

**MAPLE RIDGE/PITT MEADOWS
COMMUNITY SERVICES**

Financial Statements

March 31, 2018

INDEPENDENT AUDITORS' REPORT



MAPLE RIDGE
LANGLEY

CHARTERED
PROFESSIONAL
ACCOUNTANTS

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To The Members of
Maple Ridge/Pitt Meadows Community Services

We have audited the statement of financial position of Maple Ridge/Pitt Meadows Community Services as at March 31, 2018 and the statements of revenue and expenditures, changes in net assets and cash flows for the year then ended.

Management's responsibility for the financial statements

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

Auditors' responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 audit opinion.

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Society as at March 31, 2018 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 Societies Act (BC), we report that, in our opinion, the accounting principles used in preparing and presenting the financial statements are in accordance with Canadian accounting standards for not-for-profit organizations, and have been applied on a consistent basis with that of the preceding year.

EPR MAPLE RIDGE LANGLEY
CHARTERED PROFESSIONAL ACCOUNTANTS

Maple Ridge, BC
September 17, 2018

MAPLE RIDGE/PITT MEADOWS COMMUNITY SERVICES

STATEMENT 1

STATEMENT OF REVENUE AND EXPENDITURES

Year Ended March 31, 2018

	Budget 2018	Actual 2018	Actual 2017
Revenue			
Funding Agencies			
Community Living B.C.	\$ 64,571	\$ 64,571	\$ 63,471
Fraser Health	971,959	945,958	741,805
Ministry of Children and Family Development	2,068,222	1,997,967	1,656,115
Ministry of Public Safety and Solicitor General	137,021	137,640	132,961
Other funders	283,300	377,836	330,342
Public Health Agency of Canada	50,864	50,864	50,864
	3,575,937	3,574,836	2,975,558
Program			
Program revenue	125,571	92,433	167,894
Registration fees	24,167	23,794	24,865
Sale of meals	137,340	151,303	122,748
Sundry recoveries	57,147	17,698	46,400
	344,225	285,228	361,907
Donations and sundry			
Donations and fundraising	253,628	224,778	231,371
Gaming income	91,000	91,465	55,577
Interest income	10,100	16,166	8,566
RMBA distributions - note 7	10,324	10,324	10,324
United Way funding	205,561	193,915	209,088
	570,613	536,648	514,926
Total revenue	4,490,775	4,396,712	3,852,391
General and administrative expenditures - statement 1A	4,446,240	4,308,878	3,723,418
Excess of revenue over expenditures	\$ 44,535	\$ 87,834	\$ 128,973

Impairment loss \$635,204 - note 14

The accompanying notes are an integral part of these financial statements.



MAPLE RIDGE/PITT MEADOWS COMMUNITY SERVICES

STATEMENT 1A

STATEMENT OF GENERAL AND ADMINISTRATIVE EXPENDITURES

Year Ended March 31, 2018

	Budget 2018	Actual 2018	Actual 2017
Activity expenses	\$ 14,925	\$ 15,627	\$ 14,306
Advertising and promotion	8,685	8,101	12,944
Amortization	32,855	7,461	36,234
Bank charges and interest	4,800	5,207	4,592
Board and management seminars	500	335	301
Building maintenance and repair	93,084	71,274	116,313
Client incentive	17,435	20,895	15,656
Computer costs	39,796	56,508	39,703
Contract services	34,480	63,304	68,472
Education and training	24,310	35,924	31,346
Equipment maintenance and repair	5,901	7,325	19,591
Fundraising	9,056	18,167	19,391
Garbage disposal	3,670	4,681	3,932
Insurance	24,118	22,565	22,071
Interest on long-term debt	-	-	987
Kitchen and food supplies	4,800	4,700	4,914
Legal and audit	16,475	18,962	13,690
Meal purchases and supplies	120,000	133,469	108,232
Moving costs	-	518	-
Photocopying	12,444	4,331	4,228
Program costs	319,295	166,633	135,967
Program supervision	6,000	6,000	6,000
Property taxes	38,303	38,581	38,282
Rent - office	133,391	129,558	79,632
Rent and utilities - semi-independent living	137,325	135,656	144,492
Special events	4,780	5,064	2,477
Staff travel	50,688	49,918	31,403
Subcontracts	16,042	20,000	-
Telephone	48,058	44,665	39,588
Utilities	22,900	24,777	22,832
Van expense	4,100	2,300	2,480
Volunteer recognition	3,750	2,698	3,004
Wages and benefits - administration	336,108	329,438	319,920
Wages and benefits - programs	2,858,166	2,854,236	2,360,438
	\$ 4,446,240	\$ 4,308,878	\$ 3,723,418

The accompanying notes are an integral part of these financial statements.



