

Victoria Cool Aid Society
Financial Statements
Year Ended March 31, 2020

Independent Auditors' Report

To the Members of Victoria Cool Aid Society

Report on the Financial Statements

Opinion

We have audited the financial statements of Victoria Cool Aid Society (the "Society"), which comprise the statement of financial position as at March 31, 2020 and the statements of operations, changes in net assets and cash flows for the year end March 31, 2020 and a summary of significant accounting policies and other explanatory information.

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

Basis for Opinion

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

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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



Auditors' Responsibilities for the Audit of the Financial Statements (continued)

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Society's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Society's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Society to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on Other Legal and Regulatory Requirements

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The supplementary information included in Schedules 1 and 2 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

As required by the British Columbia Societies Act, we report that, in our opinion, the accounting principles in Canadian accounting standards for not-for-profit organizations have been applied on a basis consistent with that of the preceding year.

Dusanj & Wirk

Victoria, British Columbia
July 9, 2020

Chartered Professional Accountants



Victoria Cool Aid Society

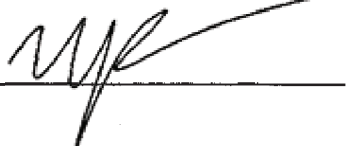
Statement of Financial Position

As at March 31, 2020 with comparative figures for 2019

	2020 \$	2019 \$
Assets		
Current:		
Cash and short-term investments (Note 3)	6,633,772	6,717,095
Accounts receivable	690,377	630,081
Inventory	117,082	156,154
Prepaid expenses (Note 4)	353,293	936,578
	<u>7,794,524</u>	<u>8,439,908</u>
Cash – Restricted Funds (Note 5)	1,633,496	1,483,332
Long-term accounts receivable (Note 6)	207,870	207,870
Prepaid leases (Note 7)	266,332	334,532
Property and equipment (Note 8)	41,881,272	36,096,025
Total assets	<u>51,783,494</u>	<u>46,561,667</u>
Liabilities		
Current:		
Bank loans payable (Note 9)	1,018,617	1,021,196
Accounts payable and accrued liabilities	2,320,917	2,052,813
Government remittances payable	296,503	358,649
Security deposits	128,455	129,851
Deferred contributions (Note 10)	3,980,066	3,888,844
Current portion of long-term debt (Note 14)	866,903	2,371,840
	<u>8,611,461</u>	<u>9,823,193</u>
Deferred contributions related to restricted funds (Note 11)	151,662	151,901
Deferred contributions related to land lease (Note 12)	60,970	85,358
Deferred contributions related to property and equipment (Note 13)	7,430,252	5,870,302
Long-term debt (Note 14)	20,022,971	15,560,640
Forgivable debt (Note 15)	10,460,398	10,460,398
Total liabilities	<u>46,737,714</u>	<u>41,951,792</u>
Net Assets		
Invested in property and equipment (Note 17)	2,240,149	1,875,277
Externally restricted replacement reserves – B.C. Housing (Note 5)	1,450,535	1,300,930
Internally restricted (Note 18)	1,325,965	1,325,453
Unrestricted	29,131	108,215
Total net assets	<u>5,045,780</u>	<u>4,609,875</u>
Total liabilities and net assets	<u>51,783,494</u>	<u>46,561,667</u>

Approved by the board:

 Director

 Director

The accompanying notes are an integral part of these financial statements

Victoria Cool Aid Society

Statement of Operations

Year ended March 31, 2020 with comparative figures for 2019

	2020	2019
	\$	\$
Revenue		
B.C. Housing Management Commission	12,622,470	11,506,470
Island Health Authority	6,151,744	5,743,190
Pharmacy revenue	3,885,430	6,355,854
Rental income and occupancy fees	3,105,091	2,996,537
Donations & grants	1,169,059	1,000,666
Forensic Psychiatric Services Commission	848,695	804,569
Fees - Dental	629,600	621,366
Amortization of deferred contributions	392,929	376,194
Other	232,661	242,609
Research grants	166,971	158,200
Investment income	134,565	122,925
Gaming - Direct Access	100,000	102,723
United Way	82,891	80,000
CMHC Loan Forgiveness	-	35,239
	<u>29,522,106</u>	<u>30,146,542</u>
Expenses		
Salaries and benefits	17,526,936	15,826,640
Supplies and equipment - health centre	3,334,310	5,810,651
Building occupancy costs	2,778,140	2,677,605
Physician & Dentist fees	1,599,007	1,560,741
Program expense and client support	1,453,312	1,330,347
Amortization expense	1,174,499	1,170,556
Mortgage interest and loan fees	578,837	612,592
Amounts transferred to replacement reserves	240,906	215,632
Office supplies, and equipment	208,142	252,941
Advertising, promotion, and fundraising	203,541	162,390
Travel and vehicle expenses	115,480	126,592
Professional fees	93,353	36,276
Bank charges and interest	80,501	58,592
Staff development and training	65,377	82,553
Licenses, memberships and dues	30,448	30,375
	<u>29,482,789</u>	<u>29,954,483</u>
Excess of revenue over expenses from operations	<u>39,317</u>	<u>192,059</u>

