accounts payable and accruals	47,018	81,939
Wages and benefits payable	(30,191)	9,079
Contributions received and deferred	176,723	169,882
	512,305	492,283
Investing activities		
Capital assets acquired	(473,582)	(282,436)
Financing activities		
Repayment of debt	(269,723)	(154,606)
Pre-development loan funding	34,992	3,881
	(234,731)	(150,725)
Increase (decrease) in cash during the year	(196,008)	59,122
Cash, beginning of year	880,720	821,598
Cash, end of year	\$ 684,712	\$ 880,720

Sea to Sky Community Services Society

Notes to the Financial Statements

March 31, 2015

1. Summary of Significant Accounting Policies

Purposes of the Society

Sea to Sky Community Services Society (the "Society") provides a structure to co-ordinate programs and agencies in the social fields for the geographic area known as the Sea to Sky Corridor. Its purpose is to assist in upgrading and developing existing programs and to explore and initiate services not previously available.

The Society is incorporated under the Society Act of British Columbia and is a registered charity under the Income Tax Act.

The Society provides numerous programs which offer support and assistance to families in times of need and stressful life situations. The programs offered by the Society can be grouped into the following sectors:

Early Intervention/Prevention Programs

Putting Children First is a program aimed at developing a support system for children and their families from preconception through to school entry. Success by 6 is funded by the United Way and is designed to support the continued professional development of early childhood educators. The Healthy Pregnancy Outreach program helps pregnant women and new moms maintain good health and have healthy babies. Parent-tot and StrongStart are playgroups in which parents/guardians and their children can engage in activities designed to support the success of children when they enter kindergarten. Nobody's Perfect is a free parenting program for parents who are isolated and parenting at least one pre-schooler. Strengthening Families is a program for parents and their children that aims to improve family communications and increase positive parenting practices, school performance and parent-child attachment.

Family Development

The Family Development program includes Transitioning Youth into Adulthood, Family Preservation & Reunification and Family Support services. These services are provided throughout the corridor from Squamish to Pemberton and to the more remote First Nations communities of Baptiste Smith and Skatine.

Sea to Sky Community Services Society Notes to the Financial Statements

March 31, 2015

1. Summary of Significant Accounting Policies (continued)

Purposes of the Society (continued)

Child Care Centres & Child Care Resources and Referral

The Early Child Development Services sector provides support to families with children from 0 to 12 years of age. The programs are designed to work with individuals and groups by providing them with the needed resources and support. The focus of Early Child Development is to maximize the participant's potential and provide them with the materials and information they need to enhance their parenting skills. With the help of support staff and peer relationships they learn to enjoy and make healthier lifestyle choices. Sea to Sky Community Services continues to provide a wide range of child care and preschool services for children between the ages of 3 months and 12 years. Currently the Society operates nine licensed programs in three facilities, three in Pemberton and six in Squamish.

Community Living Services

This sector includes Newport House, a residential group home located in Squamish, B.C. for adults living with a developmental disability. Their goal is to provide assistance and support to enhance as much independence as possible through work, social opportunities and community inclusion. The Life Skills and Community Access programs provides individual and group opportunities for persons with developmental disabilities to acquire daily living skills, access to community resources and to practice communication and social skills. The Better at Home program will provide seniors with additional voluntary support to help them stay in their homes longer, remain independent and socialize. Physical and Occupational Therapy programs work with the community, families, professionals and School District #48 to deliver family support, occupational and physical therapy, consultation and monitoring to children with special needs throughout the Sea to Sky Corridor.