MAPLE RIDGE/PITT MEADOWS COMMUNITY SERVICES

STATEMENT 2

STATEMENT OF CHANGES IN NET ASSETS

Year Ended March 31, 2018

	2018	2017
UNRESTRICTED NET ASSETS		
General Reserve		
Balance, beginning of year	\$ 746,886	\$ 617,913
Asset impairment loss - note 14	(635,204)	-
	111,682	617,913
Excess of revenue over expenditures	87,834	128,973
Balance, end of year	\$ 199,516	\$ 746,886
INTERNALLY RESTRICTED NET ASSETS		
Tangible Capital Asset Replacement - notes 1,3		
Balance, beginning of year	\$ 131,387	\$ 131,387
Net change during the year	-	-
Balance, end of year	\$ 131,387	\$ 131,387
EXTERNALLY RESTRICTED NET ASSETS		
Laura Muskett Memorial Fund - note 3		
Balance, beginning of year	\$ 194,910	\$ 194,910
Net change during the year	-	-
Balance, end of year	\$ 194,910	\$ 194,910
TOTAL NET ASSETS	\$ 525,813	\$ 1,073,183

The accompanying notes are an integral part of these financial statements.



MAPLE RIDGE/PITT MEADOWS COMMUNITY SERVICES

STATEMENT 3

STATEMENT OF CASH FLOWS

Year Ended March 31, 2018

	2018	2017
Cash flows from (for) operating activities:		
Excess of revenue over expenses for the year	\$ 87,834	\$ 128,973
Cash is provided by (used in):		
Items not requiring an outlay of funds		
Amortization	7,461	36,234
	95,295	165,207
Changes in non-cash working capital		
Accounts receivable	(232,684)	68,006
Prepaid expenses	(29,080)	776
Accounts payable and accrued liabilities	(13,479)	150,926
Accrued wages	49,008	(28,763)
Government agencies payable	(21,398)	7,317
Deferred revenue	169,553	113,246
	17,215	476,715
Cash flows from (for) financing activities:		
Repayment of long-term debt	-	(67,494)
Restricted deposits	(1,579)	(990)
Deferred capital contributions	432,962	65,371
	431,383	(3,113)
Cash flows from (for) investing activities:		
Purchase of tangible capital assets	(395,817)	(121,408)
Increase in cash	52,781	352,194
Cash, beginning of year	705,892	353,698
Cash, end of year	\$ 758,673	\$ 705,892

The accompanying notes are an integral part of these financial statements.



MAPLE RIDGE/PITT MEADOWS COMMUNITY SERVICES

STATEMENT 4

STATEMENT OF FINANCIAL POSITION

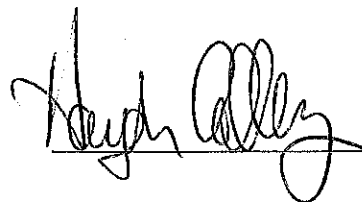
March 31, 2018

	2018	2017
ASSETS		
Current:		
Cash	\$ 758,673	\$ 705,892
Accounts receivable	361,471	128,786
Government agencies recoverable	63,679	32,942
Prepaid expenses	62,408	33,328
	1,246,231	900,948
Tangible capital assets - note 2	613,323	860,170
Restricted deposits - note 3	328,866	327,287
	\$ 2,188,420	\$ 2,088,405
LIABILITIES AND NET ASSETS		
Current:		
Accounts payable and accrued liabilities	\$ 229,826	\$ 243,303
Accrued wages	343,742	294,734
Deferred revenue - note 5	537,189	367,635
Government agencies payable	53,518	44,179
	1,164,275	949,851
Deferred capital contributions - note 6	498,332	65,371
	1,662,607	1,015,222
Net assets		
Unrestricted net assets	199,516	746,886
Internally restricted net assets - note 3	131,387	131,387
Externally restricted net assets - note 3	194,910	194,910
	525,813	1,073,183
	\$ 2,188,420	\$ 2,088,405

On behalf of the Board



Director



Director

The accompanying notes are an integral part of these financial statements.