Victoria Cool Aid Society

Statement of Changes in Net Assets

Year ended March 31, 2020 with comparative figures for 2019

	Invested in Property and Equipment <i>(Note 17)</i> \$	Externally Restricted B.C. Housing <i>(Schedule 1)</i> \$	Internally Restricted <i>(Note 18)</i> \$	Endowment Fund <i>(Note 19)</i> \$	Unrestricted \$	2020 Total \$	2019 Total \$
Balance, beginning of year	1,875,277	1,300,930	1,325,453	-	108,215	4,609,875	4,308,918
Allocation of income:							
Excess of revenues over expenses	-	-	-	-	39,317	39,317	192,059
Transfers between funds:							
Amortization of property and equipment, net	(718,212)	-	-	-	718,212	-	-
Interest income and bank charges	-	22,633	512	-	(23,145)	-	-
Investment in property and equipment <i>(Note 17)</i>	1,640,680	-	-	-	(1,640,680)	-	-
Interfund loan <i>(Note 17)</i>	(827,142)	-	-	-	827,142	-	-
Transfers to (from) replacement reserves:							
Amounts expended to replacement reserve	-	(113,935)	-	-	70	(113,865)	(150,080)
Replacement reserve provision <i>(Note 5)</i>	-	240,907	-	-	-	240,907	215,632
Direct increases (decreases) to net assets:							
Endowment funds received <i>(Note 19)</i>	-	-	-	100	-	100	270
Endowment funds transferred <i>(Note 19)</i>	-	-	-	(100)	-	(100)	(270)
Contributions related to land	269,546	-	-	-	-	269,546	43,346
	364,872	149,605	512	-	(79,084)	435,905	300,957
Balance, end of year	2,240,149	1,450,535	1,325,965	-	29,131	5,045,780	4,609,875

Victoria Cool Aid Society

Statement of Cash Flows

Year ended March 31, 2020 with comparative figures for 2019

	2020	2019
	\$	\$
Cash flows from operating activities:		
Excess (deficiency) of revenue over expenses	39,317	192,059
Items not involving cash:		
Amortization	1,174,499	1,170,556
Amortization of deferred contributions	(392,929)	(376,194)
Amortization of forgivable CMHC mortgage	-	(28,178)
Transfers to replacement reserves	127,042	65,552
Cash provided by (used in) changes in non-cash working capital items:		
Accounts receivable	(60,295)	379,442
Prepaid expenses	583,285	(594,223)
Inventory	39,072	(29,673)
Accounts payable and accrued liabilities	268,105	51,580
Government remittances payable	(62,146)	73,385
Security deposits	(1,396)	(1,303)
Deferred contributions	90,820	460,785
	<u>1,805,534</u>	<u>1,363,788</u>
Cash flows from (used by) financing and investing activities:		
Mortgage and construction financing	2,954,816	320,952
Construction and purchase of property and equipment, net	(6,622,000)	(1,217,030)
Deferred contributions related to property and equipment	1,928,491	168,358
	<u>(1,738,693)</u>	<u>(727,720)</u>
Net increase in cash	66,841	636,068
Cash, beginning of year	<u>8,200,427</u>	<u>7,564,359</u>
Cash, end of year	<u>8,267,268</u>	<u>8,200,427</u>
Represented by:		
Cash and short-term investments	6,633,772	6,717,095
Cash – Restricted funds	1,633,496	1,483,332
	<u>8,267,268</u>	<u>8,200,427</u>

The accompanying notes are an integral part of these financial statements

Victoria Cool Aid Society

Notes to the Financial Statements

Year ended March 31, 2020 with comparative figures for 2019

1. Purpose

The Victoria Cool Aid Society (the "Society") was incorporated October 28, 1976 under the Society Act of British Columbia and transitioned to the British Columbia Societies Act on June 21, 2017. The purpose of the Society is to end homelessness in Victoria by working in partnership with others to develop community solutions. The Society provides a continuum of care that includes supportive housing, the provision of emergency shelter and the delivery of holistic and integrated health care and support services. The Society serves individuals facing multiple barriers of poverty, mental illness and addiction. The Society actively participates in a variety of networks committed to improving services and influencing policy for an improved quality of life in the community.

The Society is a registered charity under the Income Tax Act and as such is not subject to taxation.

2. Significant Accounting Policies

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies.

a) Revenue Recognition

The Society 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 can be reasonably estimated and collection is reasonably assured.

Restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Unrestricted investment income is recognized as revenue when earned. Contributions to endowment funds held by a foundation of which the Society is a beneficiary are not recognized as revenue.

b) B.C. Housing Replacement Reserves

B.C. Housing replacement reserves are accounted for in accordance with the B.C. Housing Financial Responsibilities Guide. This requires that contributions from B.C. Housing for replacement reserves be recognized as revenue when they are received and then transferred to externally restricted replacement reserves. The replacement reserves are increased by interest earned on these funds and reduced by purchases of eligible items included in B.C. Housing's Standardized List of Replacement Reserve items.

c) Contributed Materials and Services

The Society receives contributions of both materials and services. However, due to the difficulty in determining their fair value, contributed materials and services are not recognized in the financial statements.

d) Inventories

Inventories are measured at the lower of cost and net realizable value, with cost being determined using the specific identification method. Net realizable value is the estimated selling price in the ordinary course of business, less any applicable variable selling costs.

The cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Victoria Cool Aid Society

Notes to the Financial Statements

Year ended March 31, 2020 with comparative figures for 2019

Significant Accounting Policies (continued)

e) Joint Arrangement

The Society has an agreement with Vancouver Island AIDS Society to jointly operate the Access Health Centre at 713 Johnson Street, a building owned by both parties. The Society recognizes its two-third share of the assets, liabilities, revenues, and expenses relating to the project in its statements of financial position and operations.

f) Property and Equipment

Property and equipment are recorded at cost. Except for the housing developments under B.C. Housing's Homeless at Risk Housing Program, amortization is provided over the estimated useful life of the assets on a straight-line basis as follows:

Building improvements	25 years
713/715 Johnson St. Building	25 years
Pandora Gymnasium	25 years
Furniture and equipment	5 years
Computer hardware/software, Vehicles	5 years

At the time of acquisition, B.C. Housing required that amortization of the buildings on the following Homeless at Risk housing developments be equal to the principal reduction on the mortgage for the fiscal year: Swift & Store Street, Pandora, Johnson Manor, Fairway Woods, Hillside Terrace, Next Steps, Mike Gidora Place, and Cedar Grove. The Society continues to apply this amortization policy.

No amortization is taken in the year of acquisition or until the property is completed and put into use.

g) Use of Estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. These estimates are reviewed periodically and adjustments are made to income as appropriate in the year they become known. Actual results could differ from those estimates.

h) Financial Instruments

The Society initially measures its financial assets and financial liabilities at fair value. The Society subsequently measures all its financial assets and financial liabilities at amortized cost, except for cash and investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in the statement of operations.

Financial assets measured at amortized cost include short-term investments and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities, government remittances payable, bank loan payable, long-term debt and forgivable debt.

i) Employee Future Benefits

The Society and its employees contribute to the Municipal Pension Plan, a multi-employer plan for group benefits. Defined contribution plan accounting is applied to multi-employer defined benefit plans and accordingly, contributions to these plans are expensed.

Victoria Cool Aid Society

Notes to the Financial Statements

Year ended March 31, 2020 with comparative figures for 2019

3. Cash and Short-term Investments

Cash and short-term investments include a deposit in the B.C. Non-Profit Housing Association Pooled for Increased Earnings Program (PIE) of \$3,705,319 earning interest at 0.60%. The PIE Program is invested with Vancity Savings Credit Union. The investment has no fixed term, no notice requirement or withdrawal penalty. Deposits are guaranteed by the Credit Union Deposit Insurance Corporation of B.C.

4. Prepaid expenses

	2020 \$	2019 \$
Property under development	173,757	775,544
Prepaid expenses	179,536	161,034
	<u>353,293</u>	<u>936,578</u>

5. Cash – Restricted Funds

	2020 \$	2019 \$
Replacement Reserves – B.C. Housing	1,450,535	1,300,320
Replacement Reserves – Shelters	31,360	31,204
Mike Gidora Vision Fund	26,996	27,254
Carl Young Pets In Need	24,605	24,554
Gaming Fund	100,000	100,000
	<u>1,633,496</u>	<u>1,483,332</u>

Replacement Reserves – B.C. Housing

Under the terms of the operating agreement with B.C. Housing, the Society is required to maintain a replacement reserve for major repair and furnishing replacements for the housing facilities referred to as Swift House, Pandora, Fairway Woods, Hillside Terrace, Johnson Manor, Mike Gidora Place, Olympic Vista, Transitional Housing-Rock Bay Landing, Cottage Grove and Tally Ho. The replacement reserve accounts are to be credited in the amount determined by the annual budget plus interest earned. This is done by an annual transfer from operations. These funds along with the accumulated interest must be held in a separate bank account. The reserve funds may only be used for repairs and replacements in accordance with the operating agreement. The corresponding net assets are reflected in Externally Restricted Replacement Reserves – B.C. Housing.

During the year the B.C. Housing replacement reserves were fully funded and maintained in accordance with the operating agreements and all interest accruing to the funds has been recorded.

Replacement Reserves – Shelters

The Society maintains a replacement reserve for the purpose of providing extraordinary or major repairs and furnishing replacements for the shelter facilities. These funds earn interest and are maintained in a separate bank account.

Victoria Cool Aid Society

Notes to the Financial Statements

Year ended March 31, 2020 with comparative figures for 2019

5. Cash – Restricted Funds (continued)

Cash – Mike Gidora Vision Fund

The Mike Gidora Vision Fund was originally created within the Cool Aid Foundation to honour the memory and spirit of Mike Gidora. Mike believed that individuals can find strength within themselves to create positive change; he had the ability to see things, not only as they are, but as they could be. This fund supports Cool Aid clients who are struggling to create or sustain a positive change in their circumstance. These funds earn interest and are maintained in a separate bank account.

