

**Sea to Sky Community Services Society**  
**Consolidated Financial Statements**  
**For the year ended March 31, 2016**

**Sea to Sky Community Services Society  
Consolidated Financial Statements  
For the year ended March 31, 2016**

---

**Contents**

<b>Independent Auditor's Report</b>	<b>2 - 3</b>
<b>Consolidated Financial Statements</b>	
Consolidated Statement of Financial Position	4
Consolidated Statement of Operations	5
Consolidated Statement of Changes in Fund Balances	6
Consolidated Statement of Cash Flows	7
Notes to the Consolidated Financial Statements	8
Summary Schedule of Program Operations and Changes in Fund Balances (Unaudited)	23 - 27
Schedules 1 to 120 - Program Operations and Changes in Fund Balances (Unaudited)	28 - 147
Schedule 121 - Schedule of Tangible Capital Assets for each Program (Unaudited)	148



Tel: 604 932 3799  
Fax: 604 932 3764  
www.bdo.ca

BDO Canada LLP  
202 - 1200 Alpha Lake Road  
Whistler BC V0N 1B1 Canada

---

## Independent Auditor's Report

---

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

We have audited the accompanying consolidated financial statements of Sea to Sky Community Services Society, which comprise the Consolidated Statement of Financial Position as at March 31, 2016, and the Consolidated Statements 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 consolidated 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 consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 revenue over expenses, and cash flows from operations for the years ended March 31, 2016 and 2015, current assets and net assets as at March 31, 2016 and 2015, and net assets as at April 1, 2015 and 2014. Our audit opinion on the consolidated financial statements for the year ended March 31, 2015 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 consolidated financial position of Sea to Sky Community Services Society as at March 31, 2016 and its consolidated results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

**Emphasis of Matter**

Without further modifying our opinion, we draw attention to Note 16 to the financial statements, which explains that certain comparative information for the year ended March 31, 2015 has been restated.

**Unaudited Information**

We have not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the schedules on pages 23 through 148 of the financial statements.

**Report on Other Legal and Regulatory Requirements**

As required by the Society Act (British Columbia), we report that, in our opinion, the accounting principles in the Canadian accounting standards for not-for-profit organizations have been applied on a consistent basis.

*BDO Canada LLP.*

Chartered Professional Accountants

September 14, 2016  
Whistler, British Columbia

**Sea to Sky Community Services Society**  
**Consolidated Statement of Financial Position**

For the year ended March 31	2016	2015
<b>Assets</b>		(restated - Note 16)
<b>Current</b>		
Cash and cash equivalents (Note 2)	\$ 189,280	\$ 467,223
Restricted cash (Note 2)	285,100	217,489
Accounts receivable (Note 3)	172,811	260,549
GST receivable	8,919	47,627
Prepaid expenses	47,685	42,007
	703,795	1,034,895
<b>Tangible Capital Assets (Note 4)</b>	<b>11,739,084</b>	<b>11,827,267</b>
	<b>\$ 12,442,879</b>	<b>\$ 12,862,162</b>

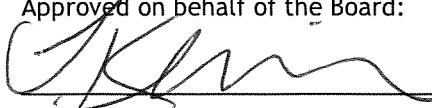
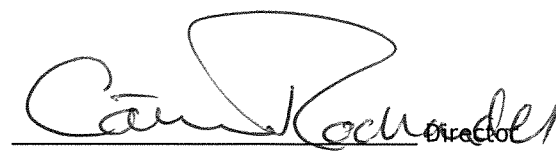
**Liabilities and Fund Balances**

**Liabilities**

**Current**

Accounts payable and accruals	\$ 365,877	\$ 340,818
Wages and benefits payable	329,900	344,838
Pre-development loans (Note 5)	318,257	138,123
Government remittances payable	63,426	52,234
Current portion of mortgages payable (Note 6)	315,072	302,450
Deferred contributions from operations (Note 7)	134,210	176,723
	1,526,742	1,355,186
<b>Mortgages Payable (Note 6)</b>	<b>10,552,456</b>	<b>10,867,528</b>
	12,079,198	12,222,714
<b>Fund Balances - Operating</b>		
Externally restricted (Note 9)	327,404	337,270
<b>Fund Balances - Capital</b>		
Invested in tangible capital assets	553,297	519,166
Externally restricted - capital fund (Note 9)	(407,351)	(112,773)
Internally restricted - capital fund (Note 9)	(109,669)	(104,215)
	363,681	639,448
	<b>\$ 12,442,879</b>	<b>\$ 12,862,162</b>

Approved on behalf of the Board:

 Director
  Director

**Sea to Sky Community Services Society**  
**Consolidated Statement of Operations**

<b>For the year ended March 31</b>	<b>2016</b>	<b>2015</b>
		(restated - Note 16)
<b>Revenue</b>		
Grants (Note 8)	\$ 5,979,464	\$ 5,999,201
Grants, fundraising and donations - capital fund (Note 8)	-	1,970
Donations - receipted (Note 8)	173,046	227,757
Donations - unreceipted (Note 8)	23,004	29,783
Fundraising	63,385	48,973
Sales revenue - Reuse It	47,968	26,222
Childcare subsidies	14,918	10,147
User fees	842,727	656,466
Workshop revenue	42,308	15,476
Interest	6,787	10,978
Miscellaneous income	4,896	12,349
Rent	892,807	826,784
	<b>8,091,310</b>	<b>7,866,106</b>
<b>Expenses</b>		
Advertising	8,996	16,063
Amortization	484,417	499,570
Bank charges and interest	15,870	8,998
Bad debts (Note 3)	544	-
Client expense reimbursements	9,682	22,355
Contractor fees	448,048	509,646
Fees, licences and dues	18,345	23,294
Food	140,848	142,908
Freight	1,352	751
Fundraising costs	49,458	7,516
Honoraria	20,249	16,650
Insurance	78,108	71,576
Mortgage interest	402,260	398,983
Office and miscellaneous	367,307	271,396
Professional fees	51,969	53,484
Recreation and child care fees	22,134	39,912
Rent of facilities	458,383	379,761
Repairs and maintenance	204,324	194,628
Telephone, cable and Internet	70,776	72,876
Training costs	47,729	48,813
Utilities	347,090	317,866
Vehicles	135,079	145,436
Wages and benefits	4,984,109	4,762,056
	<b>8,367,077</b>	<b>8,004,538</b>
<b>Deficiency of revenue over expenses for the year</b>	<b>\$ (275,767)</b>	<b>\$ (138,432)</b>

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

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

**For the year ended March 31**

	Capital Fund	Operating Fund	2016	2015 <small>(restated - Note 16)</small>
<b>Balance, beginning of year, restated (Note 16)</b>	\$ 302,178	\$ 337,270	\$ 639,448	\$ 777,880
Revenue	147,712	7,943,598	8,091,310	7,866,106
Expenses	(535,929)	(7,831,148)	(8,367,077)	(8,004,538)
Excess (deficiency) of revenue over expenses for the year	(388,217)	112,450	(275,767)	(138,432)
Capital acquisition (Note 9)	396,234	-	396,234	335,027
Capital acquisition financed by debt	(180,134)	180,134	-	-
Mortgage principal payments	302,450	(302,450)	-	-
Interfund transfer (Note 9)	(396,234)	-	(396,234)	(335,027)
<b>Balance, end of year</b>	<b>\$ 36,277</b>	<b>\$ 327,404</b>	<b>\$ 363,681</b>	<b>\$ 639,448</b>
<b>Represented by</b>				
Internally restricted	\$ -	\$ -	\$ -	\$ -
Externally restricted	-	327,404	327,404	337,270
Unrestricted	-	-	-	-
Invested in tangible capital assets	553,297	-	553,297	519,166
Externally restricted - capital fund	(407,351)	-	(407,351)	(112,773)
Internally restricted - capital fund	(109,669)	-	(109,669)	(104,215)
	<b>\$ 36,277</b>	<b>\$ 327,404</b>	<b>\$ 363,681</b>	<b>\$ 639,448</b>

**Sea to Sky Community Services Society**  
**Consolidated Statement of Cash Flows**

<b>For the year ended March 31</b>	<b>2016</b>	<b>2015</b>
		(restated - Note 16)
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Deficiency of revenue over expenses for the year	\$ (275,767)	\$ (138,432)
Items not requiring cash		
Amortization	484,417	499,570
Deferred contributions recognized as revenue	(176,723)	(169,882)
Changes in non-cash working capital balances		
Accounts receivable	87,738	128,808
GST receivable	38,708	7,015
Prepaid expenses	(5,678)	(8,324)
Accounts payable and accruals	25,059	43,737
Wages and benefits payable	(14,938)	(30,191)
Contributions received and deferred	134,210	176,723
Government remittances payable	11,192	3,281
	<b>308,218</b>	<b>512,305</b>
<b>Investing activities</b>		
Tangible capital assets acquired	<b>(396,234)</b>	<b>(473,582)</b>
<b>Financing activities</b>		
Repayment of debt	(302,450)	(269,723)
Pre-development loan funding	180,134	34,992
Increase in restricted cash (Note 2)	(67,611)	(17,130)
	<b>(189,927)</b>	<b>(251,861)</b>
<b>Decrease in cash during the year</b>	<b>(277,943)</b>	<b>(213,138)</b>
<b>Cash, beginning of year</b>	<b>467,223</b>	<b>680,361</b>
<b>Cash, end of year</b>	<b>\$ 189,280</b>	<b>\$ 467,223</b>



