

Whistler Community Services Society
Financial Statements
For the year ended March 31, 2018

**Whistler Community Services Society
Financial Statements
For the year ended March 31, 2018**

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Independent Auditor's Report

To the Board of the Whistler Community Services Society

We have audited the accompanying financial statements of Whistler Community Services Society, which comprise the Statements of Financial Position as at March 31, 2018, and the Statements of Operations, Changes in Fund Balances and Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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



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Basis for Qualified Opinion

In common with many charitable organizations, Whistler Community Services Society derives revenue from donations and fundraising, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of this revenue was limited to the amounts recorded in the records of Whistler Community Services Society. Therefore, we were not able to determine whether any adjustments might be necessary to donation revenue, thrift store revenue, excess of revenue over expenses, and cash flows from operations for the years ended March 31, 2018 and 2017, current assets and net assets as at March 31, 2018 and 2017, and net assets as at April 1, 2017 and 2016. Our audit opinion on the financial statements for the year ended March 31, 2017 was modified accordingly because of the possible effects of this limitation in scope.

Qualified Opinion

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Whistler Community Services Society as at March 31, 2018 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Report on Other Legal and Regulatory Requirements

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

BDO Canada LLP.

Chartered Professional Accountants

Whistler, British Columbia
June 21, 2018

Whistler Community Services Society
Statement of Financial Position

March 31 2018 2017

Assets

Current

Cash and cash equivalents (Note 3)	\$ 811,394	\$ 1,504,678
Accounts receivable (Note 4)	871,553	8,614
Prepaid expenses	25,086	10,091
	1,708,033	1,523,383

Tangible Capital Assets (Note 5)	3,212,655	168,220
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	\$ 4,920,688	\$ 1,691,603
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Liabilities and Net Assets

Liabilities

Current

Accounts payable and accrued liabilities (Note 6)	\$ 675,967	\$ 88,723
Wages and benefits payable	72,313	43,688
Current portion of loan payable (Note 7)	26,164	-
	774,444	132,411

Loan Payable (Note 7)	973,836	-
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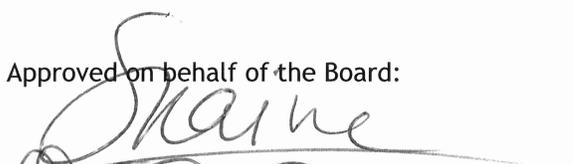
	1,748,280	132,411
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Net Assets

Investment in tangible capital assets fund	2,212,655	168,220
Internally restricted operating fund	300,000	300,000
Restricted new building fund	590,531	1,023,842
Other restricted funds	69,222	67,130
	3,172,408	1,559,192

	\$ 4,920,688	\$ 1,691,603
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Approved on behalf of the Board:

 <hr style="border: 0; border-top: 1px solid black;"/>	Director
 <hr style="border: 0; border-top: 1px solid black;"/>	Director

Whistler Community Services Society
Statement of Operations

For the year ended March 31, 2018	2018	2017
Revenue		
Thrift store revenue (Note 8)	\$ 1,567,486	\$ 1,498,767
Donations and grants (Note 9)	1,477,929	307,857
Program and membership fees	8,824	9,110
Interest income	7,212	10,641
Other income	18,097	20,279
	3,079,548	1,846,654
Program and Thrift Store Costs (Note 12)		
Thrift store costs (Schedule 1)	787,394	716,134
Program costs (Schedule 2)	611,497	549,728
	1,398,891	1,265,862
General and Administrative Expenses (Note 12)		
Accounting and legal	3,591	3,653
Amortization	168	208
Insurance	2,565	2,565
Office and general	3,002	2,901
Repairs and maintenance	2,669	2,834
Security	115	118
Telephone and utilities	2,655	2,672
Travel	546	666
Wages	52,130	41,051
	67,441	56,668
Excess of revenue over expenses for the year	\$ 1,613,216	\$ 524,124

