
**ATIRA WOMEN'S RESOURCE SOCIETY
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
MARCH 31, 2017**



INDEPENDENT AUDITORS' REPORT

To the Members of:
Atira Women's Resource Society

Report on the Financial Statements

We have audited the accompanying financial statements of Atira Women's Resource Society (the "Society"), which comprise the statement of financial position as at March 31, 2017, and the statements of operations, changes in net assets and 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 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 auditors' 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 in our audit is sufficient and appropriate to provide a basis for our qualified audit opinion.



INDEPENDENT AUDITORS' REPORT

Basis for Qualified Opinion

In common with many charitable organizations, the Society derives revenue from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Society and we were unable to determine whether any adjustments might be necessary to donation revenue, deficiency of revenue over expenses, cash flows from operations, assets, liabilities and net assets for the year ended and as at March 31, 2017. Our audit opinion on the financial statements for the prior year ended March 31, 2016 also contained a qualification because of the possible effects of this limitation in scope.

Note 1(a) to the financial statements describes the basis of accounting followed by the Society with respect to amortizing the cost of certain buildings at an annual amount equivalent to the principal reduction of the related mortgage payable during the year and the appropriation from operations of an annual provision for the residential replacement reserves. This basis of accounting is required by the British Columbia Housing Management Commission. In these respects the financial statements are not in accordance with Canadian accounting standards for not-for-profit organizations. The effects of these departures from Canadian accounting standards for not-for-profit organizations have not been determined.

Qualified Opinion

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion paragraphs above, the financial statements present fairly, in all material respects, the financial position of Atira Women's Resource 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 Societies 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

September 21, 2017

ATIRA WOMEN'S RESOURCE SOCIETY
STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2017

	2017	2016
ASSETS		
CURRENT ASSETS		
Cash	\$ 1,984,198	\$ 1,964,397
Term deposits	453,387	450,221
Accounts receivable	682,446	412,540
Sales tax rebate	49,345	46,216
Accrued receivable – BCHMC (Note 1(a))	329,589	329,612
Prepaid expenses and deposits	213,164	92,339
	3,712,129	3,295,325
RESTRICTED CASH (Note 3)	831,654	838,696
INVESTMENT IN AND ADVANCES TO RELATED PARTIES (Note 4)	2	738,600
CAPITAL ASSETS (Note 5)	27,453,479	27,069,159
	\$ 31,997,264	\$ 31,941,780

LIABILITIES

CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 1,388,846	\$ 1,567,351
Government remittances payable	140,253	119,324
Vacation payable	269,827	265,203
Deferred revenue (Note 1(f))	2,352,192	2,002,841
Security deposits	335,744	315,264
Current portion of long-term debt (Note 7)	387,406	653,911
	4,874,268	4,923,894
LONG-TERM DEBT (Note 7)	17,372,948	18,002,146
FORGIVABLE LOANS (Note 8)	2,737,322	2,156,358
ADVANCES FROM RELATED PARTIES (Note 4)	15,237	-
DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS (Note 9)	5,141,526	5,195,074
	30,141,301	30,277,472

NET ASSETS

REPLACEMENT RESERVE (Note 10)	725,523	664,148
INVESTED IN CAPITAL ASSETS	1,814,277	1,724,656
ACCUMULATED DEFICIT	(683,837)	(724,496)
	1,855,963	1,664,308
	\$ 31,997,264	\$ 31,941,780

CONTINGENT LIABILITIES (Note 4)
 SUBSEQUENT EVENTS (Notes 5, 7, 8 & 11)
 COMMITMENTS (Note 11)

Approved by the Board:



Director



Director

ATIRA WOMEN'S RESOURCE SOCIETY
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED MARCH 31, 2017

	Replacement reserve	Invested in capital assets	Accumulated deficit	Total 2017	Total 2016
NET ASSETS (DEFICIT), BEGINNING OF YEAR	\$ 664,148	\$ 1,724,656	\$ (724,496)	\$ 1,664,308	\$ 1,515,604
Excess of revenue over expenses for the year	-	-	198	198	94,495
Increase in replacement reserve	144,040	-	-	144,040	142,540
Expenses charged to replacement reserve	(89,834)	-	27,238	(62,596)	(133,462)
Interest received related to replacement reserve	7,169	-	-	7,169	-
Transfer of operating funds to replacement reserve	-	-	-	-	27,240
Acquisition of capital assets	-	858,691	(858,691)	-	-
Amortization of capital assets	-	(562,347)	562,347	-	-
Contributions related to capital assets that will not be amortized	-	87,978	-	87,978	-
Amortization of deferred contributions related to capital assets	-	148,572	(148,572)	-	-
Forgivable loan funding received during the year related to capital assets	-	(742,879)	742,879	-	-
Forgivable loan funding used to purchase capital assets that will not be amortized	-	14,866	-	14,866	17,891
Amortization of forgivable loans related to capital assets	-	52,025	(52,025)	-	-
Proceeds from long-term debt related to capital assets	-	(138,387)	138,387	-	-
Repayment of long-term debt related to capital assets	-	371,102	(371,102)	-	-
NET ASSETS (DEFICIT), END OF YEAR	\$ 725,523	\$ 1,814,277	\$ (683,837)	\$ 1,855,963	\$ 1,664,308