Cash – Carl Young Pets In Need

The Society was the sole beneficiary of the estate of Carl Young. In keeping with the wishes of Mr. Young, the Society established the Carl Young Pets In Need Fund with a portion of the proceeds from his estate. The Fund will be available to assist current and former tenants and clients with pet expenses such as pet food, veterinary bills and other pet-related expenses.

Cash - Gaming Fund

The Society maintains a fund received from Gaming and Enforcement Branch of the Provincial Government, and gaming fund contributions from other organizations for the purpose of assistance with the operating of the Downtown Community Activity Centre and the REES Program or as designated by the contributor. This fund balance earns interest and is maintained in a separate bank account.

6. Long-term Accounts Receivable

The Society has long-term accounts receivable consisting of \$19,728 (2019: \$19,728) held in trust by B.C. Housing.

The Society also has long-term accounts receivable from Vancouver Island AIDS Society for amounts contributed by the Society to the Access Health Centre construction project of \$188,142 (2019: \$188,142). This amount is repayable by Vancouver Island AIDS Society upon a sale of their interest in the building at 713 Johnson Street.

7. Prepaid Leases

The Society leases the property on which the 753/755/757 Pandora building and gymnasium were constructed. The \$1,130,000 lease was prepaid by the Society and the lease expires on January 31, 2056.

The Society leases the property on which Johnson Manor was constructed. The \$575,000 lease was prepaid by the Society and the lease expires on September 14, 2061.

The land leases are amortized over a 25 year period, to match the expected useful lives of the respective buildings.

Victoria Cool Aid Society

Notes to the Financial Statements

Year ended March 31, 2020 with comparative figures for 2019

8. Property and Equipment

	2020		2019	
	\$		\$	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	14,744,501	-	12,192,420	-
Buildings				
467 Swift & 1 634 Store Street	11,481,793	5,111,271	11,481,793	4,723,329
753/755/757 Pandora Avenue (Pandora)	3,014,420	1,502,652	3,014,420	1,393,924
749 Pandora Avenue (Mike Gidora Place)	2,980,509	1,595,860	2,980,509	1,510,225
1153 Johnson Street (Johnson Manor)	1,901,300	437,038	1,901,300	394,854
597 Goldstream Avenue (Fairway Woods)	3,554,757	908,173	3,554,757	812,684
713 Johnson Street (Access Health Centre)	3,102,976	1,253,254	3,102,976	1,129,134
1460 Hillside Avenue (Hillside Terrace)	6,947,436	1,669,480	6,947,436	1,502,686
2317 Dowler Place (Next Steps)	393,263	219,711	393,263	205,886
210 Gorge Road East (Cedar Grove)	243,072	243,072	243,072	243,072
3020 Douglas St (Tally Ho)	1,707,348	-	1,707,348	-
959 Balmoral	275,259	-	275,259	-
100 Saghalie Rd	203,325	-	-	-
650 Speed Ave	2,185,076	-	-	-
Furniture, equipment and computers	1,394,689	1,217,134	1,355,753	1,169,015
Vehicles	142,329	125,718	142,329	111,801
Redevelopment costs				
210 Gorge Road East (Cedar Grove)	652,274	-	-	-
3020 Douglas St (Tally Ho)	<u>1,240,308</u>	-	-	-
	56,164,635	14,283,363	49,292,635	13,196,610
Less: Accumulated amortization	<u>14,283,363</u>		<u>13,196,610</u>	
Net Book Value	<u>41,881,272</u>		<u>36,096,025</u>	

The land values include property at 749 Pandora Avenue, 713 Johnson Street, 2317 Dowler Place, 210 Gorge Road East, 3020 Douglas Street, 959 Balmoral Road, 100 Saghalie Rd, and 650 Speed Ave.

During the year the Society purchased the property at 100 Saghalie Road, and 650 Speed Avenue.

During the year the Society capitalized redevelopment costs for 210 Gorge Road East and 3020 Douglas Street.

The Swift and Store Street building (467 Swift & 1634 Store Street) provides facilities for Swift House Apartments. The building is situated on property leased from the Provincial Rental Housing Corporation. The lease required a single payment of \$377,800 in 1991, which was included in the cost of the building. The lease expires in 2051.

Victoria Cool Aid Society

Notes to the Financial Statements

Year ended March 31, 2020 with comparative figures for 2019

8. Property and Equipment (continued)

Mike Gidora Place is situated on property that includes a portion donated by the City of Victoria in 1999 with a fair market value of \$393,000.

Fairway Woods, a supportive housing facility, is situated on property leased from the Island Health Authority for a dollar, with the use of land restricted to affordable housing.