Whistler Community Services Society
Statement of Changes in Fund Balances

For the year ended March 31, 2018

	Investment in Tangible Capital Assets Fund	Restricted New Building Fund	Internally Restricted Operating Fund	Other Restricted	Unrestricted	2018	2017
Balance, beginning of year	\$ 168,220	\$1,023,842	\$ 300,000	\$ 67,130	\$ -	\$ 1,559,192	\$1,035,068
Revenue	-	1,199,229	-	216,400	1,663,919	3,079,548	1,846,654
Expenses	16,298	92	-	214,308	1,235,634	1,466,332	1,322,530
Excess (deficit) of revenue over expenses for the year	(16,298)	1,199,137	-	2,092	428,285	1,613,216	524,124
Interfund Transfers (Note 12)							
Capital acquisition	3,060,733	(3,060,733)	-	-	-	-	-
New building fund	-	428,285	-	-	(428,285)	-	-
Debt acquired to finance new building	(1,000,000)	1,000,000	-	-	-	-	-
Balance, end of year	\$ 2,212,655	\$ 590,531	\$ 300,000	\$ 69,222	\$ -	\$ 3,172,408	\$ 1,559,192

The accompanying notes are an integral part of these financial statements

Whistler Community Services Society
Statement of Cash Flows

For the year ended March 31, 2018

2018

2017

Cash provided by (used in)

Operating activities

Excess of revenue over expenses for the year **\$ 1,613,216** \$ 524,124

Items not requiring cash

Amortization **16,298** 21,645

Changes in non-cash working capital balances

Accounts receivable **(862,939)** 1,944

Prepaid expenses **(14,995)** (700)

Accounts payable and accruals **587,244** 13,855

Wages and benefits payable **28,625** **(3,192)**

1,367,449 **557,676**

Investing activities

Acquisition of tangible capital assets **(3,060,733)** (109,474)

Financing activity

Loan proceeds **1,000,000** -

(Decrease) increase in cash during the year **(693,284)** 448,202

Cash and cash equivalents, beginning of year **1,504,678** **1,056,476**

Cash and cash equivalents, end of year **\$ 811,394** **\$ 1,504,678**

Whistler Community Services Society

Notes to the Financial Statements

March 31, 2018

1. Significant Accounting Policies

Purposes of the Society

Whistler Community Services Society (the "Society") provides a structure to co-ordinate programs and agencies in the social fields for Whistler, British Columbia. Its mission is to provide programs and services that support social sustainability in Whistler.

The Society was registered under the British Columbia Society Act and completed the transition to the new Societies Act (BC) (Note 2) during the year ended March 31, 2018. As a registered charity, it is not subject to income taxes under section 149(1)(f) of the Income Tax Act.

The Society provides numerous programs which offer support and assistance to families in times of need and stressful life situations. These programs include: Access to Justice, Birth, Baby & Beyond, Camp Fund, Concussion Support Group, Connect Whistler (formerly Whistler Welcome Week), Counselling Assistance, Emergency Financial Assistance, Food Bank, Healthy Choices, Helping Hands, Income Tax Program, KidsArt, Kids on the Move (formerly KidSport), Outreach Services, Parent Infant Drop-in, PLAY Credit, Pregnancy and Infant Loss Group, Santa's Helpers, School Lunches, Speaker Series, Whistler Orthopedic Rehab and Whistler Survival Guide.

The Society supports its programs through its thrift stores, including the Re-Use-It ("RUI"), Re-Build-It ("RBI"), and recycling centres. Items are donated to these centres and are then exchanged for cash donations.

Basis of Presentation

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

Fund Accounting

The Society follows the restricted fund method of accounting for contributions. Revenue and expenses related to program delivery and administrative activities are reported in the Other Restricted Fund if revenue is restricted for a specific purpose, or the Unrestricted Fund when revenue is available for general operations. The Restricted New Building Fund reports both internally restricted assets set aside for future spending on the new Re-Use-It and social services building project and revenue from external sources that is to be used for the same purpose. The Internally Restricted Operating Fund reports internally restricted assets set aside to ensure financial stability and protect against the risk of various events such as an unexpected increase in expenses, unanticipated loss of funding, uninsured losses or the need for one-time unbudgeted expenses. Invested in Tangible Capital Assets Fund accounts for revenue and expenses related to equipment. The balance of this fund represents the Society's investment in equipment, net of any related financing.

