
**RAINCITY HOUSING AND SUPPORT SOCIETY
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
MARCH 31, 2017**



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 statement of financial position as at March 31, 2017 and the statement of operations, statement of changes in net assets and statement of cash flows for the year 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 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 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 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 Society derives revenue from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of donation revenue 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 revenue, excess (deficiency) of revenue over expenses, and cash flows from operations for the years ended March 31, 2017 and 2016, total assets as at March 31, 2017 and 2016, and net assets at both the beginning and end of the March 31, 2017 and 2016 years. In addition, the Society amortizes the cost of its Triage 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. In this respect the financial statements are not in accordance with Canadian accounting standards for not-for-profit organizations. The effects of this departure from Canadian accounting standards for not-for-profit organizations have not been determined. Our audit opinion on the financial statements for the year ended March 31, 2016 also contained a qualification because of these matters.

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, 2017 and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

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 have been prepared following Canadian accounting standards for not-for-profit organizations applied on a consistent basis.

Manning Elliott LLP

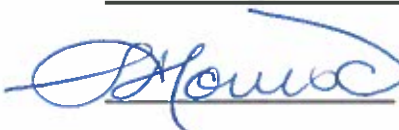
Chartered Professional Accountants

Vancouver, British Columbia

June 29, 2017

RAINCITY HOUSING AND SUPPORT SOCIETY
STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31

	2017	2016
ASSETS		
CURRENT ASSETS		
Cash	\$ 4,031,680	\$ 2,689,294
Accounts receivable	418,303	1,076,725
Prepaid expenses and inventory	167,881	137,426
	4,617,864	3,903,445
RESTRICTED CASH AND INVESTMENTS (Note 3)	1,378,690	1,156,334
CAPITAL ASSETS (Note 4)	62,222,504	64,151,537
	\$ 68,219,058	\$ 69,211,316
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 697,500	\$ 587,712
Wages payable	717,173	594,429
Government remittances payable	268,228	617,775
Tenant deposits	36,383	39,932
Deferred revenue	2,831,557	2,060,441
Scheduled cash repayments of long-term debt (Note 5)	790,002	766,633
	5,340,843	4,666,922
LONG-TERM DEBT (Note 5)	34,969,065	35,760,160
FORGIVABLE LOANS (Note 6)	16,416,341	16,972,251
DEFERRED CAPITAL CONTRIBUTIONS (Note 7)	10,407,282	10,780,427
	67,133,531	68,179,760
OPERATING LEASE COMMITMENTS (Note 12)		
NET ASSETS		
UNRESTRICTED		
Operating Funds	(1,436,666)	(1,006,500)
Society Fund	647,242	470,622
RESTRICTED		
Capital Asset Fund	730,907	634,472
Replacement Reserve Fund	1,144,044	932,962
	1,085,527	1,031,556
	\$ 68,219,058	\$ 69,211,316

 Director

 Director



RAINCITY HOUSING AND SUPPORT SOCIETY
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED MARCH 31

	Operating Funds	Society Fund	Capital Asset Fund	Replacement Reserve Fund	2017	2016
NET ASSETS (DEFICIT), BEGINNING OF YEAR	\$ (1,006,500) \$	470,622 \$	634,472 \$	932,962 \$	1,031,556 \$	1,318,692
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES FOR THE YEAR	998,223	176,620	(1,127,542)	6,670	53,971	(287,136)
Repayment of long-term debt	(767,726)	-	767,726	-	-	-
Purchase of capital assets	(162,977)	-	162,977	-	-	-
Deferred capital contributions received	35,430	-	(35,430)	-	-	-
INTERFUND TRANSFERS:						
Transfer from Operating Funds to Capital Asset Fund (Note 1c)	(328,704)	-	328,704	-	-	-
Transfer from Replacement Reserve Fund (Note 8)	79,397	-	-	(79,397)	-	-
Transfer to Replacement Reserve Fund (Note 8)	(283,809)	-	-	283,809	-	-
NET ASSETS (DEFICIT), END OF YEAR	\$ (1,436,666) \$	647,242 \$	730,907 \$	1,144,044 \$	1,085,527 \$	1,031,556