Sea to Sky Community Services Society

Notes to the Financial Statements

March 31, 2015

1. Summary of Significant Accounting Policies (continued)

Purposes of the Society (continued)

Counselling/Outreach Services

This sector includes the Homeless Outreach program which is an innovative and flexible program that provides chronically or absolute homeless people direct access to housing, income assistance and community based health services. A Sexual Abuse Intervention Program provides one-to-one counselling and/or group therapy to children who have experienced sexual abuse. The Squamish Youth Resource Centre is a safe place where youth ages 13 to 24 years can drop in and access recreation, programs, youth events and concerts. Counselling Services for Women provides confidential one-to-one or group counselling to women who have been or are in an abusive relationship, are survivors of childhood sexual abuse or have been sexually assaulted. The Support Recovery House is a 3-month residential facility for men and women over the age of 19 who are in recovery from an addiction and are re-integrating back into the community. The Positive Action offers practical learning opportunities for children, young people, and families to reach their best potential and decrease negative behaviours.

Affordable Rental Housing Projects

The Society operates and manages Castle Rock Family Housing, a 40 unit government subsidized housing complex located in Squamish, B.C. The two, three and four bedroom townhomes are available for rent to families with children up to 18 years of age. As well, the Society operates and manages all 84 units of the Riverstones Housing Complex. The Society is responsible for collecting rent from all tenants and paying expenses applicable to the operation of all units. There are 5 buildings within the housing complex of which 2 are BC Housing Regulated Gross Income (RGI) units where rent is set at a fixed amount based on 30% of the tenant's gross income at time of application, which is then adjusted annually. The remaining 3 buildings are rented at fair market value to the general public.

Basis of Presentation

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. They include the assets and liabilities and results of operations of the Society and its proportionate share of the Centrepoint joint venture with the United Church after elimination of intercompany transactions and balances.

Sea to Sky Community Services Society

Notes to the Financial Statements

March 31, 2015

1. Summary of Significant Accounting Policies (continued)

Fund Accounting The Society follows the restricted fund method of accounting for contributions. Revenues and expenses related to program delivery and administrative activities are reported in the Operating Fund. This fund reports unrestricted and restricted resources. The Capital Fund reports assets, liabilities, revenues and expenses related to the capital assets.

Revenue Recognition Unrestricted operating government grants are recognized as revenue when received or receivable if the amount can be reasonably estimated and collection is reasonably assured. Such grants, if contributed for a future period, are deferred and reported as deferred contributions until that future period.

Unrestricted donations are recognized as revenue when received or receivable if the amount can be reasonably estimated and collection is reasonably assured. Donor designations, which have externally imposed restrictions, are recorded as deferred revenue until the year funds are received and the designated program is funded. Amounts pledged for future periods, due to the inherent uncertainty of their collection, are not recognized until such a time that they are received or collection is reasonably assured.

Other unrestricted revenue, including user fees and childcare subsidies, are reported as revenue when services are provided, and amounts receivable can be reasonably estimated and collection is reasonably assured.

Rental revenue is recognized evenly each month over the term of the lease.

Capital Assets Capital assets are recorded at cost on the statement of financial position as capital assets. Amortization is charged to the capital fund on a straight-line basis over the expected useful life of the assets. Amortization is provided as follows:

Buildings under capital lease	20-35	years straight-line basis
Computer hardware	3	years straight-line basis
Computer software	2	years straight-line basis
Furniture and equipment	10	years straight-line basis
Leasehold improvements	6	years straight-line basis
Paving	12	years straight-line basis
Vehicles	5	years straight-line basis

Income Taxes The Society is exempt from income tax under Section 149(1)(l) of the Income Tax Act.

Sea to Sky Community Services Society

Notes to the Financial Statements

March 31, 2015

1. Summary of Significant Accounting Policies (continued)

Use of Estimates	The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Areas of significance requiring management to exercise judgment on the determination of estimates include collectibility of accounts receivable, useful lives of capital assets, the allocation of expenses to various programs and grants, and completeness of accounts payable and accrued liabilities. Actual results could differ from management's best estimates as additional information becomes available and may impact future periods.
Financial Instruments	The Society's financial instruments consist of cash and cash equivalents, accounts receivable, GST receivable, accounts payable and accruals, wages and benefits payable, pre-development loans, government remittances payable and mortgages payable. The Society has measured all of its financial instruments at amortized cost using the effective interest rate method.
Contributed Services and Materials	Management has chosen to not recognize contributed materials or services for donations provided to the Society or directly associated with its programs. As such, these contributions to the Society have not been recognized in the Society's financial statements.

