

Financial Statements of

THE SLOCAN VALLEY SENIORS' HOUSING SOCIETY

March 31, 2015

THE SLOCAN VALLEY SENIORS' HOUSING SOCIETY
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March 31, 2015

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July 20, 2015

Nelson, B.C.

INDEPENDENT AUDITORS' REPORT

To the Members of the
The Slocan Valley Seniors' Housing Society

We have audited the accompanying financial statements of the The Slocan Valley Seniors' Housing Society, which comprise the statement of financial position as at March 31, 2015 and the statements of operations and changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation 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.

Auditors' 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.

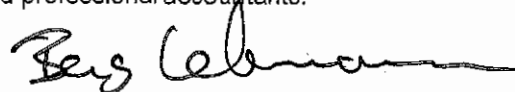
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation 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.

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of the The Slocan Valley Seniors' Housing 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.

Other Matter

The financial statements of the Slocan Valley Seniors' Housing Society for the prior reporting period were audited by another firm of chartered professional accountants.



Chartered Professional Accountants

July 20, 2015

Nelson, B.C.

THE SLOCAN VALLEY SENIORS' HOUSING SOCIETY
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As At March 31, 2015

ASSETS	General Funds	Passmore Lodge Funds	2015 Total	2014 Total
CURRENT ASSETS				
Cash	\$ 16,026	\$ 12,402	\$ 28,428	\$ 28,657
Accounts receivable	42	1,961	2,003	9,120
Prepaid expenses	-	360	360	617
Interfund balances	321	(321)	-	-
	<u>16,389</u>	<u>14,402</u>	<u>30,791</u>	<u>38,394</u>
CASH - REPLACEMENT RESERVE	-	17,549	17,549	11,343
CAPITAL ASSETS (note 3)	-	958,188	958,188	998,666
	<u>\$ 16,389</u>	<u>\$ 990,139</u>	<u>\$ 1,006,528</u>	<u>\$ 1,048,403</u>
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Accounts payable and accrued liabilities	\$ 45	\$ 10,972	\$ 11,017	\$ 13,611
Government remittances payable	500	461	961	-
Subsidy paid in advance	-	5,190	5,190	7,094
Current portion of long-term debt	-	26,643	26,643	24,597
	<u>545</u>	<u>43,266</u>	<u>43,811</u>	<u>45,302</u>
SECURITY DEPOSITS	-	2,846	2,846	2,836
LONG-TERM DEBT (note 4)	-	675,517	675,517	702,160
	<u>545</u>	<u>721,629</u>	<u>722,174</u>	<u>750,298</u>
NET ASSETS				
Invested in capital assets	-	256,028	256,028	272,479
Externally restricted replacement reserve	-	16,373	16,373	11,343
Internally restricted - housing project	3,232	-	3,232	-
Unrestricted net assets (deficit)	12,612	(3,891)	8,721	14,283
	<u>15,844</u>	<u>268,510</u>	<u>284,354</u>	<u>298,105</u>
	<u>\$ 16,389</u>	<u>\$ 990,139</u>	<u>\$ 1,006,528</u>	<u>\$ 1,048,403</u>
CONTINGENT LIABILITY (note 7)				

Approved by the Directors:

S. Markiewicz TREASURER
Rita Han PRESIDENT

THE SLOCAN VALLEY SENIORS' HOUSING SOCIETY
CONSOLIDATED STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS
For the Year Ended March 31, 2015