RAINCITY HOUSING AND SUPPORT SOCIETY
STATEMENT OF OPERATIONS**FOR THE YEAR ENDED MARCH 31**

	2017	2016
REVENUE		
British Columbia Housing Management Commission	\$ 11,229,007	\$ 9,113,748
Vancouver Coastal Health Authority	7,005,725	6,750,466
Rent	2,472,825	2,010,475
British Columbia Housing Management Commission Subsidy (Note 1c)	1,335,192	778,863
Start-up and organizational funding	664,151	757,944
Government of Canada (Note 10)	660,049	580,612
Amortization of forgivable loans (Note 6)	555,910	555,910
Amortization of deferred capital contributions (Note 7)	408,575	414,928
Donations (Note 9)	198,421	260,443
Interest and other	131,622	81,859
	<hr/> 24,661,477	<hr/> 21,305,248
EXPENSES		
Wages and employee benefits (Note 13)	16,472,439	14,733,943
Amortization of capital assets	2,092,010	2,112,091
Mortgage interest	1,046,678	786,174
Food and supplies	1,019,190	863,476
Maintenance and repairs	987,960	612,531
Utilities	669,005	569,800
Client engagements and peer workers	336,499	235,743
Rent and property taxes	223,029	174,580
Travel	204,654	112,990
Garbage	162,389	139,591
Janitorial supplies and linen	158,527	114,968
Rent supplements	149,397	99,887
Resource development	148,881	149,211
Office and miscellaneous	140,801	228,728
Insurance	126,556	131,971
Telephone	116,201	98,908
Equipment and furniture	109,725	68,867
IT maintenance	79,398	35,670
Education and staff development	70,811	36,009
Professional fees	65,179	43,617
Pest control	63,666	60,114
Start up cost for new shelters	63,212	43,210
Consulting	40,294	47,461
Payroll and bank charges	35,181	38,948
Security	16,351	49,653
Board	9,473	4,243
	<hr/> 24,607,506	<hr/> 21,592,384
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES FOR THE YEAR	\$ 53,971	\$ (287,136)



RAINCITY HOUSING AND SUPPORT SOCIETY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31

	2017	2016
CASH FROM (USED IN):		
OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenses for the year	\$ 53,971	\$ (287,136)
Items not involving cash:		
Amortization of forgivable loans	(555,910)	(555,910)
Amortization of deferred capital contributions	(408,575)	(414,928)
Amortization of capital assets	2,092,010	2,112,091
Reclassification of callable debt	-	(32,289,651)
	1,181,496	(31,435,534)
Change in non-cash working capital items:		
Accounts receivable	658,422	1,177,785
Prepaid expenses and inventory	(30,455)	(58,502)
Accounts payable and accrued liabilities	109,788	(1,734,257)
Wages payable	122,744	(23,036)
Government remittances payable	(349,547)	386,257
Tenant deposits	(3,549)	(770)
Deferred revenue	771,116	83,686
	2,460,015	(31,604,371)
FINANCING ACTIVITIES		
Deferred capital contributions received	35,430	2,162,526
Repayment of long-term debt	(767,726)	(520,186)
Mortgage proceeds received	-	32,085,137
	(732,296)	33,727,477
INVESTING ACTIVITIES		
Purchase of capital assets, net of disposals	(162,977)	(1,961,382)
Purchase of investments, net	(7,726)	(7,281)
	(170,703)	(1,968,663)
INCREASE IN CASH AND EQUIVALENTS DURING THE YEAR	1,557,016	154,443
CASH AND EQUIVALENTS, BEGINNING OF YEAR	3,618,708	3,464,265
CASH AND EQUIVALENTS, END OF YEAR	\$ 5,175,724	\$ 3,618,708
CASH AND EQUIVALENTS ARE COMPRISED OF:		
Cash	\$ 4,031,680	\$ 2,689,294
Restricted cash (Note 3)	1,144,044	929,414
	\$ 5,175,724	\$ 3,618,708



RAINCITY HOUSING AND SUPPORT SOCIETY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2017

NATURE OF OPERATIONS

The Society's mandate is to provide a continuum of housing and support opportunities for people with mental health, substance use and other challenges. The Society has a low barrier and housing first approach and currently operates approximately fifteen programs covering emergency housing, transitional housing, women's housing, long-term housing, outreach programs, food services and community living support.