Whistler Community Services Society

Notes to the Financial Statements

March 31, 2018

1. Significant Accounting Policies (cont.)

Revenue Recognition Grants are recognized as revenue when received or receivable if the amount can be reasonably estimated and collection is reasonably assured. Operating grants, if contributed for a future period, are deferred and reported as deferred contributions until that future period.

Other unrestricted revenue, including cash donations from the exchange of donated goods at the Re-Use-It and Re-Build-It stores, and program fees are reported as revenue when services are provided or the goods have been transferred, amounts receivable can be reasonably estimated and collection is reasonably assured.

**Tangible
Capital Assets**

Capital assets are recorded at cost on the statement of financial position as tangible capital assets. Amortization is charged on a declining balance basis over the expected useful life of the assets. Amortization is provided as follows:

Computer equipment	55% Declining Balance
Furniture and equipment	20% Declining Balance
Vehicles	30% Declining Balance

The Society capitalizes all direct costs related to the development of the new building to the extent that they add value to the property. Any costs that do not add value to the future building are expensed in the period they are incurred. The capitalized costs are not amortized because the property is still under development.

Income Taxes The Society is exempt from income tax under Section 149(1)(l) of the Income Tax Act.

Use of Estimates The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Areas requiring management to exercise judgment on the determination of estimates include collectibility of accounts receivable, useful lives of capital assets, allocation of expenses, and completeness of accounts payable and accrued liabilities. Actual results could differ from management's best estimates as additional information becomes available and may impact future periods.

Financial Instruments The Society's financial instruments consist of cash and cash equivalents, accounts receivable, accounts payable and accruals, wages and benefits payable and loan payable. The Society initially measures all of its financial instruments at fair value and subsequently at amortized cost using the effective interest rate method.

Whistler Community Services Society Notes to the Financial Statements

March 31, 2018

1. Significant Accounting Policies (cont.)

Allocation of Expenses

Management allocates all costs directly associated with its Re-Use-It and Re-Build-It stores to thrift store costs. The same policy is applied to program costs, with all costs directly associated with running the Society's programs being allocated to program costs. General costs that are not directly attributable to any specific function are allocated across thrift store, program, and general and administrative costs based on management's judgment of the relative consumption of these goods and services by each function.

Contributed Services and Materials

Management has chosen to not recognize contributed materials or services for donations at the Re-Use-It and Re-Build-It stores or directly associated with its programs. As such, these contributions to the Society have not been recognized in the Society's financial statements. Subsequently, when the contributed items are exchanged for a cash donation, the amount received is recorded as Thrift Store revenue at that time.

2. New Societies Act of British Columbia

On November 28, 2016 the Society Act (BC) was repealed and replaced with the Societies Act (BC) ("New Act"). The New Act requires that all Societies transition to the New Act before November 28, 2018. The Society completed the transition on July 28, 2017.

The New Act requires that the Society disclose the total remuneration paid to the Directors, for either being a director or for acting in another capacity, as well as the total number of employees or contractors with annual remuneration equal to or greater than \$75,000 and the aggregate remuneration of those employees/contractors.

During the year, there were two employees (2017 - one employee) paid in excess of \$75,000, with total remuneration of \$175,210 (2017 - \$80,512). There was no remuneration paid to directors.

Whistler Community Services Society
Notes to the Financial Statements

March 31, 2018

3. Cash and Cash Equivalents

Cash and cash equivalents consists of cash on hand and bank balances.

The Society's bank accounts are held at two credit unions and one chartered bank. The bank accounts earn interest at the current prevailing rates.

4. Accounts Receivable

	2018	2017
Donations, and other receivables	\$ 457,663	\$ 780
Loan disbursement receivable (Note 7)	333,333	-
GST rebates receivable	80,557	7,834
	\$ 871,553	\$ 8,614

5. Tangible Capital Assets

	2018		2017	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Building in progress	\$ 3,153,259	\$ -	\$ 3,153,259	\$ 108,382
Vehicle	64,548	37,143	27,405	39,150
Furniture and equipment	66,183	34,192	31,991	20,688
	\$ 3,283,990	\$ 71,335	\$ 3,212,655	\$ 168,220

6. Government Remittances Payable

Included in accounts payable and accrued liabilities and wages and benefits payable are \$29,760 (2017 - \$20,895) of government remittances.