	General Funds	Passmore Lodge Funds	2015 Total	2014 Total
REVENUE				
BC Housing rent subsidies	\$ -	\$ 77,688	\$ 77,688	\$ 85,582
BC Housing - other subsidy	-	500	500	-
Rent contributions	-	59,367	59,367	57,313
Columbia Basin Trust grants	3,375	-	3,375	6,950
RDCK grants	6,844	-	6,844	-
Donations - cash	3,400	-	3,400	4,579
Donations - in kind	-	-	-	5,000
Fundraising	265	-	265	-
Interest and other income	192	53	245	728
Membership fees	400	-	400	315
	14,476	137,608	152,084	160,467
EXPENDITURES				
Administration salaries and benefits	4,593	20,450	25,043	18,203
Advertising and promotion	632	-	632	211
Appraisal costs	-	700	700	-
Audit	-	9,336	9,336	5,838
Board expenses	28	-	28	153
Garden sustainability project	-	-	-	12,974
General administration	788	5,706	6,494	3,628
General maintenance - building	-	15,257	15,257	16,158
General maintenance - grounds	-	2,146	2,146	10,095
General utilities and water	-	16,331	16,331	17,768
Insurance and dues	105	8,659	8,764	7,946
Internet and website	26	-	26	-
Mortgage interest accrual adjustment	-	(1,348)	(1,348)	-
Mortgage payments	-	51,269	51,269	57,505
Office expenses	202	-	202	-
Outreach programs	3,169	-	3,169	4,178
Property taxes	-	543	543	554
Rental	255	-	255	-
Replacement reserve provision	-	11,955	11,955	11,955
Service contracts	-	3,682	3,682	776
Extraordinary expense - approved travel	-	500	500	-
	9,798	145,186	154,984	167,942
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	4,678	(7,578)	(2,900)	(7,475)
NET ASSETS, BEGINNING OF YEAR	11,166	286,939	298,105	377,804
Add:				
Replacement Reserve Provision	-	11,955	11,955	11,955
Mortgage principal paid	-	24,597	24,597	20,066
Replacement Reserve Interest	-	184	184	386
Less:				
Replacement Reserve Expenditures	-	(7,109)	(7,109)	(62,051)
Amortization	-	(40,478)	(40,478)	(42,580)
NET ASSETS, END OF YEAR	\$ 15,844	\$ 268,510	\$ 284,354	\$ 298,105

THE SLOCAN VALLEY SENIORS' HOUSING SOCIETY
CONSOLIDATED STATEMENT OF CASH FLOWS
For the Year Ended March 31, 2015

	General Funds	Passmore Lodge Funds	2015 Total	2014 Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from:				
BC Housing subsidies	\$ -	\$ 78,188	\$ 78,188	\$ 83,072
Rent contributions	-	58,961	58,961	57,313
Grants	10,219	-	10,219	6,950
Donations	3,400	-	3,400	4,579
Fundraising	265	-	265	-
Memberships	400	-	400	315
Cash used for:				
Salaries, benefits and contractors	(4,048)	(35,331)	(39,379)	(43,465)
Materials and services	(6,109)	(42,019)	(48,128)	(55,734)
Net cash flows received from operating activities	4,127	59,799	63,926	53,030
CASH FLOWS FROM FINANCING ACTIVITIES				
Cash used for:				
Interest paid on long-term debt	-	(26,672)	(26,672)	(37,439)
Repayments of long-term debt	-	(24,597)	(24,597)	(20,066)
Net cash flows used for financing activities	-	(51,269)	(51,269)	(57,505)
CASH FLOWS FROM INVESTING ACTIVITIES				
Cash received from:				
Interest on deposits	192	237	429	728
Cash used for:				
Replacement reserve expenditures	-	(7,109)	(7,109)	(62,051)
Net cash flows received from (used for) investing activities	192	(6,872)	(6,680)	(61,323)
INCREASE (DECREASE) IN CASH	4,319	1,658	5,977	(65,798)
CASH, BEGINNING OF YEAR	11,707	28,293	40,000	105,798
CASH, END OF YEAR	\$ 16,026	\$ 29,951	\$ 45,977	\$ 40,000

Cash includes current cash and cash - replacement reserve

1. PURPOSE OF THE ORGANIZATION

The Slokan Valley Seniors' Housing Society incorporated in 1997 under the Society Act of the Province of British Columbia to provide low cost housing units to senior citizens living in the Slokan Valley. The Society is registered with the Canada Revenue Agency as a charitable organization. As such, it is tax exempt and can issue tax-deductible charitable donation receipts.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. The following is a summary of the significant accounting policies of the Society.

