
**ATIRA WOMEN'S RESOURCE SOCIETY
FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2018**



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, 2018, and the statements of changes in net assets, operations 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 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 in our audit is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

In common with many charitable organizations, the Society derives revenue from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of 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, 2018. Our audit opinion on the financial statements for the prior year ended March 31, 2017 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.



INDEPENDENT AUDITORS' REPORT

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, 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.

Emphasis of Matter

We draw attention to Note 14 to the financial statements which indicates that the 2017 financial statements presented for comparatives purposes include a reclassification to decrease the Society's liabilities and increase net assets as at March 31, 2017. Our opinion was not modified with respect to this matter.

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 27, 2018

ATIRA WOMEN'S RESOURCE SOCIETY
STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2018

	2018	2017 (Note 14)
ASSETS		
CURRENT ASSETS		
Cash	\$ 2,842,231	\$ 1,984,198
Term deposits	268,440	453,387
Accounts receivable	1,266,828	682,446
Sales tax rebate	59,298	49,345
Accrued receivable - BCHMC (Note 1(a))	78,322	329,589
Prepaid expenses and deposits	154,860	213,164
	4,669,979	3,712,129
RESTRICTED CASH (Note 3)	837,265	831,654
INVESTMENT IN RELATED PARTIES (Note 4)	2	2
CAPITAL ASSETS (Note 5)	37,173,212	27,453,479
	\$ 42,680,458	\$ 31,997,264
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 2,495,420	\$ 1,388,846
Government remittances payable	105,303	140,253
Vacation payable	326,210	269,827
Deferred revenue (Note 1 (f))	3,144,808	2,352,192
Security deposits	377,466	335,744
Current portion of long-term debt (Note 7)	412,417	387,406
	6,861,624	4,874,268
LONG-TERM DEBT (Note 7)	17,552,157	17,372,948
FORGIVABLE LOANS (Note 8)	4,771,714	2,101,642
ADVANCES FROM RELATED PARTIES (Note 4)	6,144	15,237
DEFERRED CONTRIBUTIONS		
RELATED TO CAPITAL ASSETS (Note 9)	5,079,899	5,141,526
	34,271,538	29,505,621
NET ASSETS		
ACCUMULATED DEFICIT	(1,565,526)	(683,837)
INVESTED IN CAPITAL ASSETS	9,357,025	2,449,957
REPLACEMENT RESERVE (Note 10)	617,421	725,523
	8,408,920	2,491,643
	\$ 42,680,458	\$ 31,997,264

CONTINGENT LIABILITIES (Note 4)
SUBSEQUENT EVENT (Note 7)
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, 2018

	Accumulated deficit	Invested in capital assets	Replacement reserve	2018	2017 (Note 14)
NET ASSETS (DEFICIT), BEGINNING OF YEAR					
As previously reported	\$ (683,837)	\$ 1,814,277	\$ 725,523	\$ 1,855,963	\$ 1,664,308
Reclassification (Note 14)	-	635,680	-	635,680	-
NET ASSETS (DEFICIT), BEGINNING OF YEAR AS RESTATED	(683,837)	2,449,957	725,523	2,491,643	1,664,308
(Deficiency) excess of revenue over expenses	(595,555)	-	-	(595,555)	198
Increase in replacement reserve	-	-	126,290	126,290	144,040
Expenses charged to replacement reserve	-	-	(241,187)	(241,187)	(62,596)
Interest received on replacement reserve	-	-	6,795	6,795	7,169
Acquisition of capital assets	(10,355,831)	10,355,831	-	-	-
Amortization of capital assets	636,097	(636,097)	-	-	-
Contributions related to capital assets that will not be amortized	-	-	-	-	87,978
Amortization of deferred contributions related to capital assets	(156,650)	156,650	-	-	-
Forgivable loan funding received during the year related to capital assets	9,500,309	(9,500,309)	-	-	-
Forgivable loan funding used to purchase capital assets that will not be amortized	-	6,620,934	-	6,620,934	650,546
Amortization of forgivable loans related to capital assets	(114,279)	114,279	-	-	-
Proceeds from long-term debt related to capital assets	600,000	(600,000)	-	-	-
Repayment of long-term debt related to capital assets	(395,780)	395,780	-	-	-
NET ASSETS (DEFICIT), END OF YEAR	\$ (1,565,526)	\$ 9,357,025	\$ 617,421	\$ 8,408,920	\$ 2,491,643