Whistler Community Services Society
Notes to the Financial Statements

March 31, 2018

7. Loan Payable

During the year, the Society entered into a loan agreement with the Resort Municipality of Whistler (the "RMOW") for \$1,000,000 to assist in financing the construction of the new building. The loan bears interest at 2.88%, the ten year indicative market rate as posted by the Municipal Finance Authority of British Columbia (the "MFABC"), to be adjusted every 5 years, and is repayable in quarterly installments of \$12,474 over 30 years, secured by a mortgage over the land on which the building is being constructed.

At year end, \$666,667 of the loan amount had been disbursed to the Society, with the remaining payment of \$333,333 accrued as it was due to be received on March 31, 2018.

Minimum principal repayments on the loan over the next five years are as follows:

2019	\$	26,164
2020		22,088
2021		22,731
2022		23,393
2023		24,074
Thereafter		881,550
		<u>\$ 1,000,000</u>

8. Thrift Store Revenue

Revenue is from the following sources:

	2018	2017
Re-Use-It Centre donations	\$ 1,118,983	\$ 1,046,507
Re-Build-It Centre donations	303,801	301,725
Recycling donations	144,702	150,535
	<u>\$ 1,567,486</u>	<u>\$ 1,498,767</u>

Re-Use-It Centre donations consist of the receipt of cash in exchange for donated clothing, sports equipment, electronic equipment, and housewares. Re-Build-It Centre donations consist of the receipt of cash in exchange for donated furniture, cabinets, appliances, and other household items. All items held for exchange at both locations are donated to the Society at no cost. Recycling donations consist of the receipt of cash in exchange for donated household recycling.

The costs of running these facilities are considered to be Thrift Store costs which have been disclosed in Schedule 1 of these financial statements.

Whistler Community Services Society
Notes to the Financial Statements

March 31, 2018

9. Donations and Grants

Donation and grant revenue are from the following sources:

	<u>2018</u>	<u>2017</u>
Province of British Columbia	\$ -	\$ 5,000
Municipalities	643,500	2,464
Other - Charities, corporations, and individuals	834,429	300,393
	<u>\$ 1,477,929</u>	<u>\$ 307,857</u>

During the year, the RMOW agreed to provide a grant of \$850,000 towards the construction of the new building, payable in three installments. \$637,500 of this amount was received before March 31, 2018.

Donation revenue is derived primarily from corporations and individuals, including \$214,577 (2017 - \$121,556) received in the year specifically for the new building, as described in Note 11. This amount has been recorded as revenue in the Restricted New Building Fund where internally restricted net assets have also been set aside for this project.

10. Interfund Transfers and Loans

On March 28, 2018, the Board resolved to transfer the remaining unrestricted operating surpluses up to and including March 31, 2018 to the new building fund.

Tangible capital assets net of the loan payable are from the investment in tangible capital assets fund. All other assets and liabilities of the Society are held within the operating fund. As at March 31, 2018, \$590,531, \$300,000, \$69,222 (2017 - \$1,023,842, \$300,000, \$67,130) were due to the restricted new building, internally restricted and other restricted funds, respectively, from the unrestricted fund.

Whistler Community Services Society
Notes to the Financial Statements

March 31, 2018

11. Commitments

Re-Build-It Centre lease

The Society currently leases the Re-Build-It building for \$5,767 plus GST per month on a month-to-month basis until the Re-Build-It Centre can be relocated to the vacated Re-Use-It Centre building.

Re-Use-It Centre and WCSS office and programs building leases

The Society leases the Re-Use-It Centre building and the Society's office and programs building from the RMOW for a nominal value. The lease for the Re-Use-It Centre building expired December 31, 2017 however the office and programs building will continue to be occupied by the Society on a month-to-month basis until relocation to the new building.

