

**North Shore Disability
Resource Centre Association
Financial Statements**
For the year ended March 31, 2018

North Shore Disability Resource Centre Association
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For the year ended March 31, 2018

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Independent Auditors' Report

To the Members of North Shore Disability Resource Centre Association:

Report on the Financial Statements

We have audited the accompanying financial statements of North Shore Disability Resource Centre Association, which comprise the statement of financial position as at March 31, 2018, and the 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 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 auditors' 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 in our audit is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

In common with many charitable organizations, the Association derives revenue from donations and fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Association. Therefore, we were not able to determine whether, as at and for the years ended March 31, 2018 and March 31, 2017, any adjustments might be necessary to revenue, excess (deficiency) of revenue over expenses, assets, and fund balances, related to donations and fundraising activities.

Qualified Opinion

In our opinion, except for the possible 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 North Shore Disability Resource Centre Association as at March 31, 2018 and 2017 and, the results of its operations, changes in fund balances and its cash flows for the years then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Report on Other Legal and Regulatory Requirements

As required by the Societies Act (British Columbia), we report that, in our opinion, these principles have been applied on a basis consistent with that of the preceding year.

Surrey, British Columbia

June 18, 2018

MNP LLP

Chartered Professional Accountants

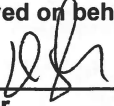
North Shore Disability Resource Centre Association

Statement of Financial Position

As at March 31, 2018

	Operating Fund	Internally Restricted Fund	Replacement Reserve Fund	Capital Fund	2018	2017
Assets						
Current						
Cash	1,299,435	194,811	329,742	40,000	1,863,988	1,847,850
Contributions receivable	153,504	-	-	-	153,504	128,966
Prepaid expenses and deposits	13,210	-	-	-	13,210	15,859
	1,466,149	194,811	329,742	40,000	2,030,702	1,992,675
Capital assets (Note 3)	-	-	-	2,040,103	2,040,103	2,107,205
Due (to) from other funds	7,968	-	(7,968)	-	-	-
	1,474,117	194,811	321,774	2,080,103	4,070,805	4,099,880
Liabilities						
Current						
Accounts payable and accruals (Note 4)	1,043,107	-	-	3,635	1,046,742	1,001,280
Deferred contributions (Note 5)	312,314	-	-	40,000	352,314	272,915
Current portion of mortgages payable (Note 6)	-	-	-	85,774	85,774	84,626
	1,355,421	-	-	129,409	1,484,830	1,358,821
Mortgages payable (Note 6)	-	-	-	812,038	812,038	897,906
	1,355,421	-	-	941,447	2,296,868	2,256,727
Fund balances						
Invested in capital assets	-	-	-	1,138,656	1,138,656	1,121,038
Externally restricted (Note 7)	-	-	321,774	-	321,774	302,958
Internally restricted (Note 8)	-	194,811	-	-	194,811	186,811
Unrestricted	118,696	-	-	-	118,696	232,346
	118,696	194,811	321,774	1,138,656	1,773,937	1,843,153
	1,474,117	194,811	321,774	2,080,103	4,070,805	4,099,880

Approved on behalf of the Board



Director



Director

The accompanying notes are an integral part of these financial statements

North Shore Disability Resource Centre Association
Statement of Operations
For the year ended March 31, 2018