ATIRA WOMEN'S RESOURCE SOCIETY
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 2018

	2018	2017
REVENUE		
BC Housing Management Commission	\$ 20,650,645	\$ 18,246,140
Rent	7,601,481	6,130,971
Donations and grants	1,520,282	994,462
Administration charges and other income	466,320	326,823
Vancouver Coastal Health Authority	566,728	195,099
Ministry of Justice	236,486	243,402
Ministry of Social Development and Social Innovation	138,880	140,720
Gaming	100,000	101,015
Law Foundation of BC	86,955	75,000
Management fees	63,331	98,681
Fraser Health Authority	59,442	57,567
Interest income	22,917	13,213
	31,513,467	26,623,093
OPERATING EXPENSES (Schedule 1)	31,542,649	26,509,791
(DEFICIENCY) EXCESS OF REVENUE OVER EXPENSES FROM OPERATIONS	(29,182)	113,302
AMORTIZATION OF FORGIVABLE LOANS (Note 8)	114,279	52,025
AMORTIZATION OF DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS (Note 9)	156,650	148,572
AMORTIZATION OF CAPITAL ASSETS	(636,097)	(562,347)
	(365,168)	(361,750)
DEFICIENCY OF REVENUE OVER EXPENSES BEFORE RECOVERIES	(394,350)	(248,448)
BCHMC RECOVERY (EXPENSE)	(201,205)	179,476
PENSION CONTRIBUTION RECOVERY	-	69,170
	(201,205)	248,646
(DEFICIENCY) EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR	\$ (595,555)	\$ 198

ATIRA WOMEN'S RESOURCE SOCIETY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2018

	2018	2017
CASH FROM OPERATING ACTIVITIES		
(Deficiency) excess of revenue over expenses for the year:	\$ (595,555)	\$ 198
Items not involving cash:		
Amortization of capital assets	636,097	562,347
Amortization of deferred contributions related to capital assets	(156,650)	(148,572)
Amortization of forgivable loans related to capital assets	(114,279)	(52,025)
	(230,387)	361,948
Changes in non-cash working capital items:		
Accounts receivable	(584,382)	(269,906)
Sales tax rebate	(9,953)	(3,129)
Accrued receivable - BCHMC	251,267	23
Prepaid expenses and deposits	58,304	(120,825)
Accounts payable and accrued liabilities	1,106,574	(178,505)
Government remittances	(34,950)	20,929
Vacation payable	56,383	4,624
Deferred revenue	792,616	349,351
Security deposits	41,722	20,480
	1,447,194	184,990
FINANCING ACTIVITIES		
Repayments from (advances to) related parties	(9,093)	753,837
Proceeds from forgivable loans related to capital assets	9,500,309	742,879
Proceeds from long-term debt related to capital assets	600,000	138,387
Repayment of long-term debt related to capital assets	(395,780)	(371,102)
Repayment of other long-term debt	-	(662,988)
	9,695,436	601,013
INVESTING ACTIVITIES		
Acquisition of capital assets	(10,355,831)	(858,691)
Increase in replacement reserve	126,290	144,040
Interest received related to replacement reserve	6,795	7,169
Expenses charged to replacement reserve	(241,187)	(62,596)
	(10,463,933)	(770,078)
INCREASE IN CASH AND EQUIVALENTS DURING THE YEAR	678,697	15,925
CASH AND EQUIVALENTS, BEGINNING OF YEAR	3,269,239	3,253,314
CASH AND EQUIVALENTS, END OF YEAR	\$ 3,947,936	\$ 3,269,239
CASH AND EQUIVALENTS ARE COMPRISED OF:		
Cash	\$ 2,842,231	\$ 1,984,198
Term deposits	268,440	453,387
Restricted cash (Note 3)	837,265	831,654
	\$ 3,947,936	\$ 3,269,239

ATIRA WOMEN'S RESOURCE SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2018

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, 2018, the Society's revenue consists of approximately 71% (2017 – 72%) received from BCHMC and other government funding agencies.

As at March 31, 2018, the Society has a working capital deficiency of \$2,191,645 (2017 – working capital deficiency of \$1,162,139) and an accumulated deficit of \$1,565,526 (2017 – accumulated deficit of \$683,837). 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.