2. Cash and Cash Equivalents

Cash and cash equivalents consists of cash on hand, bank balances and money market funds with maturity dates of less than three months.

The Society's bank accounts are held at one chartered bank and one credit union. The bank accounts earns interest at the current prevailing rates.

Restricted funds consists of cash set aside of \$80,078 (2014 - \$74,798), \$117,165 (2014 - \$116,217) and \$20,246 (2014 - \$9,344) for Castlerock, Riverstones and Riverstones Strata capital replacements and improvements, respectively.

Sea to Sky Community Services Society
Notes to the Financial Statements

March 31, 2015

3. Accounts receivable

	2015	2014
Grants and subsidies	\$ 589,649	\$ 367,177
User fees	26,145	22,180
	\$ 615,794	\$ 389,357

Included in grants and subsidies receivable is \$321,202 due from BC Housing representing management's best estimate of the additional subsidy required to bring the debt service ratio related to the Riverstones Affordable Rental Housing Project (Note 10) to 1 for 2015.

Management reviewed all user fees and tenant rent receivables at year end and wrote off any amounts that were considered not collectible as a bad debt expense. It is management's opinion that the Society is not exposed to significant credit risk arising from the balance of these receivables.

4. Capital Assets

	2015		2014	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Buildings under capital lease	\$ 12,786,615	\$ 1,716,727	\$ 11,069,888	\$ 11,453,424
Computer equipment	39,491	36,753	2,738	-
Computer software	34,778	33,107	1,671	4,904
Construction in progress	570,364	-	570,364	235,337
Furniture and equipment	287,996	254,603	33,393	51,796
Leasehold improvements	901,333	783,854	117,479	73,175
Paving/fencing	44,528	12,794	31,734	34,619
Vehicles	97,540	97,540	-	-
	\$ 14,762,645	\$ 2,935,378	\$ 11,827,267	\$ 11,853,255

Sea to Sky Community Services Society
Notes to the Financial Statements

March 31, 2015

5. Pre-development Loans

The Society holds two unsecured pre-development loans used to finance planning activities for the Centrepont Joint Venture (Note 13). Both loans are due on demand.

	2015	2014
Greater Vancouver Community Assistance Foundation promissory note of \$99,500, accruing interest at 2% annually which is capitalized to the loan.	\$ 105,116	\$ 103,131
BC Housing pre-development loan authorized to a maximum of \$214,725 including GST towards eligible expenditures, accruing interest at 1.5% annually which is capitalized to the loan.	33,007	-
	\$ 138,123	\$ 103,131

6. Mortgages Payable

	2015	2014
Castle Rock	\$ 2,571,596	\$ 2,733,031
Riverstones	8,598,382	8,706,669
Total mortgage balance	\$ 11,169,978	\$ 11,439,700
Current portion of long-term debt	(302,450)	(269,723)
	\$ 10,867,528	\$ 11,169,977

Castle Rock

Canada Mortgage & Housing Corporation, Castle Rock housing complex, Lot B Block R District Lot 4261 Plan, VAP23209, Squamish, B.C., interest at 4.37% compounded semi-annually, repayable at \$23,054 per month. Interest rate and payments are scheduled to be re-negotiated March 1, 2018, with the mortgage maturing February 1, 2027.

Mortgage is secured by a registered first charge and by an assignment of rents and fire insurance proceeds on the property.

Sea to Sky Community Services Society
Notes to the Financial Statements

March 31, 2015

6. Mortgages Payable (continued)

Riverstones

Canada Mortgage & Housing Corporation, Riverstones housing complex, #101-106, #301-306 and #401-406 at each of 39846, 39854, 39858 Government Road, Squamish, B.C., interest at 3.48% compounded semi-annually, repayable at \$35,757 per month, maturing May 1, 2024.