---

# Sea to Sky Community Services Society

## Notes to the Consolidated Financial Statements

March 31, 2016

---

### 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 Consolidated Financial Statements

**March 31, 2016**

---

### 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.

##### **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.

---

## Sea to Sky Community Services Society

### Notes to the Consolidated Financial Statements

**March 31, 2016**

---

#### 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.

##### 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 Centrepont joint venture with the United Church after elimination of intercompany transactions and balances.

##### 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 tangible capital assets.

##### Tangible Capital Assets

Tangible capital assets are recorded at cost on the statement of financial position as tangible 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 equipment	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/fencing	12	years straight-line basis
Vehicles	5	years straight-line basis

---

## Sea to Sky Community Services Society

### Notes to the Consolidated Financial Statements

**March 31, 2016**

---

#### 1. Summary of Significant Accounting Policies (continued)

##### **Tangible Capital Assets (continued)**

In the event that facts and circumstances indicate that the Society's tangible capital assets no longer have any long-term service potential to the Society, the excess of the asset's net carrying amount over any residual value is recognized as an expense in the consolidated statement of operations.

##### **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.

##### **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.

##### **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 and contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Areas requiring management to exercise judgment on the determination of estimates include collectibility of accounts receivable, useful lives of tangible 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.

---

**Sea to Sky Community Services Society**  
**Notes to the Consolidated Financial Statements**

**March 31, 2016**

---

**1. Summary of Significant Accounting Policies (continued)**

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

**Financial Instruments**        The Society's financial instruments consist of cash and cash equivalents, accounts receivable, accounts payable and accruals, wages and benefits payable, pre-development loans, and mortgages payable. The Society has measured all of its financial instruments at amortized cost using the effective interest rate method.

In the event that facts and circumstances indicate that the Society's financial instruments have suffered a permanent decline in value, the excess of the financial instrument's carrying value over any net realizable value is recognized as an expense in the consolidated statement of operations.

---

**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 \$88,579 (2015 - \$80,078), \$164,855 (2015 - \$117,165) and \$31,666 (2015 - \$20,246) for Castlerock, Riverstones and Riverstones Strata capital replacements and improvements, respectively.

During the year, the Society opened an authorized operating line of credit in the amount of \$150,000 with Squamish Savings (Division of Vancity) for working capital purposes, bearing interest at a rate of Vancity prime plus 1% per annum. As at year-end, the balance of the operating loan is \$Nil.

---

**3. Accounts receivable**

	2016	2015
		(restated - Note 16)
Grants and subsidies	\$ 144,361	\$ 234,404
User fees	28,450	26,145
	\$ 172,811	\$ 260,549

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.

**Sea to Sky Community Services Society**  
Notes to the Consolidated Financial Statements

**March 31, 2016**

**4. Tangible Capital Assets**

			2016	2015
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Buildings under capital lease	\$ 12,786,615	\$ 2,156,619	\$ 10,629,996	\$ 11,069,888
Computer equipment	17,359	15,990	1,369	2,738
Computer software	22,371	22,371	-	1,671
Construction in progress	966,597	-	966,597	570,364
Furniture and equipment	276,258	253,695	22,563	33,393
Leasehold improvements	901,333	811,623	89,710	117,479
Paving/fencing	44,528	15,679	28,849	31,734
Vehicles	97,540	97,540	-	-
	<b>\$ 15,112,601</b>	<b>\$ 3,373,517</b>	<b>\$ 11,739,084</b>	<b>\$ 11,827,267</b>

**5. Pre-development Loans**

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

	2016	2015
Greater Vancouver Community Assistance Foundation promissory note of \$99,500, accruing interest at 2% annually which is capitalized to the loan.	\$ 107,101	\$ 105,116
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.	211,156	33,007
	<b>\$ 318,257</b>	<b>\$ 138,123</b>

**Sea to Sky Community Services Society**  
Notes to the Consolidated Financial Statements

**March 31, 2016**

**6. Mortgages Payable**

	2016	2015
Castle Rock	\$ 2,403,268	\$ 2,571,596
Riverstones	8,464,260	8,598,382
Total mortgage balance	\$ 10,867,528	\$ 11,169,978
Current portion of long-term debt	(315,072)	(302,450)
	\$ 10,552,456	\$ 10,867,528

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.