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ATIRA WOMEN'S RESOURCE SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2018

1. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

In addition, the Society has accrued a receivable of \$78,322 (2017- \$329,589) due from BCHMC as at March 31, 2018. This amount is comprised of the results of BCHMC's financial review of the year ended March 31, 2016, the anticipated result of BCHMC's financial review of the year ended March 31, 2017 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 years ended March 31, 2017 and 2018 as follows:

March 31, 2016 - payable due to BCHMC	\$ (54,463)
March 31, 2017 - estimated receivable due from BCHMC	54,861
March 31, 2018 - estimated receivable due from BCHMC	<u>77,924</u>
	<u>\$ 78,322</u>

Management has based its estimate for the year ended March 31, 2018 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 years ended March 31, 2018 and 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, advances from 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.

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**ATIRA WOMEN'S RESOURCE SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2018**

1. SIGNIFICANT ACCOUNTING POLICIES (*continued*)

(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.

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.

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ATIRA WOMEN'S RESOURCE SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2018

1. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(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 \$2,352,192 (2017 - \$2,002,841) of previously deferred revenue as revenue and received funding of \$3,144,808 (2017 - \$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.

(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.

ATIRA WOMEN'S RESOURCE SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2018

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.

Credit risk - Included as an offset within accounts receivable presented on the statement of financial position as at March 31, 2018 is an allowance for doubtful accounts of \$85,894 (2017 - \$Nil).

3. RESTRICTED CASH

Restricted cash consists of the following:

	2018	2017
Restricted replacement reserves	\$ 627,240	\$ 658,005
Security deposits	208,578	171,217
Other	1,447	2,432
	\$ 837,265	\$ 831,654

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

	2018	2017
Share capital of APMI	\$ 1	\$ 1
Share capital of TPSPC	1	1
	\$ 2	\$ 2
Advances to ADS	\$ 21,373	\$ 22,807
Advances from APMI - Operating	(24,304)	(13,279)
Advances from APMI - SRO	(25,324)	(24,751)
Advances to AWAS	22,111	(14)
	\$ (6,144)	\$ (15,237)

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

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ATIRA WOMEN'S RESOURCE SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2018

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

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 \$63,331 (2017 - \$98,681) of management fee revenue from APMI. The Society has paid property management fee expenses of \$594,933 (2017 - \$551,149), rent of \$19,200 (2017 - \$28,524), wages and benefits of \$90,727 (2017 - \$144,372), and a leasing fee of \$Nil (2017 - \$1,704) to APMI. In addition, the Society received a donation of \$6,000 (2017 - \$6,000) from APMI.

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

	2018	2017
Total assets	\$ 301,647	\$ 274,946
Total liabilities	(688,338)	(699,617)
Shareholder's deficit	\$ (386,691)	\$ (424,671)
Total revenue	\$ 9,625,576	\$ 7,994,476
Total expenses	(9,587,596)	(8,002,328)
Net income (loss)	\$ 37,980	\$ (7,852)

Cash inflow (outflow) from:

Operating activities	\$ 43,406	\$ 56,766
Investing activities	(14,904)	23,407
Financing activities	(50,942)	(49,621)

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, 2018, the outstanding balance of the loan was \$220,655 (2017 - \$273,453). 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, 2018, 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.

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ATIRA WOMEN'S RESOURCE SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2018

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

APMI (continued)

APMI is currently in the process of finalizing the renewal of the VanCity Capital Corporation loan agreement dated September 15, 2011. The terms of the agreement are anticipated to remain as described in the original loan agreement.

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:

	2018	2017
Total assets	\$ 30,606	\$ 8,521
Total liabilities	(22,085)	-
Net assets	\$ 8,521	\$ 8,521
Total revenue	\$ -	\$ 9,941
Total expenses	-	(1,420)
Excess of revenue over expenses	\$ -	\$ 8,521

Cash inflow (outflow) from:

Operating activities	\$ (250)	\$ 8,521
Investing activities	-	-
Financing activities	22,085	-

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ATIRA WOMEN'S RESOURCE SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2018

4. INVESTMENT IN AND ADVANCES TO (FROM) 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, 2018 and March 31, 2018, ADS incurred additional capital development costs of \$1,426,746 which were funded by an increase in its demand construction loan, capital grants and other current liabilities totalling the same amount.