MAPLE RIDGE/PITT MEADOWS COMMUNITY SERVICES

NOTES TO THE FINANCIAL STATEMENTS

Year Ended March 31, 2018

Maple Ridge / Pitt Meadows Community Services is a not-for-profit society incorporated under the Societies Act of British Columbia. The Society provides a variety of community related social services for individuals and families within Maple Ridge and Pitt Meadows and the surrounding area.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Society are in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO) applied on a basis consistent with that of the preceding year. Outlined below are those policies considered particularly significant.

Capital Asset Replacement Reserve

By resolution of the Board of Directors, reserves have been established for the replacement of property, major equipment and renovations.

Tangible Capital Assets

Tangible capital assets are recorded at cost. Amortization is provided annually at rates calculated to write-off the assets over their estimated useful lives as follows except in the year of acquisition when one half of the rate is used:

Buildings	4%	Declining balance
Computer equipment	30%	Declining balance
Equipment	20%	Declining balance
Vehicles	30%	Declining balance

Property under development is not being amortized.

Income Taxes

The Society is exempt from Federal and Provincial income taxes.

Revenue Recognition

The Society's revenues are derived principally from program funding from the Province of British Columbia in accordance with budget arrangements established and approved by the Ministry. Such revenues, if contributed for a future period, or if services have not been fully provided are deferred and reported as deferred contributions until that future period or the services have been fully provided.

Revenues are recognized on an accrual basis in the period which the transactions or events occurred that gave rise to the revenues, the amounts are considered to be collectible and can be reasonably estimated.

Revenues related to fees and services are recognized when the fee or service is delivered and are considered to be collectible and can be reasonably estimated.

Donations are recognized as revenue when received or receivable. Donor designations, which have externally imposed restrictions, are recorded as deferred revenue when received until the year the designated program is funded.



MAPLE RIDGE/PITT MEADOWS COMMUNITY SERVICES

NOTES TO THE FINANCIAL STATEMENTS

Year Ended March 31, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONT'D

Contributed Services and Materials

Management has chosen to not recognize contributed materials or services for donations provided to the Society or directly associated with its programs. As such, these contributions to the Society have not been recognized in the Society's financial statements.

Use of Estimates

The preparation of the Society's financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as at the date of the financial statements as well as reported amounts of revenues and expenses during the reported period. Actual results could differ from these estimates.

Financial Instruments

Financial assets and financial liabilities are initially recognized at fair value when the Society becomes party to the contractual provisions of the financial instrument. Subsequently, all financial instruments are measured at amortized cost, except for term deposits. The Society has elected to use the fair value option to measure term deposits, with any subsequent changes in fair value recorded in the Statement of revenue and expenditures.

Financial Asset Impairment

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Society determines if there is a significant adverse change in the expected amount of timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or in the amount the Society expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

Deferred Capital Contributions

Amounts received for the purchase of tangible capital assets are recorded as deferred capital contributions. These contributions will be amortized at the same rate as the related tangible capital assets.



MAPLE RIDGE/PITT MEADOWS COMMUNITY SERVICES

NOTES TO THE FINANCIAL STATEMENTS

Year Ended March 31, 2018

2. TANGIBLE CAPITAL ASSETS

			2018	2017
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	\$ 70,635	\$ -	\$ 70,635	\$ 70,635
Property under development	517,224	-	517,224	121,408
Buildings	1,252,977	1,252,976	1	635,205
Computer equipment	161,548	155,542	6,006	8,579
Equipment	178,814	159,357	19,457	24,320
Vehicles	19,111	19,111	-	23
	\$ 2,200,309	\$ 1,586,986	\$ 613,323	\$ 860,170

As of April 1, 2017, buildings located at 11907 228 Street, Maple Ridge, B.C. were written down by \$635,204. See note 14 for details.

3. RESTRICTED DEPOSITS

Restricted deposits represent chequing and savings accounts which are held as funding for the Capital Asset Replacement Fund and the Laura Muskett Memorial Fund.

4. ENDOWMENT FUND

In 1985, the Society established an Endowment Fund managed by the Vancouver Foundation, the earnings of which are paid to the Society for its activities. The capital of the Endowment Fund and any additional contributions are held permanently by the Vancouver Foundation. The total capital in the Endowment Fund is \$60,000 of which \$35,000 was contributed by the Society and \$25,000 was contributed by the Vancouver Foundation. During the year, investment income of \$3,632 (2017 - \$3,492) was paid to the Society from this Fund.