The 713 Johnson Street building represents the Society's share (in partnership with Vancouver Island AIDS Society) of the site for the Access Health Centre, which houses Cool Aid's Community Health Centre, Dental Clinic and Pharmacy. These financial statements reflect only the Society's proportionate interest in the costs incurred.

Hillside Terrace, a senior's supportive housing facility, is situated on property leased from the Island Health Authority for \$10, with the first floor leased back to the Island Health Authority for \$10.

9. Bank Loans Payable

	2020	2019
	\$	\$
VANCITY, limit of \$925,000, interest payable monthly at prime plus 1.00%, balance due on demand, general security agreement against all present and after-acquired property specific to 959 Balmoral Street.	925,000	925,000
VANCITY, limit of \$600,000, interest payable monthly at prime plus 1.00%.	93,617	96,196
	<u>1,018,617</u>	<u>1,021,196</u>

10. Deferred Contributions

Deferred contributions represent contributions received in the current year that are related to a subsequent year. Changes in the deferred contributions balance are as follows:

	2020	2019
	\$	\$
Beginning balance	3,888,844	3,451,751
Less: Amounts recognized as revenue in the year	(1,580,922)	(1,278,022)
Add: Amount received related to the following years	2,494,068	1,715,115
Add: Amount transferred to deferred capital contributions	(821,924)	-
	<u>3,980,066</u>	<u>3,888,844</u>

Victoria Cool Aid Society

Notes to the Financial Statements

Year ended March 31, 2020 with comparative figures for 2019

11. Deferred Contributions Related to Restricted Funds

Deferred contributions represent contributions received in the current year that are related to a subsequent year and for a restricted purpose. Changes in the deferred contributions related to restricted fund balances are as follows:

	M. Gidora Vision Fund \$	C. Young Pets In Need \$	Gaming \$	2020 \$	2019 \$
Beginning balance	27,264	24,566	100,071	151,901	171,556
Less: Amounts recognized as revenue in the year	(711)	(359)	(100,071)	(101,141)	(122,746)
Amount received related to the following years	448	404	100,050	100,902	103,091
	<u>27,001</u>	<u>24,611</u>	<u>100,050</u>	<u>151,662</u>	<u>151,901</u>

12. Deferred Contributions Related to Land Lease

Deferred contributions relate to funding received in prior years for the lease on the Pandora property as described in Note 7. The contribution is being amortized to revenue over 25 years from the start of the lease (October 1997).

13. Deferred Contributions Related to Property and Equipment

Deferred contributions related to property and equipment represent contributions restricted to acquiring property and equipment. Deferred contributions are amortized on the same basis as the related property and equipment. The changes in the deferred contributions balance for the year are as follows:

	2020 \$	2019 \$
Beginning balance	5,870,302	6,053,750
Add: Contributions related to property and equipment	1,928,492	168,358
Less: Amounts amortized to revenue	<u>(368,542)</u>	<u>(351,806)</u>
	<u>7,430,252</u>	<u>5,870,302</u>

The Society's share of total contributions received for the construction of the Access Health Centre of \$2,955,735 (2019: \$2,953,331) have been deferred as part of deferred contributions related to property and equipment for the year. These contributions include funding from the Island Health Authority, the Capital Regional Hospital District (CRHD), the Province of British Columbia, United Way of Greater Victoria, Victoria Foundation, City of Victoria, B.C. Housing, Civic Heritage Trust, Coast Capital Savings Credit Union, and contributions from members of the community.

Victoria Cool Aid Society

Notes to the Financial Statements

Year ended March 31, 2020 with comparative figures for 2019

14. Long-term Debt

	2020 \$	2019 \$
BC HOUSING MANAGEMENT COMMISSION mortgage on Store Street, 3.15%, repayable in blended monthly payments of \$12,648, due June 1, 2021.	829,337	952,980
BC HOUSING MANAGEMENT COMMISSION mortgage on Swift Street, 3.15%, repayable in blended monthly payments of \$8,086, due June 1, 2021.	530,232	609,282
MCAP mortgage on Store/Swift Street, 2.15%, repayable in blended monthly payments \$6,895.49, due March 1, 2025, secured by an interest in the appliances, mechanical equipment and fixtures.	1,600,906	1,648,828
ROYAL BANK OF CANADA mortgage on Store/Swift Street, 3.04%, repayable in blended monthly payments of \$9,436, due July 1, 2022, secured by an assignment of rents.	2,105,082	2,153,916
PEOPLES TRUST mortgage on Dowler Place, 2.965%, repayable in monthly payments of \$1,868, due September 1, 2027, secured by a first charge on the property and contents of the building at 2317 Dowler Place.	368,349	379,725
MCAP mortgage on Gorge Road, 3.43%, repayable in monthly payments of \$3,763, due April 1, 2024, secured by a first charge on the property and contents of the building at 210 Gorge Road East.	741,425	760,971
PEOPLE'S TRUST mortgage on Pandora Avenue, 3.84%, repayable in blended monthly payments of \$13,495, due November 1, 2023, secured by a first charge in the leasehold interest, building and contents of the building 753, 755, 757 Pandora Avenue and an assignment of rents.	1,609,774	1,708,342
FIRST NATIONAL FINANCIAL, mortgage on Fairway Woods, 3.53%, repayable in blended monthly payments of \$10,229, due August 1, 2023, secured by a first charge on the land at 597 Goldstream Avenue and an assignment of rents.	1,663,742	1,726,980
MCAP, mortgage on Mike Gidora Place, 2.439%, repayable in blended monthly payments of \$10,554, due September 1, 2025, secured by a first charge on the property and contents of the building at 749 Pandora Avenue and an assignment of rents.	1,886,159	1,965,983
MCAP mortgage on Johnson Manor, 2.84%, repayable in blended monthly payments of \$9,996, due January 1, 2030, secured by a first charge in the leasehold interest, building and contents of the building at 1153 Johnson Street and an assignment of rents.	1,605,703	1,666,443
MCAP mortgage on Hillside Terrace, 3.518%, repayable in blended monthly payments of \$23,749, due February 1, 2023, secured by a first charge in the leasehold interest, building and contents of the building at 1460 Hillside Avenue and an assignment of rents.	4,224,165	4,359,030
Carried forward	17,164,874	17,932,480

