Financial statements of

Burnaby Association for Community Inclusion

March 31, 2016

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Deloitte.

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Independent Auditor's Report

To the Members of
Burnaby Association for Community Inclusion

We have audited the accompanying financial statements of Burnaby Association for Community Inclusion (the "Association"), which comprise the statement of financial position as at March 31, 2016, and the statements of operations, changes in net assets and cash flows for the year then ended and notes to the financial statements.

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 audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Association as at March 31, 2016 and the results of its operations, changes in its net assets 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 Matters

As required by the Society Act of British Columbia, we report that, in our opinion, these financial statements have been prepared on a basis consistent with that of the preceding year.

Deloitte LLP

Chartered Professional Accountants
July 25, 2016
Vancouver, British Columbia

Burnaby Association for Community Inclusion

Statement of operations - Statement I
year ended March 31, 2016

	2016	2015
	$	$
Revenue		
Provincial and Federal grants		
Community Living British Columbia	**20,142,328**	18,773,021
Ministry of Children and Family Development ("MCFD")	**1,104,038**	1,109,426
British Columbia Housing and Management commission	**444,351**	309,694
Service contracts	**359,515**	381,590
Fraser Health Authority	**77,285**	76,583
Federal government	**28,332**	27,164
Other sources		
User fees	**2,144,788**	2,073,588
Other revenue	**41,108**	123,832
Contracts	**39,310**	68,170
Amortization of deferred contributions		
Property, buildings and equipment	**136,896**	136,896
Fundraising		
Gaming	**100,000**	100,000
Donations and gifts	**50,075**	57,186
United Way	**45,000**	45,000
Sharing Our Future Foundation (Note 14)	**24,452**	6,000
	24,737,478	23,288,150
Expenses		
Human Resources		
Wages and benefits	**15,781,140**	14,743,984
Staff training	**102,380**	79,694
Program		
Purchased services	**5,331,134**	4,941,979
Program costs	**856,960**	839,456
Transportation	**247,182**	241,162
Recreation and education	**162,240**	159,490
Supported employment	**66,597**	69,516
Occupancy		
Mortgage interest and lease payments (Note 6)	**748,366**	745,552
Property taxes, utilities, and insurance	**410,395**	432,301
Repairs and maintenance	**378,678**	458,988
Amortization of property, buildings and equipment	**640,715**	596,610
	24,725,787	23,308,732
Excess (deficiency) of revenue over expenses for the year	**11,691**	(20,582)

The accompanying notes to the financial statements are an integral part of this financial statement.

Burnaby Association for Community Inclusion

Statement of changes in net assets - Statement II
year ended March 31, 2016

			2016	2015
	Restricted - Replacement Fund (Note 2 (d))	**Unrestricted**	**Total**	Total
	$	**$**	**$**	$
Balance, beginning of year	**344,307**	**23,581**	**367,888**	388,470
Excess (deficiency) of revenue over expenses	**-**	**11,691**	**11,691**	(20,582)
Balance, end of year	**344,307**	**35,272**	**379,579**	367,888

The accompanying notes to the financial statements are an integral part of this financial statement.

Burnaby Association for Community Inclusion

(Incorporated under the Society Act of British Columbia)
Statement of financial position - Statement III
as at March 31, 2016

	2016	2015
	$	$
Assets		
Current assets		
Cash	**107,377**	973,045
Accounts receivable	**421,905**	266,255
Prepaid expenses	**87,275**	67,393
Due from Sharing Our Future Foundation (Note 14)	**-**	11,004
	616,557	1,317,697
Investment - Estate of Hannah Filby (Notes 3 and 10)	**453,561**	448,083
Replacement Reserve Fund (Note 2 (d))	**616,519**	758,926
Property, buildings and equipment (Note 5)	**9,306,350**	9,618,672
	10,992,987	12,143,378
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	**1,515,266**	1,799,114
Due to Sharing Our Future Foundation (Note 14)	**15,278**	-
Government remittances payable	**36,461**	145,723
Deferred revenue	**18,040**	112,109
Current portion of mortgages payable (Note 6)	**348,998**	356,147
Current portion of loans payable (Note 7)	**44,463**	42,877
	1,978,506	2,455,970
Mortgages payable (Note 6)	**7,263,682**	7,625,179
Loans payable (Note 7)	**137,383**	186,679
Deferred contributions		
Replacement Reserve Fund (Note 8)	**272,212**	414,619
Property, buildings and equipment (Note 9)	**508,064**	644,960
Estate of Hannah Filby (Notes 3 and 10)	**453,561**	448,083
	10,613,408	11,775,490
Contingencies and commitments (Note 13)		
Net assets (Note 11)		
Restricted - Replacement Reserve Fund	**344,307**	344,307
Unrestricted	**35,272**	23,581
	379,579	367,888
	10,992,987	12,143,378

Approved by the Board

(Signed) Paul Miller
Paul Miller, President

(Signed) Nailin Esmail
Nailin Esmail, Treasurer

The accompanying notes to the financial statements are an integral part of this financial statement.