ATIRA WOMEN'S RESOURCE SOCIETY
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 2017

	2017	2016
REVENUE		
BC Housing Management Commission	\$ 18,246,140	\$ 16,973,594
Rent	6,130,971	5,907,119
Donations and grants	980,661	864,077
Other income (Note 12)	438,716	358,846
Ministry of Justice	243,402	248,044
Ministry of Social Development and Social Innovation	140,720	134,920
Vancouver Coastal Health Authority	208,900	118,956
Gaming	101,015	99,718
Law Foundation of BC	75,000	78,000
Fraser Health Authority	57,567	56,802
TOTAL REVENUE	26,623,093	24,840,076
EXPENSES		
Advertising and promotion	595	3,505
Bad debts and write-down of receivables	62,741	251,345
Dues and memberships	9,908	11,734
Food, kitchen supplies and direct client expenses	1,230,007	1,039,777
Fundraising	23,236	9,476
Insurance	128,006	121,596
Interest and bank charges	6,552	6,819
Interest on long-term debt	735,382	747,739
Legal and accounting	143,403	239,209
Memberships, licences and permits	8,426	6,213
Office supplies	185,065	186,680
Professional fees	119,267	169,893
Property management fees	564,151	547,200
Property taxes	21,946	41,073
Rent	1,935,267	2,249,601
Rent supplement	424,804	392,385
Repairs and maintenance	2,012,958	1,806,257
Replacement reserve	144,040	142,540
Restoration expense	1,116,406	451,887
Security	10,688	9,193
Telecommunications	179,070	176,935
Training and education	86,552	89,885
Travel and mileage	60,179	54,346
Utilities	1,235,330	1,104,333
Wages and employee benefits (Note 13)	16,065,812	14,748,515
TOTAL EXPENSES	26,509,791	24,608,136
EXCESS OF REVENUE OVER EXPENSES FROM OPERATIONS	113,302	231,940
AMORTIZATION OF FORGIVABLE LOANS (Note 8)	52,025	52,024
AMORTIZATION OF DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS (Note 9)	148,572	140,927
AMORTIZATION OF CAPITAL ASSETS	(562,347)	(577,477)
NET AMORTIZATION EXPENSE	(361,750)	(384,526)
DEFICIENCY OF REVENUE OVER EXPENSES BEFORE RECOVERIES	(248,448)	(152,586)
PENSION CONTRIBUTION RECOVERY	69,170	-
BCHMC RECOVERY	179,476	247,081
EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR	\$ 198	\$ 94,495

ATIRA WOMEN'S RESOURCE SOCIETY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2017

	2017	2016
CASH FROM OPERATING ACTIVITIES		
Excess of revenue over expenses for the year	\$ 198	\$ 94,495
Items not involving cash		
Amortization of capital assets	562,347	577,477
Amortization of deferred contributions related to capital assets	(148,572)	(140,927)
Amortization of forgivable loans related to capital assets	(52,025)	(52,024)
	361,948	479,021
Change in non-cash working capital items		
Accounts receivable	(269,906)	(98,304)
Sales tax rebate	(3,129)	(15,733)
Accrued receivable – BCHMC	23	220,451
Prepaid expenses and deposits	(120,825)	66,572
Accounts payable and accrued liabilities	(178,505)	10,501
Government remittances payable	20,929	119,324
Vacation payable	4,624	30,784
Deferred revenue	349,351	252,861
Security deposits	20,480	37,851
	184,990	1,103,328
FINANCING ACTIVITIES		
Repayment from (advances to) related parties	753,837	(452,783)
Proceeds from forgivable loans related to capital assets	742,879	-
Proceeds from long-term debt related to capital assets	138,387	462,988
Repayment of long-term debt related to capital assets	(371,102)	(353,876)
Repayment of other long-term debt	(662,988)	-
	601,013	(343,671)
INVESTING ACTIVITIES		
Acquisition of capital assets	(858,691)	(26,868)
Increase in replacement reserve	144,040	142,540
Interest received related to replacement reserve	7,169	-
Expenses charged to replacement reserve	(62,596)	(133,462)
Transfer of operating funds to replacement reserve	-	27,240
	(770,078)	9,450
INCREASE IN CASH AND EQUIVALENTS DURING THE YEAR	15,925	769,107
CASH AND EQUIVALENTS, BEGINNING OF YEAR	3,253,314	2,484,207
CASH AND EQUIVALENTS, END OF YEAR	\$ 3,269,239	\$ 3,253,314
CASH AND EQUIVALENTS ARE COMPRISED OF:		
Cash	\$ 1,984,198	\$ 1,964,397
Term deposits	453,387	450,221
Restricted cash (Note 3)	831,654	838,696
	\$ 3,269,239	\$ 3,253,314