	<i>Operating Fund</i>	<i>Internally Restricted Fund</i>	<i>Replacement Reserve Fund</i>	<i>Capital Fund</i>	<i>2018</i>	<i>2017</i>
Revenue						
Government grants and contributions	6,860,714	-	4,000	-	6,864,714	6,627,715
Rent	299,764	-	-	-	299,764	283,712
Fundraising activities and donations	225,352	-	-	-	225,352	263,634
Fees for service	198,988	-	-	-	198,988	184,222
Miscellaneous	56,696	-	-	-	56,696	87,221
Recognition of deferred contributions	122,226	-	-	-	122,226	279,092
Interest	6,582	-	1,687	-	8,269	9,659
BCHMC subsidy adjustment	12,462	-	-	-	12,462	9,628
	7,782,784	-	5,687	-	7,788,471	7,744,883
Expenses						
Employee compensation	6,682,591	-	-	-	6,682,591	6,498,604
Building occupancy - cleaning, telephone	365,324	-	-	-	365,324	331,617
Transportation and program services	191,562	-	-	-	191,562	203,546
Office and general	210,473	-	-	-	210,473	196,341
Food and household items	89,327	-	-	-	89,327	92,071
Amortization	-	-	-	78,708	78,708	74,696
Health care and consulting	57,163	-	-	-	57,163	56,513
Medical	32,145	-	-	-	32,145	37,988
Recreation	45,878	-	-	-	45,878	32,936
Repairs and maintenance	49,257	-	36,718	-	85,975	234,958
Mortgage interest	-	-	-	18,541	18,541	10,603
	7,723,720	-	36,718	97,249	7,857,687	7,769,873
Excess (deficiency) of revenue over expenses	59,064	-	(31,031)	(97,249)	(69,216)	(24,990)

The accompanying notes are an integral part of these financial statements

North Shore Disability Resource Centre Association Statement of Changes in Fund Balances

For the year ended March 31, 2018

	<i>Operating Fund</i>	<i>Internally Restricted Fund</i>	<i>Replacement Reserve Fund</i>	<i>Capital Fund</i>	<i>2018</i>	<i>2017</i>
Fund balances beginning of year	232,346	186,811	302,958	1,121,038	1,843,153	1,868,143
Excess (deficiency) of revenue over expenses	59,064	-	(31,031)	(97,249)	(69,216)	(24,990)
Mortgage principal repayments	(84,719)	-	-	84,719	-	-
Mortgage interest payments	(18,541)	-	-	18,541	-	-
Replacement reserve provision	(42,726)	-	42,726	-	-	-
Capital assets acquired	(11,607)	-	-	11,607	-	-
Interfund transfer	(15,121)	8,000	7,121	-	-	-
Fund balances, end of year	118,696	194,811	321,774	1,138,656	1,773,937	1,843,153

The accompanying notes are an integral part of these financial statements

North Shore Disability Resource Centre Association

Statement of Cash Flows

For the year ended March 31, 2018

	2018	2017
Cash provided by (used for) the following activities		
Operating		
Excess (deficiency) of revenue over expenses	(69,216)	(24,990)
Amortization	78,708	74,696
	9,492	49,706
Changes in working capital accounts		
Contributions receivable	(24,543)	18,922
Prepaid expenses and deposits	2,649	(5,250)
Accounts payable and accruals	(76,759)	(139,324)
	(89,161)	(75,946)
Financing		
Repayment of mortgages payable	(84,719)	(77,523)
Advances of mortgages payable	-	373,000
Deferred contributions received	201,625	127,993
	116,906	423,470
Investing		
Purchase of capital assets	(11,607)	(557,682)
Increase (decrease) in cash resources	16,138	(210,158)
Cash resources, beginning of year	1,847,850	2,058,008
Cash resources, end of year	1,863,988	1,847,850

The accompanying notes are an integral part of these financial statements

North Shore Disability Resource Centre Association

Notes to the Financial Statements

For the year ended March 31, 2018

1. Incorporation and nature of the organization

North Shore Disability Resource Centre Association (the "Association") was incorporated under the Society Act of British Columbia as a registered not-for-profit organization and is a registered charity and thus is exempt from income taxes under the Income Tax Act (the "Act"). In order to maintain its status as a registered not-for-profit organization, the Association must meet certain requirements within the Act. In the opinion of management these requirements have been met.

The Association provides programs and services based on the belief that all people are important to their community. It works to ensure that people with disabilities, along with their families and friends, can participate actively as members of the community. It is committed to a vision of communities that value inclusion and are committed to creating opportunities for all.

The Association's projects and group homes are funded by various ministries of the Government of British Columbia and by fundraising activities; the group homes are also subsidized through British Columbia Housing Management Commission ("BCHMC").

2. Significant accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO") and include the following significant accounting policies:

Fund accounting

In order to ensure observance of limitations and restrictions placed on the use of resources available, the Association follows the deferral method of accounting for contributions and accounts are maintained on a fund accounting basis. Accordingly, resources are classified for accounting and reporting purposes into funds. These funds are held in accordance with the objectives specified by the contributors or in accordance with the directives issued by the Board of Directors.

