
**RAINCITY HOUSING AND SUPPORT SOCIETY
FINANCIAL STATEMENTS
FOR THE YEARS ENDED
MARCH 31, 2012 AND MARCH 31, 2011**



MANNING ELLIOTT
CHARTERED ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT

To the Members of:
RainCity Housing and Support Society

Report on the Financial Statements

We have audited the accompanying financial statements of RainCity Housing and Support Society (the "Society"), which comprise the statements of financial position as at March 31, 2012, March 31, 2011 and April 1, 2010 and the statements of operations, statements of changes in net assets and statements of cash flows for the years then ended, and the related notes comprising 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 audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audits 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 our 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, we consider 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 audits is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

In common with many charitable organizations, the Society derives revenue from donations, 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 Society and we were unable to determine whether any adjustments might be necessary to donation revenues and deficiency of revenue over expenses for the years ended March 31, 2012 and 2011, total assets as at March 31, 2012 and 2011, and net assets at both the beginning and end of the March 31, 2012 and 2011 years. In addition, the Society amortizes the cost of its RainCity building funded by the British Columbia Housing Management Commission at an annual amount equivalent to the principal reduction of the mortgage payable during the year and recognizes building envelope repair expenses which are capital in nature on the statement of operations, as described in Note 2 of the financial statements. In these respects the financial statements are not in accordance with Canadian accounting standards for not-for-profit organizations. The effects of these departures from Canadian accounting standards for not-for-profit organizations have not been determined.



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INDEPENDENT AUDITORS' REPORT

Qualified Opinion

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of RainCity Housing and Support Society as at March 31, 2012, March 31, 2011 and April 1, 2010 and the results of its operations and cash flows for the years then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Other Matter

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole.

The supplementary information on the operating results of individual programs included in Schedules 1 through 23 is presented for purposes of additional information. Certain of the Schedules include a reconciliation which presents a given program's expenses on a basis required by the British Columbia Housing Management Commission. The reconciliation of expenses on these Schedules required by the British Columbia Housing Management Commission is not in accordance with Canadian accounting standards for not-for-profit organizations.

Such supplementary information has been subjected to the auditing procedures applied in the audits of the financial statements. In our opinion, except for the expense presentation format required by British Columbia Housing Management Commission on certain of the Schedules, the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Report on Other Legal and Regulatory Requirements

As required by the British Columbia Society Act, we report that, in our opinion, the Society's financial statements are presented on a basis consistent with that of the previous year, except as described in Note 3.

Manning Elliott LLP

Chartered Accountants

Vancouver, British Columbia

July 4, 2012

RAINCITY HOUSING AND SUPPORT SOCIETY
STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2012, MARCH 31, 2011 AND APRIL 1, 2010

	March 31 2012	March 31 2011 (Restated) (Note 3)	April 1 2010 (Restated) (Note 3)
ASSETS			
CURRENT ASSETS			
Cash	\$ 2,226,396	\$ 2,213,039	\$ 2,479,633
Accounts receivable	633,466	314,659	170,363
Prepaid expenses and inventory	38,360	74,359	212,854
	2,898,222	2,602,057	2,862,850
RESTRICTED CASH AND INVESTMENTS (Note 6)	736,517	478,843	316,981
CAPITAL ASSETS (Note 7)	36,163,791	36,238,411	33,843,458
	\$ 39,798,530	\$ 39,319,311	\$ 37,023,289
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable and accrued liabilities	\$ 539,434	\$ 437,221	\$ 279,144
Wages payable	519,049	284,257	417,393
Government remittances payable	130,766	32,030	78,034
Tenant deposits	44,290	43,497	38,763
Deferred revenue	1,368,195	1,029,556	1,308,802
Scheduled cash repayments of long-term debt (Note 8)	180,276	173,909	135,331
Callable debt (Note 8)	1,842,023	1,842,023	9,838,983
	4,624,033	3,842,493	12,096,450
LONG-TERM DEBT (Note 8)	5,345,451	5,526,403	3,308,805
FORGIVABLE LOANS (Note 9)	21,266,096	20,768,499	14,884,329
DEFERRED CONTRIBUTIONS (Note 10)	6,971,617	7,209,536	4,975,919
	38,207,197	37,346,931	35,265,503
OPERATING LEASE COMMITMENTS (Note 15)			
NET ASSETS			
UNRESTRICTED			
Operating Funds	193,357	640,630	737,059
Society Fund	126,782	85,195	74,496
RESTRICTED			
Capital Asset Fund	734,302	815,482	694,517
Replacement Reserve Fund	536,892	431,073	251,714
	1,591,333	1,972,380	1,757,786
	\$ 39,798,530	\$ 39,319,311	\$ 37,023,289

 Director

 Director

RAINCITY HOUSING AND SUPPORT SOCIETY

STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEARS ENDED MARCH 31, 2012 AND MARCH 31, 2011