ATIRA WOMEN'S RESOURCE SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2017

HERSTORY AND NATURE OF THE SOCIETY

Atira Women's Resource Society (the "Society") was incorporated on March 10, 1983 under the Society Act of British Columbia. The Society is also a registered charity under the Income Tax Act (Canada) and is accordingly exempt from income taxes.

The Society is a not-for-profit organization dedicated to supporting women and children affected by violence by offering safe and supportive housing and by delivering education and advocacy aimed at ending all forms of gendered violence. The Society operates from three core principles; we are feminist identified, operate within an anti-oppression framework and utilize harm reduction principles in all our work. We are trauma informed and gender responsive.

In 1987, the Society opened its first transition house, Durrant House (formerly known as Atira House), in the South Surrey/White Rock community. The Society began expanding its services in 1993 and today has more than 30 housing programs, two community daycares and more than a dozen support programs, located across the Lower Mainland. In addition, the Society is the sole shareholder of Atira Property Management Inc., a for-profit social-purpose business launched in 2002, and supports two controlled not-for-profit organizations, Atira Development Society and Atira Women's Arts Society.

1. SIGNIFICANT ACCOUNTING POLICIES

Except as explained in Note 1(a) below, 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. Financial statements prepared in accordance with ASNPO are also in accordance with Canadian generally accepted accounting principles ("GAAP").

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 and economic dependence

In addition to following ASNPO, these financial statements follow certain significant accounting policies to comply with the basis of accounting required by the British Columbia Housing Management Commission ("BCHMC"). The basis of accounting used in these financial statements differs from ASNPO because amortization is not provided on certain buildings over their estimated useful lives but rather at a rate equal to the annual principal repayments of the related mortgages. In addition, the annual provisions for the residential replacement reserves are charged to operations.

For the year ended March 31, 2017, the Society's revenue consists of approximately 72% (2016 – 71%) received from BCHMC and other government funding agencies.

As at March 31, 2017, the Society has a working capital deficiency of \$1,162,139 (2016 – working capital deficiency of \$1,628,569) and an accumulated deficit of \$683,837 (2016 – accumulated deficit of \$724,496). The continued operation of the Society is dependent upon the support of its members, donors, creditors, BCHMC and other government funding agencies. The Society's management continues to work closely with BCHMC to develop budgets that will enable the continued operation of the Society's programs. The Society's budgeting process takes into account all available information including future expectations up to at least one year from the date of the statement of financial position.

ATIRA WOMEN'S RESOURCE SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2017

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

a) Basis of presentation and economic dependence (continued)

In addition, the Society has accrued a receivable of \$329,589 (2016 - \$329,612) due from BCHMC as at March 31, 2017. This amount is comprised of the anticipated result of BCHMC's financial review of the year ended March 31, 2016 and subsequent negotiations between the Society and BCHMC, and management's best estimate of the anticipated results of the pending financial review by BCHMC for the year ended March 31, 2017 as follows:

March 31, 2016 – estimated receivable due from BCHMC	\$	274,728
March 31, 2017 – estimated receivable due from BCHMC		54,861
	\$	329,589

Management has based its estimate for the year ended March 31, 2017 on a number of factors, including the causes of adjustments in previous financial reviews and the results of negotiations with BCHMC during the year. However, the actual results of BCHMC's financial review for the year ended March 31, 2017 could materially differ from the amount estimated by management.

b) Financial instruments

Measurement

The Society's financial instruments consist of cash, restricted cash, term deposits, accounts receivable, investment in and advances to related parties, bank line of credit, accounts payable and long-term debt.

The Society initially measures all of its financial assets and liabilities at fair value. The Society subsequently measures all of its financial assets and liabilities at amortized cost.

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.

c) Cash and equivalents

Cash and equivalents consists of cash on deposit, restricted cash and term deposits which are subject to an insignificant risk of change in fair value, have a maturity of less than one year and are readily convertible to cash.

d) Investment in subsidiaries and controlled not-for-profit organizations

The Society owns 100% of the issued and outstanding share capital of Atira Property Management Inc. ("APMI") and The Painter Sisters Painting Company Ltd. ("TPSPC"). APMI and TPSPC's results are not consolidated; they are reported using the equity method of accounting for investments and by providing the disclosure recommended under Part III of the CPA Canada Handbook – Accounting.