MAPLE RIDGE/PITT MEADOWS COMMUNITY SERVICES

NOTES TO THE FINANCIAL STATEMENTS

Year Ended March 31, 2018

5. DEFERRED REVENUE

At the completion of each fiscal year, Management carries out an assessment of the delivery of services for each funded program. The balances reflected herein represent the aggregate value of services to be provided in subsequent periods.

	2018	2017
Community Living B.C.		
Deferred balance, beginning of year	\$ -	\$ -
Funding received in the year	64,571	63,471
Recognized as revenue	(64,571)	(63,471)
Deferred balance, end of year	\$ -	\$ -
Fraser Health		
Deferred balance, beginning of year	\$ 64,558	\$ 64,483
Funding received in the year	1,007,310	741,880
Recognized as revenue	(945,958)	(741,805)
Deferred balance, end of year	\$ 125,910	\$ 64,558
Ministry of Children and Family Development		
Deferred balance, beginning of year	\$ 47,554	\$ 6,254
Funding received in the year	1,991,667	1,697,415
Recognized as revenue	(1,997,967)	(1,656,115)
Deferred balance, end of year	\$ 41,254	\$ 47,554
Ministry of Public Safety and Solicitor General		
Funding received in the year	\$ 155,143	\$ 132,961
Recognized as revenue	(137,640)	(132,961)
Deferred balance, end of year	\$ 17,503	\$ -
Public Health Agency of Canada		
Deferred balance, beginning of year	\$ -	\$ -
Funding received in the year	50,864	50,864
Recognized as revenue	(50,864)	(50,864)
Deferred balance, end of year	\$ -	\$ -

MAPLE RIDGE/PITT MEADOWS COMMUNITY SERVICES

NOTES TO THE FINANCIAL STATEMENTS

Year Ended March 31, 2018

5. DEFERRED REVENUE - CONT'D

Gaming			
Deferred balance, beginning of year	\$	91,466	\$ 56,043
Funding received in the year		91,000	91,000
Recognized as revenue		(91,466)	(55,577)
Deferred balance, end of year	\$	91,000	\$ 91,466
Restricted donations			
Deferred balance, beginning of year	\$	143,455	\$ 109,881
Contributions received in the year		211,052	264,945
Recognized as revenue		(224,778)	(231,371)
Deferred balance, end of year	\$	129,729	\$ 143,455
United Way			
Deferred balance, beginning of year	\$	8,354	\$ 4,883
Funding received in the year		205,561	212,559
Recognized as revenue		(193,915)	(209,088)
Deferred balance, end of year		20,000	8,354
Other funders			
Deferred balance, beginning of year	\$	12,248	\$ 12,845
Funding received in the year		477,381	329,745
Recognized as revenue		(377,836)	(330,342)
Deferred balance, end of year	\$	111,793	\$ 12,248
Aggregate deferred revenue, end of year	\$	537,189	\$ 367,635

6. DEFERRED CAPITAL CONTRIBUTIONS

During the year, the Society received capital contributions of \$432,961 (2017 - \$65,371) from BC Housing which represents funding towards the development and construction of a new office and residential building in Maple Ridge, B.C. (see Note 8).

7. RMBA DISTRIBUTIONS

During the year, surplus distributions of \$10,324 (2017 \$10,324) were received from the Ridge Meadows Bingo Association of which the Society is an affiliated member.



MAPLE RIDGE/PITT MEADOWS COMMUNITY SERVICES

NOTES TO THE FINANCIAL STATEMENTS

Year Ended March 31, 2018

8. COMMITMENTS

The Society has entered into a commitment with BC Housing for the development of a new building at 11907 228 Street, Maple Ridge B.C., which will consist of a new head office, and 94 affordable housing units. Construction on this project is expected to complete in 2020, with an estimated cost of \$23 million. BC Housing has committed to funding \$13 million of this cost and the Society will mortgage the balance through BC Housing, with payments beginning after the completion of the project. Short-term rental contracts will be signed for the relocation of the Society's offices for the duration of the development.

9. CONTRACTUAL OBLIGATIONS

The Society is committed to three long-term tenancy leases. The aggregate amount of the lease payments required in each of the next five years is as follows:

2018	\$	114,049
2019		66,194
2020		13,590

10. RISK MANAGEMENT

The Society uses comprehensive risk management procedures to limit the risks inherent in the use of financial instruments. Risks include credit, currency, interest rate, liquidity and market risks. The significant risks that the Society is exposed to are noted below.