The following funds are maintained:

- A. The Operating Fund reports assets, liabilities, revenue and expenses relating to program delivery and administrative activities of the Association.
- B. The Internally Restricted Fund reports the assets, liabilities, revenue and expenses relating to internally restricted capital asset replacement activities, and for future program facilitation of the Association.
- C. The Replacement Reserve Fund reports the assets, liabilities, revenue and expenses relating to BCHMC capital asset replacement activities.
- D. The Capital Fund is used to account for the capital assets of the Association and to present the flow of funds related to their acquisition and disposal, unexpended capital resources and debt commitments.

Revenue recognition

The Association follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Interest income earned on replacement reserve funds is recognized as revenue in the Replacement Reserve Fund in the period the investment income is earned.

Rent, fees for services, and miscellaneous are recognized when the services have been provided and collectibility is reasonably assured.

Unrestricted interest income is recognized as earned.

North Shore Disability Resource Centre Association

Notes to the Financial Statements

For the year ended March 31, 2018

2. Significant accounting policies (Continued from previous page)

Capital assets

Capital assets are initially recorded at cost. Amortization is provided using the following methods at rates/terms intended to amortize the cost of the assets over their estimated useful lives.

	Method	Rate/Term
Group homes	straight-line	40 years
Group home vans	declining balance	30 %
Equipment (office)	straight-line	5 - 10 years
Equipment (homes)	straight-line	5 - 10 years

Accrued sick liability

Included in accounts payable and accruals is an estimated accrual for accumulated sick liability determined in accordance with the terms of the Association's union agreements, which in management's opinion is an accurate representation of the anticipated liability based on historical utilization rates.

Replacement reserve

In accordance with the agreement between the Association and BCHMC, a replacement reserve fund has been established. The replacement reserve is funded from the Association's operating fund budget plus interest earned through transfer of an annual provision, as determined by BCHMC, to the replacement reserve. The use of the funds is restricted for the replacement or repair of the Association's BCHMC subsidized properties.

Employee future benefits

Certain of the Association's employees participate in a multiemployer benefit plan, the Municipal Pension Plan ("MPP"), for which there is insufficient information to apply defined benefit plan accounting because the actuary does not attribute portions of the surplus to individual employers. Accordingly, the Society is not able to identify its share of the plan assets and liabilities, and therefore, the Society uses defined contribution plan accounting for MPP contributions.

Measurement uncertainty

The preparation of financial statements in conformity with ASNPO 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.

Contributions receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of capital assets. Accrued sick liability is based on management's estimate of the anticipated liability of the Association.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in the statement of operations in the periods in which they become known.

Financial instruments

The Association recognizes its financial instruments when the Association becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value, including financial assets and liabilities originated and issued in a related party transaction with management. Financial assets and liabilities originated and issued in all other related party transactions are initially measured at their carrying or exchange amount in accordance with CICA 3840 Related Party Transactions (Note 9).

At initial recognition, the Association may irrevocably elect to subsequently measure any financial instrument at fair value. The Association has not made such an election during the year. The Association subsequently measures its financial assets and liabilities at amortized cost, with transaction costs and financing fees added to the carrying amount of the financial instruments.

North Shore Disability Resource Centre Association

Notes to the Financial Statements

For the year ended March 31, 2018

2. Significant accounting policies *(Continued from previous page)*

Financial asset impairment

The Association assesses impairment of all of its financial assets measured at cost or amortized cost. When there is an indication of impairment, the Association determines whether it has resulted in a significant adverse change in the expected timing or amount of future cash flows during the year. If so, the Association reduces the carrying amount of any impaired financial assets to the highest of: the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets; and the amount expected to be realized by exercising any rights to collateral held against those assets. Any impairment, which is not considered temporary, is included in current year statement of operations. The Association reverses impairment losses on financial assets when there is a decrease in impairment and the decrease can be objectively related to an event occurring after the impairment loss was recognized. The amount of the reversal is recognized in the statement of operations in the year the reversal occurs.