Fund Accounting - Restricted Fund Method

The Society follows the restricted fund method of accounting and reports the following funds:

- 1) General Fund - this fund accounts for the Society's general revenues and operating costs. This fund is further segregated into the General Society fund and the Housing Project fund.
- 2) Passmore Lodge Fund - this fund accounts for the Society's revenues and operating costs that pertain to the Passmore Lodge and is segregated into the housing fund, capital fund and the replacement reserve fund.

Revenue Recognition

Revenue from grants and other contributions are recognized as revenue of the appropriate fund in the year in which they are received. Interest from investments is recognized as revenue in the applicable fund in the period the investment income is earned. Donations in kind are recognized in the appropriate fund only when the fair market value of the services or materials donated is significant and can be reasonably estimated.

Capital Assets

Capital assets are recorded at cost less accumulated amortization. The Society's capital assets include land, the 10 unit seniors' housing complex, fencing, furniture and equipment, and landscaping. The building is situated on land that was donated to the Society. The fair value of the donated value of the land at the time of the donation has been recorded in the financial statements.

Amortization is provided as follows:

Building and improvements	- 4% straight line
Computer hardware	- 45% diminishing balance
Fence	- 10% diminishing balance
Furniture and equipment	- 20% diminishing balance
Landscaping	- 8% straight line

One half of the above rates are provided for in the year of acquisition.

Impairment of Long-lived Assets

The Society assesses long-lived assets for impairment when events or changes in circumstances indicate that their carrying value may not be recoverable. An impairment loss is recognized on a long-lived asset when its carrying value exceeds the total undiscounted cash flows expected from its use and eventual disposal. The amount of the impairment loss is equal to the excess of the asset's carrying value over its fair value. No impairment loss was recognized by the Society in the current year.

THE SLOCAN VALLEY SENIORS' HOUSING SOCIETY
NOTES TO FINANCIAL STATEMENTS (Continued)
As At March 31, 2015

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial Instruments

The Society's financial instruments are measured at fair value on initial recognition. Measurement in subsequent periods is at amortized cost. The Society's financial instruments include cash, accounts receivable, accounts payable and long-term debt.

Measurement Uncertainty

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 disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those reported. Significant items requiring the use of estimates include the useful lives of capital assets and impairment of long-lived assets.

3. CAPITAL ASSETS

	2015		2014	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	\$ 40,000	\$ -	\$ 40,000	\$ -
Building and improvements	1,236,810	344,588	1,236,810	307,412
Computer hardware	3,474	3,445	3,474	3,421
Fence	2,763	849	2,763	636
Furniture and equipment	37,953	31,964	37,953	30,467
Landscaping	35,140	17,106	35,140	15,538
	<u>\$ 1,356,140</u>	<u>\$ 397,952</u>	<u>\$ 1,356,140</u>	<u>\$ 357,474</u>
Net book value	<u>\$ 958,188</u>		<u>\$ 998,666</u>	

4. LONG-TERM DEBT

	2015	2014
Peoples Trust Company mortgage repayable in monthly instalments of \$4,099 including interest of 3.29% per annum, maturing June 1, 2024, secured by land and building.	\$ 702,160	\$ -
Royal Bank of Canada, repaid during the year.	-	726,757
	<u>702,160</u>	<u>726,757</u>
Less: Current portion	<u>26,643</u>	<u>24,597</u>
	<u>\$ 675,517</u>	<u>\$ 702,160</u>

Estimated principal payments required over the next five years are as follows:

2016	\$ 26,643
2017	\$ 27,530
2018	\$ 28,440
2019	\$ 29,380
2020	\$ 30,360

5. FINANCIAL RISKS

The Society is exposed to various risks through its financial instruments. The following analysis provides a measure of the risks as at March 31, 2015.