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
2017	\$ 315,072
2018	327,494
2019	340,658
2020	354,357
2021	368,615
Thereafter	9,161,332
	\$ 10,867,528

**Sea to Sky Community Services Society**  
**Notes to the Consolidated Financial Statements**

**March 31, 2016**

**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>2016</u>	<u>2015</u>
Direct Access - Gaming	3517	\$ 45,000	\$ 56,900
Castle Rock Housing	9006	26,046	27,424
Homeless Outreach Program	7504	9,112	8,706
Pemberton Food Bank	9023	33,000	29,000
Riverstones Housing	9008	5,770	5,770
Homeless Prevention	7585	7,417	7,416
Residential Program	5136	2,865	-
Support Recovery House	7186	-	29,650
Pemberton Outreach Worker	3256	-	3,857
Special Needs Respite	5367	-	8,000
Community Planning Partnership	9670	5,000	-
		<u>\$ 134,210</u>	<u>\$ 176,723</u>

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

	<u>2016</u>	<u>2015</u>
		(restated - Note 16)
Unamortized balance, beginning of year	\$ 176,723	\$ 169,882
Contributions received in the year	5,936,951	6,006,042
Recognized as revenue	<u>(5,979,464)</u>	<u>(5,999,201)</u>
Unamortized balance, end of year	<u>\$ 134,210</u>	<u>\$ 176,723</u>



---

**Sea to Sky Community Services Society**  
Notes to the Consolidated Financial Statements

**March 31, 2016**

---

**8. Grant and Donation Revenue**

Grant revenue is from the following sources:

	2016	2015
		(restated - Note 16)
Government of Canada	\$ 193,519	\$ 435,101
Province of British Columbia	4,886,319	4,652,172
Municipalities	271,874	262,500
Other - Charities and Corporations	627,752	649,428
Total grant revenue - operating	5,979,464	5,999,201
Grant, fundraising and donations - capital fund	-	1,970
	\$ 5,979,464	\$ 6,001,171

Donation revenue is derived primarily from corporations and individuals.

---

**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.

---

**Sea to Sky Community Services Society**  
**Notes to the Consolidated Financial Statements**

**March 31, 2016**

---

**9. Restricted Funds and Inter-Fund Transfers - Measurement Uncertainty (continued)**

	Balance March 31 2015	2016 Surplus/ (Deficit)	2016 Interfund Transfers	Balance March 31 2016
<b>Capital fund:</b>				
<b>Internally restricted</b>				
Other	\$ (1,259)	\$ 513	\$ -	\$ (746)
Centrepoint Joint Venture - 1115 (Note 13)	(102,956)	(5,206)	(761)	(108,923)
	\$ (104,215)	\$ (4,693)	\$ (761)	\$ (109,669)
<b>Externally restricted</b>				
Capital Campaign - 9134	\$ (112,773)	\$ 100,893	\$ (395,471)	\$ (407,351)

During the year \$396,234 (2015 - \$335,027) was transferred within the capital fund to reflect acquisitions related to the Centrepoint facility in Squamish (Note 13).

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

---

**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.

---

**Sea to Sky Community Services Society**  
**Notes to the Consolidated Financial Statements**

**March 31, 2016**

---

**10. Commitments and Contractual Obligations (continued)**

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. 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. BC Housing will not pay this additional subsidy to the extent there are accumulated surpluses from prior years.

At April 1, 2014, the Society's cumulative surplus from prior years was \$202,111, therefore the Society did not receive the calculated subsidies for 2015 and 2016 of \$91,519 and \$110,288 respectively. The Society should be eligible for the additional subsidy in 2017 as the cumulative surplus has been eliminated.

**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).

**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.

---

**Sea to Sky Community Services Society**  
**Notes to the Consolidated Financial Statements**

**March 31, 2016**

---

**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
2017	\$ 7,309	\$ 14,182	\$ 338,889	\$ 360,380
2018	4,559	14,182	74,599	93,340
2019	4,559	13,727	-	18,286
2020	1,520	4,864	-	6,384
2021	-	3,648	-	3,648
<b>Total</b>	<b>\$ 17,947</b>	<b>\$ 50,603</b>	<b>\$ 413,488</b>	<b>\$ 482,038</b>

---

**11. Municipal Pension Plan**

The Society and its employees contribute to the Municipal Pension Plan (the "Plan"), a jointly trusted pension plan. 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 185,000 active members and approximately 80,000 retired members. Active members include approximately 37,000 contributors from local governments.

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 is then adjusted to the extent there is amortization of any funding deficit.