Contributed materials

Contributions of materials are recognized both as contributions and expenses in the statement of operations when a fair value can be reasonably estimated and when the materials are used in the normal course of the Association's operations and would otherwise have been purchased.

BCHMC subsidy adjustments

BCHMC conducts an annual review of the Association's financial statements and may require an adjustment for any operating surplus or deficit. Funding adjustments are recognized in the year they are determined.

3. Capital assets

	<i>Cost</i>	<i>Accumulated amortization</i>	<i>2018 Net book value</i>	<i>2017 Net book value</i>
Land	1,185,657	-	1,185,657	1,185,657
Group homes	2,527,342	1,703,526	823,816	887,445
Group home vans	255,206	253,399	1,807	2,581
Computer software	7,802	780	7,022	-
Equipment (office)	69,561	51,720	17,841	25,802
Equipment (homes)	8,800	4,840	3,960	5,720
	4,054,368	2,014,265	2,040,103	2,107,205

4. Accounts payable and accruals

Included in accounts payable and accruals at March 31, 2018 is \$54,658 (2017 - \$56,385) for remittances payable to various government agencies.

North Shore Disability Resource Centre Association

Notes to the Financial Statements

For the year ended March 31, 2018

5. Deferred contributions

Deferred contributions consist of unspent contributions received from contributors who have restricted their use for specific purposes. Recognition of these amounts as revenue is deferred to periods when the specified expenditures are made.

Changes in the deferred contributions balance are as follows:

	2018	2017
Balance, beginning of year	272,915	424,014
Amount received during the year	201,625	127,993
Less: Amount recognized as revenue during the year	(122,226)	(279,092)
Balance, end of year	352,314	272,915

North Shore Disability Resource Centre Association

Notes to the Financial Statements

For the year ended March 31, 2018

6. Mortgages payable	2018	2017
<p>Quinton Place BCHMC mortgage, bearing interest at 1.40% per annum, repayable in monthly blended instalments of \$1,409, maturing in August 2025. Mortgage is secured by an assignment of rent and specific land and building, having a net book value of \$190,047 (2017 - \$196,391).</p>	119,208	134,337
<p>Millhouse MCAP Financial Corporation mortgage, bearing interest at 2.82% per annum, repayable in monthly blended instalments of \$1,395, maturing in February 2027. Mortgage is secured by an assignment of rent and specific land and building, having a net book value of \$552,569 (2017 - \$558,514).</p>	366,099	372,477
<p>Kilmer House BCHMC mortgage, bearing interest at 1.39% per annum, repayable in monthly blended instalments of \$823, maturing in March 2020. Mortgage is secured by an assignment of rent and specific land and building, having a net book value of \$79,449 (2017 - \$82,975).</p>	19,553	29,091
<p>Wilding Way BCHMC mortgage, bearing interest at 1.67% per annum, repayable in monthly blended instalments of \$916, maturing May 2022. Mortgage is secured by an assignment of rent and specific land and building, having a net book value of \$109,903 (2017 - \$113,814).</p>	44,223	54,388
<p>Shone Road BCHMC mortgage, bearing interest at 2.39% per annum, repayable in monthly blended instalments of \$1,172, maturing in February 2023. Mortgage is secured by an assignment of rent and specific land and building, having a net book value of \$125,664 (2017 - \$130,136).</p>	65,341	77,983
<p>Loraine House BCHMC mortgage, bearing interest at 1.31% per annum, repayable in monthly blended instalments of \$1,420, maturing in November 2026. Mortgage is secured by an assignment of rent and specific land and building, having a net book value of \$377,419 (2017 - \$389,283).</p>	139,891	154,990
<p>Kerrstead House BCHMC mortgage, bearing interest at 1.40% per annum, repayable in monthly blended instalments of \$1,491, maturing in September 2026. Mortgage is secured by an assignment of rent and specific land and building, having a net book value of \$203,495 (2017 - \$209,831).</p>	143,497	159,266
	897,812	982,532
Less: Current portion	85,774	84,626
	812,038	897,906

Principal repayments on mortgages payable in each of the next five years, assuming mortgages payable subject to refinancing are renewed with the similar rates and terms, are estimated as follows:

2019	85,774
2020	87,468
2021	78,821
2022	80,174
2023	71,303

North Shore Disability Resource Centre Association

Notes to the Financial Statements

For the year ended March 31, 2018

7. Externally restricted fund balance

Under the terms of the operating agreement with BCHMC, the replacement reserve accounts are to be credited in the amount determined by the budget provision per annum plus interest earned. These funds, along with the accumulated interest must be invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or the Credit Union Deposit Insurance Corporation; in investments guaranteed by a Canadian government; or in other investment instruments as agreed upon with BCHMC.