New Building Development

The Society has entered into a Ground Lease dated April 10, 2017 with the RMOW. The purpose of the Ground Lease is to set out the details for the building being constructed by the Society on Nesters Road and stipulates that construction must be complete within two years of construction commencement date at the Society's own cost. The building will be used for social services programs and a retail thrift store. The Society will own the building upon substantial completion of construction. As part of the agreement, the Society will vacate the current office and programs building it leases from the RMOW at the same time.

The Society will lease the land from the RMOW over a term of 50 years, with two consecutive renewal terms of 10 years each. The Society will make annual lease payments to the RMOW of \$17,000 per year up to a cumulative maximum of \$850,000. The first lease payment was due May 11, 2018, and has been paid subsequent to year end.

The Society has entered into a Construction Management Contract with Kenwood Construction related to the construction of the new building. The Construction Manager's fee is fixed at \$160,000, payable in ten equal monthly installments beginning in September 15, 2017. Budgeted expenditures for the construction contract are \$3,502,657 in total.

Additional contracts have been signed for varying amounts and purposes, however the amounts are not significant.

Whistler Community Services Society
Notes to the Financial Statements

March 31, 2018

12. Allocation of Expenses

General costs of \$345,363 (2017 - \$296,942) have been allocated as follows:

	<u>2018</u>	<u>2017</u>
Thrift store costs	\$ 117,661	\$ 95,873
Program costs	160,261	144,401
General and administrative	<u>67,441</u>	<u>56,668</u>
Total expenses	<u>\$ 345,363</u>	<u>\$ 296,942</u>

13. Financial Instrument Risk

The Society, through its financial assets and liabilities, is exposed to various risks. The following analysis provides an assessment of those risks as at March 31, 2018.

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Society is potentially exposed to credit risk on its cash and cash equivalents (described in Note 3). To mitigate this risk, the Society has deposited its cash and cash equivalents with reputable financial institutions. The Society is also potentially exposed to credit risk on its accounts receivable related to the building project, however these amounts have been received subsequent to March 31, 2018.

Liquidity Risk

Liquidity risk is the risk that the Society encounters difficulty in meeting its obligations associated with financial liabilities. Liquidity risk includes the risk that, as a result of operational liquidity requirements, the Society will not have sufficient funds to settle a transaction on the due date; will be forced to sell financial assets at a value, which is less than what they are worth; or may be unable to settle or recover a financial asset. To mitigate this risk, the Society has accumulated cash reserves that have been generated from annual operating surpluses. The Society has also obtained a long term loan to finance the new building expenditures.

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. The Society is potentially exposed to interest rate risk on its loan payable (described in Note 7), however the risk is not considered significant given that the MFABC indicative market rate has historically been relatively stable.

Other than as described above for the new loan payable and accounts receivable related to the building project, this assessment of exposure to risks is unchanged from the prior year.

Whistler Community Services Society
Supplementary Schedules

For the year ended March 31

1. Schedule of Thrift Store Costs

	2018	2017
Accounting and legal	\$ 7,179	\$ 7,307
Advertising	3,689	7,275
Amortization	14,491	19,452
Bank charges	11,973	11,003
Garbage and recycling disposal	3,711	3,312
Insurance	9,858	9,180
Office and general	19,964	14,567
Rent	71,141	60,347
Repairs and maintenance	5,420	4,191
Security	1,046	1,087
Telephone and utilities	7,060	7,220
Training	1,140	457
Travel	16,097	10,511
Wages	614,625	560,225
Total thrift store costs	\$ 787,394	\$ 716,134

2. Schedule of Program Costs

	2018	2017
Accounting and legal	\$ 7,179	\$ 7,307
Advertising	11,665	12,265
Amortization	1,639	1,979
Bank charges	4,758	2,580
Insurance	5,129	5,131
Office and general	14,286	14,511
Program supplies	116,340	123,983
Repairs and maintenance	10,842	11,834
Security	459	476
Telephone and utilities	15,783	15,251
Training	5,889	16,401
Travel	7,459	4,915
Wages	410,069	333,095
Total program costs	\$ 611,497	\$ 549,728