Burnaby Association for Community Inclusion
Statement of cash flows - Statement IV
year ended March 31, 2016

	2016	2015
	$	$
Operating activities		
Excess (deficiency) of revenue over expenses for the year	**11,691**	(20,582)
Items not affecting cash		
Amortization of property, buildings and equipment	**640,715**	596,610
Amortization of deferred contributions - property, buildings and equipment	**(136,896)**	(136,896)
	515,510	439,132
Changes in non-cash operating working capital items		
Accounts receivable	**(155,650)**	117,284
Prepaid expenses	**(19,882)**	26,038
Accounts payable and accrued liabilities	**(283,848)**	167,400
Government remittances payable	**(109,262)**	18,725
Deferred revenue	**(94,069)**	22,814
Due from/to Sharing Our Future Foundation	**26,282**	1,879
	(120,919)	793,272
Investing activity		
Additions to property, buildings and equipment	**(328,393)**	(196,398)
Financing activities		
Loans repayments	**(47,710)**	(22,585)
Loan from Sharing Our Future Foundation	**-**	100,000
Mortgage principal repayments	**(368,646)**	(345,344)
	(416,356)	(267,929)
Net cash (outflow) inflow	**(865,668)**	328,945
Cash, beginning of year	**973,045**	644,100
Cash, end of year	**107,377**	973,045

The accompanying notes to the financial statements are an integral part of this financial statement.

1. Purpose of the Association

Burnaby Association for Community Inclusion (the "Association") provides support and services for individuals of all ages with developmental disabilities and their families. It also provides early intervention support and programs to children from birth to 12 years. The Association is incorporated under the Society Act of British Columbia, is a not-for-profit organization and is a registered charity under the Income Tax Act. The Association's future operations are largely dependent upon the continuation of funding under several contracts with Community Living British Columbia and other Government entities.

2. Significant accounting policies

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles for not-for-profit organizations ("ASNPO") and reflect the following significant accounting policies:

(a) Revenue recognition

The Association follows the deferral method of accounting for contributions (comprising provincial and federal grants). Externally restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions and other sources of revenues are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Endowment contributions are recognized as direct increases in net assets.

Contributions restricted for the purchase of property, buildings and equipment are deferred and amortized into revenue at the amortization rate of the related property, buildings and equipment.

Externally restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Unrestricted investment income is recognized as revenue in the statement of operations on an accrual basis.

User fees and contracts represent rental income on property owned by the Association and services rendered by the childcare programs. Other revenue consists of interest and miscellaneous income. These fees and income are recognized as revenue when earned and collectibility is reasonably assured.

Fundraising revenue is recognized when earned, which is the earlier of when the grant has been confirmed or the amount is actually received.

(b) Gaming revenue

Gaming funds are reported on a cash basis to the British Columbia Gaming Commission in accordance with the Gaming Authority's policy. The Association's financial statements report gaming revenue on an accrual basis and in accordance with ASNPO.

(c) Property, buildings and equipment

Purchased assets are recorded at cost less accumulated amortization. Donated assets are recorded at assessed value or estimated market value as appropriate less accumulated amortization.

Certain land and buildings are mortgaged to Canada Mortgage and Housing Corporation ("CMHC"). The terms of the mortgages require that amortization be provided in the accounts in an amount equal to annual principal repayments.

The Association provides amortization on the assets using the following rates and methods:

Buildings	Over remaining terms of mortgage
Equipment and furnishings	20%-25% straight-line method
Vehicles	25% straight-line method

2. Significant accounting policies (continued)

(c) Property, buildings and equipment (continued)

Capital assets are tested for recoverability whenever events or changes in circumstances indicate that the asset no longer has any long-term service potential to the Association or no longer contributes to the Association's ability to provide services. The amount of an impairment loss is recognized as the amount by which the carrying value of the asset exceeds its estimated residual value.