The Society controls Atira Development Society ("ADS"), a not-for-profit organization, through common directors and management. ADS's results are not consolidated; they are reported by providing the disclosure recommended under Part III of the CPA Canada Handbook – Accounting.

ATIRA WOMEN'S RESOURCE SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2017

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

d) Investment in subsidiaries and controlled not-for-profit organizations (continued)

The Society also controls Atira Women's Arts Society ("AWAS"), a not-for-profit organization, through common directors and management. AWAS's results are not consolidated; they are reported by providing the disclosure recommended under Part III of the CPA Canada Handbook – Accounting.

e) Capital assets

Capital assets are stated at cost less accumulated amortization.

BCHMC requires that certain of the Society's buildings be amortized at an amount equal to the annual principal repayments of the buildings' related mortgage debt.

The Society amortizes its other capital assets using the straight-line method and the following useful lives:

Buildings (Non-BCHMC)	25 – 60 years
Building renovations	15 years
Computer hardware	3 years
Computer software	3 years
Equipment	3 years
Furniture and fixtures	3 years
Leasehold improvements	Term of the lease
Land lease	Term of the lease

Capital assets under construction are not amortized until the completed capital assets are put in use.

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.

f) Revenue recognition

The Society follows the deferral method of accounting for contributions. 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 restricted operating funding received in the current period that is related to a subsequent period or designated for a specific expenditure that has not yet occurred. During the year, the Society recognized \$2,002,841 of previously deferred revenue as revenue and received funding of \$2,352,192 which it deferred in accordance with this policy.

Contributions restricted for the purchase of capital assets that will be amortized are deferred and recognized as revenue on the same basis as the amortization expense related to the acquired capital asset. For contributions restricted for the purchase of a capital asset that will not be amortized, the contribution is recognized as a direct increase in net assets.

ATIRA WOMEN'S RESOURCE SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2017

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

g) Forgivable loans

Forgivable loans used to acquire capital assets are accounted for in the same manner as a contribution restricted for the same purpose, whereby revenue is recognized on the same basis as the amortization expense related to the acquired capital assets, or for contributions restricted for the purchase of a capital asset that will not be amortized, as a direct increase in net assets.

h) Replacement reserves

The annual provisions for the replacement reserves are charged to operations in accordance with BCHMC requirements and expenditures for renovations, repairs and maintenance are then charged against those reserves.

i) 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, revenue 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 amounts recorded as accrued receivables due from BCHMC, the determination of the useful lives of assets used for determining amortization, measurement of deferred revenue and deferred contributions, and the amounts recorded as accrued liabilities.

2. FINANCIAL INSTRUMENTS RISKS

The Society's financial instruments are described in Note 1(b). In management's opinion, the Society is not exposed to significant currency, credit, liquidity, interest rate, market or other price risks except as described below. 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.

Liquidity risk – The Society's working capital deficiency, accumulated deficit and economic dependency on BCHMC are disclosed in Note 1(a). These conditions elevate the Society's liquidity risk. Management regularly monitors the Society's cash flow and continues to work with BCHMC to address this risk. Included as an offset within the accounts receivable presented on the statement of financial position as at March 31, 2017 is an allowance for doubtful accounts of \$Nil (2016 - \$149,039).

3. RESTRICTED CASH

Restricted cash consists of the following:

	2017		2016	
Restricted replacement reserves	\$	658,005	\$	716,098
Security deposits		171,217		119,187
Other		2,432		3,411
	\$	831,654	\$	838,696

ATIRA WOMEN'S RESOURCE SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2017

4. INVESTMENT IN AND ADVANCES TO (FROM) RELATED PARTIES

	2017	2016
Share capital of APMI	\$ 1	\$ 1
Share capital of TPSPC	1	1
	<u>2</u>	<u>2</u>
Advances to ADS	22,807	694,456
Advances from APMI – Operating	(13,279)	(17,219)
Advances (from) to APMI – SRO	(24,751)	61,361
Advances from AWAS	(14)	-
	<u>(15,237)</u>	<u>738,598</u>
	<u>\$ (15,235)</u>	<u>\$ 738,600</u>

The advances to ADS, and from AWAS and APMI have no specific repayment terms, are unsecured and are non-interest bearing.

APMI

APMI is a wholly owned subsidiary of the Society. It provides property management services across the Lower Mainland and northern Vancouver Island. Any net income generated by APMI is used to support the Society's objectives.

Included in the Society's other income is \$98,681 (2016 – \$124,645) of management fee revenue from APMI. The Society has paid property management fee expenses of \$551,149 (2016 – \$534,931), rent of \$28,524 (2016 - \$31,632), wages and benefits of \$144,372 (2016 - \$74,452), and a leasing fee of \$1,704 (2016 - \$1,278) to APMI. In addition, the Society received a donation of \$6,000 (2016 - \$5,000) from APMI.