Liquidity Risk

Liquidity risk is the risk that the organization will encounter difficulty in meeting obligations associated with financial liabilities. The Society is exposed to this risk primarily in respect to its accounts payable and long-term debt. This risk is mitigated by the monthly rent subsidies the Society receives from the British Columbia Housing Management Commission ("BC Housing").

Interest Rate Risk

The Society is exposed to interest rate risk on its fixed rate long-term debt. Fixed-rate interest instruments subject the Society to a fair value risk.

6. ECONOMIC DEPENDENCE

The Society receives the majority of its operating revenues from the BC Housing and is economically dependent on this funding.

7. CONTINGENT LIABILITY

The cumulative non-rent geared to income (non-RGI) assistance is contingently repayable to BC Housing in the event that the total non-RGI tenant rent contribution in any year exceeds the economic rent of the suites occupied by non-RGI tenants. The Society is required to commence repayment of the cumulative non-RGI assistance on the first day of the subsequent fiscal year. The balance then bears interest at bank prime and the required monthly payments are set annually, based on the amount by which the non-RGI tenant rent contribution exceeds economic rent for these suites in the prior year.

	2015	2014
Repayable assistance:		
Balance, beginning of year	\$ 386,548	\$ 368,404
Repayable assistance received in year	<u>16,074</u>	<u>18,144</u>
Balance, end of year	<u>\$ 402,622</u>	<u>\$ 386,548</u>

8. PRIOR PERIOD ADJUSTMENT

The prior year comparative financial figures have been restated to include the fair market value of the land at the time it was donated to the Society. Previously, no value was attributed to this donation. The effect of this prior period adjustment was to increase the opening investment in capital assets and the net book value of the capital assets by \$40,000.

9. COMPARATIVE FIGURES

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

THE SLOCAN VALLEY SENIORS' HOUSING SOCIETY
SCHEDULE OF GENERAL FUND FINANCIAL POSITION
For the Year Ended March 31, 2015

	General Society	Housing Project	2015 Total	2014 Total
ASSETS				
Cash	\$ 12,269	\$ 3,757	\$ 16,026	\$ 11,707
GST receivable	-	42	42	-
Interfund balances	343	(22)	321	(541)
	12,612	3,777	16,389	11,166
LIABILITIES				
Accounts payable	-	45	45	-
Government remittances payable	-	500	500	-
	-	545	545	-
FUND BALANCE	\$ 12,612	\$ 3,232	\$ 15,844	\$ 11,166

THE SLOCAN VALLEY SLIPSTERS' HOUSING SOCIETY
SCHEDULE OF GENERAL FUND OPERATIONS AND FUND BALANCES
For the Year Ended March 31, 2015

	General Society	Housing Project	2015 Total	2014 Total
REVENUE				
Grants - RDCK	\$ 3,844	\$ 3,000	\$ 6,844	\$ -
Grants - Columbia Basin Trust	-	3,375	3,375	6,950
Donations	600	2,800	3,400	9,579
Fundraising	265	-	265	-
Memberships	400	-	400	315
Interest and sundry	189	3	192	152
	5,298	9,178	14,476	16,996
EXPENDITURES				
Advertising and promotion	348	284	632	211
Board expenses	28	-	28	-
Dues and fees	105	-	105	271
Garden sustainability project	-	-	-	12,974
Internet and website	-	26	26	-
Office and general administration	202	788	990	153
Outreach programs	3,169	-	3,169	4,178
Rent	-	255	255	-
Repairs and maintenance	-	-	-	6,471
Salaries and benefits	-	4,593	4,593	-
	3,852	5,946	9,798	24,258
EXCESS OF REVENUE OVER EXPENDITURES	1,446	3,232	4,678	(7,262)
FUND BALANCE, BEGINNING OF YEAR	11,166	-	11,166	18,428
FUND BALANCE, END OF YEAR	\$ 12,612	\$ 3,232	\$ 15,844	\$ 11,166