During the year, the Society received a full year of operational funding for two major programs; the Budzey Building ("Budzey"), located in Vancouver, and the Gordon Shelter ("Gordon"), located in Coquitlam. Other new programs during the year included an outreach program and winter shelter in Sechelt, a needle exchange program in Surrey and a peer program in Vancouver. These new operations increased organizational capacity by approximately 20%.

The Society is a registered charity for the purposes of the Income Tax Act and is accordingly exempt from income taxes.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements have, in management's opinion, been prepared within reasonable limits of materiality using the significant accounting policies noted below:

a) Basis of presentation

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO") under Part III of the CPA Canada Handbook – Accounting, except as described in the following paragraph. Financial statements prepared in accordance with ASNPO are also in accordance with Canadian generally accepted accounting principles ("GAAP").

In addition to following ASNPO, the Society must also comply with the basis of accounting required by British Columbia Housing Management Commission ("BCHMC"). The BCHMC basis of accounting differs materially from ASNPO because amortization is not provided on the Triage building over its estimated useful life, but rather at a rate equal to the annual principal reduction of the mortgage.

b) 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 to be received can be reasonably estimated and collection is reasonably assured.

Deferred revenue represents operating funding received in the current period that is designated for the following period.

Deferred capital contributions represent restricted funding received in the current period that is related to a subsequent period. Included in deferred capital contributions are contributions that are restricted for the purchase of capital assets. These contributions will be amortized and recognized as revenue on the same basis as the amortization expense related to the acquired capital assets.

Investment income is recognized in the period the investment income is earned.



RAINCITY HOUSING AND SUPPORT SOCIETY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Presentation of net assets

The net assets of the Operating Funds relate to the Society's housing and client care activities.

The net assets of the Society Fund relate to the Society's fundraising and organizational management activities.

The net assets of the Replacement Reserve Fund relate to funds reserved for capital asset replacement and repair activities.

The net assets of the Capital Asset Fund represent the Society's investment in capital assets, which is calculated as capital assets, less scheduled cash repayments of long-term debt, less long-term debt, less forgivable loans, less deferred capital contributions (excluding the Stephen Brown Memorial Fund), plus the difference in the change of the Budzey building and Budzey debt, as described below.

The Budzey building is primarily funded through a mortgage with MCAP Financial Corporation and is amortized on a straight-line basis over its useful life of 35 years in accordance with accounting standards for not-for-profit organizations. Consequently, the amortization is significantly higher than the principal reduction of the related debt, causing the building to be drawn down at a higher rate than the debt, which is funded by Operating Funds. This difference is accounted for in the transfer of \$328,704 (2016 - \$598,352) from Operating Funds to the Capital Asset Fund and to ensure the Capital Asset Fund is not in a deficit position.

During the year, the Society received an operating subsidy of \$1,335,192 (2016 - \$778,863) from British Columbia Housing Management Commission to cover the mortgage costs of the Budzey building. A portion of this subsidy has been internally restricted and included within the transfer to account for the difference in the change in the Budzey building and Budzey debt.

d) Financial instruments

i) Measurement

The Society's financial instruments consist of cash and investments, accounts receivable, accounts payable, long-term debt, and forgivable loans.

The Society initially measures all of its financial assets and liabilities at fair value, except for certain non-arm's length transactions. The Society subsequently measures all of its financial assets and liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value of financial instruments carried at fair value are recognized in the statement of operations.

ii) Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of impairment. The amount of any write-down that is determined is recognized in the statement of operations. A previously recognized impairment loss may be reversed to the extent of any improvement, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in the statement of operations in the period in which it is determined.