	Operating Funds	Society Fund	Capital Asset Fund	Replacement Reserve Fund	Total 2012	Total 2011 (Restated) (Note 3)
BALANCE AT BEGINNING OF YEAR AS ORIGINALLY STATED	\$ 191,022	\$ (1,093,741)	\$ 1,067,152	\$ 431,073	\$ 595,506	\$ 930,662
RETROSPECTIVE RESTATEMENTS (Note 3)	449,608	1,178,936	(251,670)	-	1,376,874	827,124
BALANCE AT BEGINNING OF YEAR RESTATED	640,630	85,195	815,482	431,073	1,972,380	1,757,786
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES FOR THE YEAR	(178,997)	134,756	(339,547)	2,741	(381,047)	106,462
REPAYMENTS TO VCHA	-	-	-	-	-	(126,868)
INTERFUND TRANSFERS						
Transfer of designated donations to Operating Funds	93,169	(93,169)	-	-	-	-
Transfer from Operating Funds to Capital Asset Fund	(258,367)	-	258,367	-	-	-
Transfer from Replacement Reserve Fund	25,643	-	-	(25,643)	-	-
Increase in Replacement Reserve Fund (Note 11)	(128,721)	-	-	128,721	-	-
DONATED LAND	193,357	126,782	734,302	536,892	1,591,333	1,737,380
BALANCE AT END OF YEAR	\$ 193,357	\$ 126,782	\$ 734,302	\$ 536,892	\$ 1,591,333	\$ 1,972,380

RAINCITY HOUSING AND SUPPORT SOCIETY
STATEMENT OF OPERATIONS
FOR THE YEARS ENDED MARCH 31, 2012 AND MARCH 31, 2011

	Total 2012	Total 2011 (Restated) (Note 3)
REVENUE		
Vancouver Coastal Health Authority	\$ 5,340,521	\$ 5,614,069
BCHMC	4,489,540	4,487,593
Government of Canada	1,736,074	1,517,976
Rent	1,160,731	1,122,157
Donations	245,164	291,321
Interest and other	124,300	275,225
	13,096,330	13,308,341
EXPENSES		
Wages and employee benefits	10,264,968	9,988,265
Maintenance and repairs	374,457	432,818
Food and supplies	359,663	359,772
Utilities	343,654	349,254
Mortgage interest	205,456	157,031
Client engagement and peer workers	196,859	191,262
Consulting	183,837	288,463
Rent and property taxes	156,755	142,275
Rent supplements	129,522	111,631
Office	112,206	97,610
Travel	86,320	80,271
Professional fees	82,052	58,261
Janitorial supplies and linen	80,887	159,122
Insurance	78,784	75,288
Garbage	77,235	71,914
Telephone	72,690	80,753
Resource development	69,011	51,226
Education and staff development	56,848	49,549
Pest control	49,792	34,928
Equipment and furniture	41,322	30,610
IT maintenance	38,083	7,080
Start up	25,323	36,759
Board	14,666	20,466
Security	14,323	11,329
Interest and bank charges	13,923	5,776
Postage	6,287	6,586
Communication	2,922	6,155
	13,137,845	12,904,454
(DEFICIENCY) EXCESS OF REVENUE OVER EXPENSES FROM OPERATIONS	(41,515)	403,887
AMORTIZATION OF FORGIVABLE LOANS	550,195	549,750
AMORTIZATION OF DEFERRED CONTRIBUTIONS	247,910	162,416
AMORTIZATION OF CAPITAL ASSETS	(1,071,295)	(1,009,591)
LOSS ON DISPOSAL OF CAPITAL ASSETS	(66,342)	-
(DEFICIENCY) EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR	\$ (381,047)	\$ 106,462

RAINCITY HOUSING AND SUPPORT SOCIETY
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED MARCH 31, 2012 AND MARCH 31, 2011

	2012	2011
CASH FROM (USED IN):		
OPERATING ACTIVITIES		
(Deficiency) excess of revenue over expenses for the year	\$ (381,047)	\$ 106,462
Items not involving cash:		
Amortization of capital assets	1,071,295	1,009,591
Loss on disposal of capital assets	66,342	-
Amortization of deferred contributions	(247,910)	(162,416)
Amortization of forgivable loans	(550,195)	(549,750)
	(41,515)	403,887
Change in non-cash working capital items		
Accounts receivable	(318,807)	(144,296)
Prepaid expenses and inventory	35,999	138,495
Accounts payable and accrued liabilities	102,213	158,077
Government remittances payable	98,736	(46,004)
Wages payable	234,792	(133,136)
Tenant deposits	793	4,734
Deferred revenue	338,639	(279,246)
Repayments to Vancouver Coastal Health Authority	-	(126,868)
	450,850	(24,357)
FINANCING ACTIVITIES		
Deferred contributions received	9,991	105,033
Forgivable loans received	1,047,792	829,403
Repayment of long-term debt	(174,585)	(136,267)
	883,198	798,169
INVESTING ACTIVITIES		
Purchase of capital assets	(1,063,017)	(878,544)
Purchase of investments, net	(14,430)	(100,000)
	(1,077,447)	(978,544)
INCREASE (DECREASE) IN CASH AND EQUIVALENTS DURING THE YEAR	256,601	(204,732)
CASH AND EQUIVALENTS, BEGINNING OF YEAR	2,506,687	2,711,419
CASH AND EQUIVALENTS, END OF YEAR	\$ 2,763,288	\$ 2,506,687
CASH AND EQUIVALENTS ARE COMPRISED OF:		
Cash	\$ 2,226,396	\$ 2,213,039
Restricted cash (Note 6)	536,892	293,648
	\$ 2,763,288	\$ 2,506,687
NON-CASH INVESTING AND FINANCING ACTIVITY (Notes 7 & 10)	\$ -	\$ 2,526,000