The reserve funds may only be used for capital repairs and replacements, in accordance with the operating agreement. As at March 31, 2018, the replacement reserve was funded and maintained in accordance with the operating agreement and all interest accruing to the fund has been recorded.

Changes to the replacement reserve for the fiscal year ending March 31, 2018 are as follows:

	2018	2017
Balance, beginning of year	302,958	299,216
Current year BCHMC provision	42,726	42,726
Transfer from operating fund	7,121	-
Interest income	1,687	1,700
Grant income	4,000	-
Expenses from replacement reserve fund	(36,718)	(40,684)
	321,774	302,958

8. Internally restricted fund balance

The Association, as determined by the Board of Directors, has internally restricted funds in the amount of \$194,811 (2017 - \$186,811). These funds are restricted for future program facility and equipment replacement costs and are not available for other purpose without approval by the Board of Directors.

9. Related party transactions

The Association is related to the NSDRC Foundation (the "Foundation") by virtue of certain common board members and certain common management. The Foundation was formed in July 2005 and was designated as a public foundation by Canada Revenue Agency. The Foundation's mandate is to fund and facilitate certain activities of the Association. The Association appoints 3 of the 7 directors of the Foundation.

During the year, the Association entered into the following transactions with the Foundation:

- Included in office and general expense for the current year is \$48,000 (2017 - \$48,000) of rent paid to the Foundation.
- Included in fundraising activities and donations revenue for the current year is \$56,000 (2017 - \$57,200) of donations received from the Foundation.
- Included in miscellaneous revenue for the current year is \$9,940 (2017 - \$12,100) of administration fees received from the Foundation.

These transactions were conducted in the normal course of operations and measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

North Shore Disability Resource Centre Association

Notes to the Financial Statements

For the year ended March 31, 2018

10. Financial instruments

The Association, as part of its operations, carries a number of financial instruments. It is management's opinion that the Association is not exposed to significant interest, currency, credit, liquidity or other price risks arising from these financial instruments except as otherwise disclosed.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk.

The Association is subject to interest rate risk on its mortgages payable.

Liquidity risk

Liquidity risk is the risk that the Association will encounter difficulty in meeting obligations associated with financial liabilities. The Association enters into transactions to borrow funds from financial institutions or other creditors; lease office premises etc., for which repayment is required at various maturity dates.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Association's main credit risk relates to its contributions receivable. As at March 31, 2018, the majority of the Association's accounts receivable is due from government funding agencies and as such, management deems there to be minimal credit risk associated with the collection of these receivables.

11. Employee future benefits

The Association participates in a multi-employer plan for certain of the Association's employees. Included in salaries and wages expense for the year ended March 31, 2018 is \$345,916 (2017 - \$350,806), representing the Association's contributions to the plan on behalf of the member employees.

12. Economic dependence

The Association's primary source of revenue is funding from government agencies. The funding can be cancelled if the Association does not observe certain established guidelines. The Association's ability to continue viable operations is dependent upon following the criteria within the government guidelines. As at the date of these financial statements, the Association believes that it is in compliance with the guidelines.

13. Community gaming grant

The Association receives a Community Gaming Grant to fund its Information and Advocacy, and Transition and Employment programs and has received a Capital Gaming Grant in the fiscal year ending March 31, 2018. To comply with the Gaming Policy and Enforcement Branch, the Association maintains a Gaming Account to deposit proceeds from gaming grants and donations, and disburse funds. The balance of the Gaming account at March 31, 2018 is \$125,680 (2017 - \$85,725) and is included in cash.