Summary financial information for APMI for the year ended March 31 is as follows:

	2017	2016
Total assets	\$ 274,946	\$ 343,252
Total liabilities	(699,617)	(760,071)
Shareholder's deficit	<u>\$ (424,671)</u>	<u>\$ (416,819)</u>
Total revenue	\$ 7,994,476	\$ 7,777,162
Total expenses	8,002,328	(7,806,790)
Net loss	<u>\$ (7,852)</u>	<u>\$ (29,628)</u>

Cash inflow (outflow) from:

Operating activities	\$ 56,766	\$ (46,359)
Investing activities	\$ 23,407	\$ 38,289
Financing activities	\$ (49,621)	\$ (47,690)

ATIRA WOMEN'S RESOURCE SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2017

4. INVESTMENT IN AND ADVANCES TO RELATED PARTIES (Continued)

APMI (continued)

The Society is identified as a co-borrower in a lending agreement with VanCity Capital Corporation. The lending agreement provides APMI with a non-revolving term loan of up to \$475,000. As at March 31, 2017, the outstanding balance of the loan was \$273,453 (2016 - \$323,010). The Society has pledged security in connection with this loan in the form of a general security agreement, second mortgage charge over land and buildings held by the Society and an assignment of related rents and insurance.

Under its lending agreement with VanCity Capital Corporation, APMI is subject to financial covenants which include maintaining a cash flow coverage ratio, as defined, of no less than 1.25:1 and maintaining a minimum working capital ratio, as defined, of not less than 1:1. As at March 31, 2017, APMI was not in compliance with this covenant, which is an event of default under the agreement. VanCity Capital Corporation has acknowledged the default and waives its right to demand repayment in this instance only.

TPSPC

TPSPC is a wholly owned subsidiary of the Society which is currently inactive. At present, TPSPC has no assets or liabilities and did not have any transactions during the year. Previously, TPSPC provided job training and client skills development through the provision of painting services throughout the Lower Mainland.

AWAS

AWAS is a controlled not-for-profit organization of the Society. The purpose of AWAS is to provide economic opportunities for women through teaching, making and selling of art and crafts. AWAS commenced operations in September 2016.

Summary financial information for AWAS for the year ended March 31 is as follows:

	2017		2016	
Total assets	\$	8,521	\$	-
Total liabilities		-		-
Accumulated net assets	\$	8,521	\$	-
Total revenue	\$	9,941	\$	-
Total expenses		1,420		-
Excess of revenue over expenses	\$	8,521	\$	-
Cash inflow (outflow) from:				
Operating activities	\$	8,521	\$	-
Investing activities	\$	-	\$	-
Financing activities	\$	-	\$	-

ATIRA WOMEN'S RESOURCE SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2017

4. INVESTMENT IN AND ADVANCES TO RELATED PARTIES (Continued)

ADS

ADS is a controlled not-for-profit organization of the Society. The purpose of ADS is to act as a development arm for the Society by purchasing housing units for social redevelopment. The objectives of the redeveloped properties include providing low income housing to those in need and supporting the programs operated by the Society. ADS has a January 31 year end. The following financial information of ADS is as at January 31 and for the year then ended. During the period between February 1, 2017 and March 31, 2017, ADS incurred additional capital development costs of \$1,745,921 which were funded by an increase in its demand construction loan, capital grants and other current liabilities totalling the same amount.

	2017	2016
Total assets	\$ 15,882,548	\$ 6,939,065
Total liabilities	(15,888,827)	(6,948,993)
Accumulated deficit	\$ (6,279)	\$ (9,928)
Total revenue	\$ 104,388	\$ 183,893
Total expenses	100,739	301,236
Excess (deficiency) of revenue over expenses	\$ 3,649	\$ (117,343)
Cash inflow (outflow) from:		
Operating activities	\$ 362,300	\$ (25,556)
Investing activities	\$ (8,485,811)	\$ (2,432,465)
Financing activities	\$ 8,633,861	\$ 2,281,639

During 2016, the City of Vancouver awarded a capital funding grant to the Society of \$1,200,000. During 2017, the Society received a further capital funding grant of \$425,255 from the Greater Vancouver Regional District and a grant of \$35,000 from CMHC. These grants are to be used towards the costs of redeveloping property owned by ADS. Since the grants are designated for property owned by ADS, they have been accounted for directly on ADS's statement of financial position.

The Society is also identified as a co-borrower and covenantor in a lending agreement between ADS and BCHMC. The lending agreement provides ADS with a demand construction loan of up to \$11,068,265. As at March 31, 2017, the outstanding balance of the loan was \$10,512,398 (2016 - \$4,252,601).