(d) Replacement Reserve Fund

The Association is required to maintain a capital replacement reserve fund as designated by CMHC and British Columbia Housing and Management Commission ("BCHMC"), herein after referred to as "the Group". Contributions for replacement fund are credited to deferred contributions. Contributions are transferred to revenue in the period that the expenditures are incurred. Amounts sufficient to support the balances designated by the Group have been placed in separate bank accounts and in term deposits. In addition to this reserve, the Association restricts funds to provide for replacement costs at residences not subject to the Group provisions (see Statement II).

(e) Volunteer services

Volunteers contribute approximately 3,805 hours per year to assist the Association in operating the various programs. Due to the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

(f) Financial instruments

The Association initially measures its financial assets and financial liabilities at fair value when the Association becomes a party to the contractual provisions of the financial instrument. Subsequently, all financial instruments are measured at amortized cost.

With respect to financial assets measured at cost or amortized cost, the Association recognizes in the statement of operations an impairment loss, if any, when it determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows. When the extent of impairment of a previously written-down asset decreases and the decrease can be related to an event occurring after the impairment was recognized, the previously recognized impairment loss shall be reversed in the statement of operations in the period the reversal occurs.

(g) Employee future benefits

The Association participates in a multi-employers defined benefit pension plan and accounts for contribution payments using the defined contribution plan accounting which recognizes contributions as an expense in the year incurred.

(h) Use of estimates

The preparation of financial statements in conformity with ASNPO requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Areas requiring the use of management estimates include accruals, contingencies, recoverability of accounts receivable, and useful life and recoverability of property, buildings and equipment. Actual results could differ from those estimates.

3. Investment - Estate of Hannah Filby

The Estate of Hannah Filby was donated to the Association in 1980 for the benefit of children with developmental disabilities. Designated amounts are invested in separate term deposits earning 1.1% per annum.

4. Vancouver Foundation

The Association has placed funds of $10,000 with the Vancouver Foundation. In accordance with the Vancouver Foundation Act, these funds are held permanently by the Vancouver Foundation, and thus are not recorded in the financial statements of the Association. The Association, however, has the right to receive investment income on these funds and, therefore such interest income is recorded in the statement of operations.

5. Property, buildings and equipment

			2016	2015
	Cost	**Accumulated amortization**	**Net book value**	Net book value
	$	**$**	**$**	$
Land and buildings	**15,626,148**	**6,857,979**	**8,768,169**	9,276,624
Equipment and furnishings	**1,977,930**	**1,532,614**	**445,316**	256,644
Vehicles	**889,859**	**796,994**	**92,865**	85,404
	18,493,937	**9,187,587**	**9,306,350**	9,618,672

See Note 13 (a) for restrictions on property, buildings, and equipment.

6. Mortgages payable

Mortgages payable are comprised of the following first mortgages with CMHC, various banks, trust companies and credit unions, secured by the land and buildings, mortgage of leases, assignments of rent, fire insurance and grant agreements. The current portion of long-term debt assumes mortgages maturing in the next fiscal period will be renewed at the current rates and terms.

	Annual interest rate	Monthly mortgage repayment	Monthly BCHMC subsidy	Renewal date	Principal outstanding **2016**	Principal outstanding 2015
	%	$	$		**$**	$
Cumberland	2.810	1,179	107	07/01/2023	**93,683**	105,030
Deer Lake	2.260	1,077	26	08/01/2016	**29,352**	41,463
Eastburn	3.440	1,296	196	09/01/2019	**111,635**	123,146
Edmonds	3.680	1,197	251	12/01/2018	**97,678**	108,249
Filby Court	3.680	4,896	5,984	12/01/2018	**392,323**	435,843
Genesis	3.290	4,377	-	07/01/2017	**661,502**	696,204
Neville	3.860	3,358	-	01/01/2019	**509,694**	530,000
Oakland	2.260	1,077	26	08/01/2016	**29,351**	41,463
Orchard Heights	3.800	3,061	2,436	12/01/2020	**474,818**	493,270
Sardis	8.000	571	-	11/01/2024	**42,681**	46,033
Still Creek	4.430	4,280	-	05/01/2017	**54,216**	106,317
Stride Place	5.180	33,718	21,562	08/01/2016	**5,115,747**	5,254,308
		60,087	30,588		**7,612,680**	7,981,326
				Less: current portion	**(348,998)**	(356,147)
					7,263,682	7,625,179

The minimum annual principal repayments in the next five fiscal years and thereafter - assuming renewals, under the existing terms of the mortgages - are as follows:

	$
2017	348,998
2018	334,862
2019	334,184
2020	338,021
2021	353,260
Thereafter	5,903,355
	7,612,680

Included with mortgage interest and lease payment is $356,848 (2015 - $367,694) representing interest on long-term debt.