RAINCITY HOUSING AND SUPPORT SOCIETY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

e) Cash and equivalents

Cash and equivalents consist of cash on hand and highly liquid investments having a maturity of three months or less from the date of acquisition or which are convertible to cash on demand.

f) Capital assets

Capital assets are recorded at cost and amortized annually on the declining balance basis as follows:

Office equipment	25%
Computer equipment and software	30%
Furniture and fixtures	20%
Automobiles	30%

Buildings:

- The Triage building was constructed on a land leasehold interest. The land leasehold interest is amortized on a straight-line basis over 59 years which commenced on March 31, 1994. The Triage building is amortized at a rate equal to the annual principal reduction of the mortgage as required by BCHMC.
- The Princess Rooms building is amortized on a straight-line basis over 13 years commencing on April 1, 2010. Improvements are amortized over the same useful life.
- The Vivian building is amortized on a straight-line basis over 26 years commencing April 1, 2011. Improvements are amortized on a straight-line basis over 30 years which commenced on April 1, 2007.
- The Fraser Street building is amortized on a straight-line basis over 35 years which commenced on April 1, 2007.
- The Lux building is amortized on a straight-line basis over 42 years which commenced on April 1, 2009.
- The Budzey building is amortized on a straight-line basis over 35 years which commenced on April 1, 2015.

The Society monitors the recoverability of capital assets based on their long-term service potential. When a capital asset no longer has any long-term service potential to the Society, the excess of its net carrying amount over any residual value is recognized as an expense in the statement of operations. Write-downs recognized under this policy are not reversed. To March 31, 2017, no impairments have been recorded.

g) Replacement reserve

The replacement reserve represents an internally designated provision as well as provisions specified by BCHMC for capital asset replacement and equipment repairs and maintenance.



RAINCITY HOUSING AND SUPPORT SOCIETY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

h) Forgivable loans

Forgivable loans used to acquire capital assets are accounted for in the same manner as contributions restricted for the same purpose, whereby revenue is recognized on the same basis as the amortization expense related to the acquired capital assets.

i) Employee future benefits

The cost of employee future benefits earned by the Society's employees is disclosed in Note 11. Although the benefits have been earned under defined benefit plans, because they are multi-employer plans, sufficient information to follow the accounting standards on defined benefit plans is not available. Accordingly, the Society accounts for its employees' pension benefits by following accounting standards for defined contribution plans whereby the costs for the period are recognized as an expense.

j) Donated services and materials

The Society benefits greatly from donated services in the form of volunteer time, the value of which is not determinable. Donated services are consequently not recognized in these financial statements.

The Society records contributed materials at their fair value when fair value is readily determinable and when the materials and services are used in the normal course of operations and would otherwise have been purchased.

k) Use of estimates

The preparation of the financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions about future events that affect the reported amounts of assets, liabilities, revenues and expenses as at the end of, or during, the reporting period. Management believes that the estimates used are reasonable and prudent, however, actual results could differ from those estimates. Significant areas requiring the use of management estimates relate to the valuation of accounts receivable, the determination of the useful lives of assets used for calculating amortization, amortization of forgivable loans, deferred capital contributions, the amounts recorded as accrued liabilities and disclosures about contingencies and commitments at the date of the financial statements.



RAINCITY HOUSING AND SUPPORT SOCIETY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2017

2. FINANCIAL INSTRUMENTS RISKS

The Society's financial instruments are described in Note 1(d). In management's opinion the Society is not exposed to significant currency, credit, liquidity, interest rate or other market risks except as explained in the following paragraphs. In addition, the Society is not exposed to any material concentrations of risk and there has been no change in risk exposures from the prior year.

The fair value and related investment income stream from the Society's investments will fluctuate according to changes in interest rates, among other factors.

The Society has debt which is subject to interest rate cash flow risk, as the interest rate will fluctuate as a result of changes in market rates. The interest rate on the Society's debt is disclosed in Note 5.