In addition to the BCHMC loan amount noted above, ADS has secured additional financing in the form of a variable rate investment mortgage from Vancouver City Savings Credit Union ("VanCity") for up to a total of \$19,200,000. This is the total amount available under the credit facility agreement for the loan which had a balance of \$3,897,202 at March 31, 2017. The remainder of the credit facility will be used to complete the construction project at 41 East Hastings Street. The Society is identified as a corporate guarantor in the lending agreement. The Society has pledged security in connection with this loan in the form of a general security agreement.

ATIRA WOMEN'S RESOURCE SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2017

5. CAPITAL ASSETS

			2017	2016
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	\$ 3,623,537	\$ -	\$ 3,623,537	\$ 2,345,314
Buildings	26,433,142	3,501,151	22,931,991	23,355,793
Building renovations	673,515	153,571	519,944	558,326
Computer hardware	10,663	2,956	7,707	2,130
Computer software	8,451	3,978	4,473	7,290
Equipment	32,388	25,057	7,331	10,234
Furniture and fixtures	69,386	62,845	6,541	18,401
Leasehold improvements	341,802	156,508	185,294	210,201
Development costs	166,661	-	166,661	145,294
Land lease	-	-	-	416,176
	\$ 31,359,545	\$ 3,906,066	\$ 27,453,479	\$ 27,069,159

Buildings include \$968,940 related to a facility on land leased from The Synod of the Diocese of New Westminster. The land has been leased until December 31, 2055. Upon expiration of the lease, the building and all fixtures become property of the landlord.

Development costs represent construction in progress and will not be amortized until the completed asset is put in use. The continuity of the carrying amount of development costs is as follows:

	2017	2016
Balance at beginning of year	\$ 145,294	\$ 126,877
Development costs incurred during the year	21,367	18,417
Balance at end of year	\$ 166,661	\$ 145,294

Subsequent to year end, the Society acquired land and buildings as disclosed in Notes 7 and 8.

6. BANK LINE OF CREDIT

The Society has an operating line of credit to a maximum of \$215,000 with Vancouver City Savings Credit Union ("VanCity"). Funds advanced under this line of credit bear interest at 1% over VanCity's prime lending rate. The line of credit is secured by a general security agreement providing a charge over all of the assets of the Society. As at March 31, 2017, the line of credit was not in use (2016 - \$1,518).

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2017

7. LONG-TERM DEBT

	2017	2016
TD Canada Trust mortgage, bearing interest at 4.016% per annum, payable in blended monthly instalments of \$59,039, due July 1, 2021, secured by property at 13733 92 nd Avenue in Surrey, BC	\$ 12,247,024	\$ 12,462,947
TD Canada Trust mortgage, bearing interest at 5.068% per annum, payable in blended monthly instalments of \$22,226, due June 1, 2021, secured by property at 100 East Cordova Street, Vancouver, BC	3,288,567	3,387,599
VanCity mortgage, bearing interest at 3.65% per annum, payable in blended monthly instalments of \$4,332, due December 17, 2019, secured by a first mortgage charge and assignment of rents over property at 1010 Sperling Ave, Burnaby, BC	908,764	927,521
Peoples Trust Company loan, bearing interest at 3.84% per annum, payable in blended monthly instalments of \$3,020, due November 1, 2023, secured by property at 120 Jackson Avenue, Vancouver, BC	666,034	676,680
Community Forward Fund (the "Fund") bridge loan of up to \$1,350,000, bearing interest at 6.25% per annum, repayable and due December 31, 2017, as described below, secured by a specific assignment of 100% of the cash proceeds arising from the Society's 41 East Hastings Capital Campaign which are to be deposited in a segregated account at VanCity, a full subordination and postponement by VanCity of its security and rights of repayment to the Fund as to the funds deposited in the segregated account	-	462,988
Peoples Trust Company loan, bearing interest at 2.28% per annum, payable in blended monthly instalments of \$1,554, due September 1, 2019, secured by property at 100 East Cordova Street, Vancouver, BC	381,206	391,081
Greater Vancouver Community Assistance Foundation demand promissory note, bearing interest at 2% per annum, no fixed terms of repayment or due date, unsecured	-	200,000
VanCity mortgage, bearing interest at 4.25% per annum, payable in blended bi-weekly instalments of \$400, due August 27, 2018, and also as described below, secured by a general security agreement, second mortgage charge over property at 14523 16 th Avenue, Surrey, BC and assignment of rents and insurance	84,936	91,601
British Columbia Housing Management Commission mortgage, bearing interest at 2.11% per annum, payable in blended monthly instalments of \$764, due January 1, 2019, secured by a first mortgage charge over property at 14482 16A Avenue, Surrey, BC	47,564	55,640
Peoples Trust Company loan, bearing interest at 2.405% per annum, payable in monthly in blended monthly instalments of \$487, due May 1, 2026, secured by property at 100 East Cordova Street, Vancouver, BC	136,259	-
	17,760,354	18,656,057
Less: current portion	(387,406)	(653,911)
	<u>\$ 17,372,948</u>	<u>\$ 18,002,146</u>

ATIRA WOMEN'S RESOURCE SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
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7. LONG-TERM DEBT (Continued)

The portion of long-term debt classified as a current liability includes the amount scheduled for repayment in the next fiscal year as well as amounts which are callable by the lender under the terms of the lending agreement.