Victoria Cool Aid Society

Notes to the Financial Statements

Year ended March 31, 2020 with comparative figures for 2019

14. Long-term Debt (continued)

Brought forward	17,164,874	17,392,480
VANCITY commercial mortgage on 650 Speed Ave, 2.95%, repayable in monthly payments \$12,538. Due March 31, 2023, secured by a first charge on the land at 650 Speed Ave and an assignment of rents.	3,000,000	-
Mortgage on 100 Saghali Road, 2%, principal and interest repayable at end of term December 19, 2024, secured by the property at 100 Saghali Road.	725,000	-
	<u>20,889,874</u>	<u>17,932,480</u>
Less: Current Portion	866,903	2,371,840
	<u>20,022,971</u>	<u>15,560,640</u>

The B.C. Housing Management Commission mortgages place a charge on the Swift and Store Street building, furnishings and equipment, fire and B.C. Housing insurance and housing unit's rentals. The monthly mortgage payment is offset by a grant from B.C. Housing resulting in an effective annual interest rate of 2%.

Principal repayments required on long-term debt for the next five years are as follows:

<u>Year</u>	<u>Amount \$</u>
2021	866,903
2022	1,830,983
2023	9,246,082
2024	3,008,881
2025	2,966,654
Thereafter	<u>2,970,371</u>
	<u>20,889,874</u>

15. Forgivable Debt

	<u>2020</u>	<u>2019</u>
	<u>\$</u>	<u>\$</u>
BCHMC forgivable loan 3020 Douglas Street – payments on account of principal and interests under the loan will be forgiven, provided the property is continuously used for the intended purpose and no default under the loan or operating agreement. The loan will be forgiven 1/10 each year, commencing in the 11th year. Term 20 years, to end March 31, 2037.	10,460,398	10,460,398
	<u>10,460,398</u>	<u>10,460,398</u>

Victoria Cool Aid Society

Notes to the Financial Statements

Year ended March 31, 2020 with comparative figures for 2019

16. Financial Instruments and Risk Management

At March 31, 2020, the estimated fair value of cash, accounts receivable, accounts payable and accrued liabilities approximated their respective carrying values due to their short-term nature.

Short-term investments are recorded at market value based on quoted market prices at the statement of financial position date. Any unrealized gains and losses arising from the adjustment to market value are recognized in the statement of operations for the current period.

The carrying values of the bank loan payable and long-term debt approximate their fair values because interest charges under the terms of the loans are based on current Canadian bank lending rates.

The Society has a comprehensive risk management framework to monitor, evaluate and manage the principal risks assumed with financial instruments. The risks that arise from transacting financial instruments include credit risk, currency risk, interest rate risk, liquidity risk and other price risk. There have been no significant changes in the Society's risk exposure from the prior year.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause financial loss for the other party by failing to discharge an obligation. Financial instruments that potentially subject the Society to credit risk consist primarily of accounts receivable. Accounts receivable are not concentrated with any single party, and therefore the Society is not subject to any significant concentration of credit risk.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Society is not exposed to significant currency risks arising from its financial instruments.

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. Financial instruments that potentially subject the Society to interest rate risk consist primarily of long-term debt. The Society manages this risk by having a substantial amount of its long-term debt at fixed rates of interest.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. Cash flow from operations provides a substantial portion of the Society's cash requirements. Additional cash requirements are met with bank borrowings under long-term credit arrangements. The Society is not exposed to significant liquidity risks.

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate or foreign currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Society is not exposed to significant other price risk.