3. RESTRICTED CASH AND INVESTMENTS

Cash and investments designated for specific purposes are segregated as follows:

	2017	2016
Replacement Reserve Fund:		
Restricted cash	\$ 1,144,044	\$ 929,414
Society Fund:		
Long-term investments	105,442	103,312
Stephen Brown Memorial Fund (Vancouver Foundation)	129,204	123,608
	<u>\$ 1,378,690</u>	<u>\$ 1,156,334</u>



RAINCITY HOUSING AND SUPPORT SOCIETY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2017

4. CAPITAL ASSETS

			2017	2016
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Office equipment	\$ 18,516	\$ 18,516	\$ -	\$ -
Computer equipment and software	222,098	60,830	161,268	30,588
Furniture and fixtures	16,069	12,769	3,300	4,125
Automobiles	199,943	133,185	66,758	52,750
	<u>456,626</u>	<u>225,300</u>	<u>231,326</u>	<u>87,463</u>
Triage building:				
Land leasehold interest	412,500	167,806	244,694	251,685
Building and improvements	4,329,055	2,298,832	2,030,223	2,187,025
	<u>4,741,555</u>	<u>2,466,638</u>	<u>2,274,917</u>	<u>2,438,710</u>
Princess Rooms:				
Land	651,313	-	651,313	651,313
Building and improvements	1,716,184	1,440,578	275,606	330,662
	<u>2,367,497</u>	<u>1,440,578</u>	<u>926,919</u>	<u>981,975</u>
Vivian:				
Land	235,000	-	235,000	235,000
Building	2,291,000	528,691	1,762,309	1,850,424
Building improvements	1,397,112	465,700	931,412	977,982
	<u>3,923,112</u>	<u>994,391</u>	<u>2,928,721</u>	<u>3,063,406</u>
Fraser Street:				
Building	6,503,908	1,855,255	4,648,653	4,834,599
Lux:				
Building	21,906,020	4,155,654	17,750,366	18,269,795
Budzey:				
Building	35,489,577	2,027,975	33,461,602	34,475,589
	<u>\$ 75,388,295</u>	<u>\$ 13,165,791</u>	<u>\$ 62,222,504</u>	<u>\$ 64,151,537</u>

During the year, the Society acquired \$162,977 of capital assets, consisting of \$133,144 for computer software and equipment for payroll implementation and automated call out systems and \$29,833 for automobiles.



RAINCITY HOUSING AND SUPPORT SOCIETY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2017

4. CAPITAL ASSETS (Continued)

The Triage building was constructed in 1994 on a land leasehold interest.

The Princess Rooms land and building were acquired in 2001 through a contribution from the Government of Canada. In 2010, an additional contribution was received for building improvements.

The Vivian land and building were donated to the Society in February 2011 and recognized at their appraised value of \$2,526,000. Between 2007 and February 2011 the Society leased the premises. The Vivian building improvements relate to restoration costs incurred in 2007 during the Society's lease of the premises.

The land at Fraser Street has been leased from the City of Vancouver for a term of 60 years, commencing January 1, 2006, for total consideration of \$10.

The land at the Lux has been leased from the City of Vancouver for a term of 60 years, commencing March 30, 2007, for total consideration of \$10.

The land at the Budzey has been leased from the City of Vancouver for a term of 60 years, commencing November 1, 2012, for total consideration of \$10.

Included within the Budzey building is the Society's office administrative space owned by the Society, representing a cost and accumulated amortization of \$2,594,288 and \$145,140, respectively (2016 - \$2,594,288 and \$74,161).



RAINCITY HOUSING AND SUPPORT SOCIETY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2017

5. LONG-TERM DEBT

	2017	2016
MCAP Financial Corporation mortgage, maturing August 1, 2025, bearing interest at 2.8% per annum, secured by property (Budzey), payable at \$119,641 per month, including interest	\$ 31,207,996	\$ 31,766,464
Canada Mortgage and Housing Corporation ("CMHC") mortgage, maturing September 1, 2018, administered by BCHMC, bearing interest at 3.54% per annum, secured by property (Triage building) payable at \$21,262 per month, including interest	2,381,785	2,550,182
Royal Bank of Canada mortgage, maturing October 1, 2020, bearing interest at 3.886% per annum, secured by a first mortgage charge over property (Lux), payable in blended instalments of \$10,445 monthly	2,169,286	2,210,147
Classified as current liabilities:	35,759,067	36,526,793
Scheduled cash repayments of debt due within one year	790,002	766,633
	\$ 34,969,065	\$ 35,760,160