The following principal payments are required over the remaining term of the debt:

Year	Amount
2016	\$ 302,450
2017	315,072
2018	327,494
2019	340,409
2020	353,839
Thereafter	<u>9,530,714</u>
	<u>\$ 11,169,978</u>

7. Deferred Contributions from Operations

The deferred contributions from operations are grants received in the current year that are designated for program funding in future periods.

		<u>2015</u>	<u>2014</u>
Direct Access - Gaming	3517	56,900	56,900
Castle Rock Housing	9006	27,424	25,116
Homeless Outreach Program	7504	8,706	8,706
ECD Outreach Program	3224	-	6,250
Success by Six	3213	-	3,750
ECD Conference	3246	-	2,663
Pemberton Food Bank	9023	29,000	29,000
Riverstones Housing	9008	5,770	-
Homeless Prevention	7585	7,416	-
Support Recovery House	7186	29,650	29,497
POW	3256	3,857	-
Special Needs Respite	5367	8,000	8,000
		<u>\$ 176,723</u>	<u>\$ 169,882</u>

Sea to Sky Community Services Society
Notes to the Financial Statements

March 31, 2015

7. Deferred Contributions from Operations (continued)

The changes in the deferred contributed balance for the year are as follows:

	2015	2014
Unamortized balance, beginning of year	\$ 169,882	\$ 169,866
Contributions received in the year	6,259,199	5,734,375
Amortized to revenue	(6,252,358)	(5,734,359)
Unamortized balance, end of year	\$ 176,723	\$ 169,882

8. Grant and Donation Revenue

Grant revenue is from the following sources:

	2015	2014
Government of Canada	\$ 435,101	\$ 453,344
Province of British Columbia	5,007,417	4,465,831
Municipalities	262,500	262,520
Other - Charities and Corporations	649,428	552,664
Total grant revenue - operating	6,354,446	5,734,359
Grant, fundraising and donations - capital fund	1,970	5,088
	\$ 6,356,416	\$ 5,739,447

Donation revenue is derived primarily from corporations and individuals.

Sea to Sky Community Services Society
Notes to the Financial Statements

March 31, 2015

9. Restricted Funds and Inter-Fund Transfers - Measurement Uncertainty

Capital and operating program funding surpluses at year-end will be presented as externally restricted or internally restricted. Externally restricted funds are those received from funders for a stipulated purpose other than general operating, and internally restricted funds are those set aside by management or the board of directors for future capital and operating needs. Externally restricted funds are typically governed by contracts which set out how the funds and any resulting surpluses may be used. However, many programs share the same purpose/mandate set out by the funder and, as a result, accumulated surpluses reported on a program by program basis are management's best estimate and may not be wholly restricted to that particular program but rather to a broad group of programs. As this determination is inherently uncertain, the classification between internally and externally restricted Fund Balances is difficult to establish. For this reason, management has chosen to present all operating surpluses as externally restricted even though they have some discretion as to how surplus funds are applied within the mandated purpose.

	Balance March 31 2014	2015 Surplus/ (Deficit)	2015 Interfund Transfers	Balance March 31 2015
Capital fund:				
Internally restricted				
New building - Pemberton - 1114 (Note 10)	\$ 64,949	\$ -	\$ (64,949)	\$ -
Other	(3,545)	2,286	-	(1,259)
Centrepoint Joint Venture - 1115 (Note 13)	(105,337)	(1,985)	4,366	(102,956)
	\$ (43,933)	\$ 301	\$ (60,583)	\$ (104,215)
Externally restricted				
Capital Campaign - 9134	\$ 19,589	\$ 207,031	\$ (339,393)	\$ (112,773)

During the year \$335,027 (2014 - \$182,977) was transferred within the capital fund to reflect acquisitions related to the Centrepoint facility in Squamish (Note 13).

Transfers and spending from internally restricted funds are supported by pledged donations that have not yet been recognized in these financial statements.