Victoria Cool Aid Society

Notes to the Financial Statements

Year ended March 31, 2020 with comparative figures for 2019

17. Net Assets Invested in Property and Equipment

The Society's investment in property and equipment is calculated as follows:

	2020	2019
	\$	\$
Property and equipment (Note 8)	41,881,272	36,096,025
Accounts receivable, B.C. Housing (Note 6)	19,728	19,728
Less amounts financed by:		
Accounts payable	(59,424)	-
Loan and mortgages payable	(31,534,613)	(28,541,210)
Direct increase in net assets related to land	190,580	171,036
Deferred capital contributions (Note 13)	(7,430,252)	(5,870,302)
Interfund loan	(827,142)	-
	<u>2,240,149</u>	<u>1,875,277</u>

18. Net Assets Internally Restricted

Internally restricted funds include a reserve for Health Services expansion and new initiatives, a Building and Equipment reserve to cover renovations and furniture replacements for programs that are not covered by other reserves; a Shelter Facilities reserve for providing major repairs and furnishing replacements, and a Housing Development fund to support the strategic goals of the Society to end homelessness through housing development initiatives.

The balance of net assets internally restricted is comprised of the following:

	Building & Equipment	Health Services Fund	Shelters Reserve	Housing Development Fund	2020	2019
	\$	\$	\$	\$	\$	\$
Beginning balance	95,094	199,145	31,214	1,000,000	1,325,453	1,325,039
Less: Amounts used in the year	-	-	-	-	-	-
Add: Contributions in the year	-	-	512	-	512	414
	<u>95,094</u>	<u>199,145</u>	<u>31,726</u>	<u>1,000,000</u>	<u>1,325,965</u>	<u>1,325,453</u>

19. Endowment Funds

The Society established a Hosted Endowment Fund (Cool Aid Housing, Health, and Shelter & Community Services Fund) with the Victoria Foundation in 2008. The funds are managed for the benefit of the Society and are held permanently. Gifts are made from time to time as determined by the Society or in accordance with the wishes of contributors. The Fund earns investment income in accordance with the Investment Policy of the Victoria Foundation. Distributions from the fund are determined by the Distribution Policy of the Victoria Foundation.

Victoria Cool Aid Society

Notes to the Financial Statements

Year ended March 31, 2020 with comparative figures for 2019

19. Endowment Funds (continued)

In 2015, the Society established a Hosted Endowment Fund with the Vancouver Foundation. Management and intention of this fund are the same as those of the Victoria Foundation Endowment Fund. The purpose of this fund is to enhance giving opportunities for those contributors outside of the Victoria area.

In 2016, the Society established a Hosted Endowment fund with the Victoria Foundation for the operation of the Pets In Need Fund (Carl Young). The initial gift for this fund was provided by the Carl Young estate. In keeping with Mr. Young's wishes, the fund was established to assist current and former tenants and clients with pet expenses such as pet food, veterinary bills and other pet-related expenses.

Contributions, investment income and grants paid are reported in the Cool Aid Housing, Health, Shelter & Community Fund by the Victoria Foundation and Vancouver Foundation and the Pets In Need Fund (Carl Young) by the Victoria Foundation.

	Victoria Foundation \$	Vancouver Foundation \$	Victoria Foundation Pets In Need \$	2020 \$	2019 \$
Beginning balance	191,676	11,723	28,520	231,919	226,727
Contributions	2,624	-	150	2,774	57,972
Grants paid	(2,621)	-	-	(2,621)	(65,396)
Net investment returns	(11,580)	(582)	(1,739)	(13,901)	12,616
	<u>180,099</u>	<u>11,141</u>	<u>26,931</u>	<u>218,171</u>	<u>231,919</u>

Fund values are reported at market value as at March 31, 2020

20. Tenant Rent

The Society has on file verification of the income and assets of tenants as required by the operating agreements with B.C. Housing. The tenant rent contributions, as approved by B.C. Housing, are being charged correctly to the rent-geared-to-income tenants.

21. Employee Future Benefits

The Society and its employees are members in the Municipal Pension Plan (the "pension plan"), a joint trustees pension plan. The Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the pension plan, including investment of the assets and administration of benefits. The pension plan is a multi-employer contributory pension plan. Basic pension benefits provided are defined.

Every three years an actuarial valuation is performed to assess the financial position of the plan and the adequacy of the plan funding. The most recent valuation as at December 31, 2018, indicated the plan is fully funded on the basis that current contributions continue. The Society paid \$1,068,819 (2019: \$895,566) for employer contributions to the plan in fiscal 2020. The employer contribution rate is 9.74% of pensionable earnings (2019: 9.74%).

Victoria Cool Aid Society

Notes to the Financial Statements

Year ended March 31, 2020 with comparative figures for 2019

22. Remuneration of employees and contractors

Under the British Columbia Societies Act, societies must disclose remuneration paid to directors, and to employees and contractors whose remuneration was at least \$75,000 for the fiscal year.

During the year, there were 23 employees who met this criterion, and the total amount of remuneration paid to these persons was \$2,088,929. During the prior year, there were 19 employees who met this criterion, and the total amount of remuneration paid to these persons was \$1,708,739.

During the year, there were nine contractors who met this criterion, and the total amount of remuneration paid to these contractors was \$1,670,609. During the prior year, there were ten contractors who met this criterion, and the total amount of remuneration paid to these contractors was \$1,300,898.