The VanCity lending agreement related to the property located at 14523 16th Avenue, Surrey, BC requires the Society to maintain a debt service coverage ratio equal to or greater than 1.10. As at March 31, 2017, the Society was not in compliance with the debt service coverage ratio which is an event of default under the agreement. VanCity has acknowledged the default and waives its right to demand repayment in this instance only.

Principal repayments over the next five years, including the effect of amounts callable by the lender or otherwise coming due under the terms of the lending agreements are anticipated to be as follows:

2018	\$	387,406
2019	\$	473,979
2020	\$	1,611,689
2021	\$	398,109
2022	\$	14,155,767
Thereafter	\$	733,404

Subsequent to year end, the Society acquired land and buildings and incurred additional debt as follows:

- On February 28, 2017, the Society entered into a purchase agreement to acquire real property located at 9155 King George Boulevard, Surrey, BC, with a completion date of August 31, 2017. The purchase price is \$3,550,000 which the Society will pay by acquiring debt equal to this amount. The Society anticipates that financing will be initially provided by BCHMC and subsequently converted to a long-term conventional mortgage loan bearing interest at prevailing market rates and repayable in blended monthly instalments.
- On April 3, 2017, the Society signed a purchase agreement for \$770,000 for real property located at 9144 135A Street, Surrey, BC, with a completion date of May 12, 2017. The Society obtained financing related to the property which is comprised of a mortgage of \$350,000 with VanCity bearing interest at 2.64% per annum, payable in blended monthly instalments of \$1,595, due May 3, 2020, which is secured by the property; and a program-related investment loan of \$250,000 with the VanCity Community Foundation, bearing interest at 0% per annum, payable in a lump sum of \$250,000, due on demand, which is secured by a second mortgage and assignments of rents over the property and a general security agreement from the Society over all present and after-acquired property. The Society completed the purchase with a deposit of \$170,000.

ATIRA WOMEN'S RESOURCE SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
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8. FORGIVABLE LOANS

	2017	2016
Canada Mortgage and Housing Corporation \$2,400,000 mortgage at 0% interest per annum, forgiven over 15 years commencing November 2013, repayable in full if agreed purpose changes, secured by first mortgage charge over property at 120 Jackson Avenue, Vancouver, BC and assignment of rents. Unforgiven balance on March 31, 2017 is \$1,866,667.	\$ 1,445,710	\$ 1,572,785
BCHMC \$500,000 mortgage at 0%, forgiven over 25 years beginning January 2016, repayable in full if agreed purpose changes, with interest charged at prime + 2% per annum. Unforgiven balance on March 31, 2017 is \$475,000.	450,000	458,334
Canada Mortgage and Housing Corporation \$695,000 mortgage at 0% interest per annum, forgiven over 15 years commencing on an interest adjustment date to be determined, repayable in full if agreed purpose changes, total principal available of \$700,000, secured by a first mortgage charge over property at 420 Hawks Avenue, Vancouver, BC and assignment of rents. Unforgiven balance on March 31, 2017 is \$695,000.	77,359	92,224
Canada Mortgage and Housing Corporation \$174,688 mortgage at 0% interest, forgiven at a rate of \$11,646 per annum, over 15 years beginning October 2003, repayable in full if agreed purpose changes, secured by a first mortgage charge over property at 14523 16 th Avenue, Surrey, BC and assignment of related rents. Unforgiven balance on March 31, 2017 is \$22,321.	21,374	33,015
BCHMC \$770,000 mortgage at 0%, forgiven over 25 years, beginning January 2028, repayable in full if the agreed purpose changes, with interest charged at prime + 2% per annum. Unforgiven balance on March 31, 2017 is \$692,879.	692,879	-
Canada Mortgage and Housing Corporation proposal development funding loan bearing interest at 0% per annum, forgivable in whole or in part within 5 years of January 2017, repayable in full if the agreed purpose changes. Unforgiven balance on March 31, 2017 is \$50,000.	50,000	-
	\$ 2,737,322	\$ 2,156,358

Pursuant to the policy described in Note 1(g), 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. Forgiven principal amounts in excess of the amount determined by following the policy described in Note 1(g) are transferred to deferred contributions related to capital assets. Principal amounts which have purchased capital assets that will not be amortized are transferred to net assets.