7. Loans payable

	2016	2015
	$	$
Bank of Montreal fixed rate term loan, bearing interest at 4.43% per annum compounded monthly, repayable with blended monthly payments of $1,861.12, maturing on June 30, 2017. The loan is secured by the Association's Still Creek building.	**26,804**	47,515
Sharing Our Future Foundation (Note 14) advanced $100,000 on July 1, 2007 at a rate of 5.59% per annum, repayable over 25 years for the purchase of the MacDonald facility. The Association paid $4,460 (2015 - $4,617) of interest on this advance during the year.	**79,113**	82,041
Sharing Our Future Foundation advanced $100,000 on December 9, 2014 at a rate of 2% per annum, repayable over 5 years for the purpose of assisting the Association with a project with InWithForward Consulting Group. The Association accrued $1,728 (2015 - $492) of interest on this advance during the year.	**75,929**	100,000
	181,846	229,556
Less: current portion	**(44,463)**	(42,877)
	137,383	186,679

Scheduled principal repayments in the next five fiscal years and thereafter are as follows:

	$
2017	44,463
2018	28,314
2019	23,766
2020	19,098
2021	3,650
Thereafter	62,555
	181,846

8. Deferred contributions - Replacement Reserve Fund

Deferred Contributions - Replacement Reserve Fund represents restricted contributions to the replacement fund as designated by the Group (Note 2 (d)). Changes in the deferred contributions balances are as follows:

			2016	2015
	BCHMC	**CMHC**	**Total**	Total
	$	**$**	**$**	$
Opening balance	**406,637**	**7,982**	**414,619**	619,837
Interest earned	**5,257**	**103**	**5,360**	6,399
Contributions during the period	**7,776**	**1,084**	**8,860**	15,253
Transfer of funds	**(27,057)**	**-**	**(27,057)**	(121,648)
Expenditures during the period	**(129,570)**	**-**	**(129,570)**	(105,222)
Ending balance	**263,043**	**9,169**	**272,212**	414,619

The BCHMC replacement reserve fund is invested in guaranteed investment certificates earning 1.3% per annum.

9. Deferred contributions - property, buildings and equipment

These represent restricted deferred contributions with which certain property, buildings and equipment were originally acquired. Changes in the deferred contributions balance are as follows:

	2016	2015
	$	$
Balance, beginning of year	**644,960**	781,856
Amounts transferred to revenue	**(136,896)**	(136,896)
Balance, end of year	**508,064**	644,960

10. Deferred contributions - Estate of Hannah Filby

Deferred contributions - Estate of Hannah Filby represent restricted contributions (Note 3). Changes in the deferred contributions balance are as follows:

	2016	2015
	$	$
Balance, beginning of year	**448,083**	438,206
Interest earned	**5,478**	9,877
Balance, end of year	**453,561**	448,083

11. Net assets

(a) Restricted net assets

In 2016 the Association internally restricted $Nil (2015 - $Nil) of net assets to be used as a replacement fund and expended $Nil (2015 - $Nil) of previously restricted amounts. Combined with the opening balance, total restricted net assets at 2016 are $344,307 (2015 - $344,307). This fund is maintained to provide for replacement of capital assets at properties not subject to the Group reserve fund (Note 8). These funds are invested in bonds, equities and pooled funds with BMO Private Banking and are quoted at market value. These internally restricted amounts are not available for other purposes without approval of the Board of Directors.

(b) Unrestricted net assets

Included in unrestricted assets is $1,185,605 (2015 - $992,386) which represents an investment in capital assets, resulting in a net unrestricted deficit of $1,150,333 (2015 - $968,805).

12. Line of credit

The Association has a line of credit of $600,000 available with the Bank of Montreal, bearing interest at bank prime rate plus 1%, repayable on demand. The line of credit is maintained to provide operating working capital as necessary. At March 31, 2016, no amounts were outstanding on the line of credit.