23. Operator Agreements

The Society has operator agreements with B.C. Housing to deliver services at Queens Manor, Swift House, Rock Bay Landing, Desmond House, Olympic Vista and Cottage Grove.

24. B.C. Housing Accumulated Operating Surplus

Some operating agreements with B.C. Housing may require the Society to manage accumulated operating surpluses for projects or services. All accumulated operating surpluses are accounted for and spent as required in the operating agreement.

25. Subsequent events

The global economic impact arising from the Covid-19 pandemic may expose the Society to economic and operational risks in the 2021 fiscal period. The impact on the Society's operations is not readily determinable but management expects the impact to be minor.

Victoria Cool Aid Society

Schedule 1

Statement of Changes in Externally Restricted Replacement Reserves – B.C. Housing

Year ended March 31, 2020 with comparative figures for 2019

	Fairway Woods	Hillside Terrace	Johnson Manor	Mike Gidora Place	Olympic Vista	Pandora Apts	Rock Bay Landing	Swift House Apts	Cottage Grove Apts	Tally Ho	2020 Total	2019 Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance, beginning of year	148,388	159,564	181,378	47,843	30,700	327,741	92,816	200,722	71,012	40,766	1,300,930	1,217,565
Add:												
Transfer from operations for the year (Note 5)	15,828	32,400	14,976	32,400	8,408	28,800	16,800	21,455	32,400	37,440	240,907	215,632
Interest income	2,511	2,791	3,050	958	560	5,542	1,632	3,428	1,317	844	22,633	17,905
Less:												
Amounts expended on replacement reserve	(3,096)	(27,637)	(8,707)	(28,578)	(10,543)	(15,183)	-	(7,496)	(3,772)	(8,853)	(113,865)	(150,080)
Amounts expended related to prior year	-	-	(92)	-	-	-	-	-	-	22	(70)	(92)
Balance, end of year	163,631	167,118	190,605	52,623	29,125	346,900	111,248	218,109	100,957	70,219	1,450,535	1,300,930
Purchase of replacement items for year:												
Appliances	1,908	805	2,578	339	-	5,777	-	-	2,441	1,154	15,002	18,922
Fencing	-	-	-	-	-	-	-	-	-	841	841	-
Flooring	805	18,394	2,991	13,156	3,065	3,860	-	-	-	-	42,271	49,695
Heating and hot water	-	-	-	8,305	5,108	258	-	7,496	-	811	21,978	40,158
Lighting	-	-	-	-	-	-	-	-	-	-	-	5,229
Painting	-	4,405	2,016	738	1,795	1,254	-	-	948	1,142	12,298	10,020
Special repairs & equipment	-	2,774	-	5,410	-	2,906	-	-	-	4,905	15,995	21,291
Window coverings	383	1,259	1,122	630	575	1,128	-	-	383	-	5,480	4,765
	3,096	27,637	8,707	28,578	10,543	15,183	-	7,496	3,772	8,853	113,865	150,080

Victoria Cool Aid Society

Schedule 2

Schedule of Housing Fund Surplus Accounts

Year ended March 31, 2020 with comparative figures for 2019

	Hillside Terrace	Sandy Merriman House	Next Steps	Rock Bay Landing (ESP)	Rock Bay Landing (PHI)	Mount Edwards Court	HOP RS	Cool Aid Seasonal Shelter
	\$	\$	\$	\$	\$	\$	\$	\$
Financial review closing balance March 31, 2019	(473,803)	104,001	(2,654)	73,051	(9,043)	66,086	38,915	8,168
Financial review adjustments 2019	(1,809)			12,249				
Revised accumulated surplus (deficit) 2019	(475,612)	104,001	(2,654)	85,300	(9,043)	66,086	38,915	8,168
Accumulated surplus (deficit) beginning	(475,612)	104,001	(2,654)	85,300	(9,043)	66,086	38,915	8,168
Current year operating surplus (deficit)	(20,749)	6,793	2,869	86,364	9,043	18,847	5,250	(4,231)
Accumulated surplus (deficit), end of year	(496,361)	110,794	215	171,664	-	84,933	44,165	3,937

Victoria Cool Aid Society

Schedule 2 continued

Schedule of Housing Fund Surplus Accounts

Year ended March 31, 2020 with comparative figures for 2019

	Swift House \$	Desmond House \$	Queens Manor \$	Tally Ho \$	Total 2020 \$	Total 2019 \$
Financial review closing balance March 31, 2019	3,897	8,780	(7,190)	-	(189,792)	(322,530)
Financial review adjustments 2019	(4)		7,190	31,757	49,383	20,969
Revised accumulated surplus (deficit) 2019	3,893	8,780	-	31,757	(140,409)	(246,193)
Accumulated surplus (deficit) beginning	3,893	8,780	-	31,757	(140,409)	(246,193)
Current year operating surplus (deficit)	4,117	(9118)	(58,926)	(4,744)	35,515	56,401
Accumulated surplus (deficit), end of year	8,010	(338)	(58,926)	27,013	(104,894)	(189,792)