Scheduled cash repayments of principal are anticipated to be as follows:

2018	\$ 790,002
2019	2,842,997
2020	652,914
2021	2,660,997
2022	641,767
Thereafter	28,170,390
	\$ 35,759,067



RAINCITY HOUSING AND SUPPORT SOCIETY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2017

6. FORGIVABLE LOANS

	2017	2016
BCHMC forgivable loan in the amount of \$17,627,022, bearing interest at 0% per annum, forgiven over 25 years commencing April 2017, secured by a second mortgage charge over property (Lux), repayable on demand in the event of default, plus interest at prime plus 2% per annum	\$ 14,396,839	\$ 14,820,276
BCHMC forgivable loan in the amount of \$1,415,000, bearing interest at 0% per annum, forgiven over 25 years commencing April 2017, secured by a first mortgage charge over property (Fraser Street), repayable on demand in the event of default, plus interest at prime plus 2% per annum	1,013,260	1,053,697
BCHMC forgivable loan in the amount of \$772,116, bearing interest at 0% per annum, forgiven over 15 years commencing April 2017, secured by a first mortgage charge over property (Vivian), repayable on demand in the event of default, plus interest at prime plus 2% per annum	514,745	540,482
BCHMC forgivable loan in the amount of \$787,604, bearing interest at 0% per annum, forgiven over 5 years commencing April 2017, secured by a first mortgage charge over property (Princess Rooms), repayable on demand in the event of default, plus interest at prime plus 2% per annum	302,925	363,510
BCMHC forgivable loan, in the amount of \$200,000, bearing interest at 0% per annum, forgiven commencing April 2027, secured by a first mortgage charge over property (Budzey), repayable on demand in the event of default, plus interest at prime plus 2% per annum	188,572	194,286
	\$ 16,416,341	\$ 16,972,251

Pursuant to the policy described in Note 1(h), the reduction in the principal of forgivable loans used to acquire capital assets follows the amortization expense of those capital assets, notwithstanding that the terms of forgiveness in the loan agreement may differ. The continuity of the principal of the Society's forgivable loans is as follows:

	2017	2016
Opening balance	\$ 16,972,251	\$ 17,528,161
Reduction in principal balance and revenue recognized	(555,910)	(555,910)
Closing balance	\$ 16,416,341	\$ 16,972,251



RAINCITY HOUSING AND SUPPORT SOCIETY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2017

7. DEFERRED CAPITAL CONTRIBUTIONS

The contributions below have been deferred as they will be recognized as revenue over more than one year. The original amounts contributed and deferred, and the amounts recognized as revenue to date are as follows:

	Year Contributed	Amount Contributed	Accumulated Revenue Recognized	Unamortized Contributions
Automobiles	2015-2017	\$ 142,179	\$ 91,986	\$ 50,193
Vivian leasehold improvements	2007	440,000	146,667	293,333
Fraser Street facility	2008	4,995,787	1,442,055	3,553,732
Budzey building	2009/2016	3,193,735	182,500	3,011,235
Washer	2009	6,712	5,304	1,408
Vivian building	2011	2,291,000	528,690	1,762,310
Stephen Brown Memorial Fund capital	2011	100,000	-	100,000
Stephen Brown Memorial Fund realized investment income (Note 3)		29,204	-	29,204
Lux building	2013	1,842,023	236,156	1,605,867
		\$ 13,040,640	\$ 2,633,358	\$ 10,407,282

The continuity of the Society's deferred capital contributions is as follows:

	2017	2016
Opening balance	\$ 10,780,427	\$ 9,032,829
Contributions received during the year	35,430	2,162,526
Amount recognized as revenue	(408,575)	(414,928)
Closing balance	\$ 10,407,282	\$ 10,780,427



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8. REPLACEMENT RESERVE

Under the terms of agreements with BCHMC, the Replacement Reserve accounts are to be credited annually plus interest for the Triage building, Vivian, Lux, Budzey and Gordon. The funds in these reserve accounts may only be used as approved by BCHMC. In addition, the Society has internally designated an additional replacement reserve annually plus interest for Fraser Street.