Sea to Sky Community Services Society Notes to the Financial Statements

March 31, 2015

10. Commitments and Contractual Obligations

Riverstones Affordable Rental Housing Project

The Squamish Riverstones Development ("SRD") consists of 84 stratified residential units for seniors and persons with disabilities and is established under two housing programs.

The first program consists of 54 residential units leased and operated by the Society under the Community Partnership Initiative ("CPI") Operating Agreement dated July 1, 2011. These units are owned by a private owner who has entered into a long term lease with the Society. The Society's leasehold interest in the CPI units has been financed by way of leasehold mortgage, as arranged by BC Housing (Note 6). Upon expiration of the lease, the right to use and operate the building will revert back to the private owner. Due to budgetary issues experienced by the housing programs, as described below, final acceptance and consideration for this leasehold mortgage was not approved by the Society until March 2014.

The second program consists of 30 residential units owned by the Provincial Rental Housing Corporation, and operated by the Society under the Seniors' Rental Housing Initiative ("SRHI") Operator Agreement dated July 1, 2011.

Under both agreements, the Society is responsible for collecting all rents and other revenue, and for paying out of such revenues all costs associated with the operation of the SRD. The agreements are effective for a 40 year term.

Due to various estimation issues that occurred during the development stage, the Society experienced unexpected increases in operating costs creating a projected deficiency for the housing programs. The Society indicated to BC Housing that they required protection from any losses arising from these programs and that if not obtained that they may terminate the arrangement. In March 2014, the Society and BC Housing agreed to amend the original agreement to protect the Society from any losses and an updated agreement was signed in December 2014 to reflect this change. The amendment is effective December 1, 2010 and includes two new clauses which state that: 1) BC Housing will pay the difference if units are rented below a set rate, and 2) BC Housing will, to the extent necessary, make further subsidy payments to the Society to achieve a debt servicing coverage of 1.00.

New Building - Pemberton

The Society had internally restricted funds towards the planning and development of a new facility located in Pemberton, BC. As at March 31, 2015, the Society has placed this project on hold indefinitely to focus on the development of their new building in Squamish (Note 13).

Castle Rock Family Housing Land Lease

The Society took over the lease of land that Castle Rock Family Housing is located on. The District of Squamish owns the land and has leased it under a 60 year term (initiated in 1991) for \$1. Upon termination of the lease or if the lease is terminated due to violation of the terms, the Society (tenant) will surrender possession of the lands and building to the District of Squamish (landlord).

Sea to Sky Community Services Society
Notes to the Financial Statements

March 31, 2015

10. Commitments and Contractual Obligations (continued)

Lease Payments

The Society has committed to a number of leases for vehicles, equipment and premises. The minimum lease payments, including GST and operating costs incorporated into the agreements, in each of the next five years are as follows:

Year	Vehicles	Equipment	Premises	Total
2016	\$ 7,958	\$ 14,632	\$ 264,344	\$ 286,934
2017	923	14,632	90,447	106,002
2018	-	14,632	4,500	19,132
2019	-	14,176	-	14,176
2020	-	-	-	-
Total	\$ 8,881	\$ 58,072	\$ 359,291	\$ 426,244

Program Funding Commitment

On August 7, 2014, the Society entered into a agreement with the Sunshine Coast Community Services Society ("SCCSS") to provide a maximum of \$60,000/year from April 1, 2014 to March 31, 2017 to cover direct expenses of the Parent-Tot drop in program administered by SCCSS.

11. Municipal Pension Plan

The Society and its employees contribute to the Municipal Pension Plan (the "Plan"), a jointly trusted pension. The board of trustees, representing plan members and employers, is responsible for overseeing the management of the Plan, including investment of the assets and administration of benefits. The Plan is a multi-employer contributory pension plan. Basic pension benefits provided are based on a formula. The Plan has about 182,000 active members and approximately 75,000 retired members.