THE SLOCAN VALLEY SENIORS' HOUSING SOCIETY
SCHEDULE OF PASSMORE LODGE FINANCIAL POSITION
For the Year Ended March 31, 2015

	Housing Fund	Capital Fund	Replacement Reserve	2015 Total	2014 Total
CURRENT ASSETS					
Cash	\$ 12,402	\$ -	\$ -	\$ 12,402	\$ 16,950
Accounts receivable	1,961	-	-	1,961	9,120
Prepaid expenses	360	-	-	360	617
Interfund balances	855	-	(1,176)	(321)	570
	<u>15,578</u>	<u>-</u>	<u>(1,176)</u>	<u>14,402</u>	<u>27,257</u>
CASH - REPLACEMENT RESERVE	-	-	17,549	17,549	11,343
CAPITAL ASSETS	-	958,188	-	958,188	998,666
	<u>15,578</u>	<u>958,188</u>	<u>16,373</u>	<u>990,139</u>	<u>1,037,266</u>
CURRENT LIABILITIES					
Accounts payable	9,122	-	-	9,122	10,442
Accrued interest	1,850	-	-	1,850	3,198
Government remittances payable	461	-	-	461	-
Subsidy received in advance	5,190	-	-	5,190	7,094
Current portion of long-term debt	-	26,643	-	26,643	24,597
	<u>16,623</u>	<u>26,643</u>	<u>-</u>	<u>43,266</u>	<u>45,331</u>
SECURITY DEPOSITS	2,846	-	-	2,846	2,836
LONG-TERM DEBT	-	675,517	-	675,517	702,160
	<u>19,469</u>	<u>702,160</u>	<u>-</u>	<u>721,629</u>	<u>750,327</u>
FUND BALANCE	<u>\$ (3,891)</u>	<u>\$ 256,028</u>	<u>\$ 16,373</u>	<u>\$ 268,510</u>	<u>\$ 286,939</u>

THE SLOCAN VALLEY SENIORS' HOUSING SOCIETY
SCHEDULE OF PASSMORE LODGE OPERATIONS AND FUND BALANCES
For the Year Ended March 31, 2015

	Housing Fund	Capital Fund	Replacement Reserve	2015 Total	2014 Total
REVENUE					
BC Housing rent subsidies	\$ 77,688	\$ -	\$ -	\$ 77,688	\$ 85,582
BC Housing subsidy - other	500	-	-	500	-
Rent contributions	59,367	-	-	59,367	57,313
Interest	53	-	184	237	962
Interfund transfers	-	24,597	11,955	36,552	32,021
	137,608	24,597	12,139	174,344	175,878
EXPENDITURES					
Administrative salaries	20,450	-	-	20,450	18,203
Amortization	-	40,478	-	40,478	42,580
Appraisal fees	700	-	-	700	-
Audit	9,336	-	-	9,336	5,838
General administration	5,706	-	-	5,706	3,628
General utilities and water	16,331	-	-	16,331	17,768
Insurance and dues	8,659	-	-	8,659	7,675
Miscellaneous grounds maintenance	2,146	-	-	2,146	3,624
Miscellaneous interior building maintenance	15,257	-	-	15,257	16,158
Mortgage payments	51,269	-	-	51,269	57,505
Mortgage interest accrual adjustment	(1,348)	-	-	(1,348)	-
Property taxes	543	-	-	543	554
Replacement reserve expenditures	-	-	7,109	7,109	62,051
Replacement reserve provision	11,955	-	-	11,955	11,955
Service contracts	3,682	-	-	3,682	776
Extraordinary expenses - travel	500	-	-	500	-
	145,186	40,478	7,109	192,773	248,315
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES					
	(7,578)	(15,881)	5,030	(18,429)	(72,437)
Fund balance, beginning	3,117	272,479	11,343	286,939	359,376
Interfund transfers	570	(570)	-	-	-
FUND BALANCE, ENDING	\$ (3,891)	\$ 256,028	\$ 16,373	\$ 268,510	\$ 286,939