The most recent actuarial valuation as at December 31, 2012 indicated a \$1,370 million funding deficit for basic pension benefits on a going concern basis. The next valuation will be as at December 31, 2015 with results available later in 2016.

Employers participating in the Plan record their pension expense as the amount of employer contributions 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 costs to individual entities participating in the Plan.

The Society paid \$257,845 (2015 - \$260,103) for employer contributions to the Plan in fiscal 2016.

---

## Sea to Sky Community Services Society Notes to the Consolidated Financial Statements

**March 31, 2016**

---

### 12. Economic Dependence

The Province of British Columbia provided 61% (2015 - 59%) of the Society's revenue recognized in 2016. As a result, the Society is economically dependent on the provincial government for the funding required to deliver its services and programs.

---

### 13. Centrepont 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 (Centrepont) 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 was in the planning and pre-construction phase throughout the year and construction began subsequent to year end. Costs are being shared based on estimated square footage to be occupied by each party upon completion of construction, currently set at 91.52% (2015 - 91.52%) 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. On April 14, 2015, the Society obtained provisional project approval from BC Housing approving up to a \$2.8 million investment for the purchase of an equivalent number of units to the contribution within the 32 residential units, and interim construction financing up to a maximum value of \$7,282,851 and a CHMC insured mortgage to a maximum of \$2,362,979 based on an approved capital budget of approximately \$13.4 million including GST. The Society is still finalizing its specific plans to finance the construction costs upon completion of the building, but anticipates it will be funded through a comprehensive fundraising campaign, grants, the CHMC insured mortgage. The remaining required funds will be raised through an approved commercial mortgage of \$4.2 million. To date, the Society has secured approximately \$650,000 in pledged donations which have not yet been collected at March 31, 2016.

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, 2016, the Society has incurred total development costs of \$966,598, of which \$396,234 was recorded as construction in progress in the current year.

---

**Sea to Sky Community Services Society**  
**Notes to the Consolidated Financial Statements**

**March 31, 2016**

---

**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, 2016.

**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, 2016, the Society's maximum exposure to credit risk is \$172,811 (2015 - \$260,549). However, grants and subsidies receivable of \$144,361 (2015 - \$234,404) 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, 2016, the recorded value of instruments subject to interest rate risk totaled \$11,185,785 (2015 - \$11,308,101).

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.

**Sea to Sky Community Services Society**  
**Notes to the Consolidated Financial Statements**

**March 31, 2016**

**16. Prior Period Adjustment**

**Correction of Prior Period Error**

The prior year Statement of Operations and Statement of Financial Position included an expected additional BC Housing subsidy for the Riverstones project of \$355,245 to bring the debt servicing coverage ratio to 1.0 as described in Note 10, which they expected to receive subsequent to the 2015 year end. This amount was included in accounts receivable and grant revenue in the 2015 financial statements.

During the year, BC Housing completed a review and determined that there was an error in the calculation of the ratio, which reduced the eligible subsidy by \$263,726, to \$91,519 for the year, before consideration for any prior year accumulated program surpluses, and then to nil after prior year surpluses were applied, as set out in the initial operator agreement. BC Housing indicated that the intent of the new settlement agreement was not to override the entire operator agreement completely. The new settlement agreement supersedes the operator agreement only on the points it addresses and since the accumulated surplus was not addressed in the new settlement agreement, the operator agreement stands for the treatment of such surplus. In August 2016, management agreed with BC Housing's findings. As a result, both the \$263,726 and \$91,519 were also recorded in error in the 2015 financial statements.

The 2015 comparative amounts have been restated to reduce grant revenue and the associated accounts receivable by \$355,245. The impact of these changes on the previously reported balances in the financial statements is as follows:

	<u>2015</u>		<u>2015</u>
	<u>As previously stated</u>	<u>Adjustment</u>	<u>Restated</u>
<b>Statement of Financial Position:</b>			
Accounts receivable	\$ 615,794	\$ (355,245)	\$ 260,549
Externally restricted fund balance	692,515	(355,245)	337,270
<b>Statement of Operations:</b>			
Grant revenue	6,354,446	(355,245)	5,999,201
Excess (deficiency) of revenue over expenses for the year	216,813	(355,245)	(138,432)
<b>Statement of Changes in Fund Balances:</b>			
Operating fund, end of year	692,515	(355,245)	337,270

As part of the restatement, the reduction to grant revenue has also been reflected in the Schedule of Program Operations and Changes in Fund Balances for the Riverstones development (see Schedule 68, and the Summary Schedule of Program Operations and Changes in Fund Balances), because it has resulted in a restatement of the 2015 revenue over expenses and the 2015 closing fund balance.