13. Contingencies and commitments

(a) Certain of the Association's properties are subject to charges, as per the Human Resources Facilities Act, whereby the facility may only be used for human resources purposes. If the properties are disposed of or not used for these purposes, the greater of $147,617, or a proportion of the fair value of the land based on the amount of the grant and fair value of land at the time of the grant funds were received, is repayable to the Province of British Columbia. The Association is required to obtain written consent from the Province of British Columbia prior to the disposal of certain properties.

(b) The minimum aggregate and total annual future rentals payable under the terms of operating leases for a building facility and equipment used in programs are as follows:

	$
2017	53,709
2018	14,199
2019	11,240
2020	9,277
2021	8,885
Thereafter	28,136
	125,446

14. Sharing Our Future Foundation

Sharing Our Future Foundation (the "Foundation") is a charitable foundation responsible for raising funds for the Association. The Foundation has its own exclusive board of directors. The Foundation is incorporated under the Society Act of British Columbia, is a not-for-profit organization and is a registered charity under the Income Tax Act. The Foundation's constitution requires that, on dissolution or windup, all of its assets are to be distributed to the Association or some other recognized British Columbia charity.

The Association contracts with the Foundation for fundraising events. The Foundation's responsibilities are to distribute the net proceeds of the fundraising events to the Association or to hold them in a capital fund for projects that will benefit the clients of the Association.

The Foundation has not been consolidated in the Association's financial statements. Financial statements for the Foundation are available upon request. As at March 31, 2016, the Foundation had total assets of $699,260 (2015 - $739,879), total liabilities of $452,140 (2015 - $497,924), net assets of $247,120 (2015 - $241,955), including restricted net assets of $203,032 (2015 - $203,032), total revenues of $64,397 (2015 - $41,718), total expenditures of $59,232 (2015 - $40,780) and an excess of revenues over expenditures of $5,165 (2015 - ($938).

The Foundation made contributions of $6,000 (2015 - $6,000) to the Association, which are included in fundraising revenue of the Association. During the current year, the Association earned $18,452 (2015 - $Nil) from the Foundation related to the clothing donation bin project.

The net amount payable by the Association in respect of all transactions was $15,278 as at March 31, 2016 (2015 - net amount receivable of $11,004). Transactions with related parties are in the normal course of operations and based on exchange amounts as established and agreed to by the related parties.

15. Pension Plan

The Association and its employees contribute to the Municipal Pension Plan (the Plan), a jointly trusteed pension plan. The Plan's 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 contributory pension plan. Basic pension benefits provided are based on a formula. The Plan has about 185,000 active members and approximately 80,000 retired members. Active members include approximately 284 contributors from the Association.

The most recent actuarial valuation as at December 31, 2012 indicated a $1,370 million funding deficit for basic pension benefits. The next valuation will be December 31, 2015, with results available in late 2016. Employers participating in the Plan record their pension expense as the amount of employer contributions made during the fiscal year (defined contribution pension plan accounting). This is because the Plan records accrued liabilities and accrued assets for the Plan in aggregate, with the result that there is no consistent and reliable basis for allocating the obligation, assets and cost to individual employers participating in the Plan.

For the year ended March 31, 2016, the Association paid $811,584 (2015 - $769,213) for employers' contributions to the Plan.

16. Financial instruments

(a) Interest rate risk

The Association is not exposed to significant interest rate risk due to the short-term maturity of its monetary assets and current liabilities. The Association’s mortgages bear a fixed interest rate; therefore is not exposed to significant interest rate risk. The Association does not use any derivative instruments to reduce its exposure to the fluctuations in interest rates.

(b) Liquidity risk

The Association’s objective is to have sufficient liquidity to meet its liabilities when due. The Association monitors its cash balances and cash flows generated from operations to meet its requirements. As at March 31, 2016, the most significant financial liabilities are accounts payable and accrued liabilities, loans payable and mortgages payable.

(c) Credit risk

Credit risk is the risk that a counterparty will fail to perform its obligations when they come due. The Association is exposed to credit risk on its accounts receivable, cash balances and term deposits held as investments. This risk is mitigated by holding cash balances and investments at Canadian chartered banks or credit unions. Credit risk arising from accounts receivable is mitigated as the Association receives majority of its funding from government associations. Also, the Association maintains provisions for potential credit losses. For the year ended March 31, 2016, the Association has an allowance for doubtful accounts of $16,572 (2015 - $16,572).