The annual reserve is as follows:

	2017	2016
Triage building	\$ 11,800	\$ 11,800
Vivian	17,280	17,280
Lux	69,831	69,831
Budzey	127,008	105,840
Gordon	25,920	-
Fraser Street	31,970	31,970
	\$ 283,809	\$ 236,721

The annual expense is as follows:

	2017	2016
Triage building	\$ 24,518	\$ 28,684
Vivian	1,047	860
Lux	24,520	35,797
Budzey	14,760	-
Gordon	-	-
Fraser Street	14,552	19,990
	\$ 79,397	\$ 85,331

9. GOVERNMENT GRANTS AND PRIVATE SUPPORT

Funding for operations is provided by grants from the Vancouver Coastal Health Authority, based on an annual allocation. BCHMC and the Government of Canada also provide funding for clients of the Society. The Society is economically dependent on continued funding from these sources.

BCHMC conducts an annual review of the financial statements and may adjust for any operating surplus or deficit. Prior years' funding adjustments are recognized in the fiscal year they are determined.

Donations recognized in the statement of operations are as follows:

	2017	2016
Donations received during the year	\$ 303,696	\$ 326,870
Deferred donations received in prior years	131,734	93,074
Donations deferred to future years	(237,009)	(159,501)
	\$ 198,421	\$ 260,443



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10. HOMELESSNESS PARTNERING STRATEGY GOVERNMENT GRANT

During the year, the Society received funding from the Vancity Community Foundation on behalf of the Government of British Columbia's Homeless Partnering Strategy which is included within Government of Canada revenue. The Society received funding to cover the following program expenses:

ICM Surrey Program

	2017	2016
Staffing	\$ 255,563	\$ 218,039
Administration staffing	52,514	56,412
Project expenses	36,830	26,885
Project location	23,762	17,490
Client expenses	11,678	9,594
Contracting	1,823	2,127
Expenses incurred	382,170	330,547

LGBTQ2S Program

Staffing	223,136	233,218
Administration staffing	26,026	-
Project location	16,560	16,847
Project expenses	7,531	-
Client expenses	4,563	-
Contracting	63	-
Expenses incurred	277,879	250,065
Total expenses incurred	\$ 660,049	\$ 580,612



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11. EMPLOYEE FUTURE BENEFITS

The Society and certain of its employees contribute to the Municipal Pension Plan (the "Plan"), a jointly trustee pension plan. The Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the Plan, including investment of the assets and administration of benefits. The Plan is a multi-employer defined benefit pension plan. Basic pension benefits are based on a formula. The Plan as of December 31, 2016 has approximately 188,000 active plan members and approximately 84,000 retired plan members.

Every three years an actuarial valuation is performed to assess the financial position of the Plan and the adequacy of Plan funding. The most recent valuation as at December 31, 2015, indicated an actuarial surplus of \$2,224,000,000 for basic pension benefits. The next valuation will be as at December 31, 2018, with results available in the latter half of 2019. The actuary does not attribute portions of the unfunded liability to individual employers. During the 2017 fiscal year, the Society paid \$697,381 (2016- \$624,348) for employer contributions.

The Society is a participating employer in the Healthcare Benefit Trust (the "Benefit Trust") and its employees are covered for long-term disability and group life claims on the same basis as employees of other participating employers. At December 31, 2015, the date of the most recent annual report available, the Benefit Trust was in a surplus position. The actuarial liabilities for plan benefits represent the aggregate for the entire plan covering all employers. Any unfunded liability or surplus is not attributed to individual employers. During the 2017 fiscal year, the Society paid \$297,421 (2016 - \$321,196) for employer contributions.

12. OPERATING LEASE COMMITMENTS

The Society has entered into agreements for the lease of office space and equipment expiring at varying dates through June 30, 2019. Minimum payments under these agreements during the next three fiscal years are anticipated to be as follows:

2018	\$	19,788
2019	\$	21,482
2020	\$	3,189

13. WAGES AND EMPLOYEE BENEFITS

Wages and employee benefits expense for the year includes ten employees that each earned over \$75,000, for a total of \$980,913.