Credit Risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Society is exposed to credit risk from accounts receivable. Accounts receivable consist primarily of grants and funds receivable from government organizations, and therefore credit risk on these receivables is minimal.

Interest Rate Risk

The Society will have an exposure to interest rate fluctuations at the time it is required to obtain a mortgage on the new building. The Society considers its exposure to interest rate volatility to be acceptable and appropriately managed.

Liquidity risk

Liquidity risk is the risk that the Society may encounter difficulties in meeting obligations associated with financial liabilities. The Society's exposure to liquidity risk is dependant on government funding, sale of goods, purchasing commitments and obligations or raising funds to meet obligations and sustain operations. Management considers the Society's liquidity risk to be minimal due to its strong cash position at year end.

MAPLE RIDGE/PITT MEADOWS COMMUNITY SERVICES

NOTES TO THE FINANCIAL STATEMENTS

Year Ended March 31, 2018

11. CAPITAL DISCLOSURE

The Society defines its capital as the amounts included in its net asset balances.

The Society's objective when managing its capital is to safeguard the Society's ability to continue as a going concern so that it can continue to provide the appropriate level of benefits and services to the communities of Maple Ridge and Pitt Meadows through its social service programs.

A portion of the Society's capital is externally restricted in that the Society has to meet certain requirements in order to utilize this net asset balance. The Society has internal control processes to ensure that the restrictions are met prior to the utilization of these resources and it has been in compliance with these restrictions throughout the year.

The Society sets the amount of net assets for operations in proportion to risk to manage the net asset structure and makes adjustments to it in light of changes in economic conditions and its operating priorities.

12. EMPLOYEE PENSION PLAN

The Society and its employees contribute to the Municipal Pension Plan ("Plan"), a jointly trustee pension plan. The Board of Trustees, representing plan members and employers, is responsible for administering 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 has approximately 195,000 active members and approximately 90,000 retired members. Active members include approximately 37 (2017 - 33) employees of the Society.

Every three years, an actuarial valuation is performed to assess the financial position of the plan and adequacy of plan funding. The actuary determines an appropriate combined employer and member rate to fund the plan. The actuary's calculated contribution rate is based on the entry-age normal cost method, which produces the long-term rate of member and employer contributions sufficient to provide benefits for average future entrants to the plan. This rate is then adjusted to the extent there is amortization of any funding deficit.

The most recent actuarial valuation for the Plan as at December 31, 2015 indicated a \$2.2 billion funding surplus for basic pension benefits on a going concern basis. The next valuation will be as at December 31, 2018, with results available in 2019.

Employers participating in the Plan record their pension expense as the amount of employer contributions made during the fiscal year (defined contribution plan accounting). This is because the Plan records accrued liabilities and accrued assets for the Plan in aggregate resulting in no consistent and reliable basis for allocating the obligation, assets and cost to the individual employers participating in the Plan.

The Society paid \$153,923 (2017 - \$153,715) for employer contributions to the Plan in fiscal 2018.

13. REMUNERATION PAID

During the year, the Society paid salaries and benefits of \$702,725 (2017 - \$625,550) to its eight (2017 - 7) highest paid employees, each of whom were paid in excess of \$75,000.



MAPLE RIDGE/PITT MEADOWS COMMUNITY SERVICES

NOTES TO THE FINANCIAL STATEMENTS

Year Ended March 31, 2018

14. IMPAIRMENT OF LONG LIVED ASSETS

The Society has recorded an impairment loss of \$635,204 on portable buildings owned at 11907 228 Street, Maple Ridge B.C. These buildings were purchased in 1998 for \$1,252,976 and have been amortized from 1998-2017 for the aggregate amount of \$617,771, resulting in an overstated net book value of \$635,205. In July 2018, the buildings were sold for \$1 rather than being demolished, due to their age, condition, and expected useful life.

15. SUBSEQUENT EVENTS

In June 2018, the Society vacated its office buildings at 11907 228 Street, Maple Ridge B.C. and leased new temporary office space at 22718 Lougheed Highway, Maple Ridge B.C. This was done in advance of the commencement of construction of the new building at the 228th Street location. The buildings at the former location, which have a book value of \$1 (after impairment loss - note 14) at year end, were gifted to a local organization for \$1 in July 2018.

16. COMPARATIVE FIGURES

Certain balances of the preceding period have been reclassified to conform with the current year's financial statement presentation.