ATIRA WOMEN'S RESOURCE SOCIETY
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8. FORGIVABLE LOANS (Continued)

The continuity of the carrying amount of the Society's forgivable loans is accordingly as follows:

	2017	2016
Balance at beginning of year	\$ 2,156,358	\$ 2,321,296
Amortized to revenue	(52,025)	(52,024)
Advances received during the year	742,879	-
Transferred to deferred contributions related to capital assets	(95,024)	(95,023)
Transferred to net assets	(14,866)	(17,891)
Balance at end of year	\$ 2,737,322	\$ 2,156,358

The Society's forgivable loan arrangements require that the funds be spent as agreed upon by the Society and lender, otherwise the loans will become repayable by the Society.

On March 3, 2017, the Mennonite Church of British Columbia and the Vancouver Chinese Mennonite Church signed a purchase agreement for \$5,200,000 with the Society to transfer ownership of real property located at 485 Dunlevy Street, Vancouver, BC from the Mennonite Church of British Columbia and the Vancouver Chinese Mennonite Church to the Society, with a completion date of April 28, 2017. The Society also assumed a forgivable loan mortgage of up to \$6,000,000 with the British Columbia Housing Management Corporation, forgiven over 25 years, commencing in 2028, bearing interest at 0% per annum, repayable in full if agreed purpose changes, with interest at prime plus 2%, and is secured by the property.

9. DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS

	2017	2016
Balance at beginning of year	\$ 5,195,074	\$ 5,240,978
Transferred from forgivable loans	95,024	95,023
Amortized to revenue	(148,572)	(140,927)
Balance at end of year	\$ 5,141,526	\$ 5,195,074

10. REPLACEMENT RESERVE

The amount presented as replacement reserves is comprised of an externally restricted amount required by BCHMC and an internally restricted amount determined by the Society's management as follows:

	2017	2016
Externally restricted	\$ 670,441	\$ 619,962
Internally restricted	55,082	44,186
	\$ 725,523	\$ 664,148

The accounting policy described in Note 1(h) is applied to both internally restricted and externally restricted replacement reserves.

ATIRA WOMEN'S RESOURCE SOCIETY
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11. COMMITMENTS

The Society leases premises and equipment under agreements which expire on various dates through 2022. Minimum payments during the next five years, excluding operating costs, are anticipated to be as follows:

2018	\$	2,274,003
2019	\$	2,106,048
2020	\$	981,685
2021	\$	602,098
2022	\$	515,964

Subsequent to year end, ADS signed a lease agreement for the use of real property located at 203 Abbott Street, Vancouver, BC. The term of the lease is for a period of three years commencing on June 15, 2017, with monthly lease payments of \$33,375. Although the lease was originally assigned to ADS, the leased premises relate directly to the Society and accordingly, the lease will be reported in the Society's financial statements and the anticipated minimum lease payments are included in the table above.

In addition, the Society also signed a lease agreement subsequent to year end for the use of real property located at 1119 Hornby Street, Vancouver, BC. The term of the lease is for a period of fifteen years commencing on July 1, 2017, with monthly lease payments of \$22,575 which have been included in the table above.

12. OTHER INCOME

Other income consists of the following:

	2017	2016
Special events and other revenue	\$ 326,823	\$ 224,331
APMI management fees	98,681	124,645
Interest income	13,212	9,870
	\$ 438,716	\$ 358,846

13. WAGES AND EMPLOYEE BENEFITS

Wages and employee benefits expense include four employees that earned over \$75,000 during the year ended March 31, 2017, for a total of \$407,288.

ATIRA WOMEN'S RESOURCE SOCIETY
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14. SUPPORTIVE HOUSING PROGRAMS

The Society operates a supportive housing program at 525 Abbott Street. The Society neither owns or leases this space and has no on-going commitments or contractual obligations in respect of the land and building at this address.

On March 15, 2017, the British Columbia Housing Management Corporation ("BCHMC") on behalf of the Provincial Rental Housing Corporation ("PRHC") signed an operator agreement with the Society to operate a supportive housing program and childcare centre located at 7468 Lansdowne Road, Richmond, BC (the "Development") for a term of ten years commencing May 2, 2017. The Society neither owns or leases this space and has no on-going commitments or contractual obligations in respect of the land and building at this address.

15. COMPARATIVE FIGURES

Certain comparative figures for 2016 have been reclassified to ensure comparability with the presentation format adopted for the current period. These reclassifications do not have any effect on the Society's previously reported excess of revenue over expenses, assets, liabilities or net assets for the year ended and as at March 31, 2016.