The most recent actuarial valuation as at December 31, 2012 indicated a \$1,370 million funding deficit for basic pension benefits. The next valuation will be as at December 31, 2015 with results available in 2016. 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, with the result that there is no consistent and reliable basis for allocating the obligation, assets and cost to the individual employers participating in the Plan.

The Society paid \$260,108 (2014 - \$235,973) for employer contributions to the Plan in fiscal 2015.

Sea to Sky Community Services Society Notes to the Financial Statements

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12. Economic Dependence

The Province of British Columbia provided 61% (2014 - 59%) of the Society's revenue recognized in 2015. As a result, the Society is economically dependent on the provincial government for the funding required to deliver its services and programs.

13. Centrepoint Joint Venture with Squamish United Church ("Church")

On June 19, 2012, and amended on October 16, 2013, the Society and the Church signed a master agreement whereby the parties agreed to jointly develop and build a facility (Centrepoint) to house programs of the Church and the Society, and to construct 32 low to moderate rental residential units ("residential units"). As part of the agreement, the Church transferred legal and beneficial ownership of five parcels of land to the Society with an option to purchase. Upon completion, the Church and the Society will enter into a contract of purchase and sale for their own strata lots and a space sharing agreement.

The building development is currently in the planning phase. Costs are being shared based on estimated square footage to be occupied by each party upon completion of construction, currently set at 91.52% (2014 - 82%) for the Society, of which 52% is attributable to the residential units.

The Society currently has two pre-development loans in place (Note 5) to fund the ongoing planning activities. The Society has approved a capital budget of approximately \$13.4 million including GST and is in ongoing negotiations with the Provincial Government to finalize their financial support of the development. As a result, the Society is still finalizing its specific plans to finance construction costs upon completion of the building but anticipates they will be funded through a comprehensive fundraising campaign, grants, government support, and a targeted commercial mortgage of approximately \$4 million for the remainder.

The Society has engaged CPA Development Consultants to act on behalf of the Society to coordinate with government organizations to secure project funding and to provide development management services, which include the provision of general administrative services, municipal approvals, financing services, and detailed design and construction services. The fees for these services have been set at a maximum of \$6,000 per month plus disbursements and will not exceed \$144,000 plus disbursements.

As of March 31, 2015, the Society has incurred total development costs of \$570,364, of which \$335,027 was recorded as construction in progress in the current year.

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14. Financial Instrument Risk

The Society, through its financial instruments, is exposed to various risks. The following analysis provides an assessment of those risks as at March 31, 2015.

Credit Risk

Credit risk is the risk of loss to the Society if a counterparty to a financial instrument fails to meet its contractual obligations. The Society is exposed to credit risk from accounts receivable. As at March 31, 2015, the Society's maximum exposure to credit risk is \$615,794 (2014 - \$389,357). However, grants and subsidies receivable of \$589,649 (2014 - \$367,177) are due from various levels of governments and governmental organizations, therefore any credit risk associated with these receivables is limited to the estimation uncertainty on the amount of the additional subsidy expected as described in Note 3.

Liquidity Risk

Liquidity risk is the risk that the Society may be unable to generate or obtain sufficient cash or its equivalent in a timely and cost effective manner to meet its commitments as they come due. Liquidity risk includes the risk that, as a result of operational liquidity requirements, the Society will not have sufficient funds to settle a transaction on the due date; will be forced to sell financial assets at a value, which is less than what they are worth; or may be unable to settle or recover a financial asset. Liquidity risk arises from accounts payable and accrued liabilities, wages and benefits payable, pre-development loan, government remittances payable and mortgage payable. The Society manages its liquidity by matching expenditures to approved funding and by carrying sufficient cash reserves to meet its current obligations.

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 fluctuations in interest rates which impact the fair value and future cashflows on its pre-development loan and mortgage payable. As at March 31, 2015, the recorded value of instruments subject to interest rate risk totaled \$11,308,101 (2014 - \$11,542,832).

This assessment of exposure to risks is unchanged from the prior year.

15. Comparative Figures

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