	2018	2017
Total assets	\$ 29,145,576	\$ 15,882,548
Total liabilities	(29,122,928)	(15,888,827)
Net assets (deficit)	\$ 22,648	\$ (6,279)
Total revenue	\$ 76,603	\$ 104,388
Total expenses	(47,676)	(100,739)
Excess of revenue over expenses	\$ 28,927	\$ 3,649

Cash inflow (outflow) from:

Operating activities	\$ 1,150,551	\$ 362,300
Investing activities	(12,565,670)	(8,485,811)
Financing activities	12,080,420	8,633,861

The Society has received the following grants to be used towards the costs of redeveloping property owned by ADS: a capital funding grant of \$1,200,000 from the City of Vancouver, a capital funding grant of \$1,883,278 from the Greater Vancouver Regional District, a grant of \$35,000 from CMHC, and a grant of \$30,000 from the MariaMarina Foundation. Since the grants are designated for property owned by ADS, they have been accounted for directly on ADS's statement of financial position.

On January 2, 2018, ADS secured construction financing from BCHMC with the purpose to repay an existing VanCity construction demand loan and complete the construction project described below. The Society is identified as a co-borrower and covenantor in the lending agreement between ADS and BCHMC. The BCHMC construction demand loan was approved for an amount up to \$30,268,264.

On March 31, 2018, the outstanding balance of the BCHMC construction demand loan was \$10,068,265 (2017 - \$10,512,398).

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ATIRA WOMEN'S RESOURCE SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2018

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

ADS

In addition to the BCHMC construction demand loan amount noted above, ADS has secured 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 \$15,479,727 at March 31, 2018. 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.

5. CAPITAL ASSETS

	Cost	Accumulated amortization	2018 Net book value	2017 Net book value
Land	\$ 10,961,904	\$ -	\$ 10,961,904	\$ 3,623,537
Buildings	28,623,392	4,038,897	24,584,495	22,931,991
Building renovations	1,459,165	208,153	1,251,012	520,001
Computer hardware	10,663	6,345	4,318	7,707
Computer software	8,451	6,794	1,657	4,473
Equipment	32,388	26,707	5,681	7,331
Furniture and fixtures	69,386	69,213	173	6,541
Leasehold improvements	341,802	186,053	155,749	185,237
Development costs	208,223	-	208,223	166,661
	\$ 41,715,374	\$ 4,542,162	\$ 37,173,212	\$ 27,453,479

Buildings include \$968,940 (2017 - \$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:

	2018	2017
Balance at beginning of year	\$ 166,661	\$ 145,294
Development costs incurred during the year	41,562	21,367
Balance at end of year	\$ 208,223	\$ 166,661

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, 2018, the line of credit was not in use (2017 - \$Nil).

ATIRA WOMEN'S RESOURCE SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2018

7. LONG-TERM DEBT

	2018	2017
Long-term debt (Schedule 2)	\$ 17,964,574	\$ 17,760,354
Less: current portion	(412,417)	(387,406)
	\$ 17,552,157	\$ 17,372,948

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.

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:

2019	\$ 412,417
2020	1,629,562
2021	726,215
2022	14,163,101
2023	31,182
Thereafter	1,002,097
	<u>\$ 17,964,574</u>

The VanCity lending agreement related to all of the Society's long-term debt with VanCity listed in Schedule 2 requires the Society to maintain a debt service coverage ratio equal to or greater than 1.10. As at March 31, 2018, 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.

Subsequent to year end, the Society renewed its lending agreement with VanCity related to the property located at 14523 16th Avenue, Surrey, BC with the same terms as described in Schedule 2.

In addition, the Society is currently in the process of finalizing the renewal of its lending agreement with the British Columbia Housing Management Corporation related to the property located at 14482 16A Avenue Surrey, BC. The terms of the agreement are anticipated to remain as described in the original loan agreement as described in Schedule 2.

8. FORGIVABLE LOANS

The forgivable loan balance as at March 31, 2018 totalled \$4,771,714 (2017 - \$2,101,642) as detailed in Schedule 3.

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.

(continues)

ATIRA WOMEN'S RESOURCE SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2018

8. FORGIVABLE LOANS *(continued)*

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

	2018	2017
Balance at beginning of year	\$ 2,101,642	\$ 2,156,358
Amortized to revenue	(114,279)	(52,025)
Funding received during the year	9,500,309	742,879
Transferred to deferred contributions related to capital assets	(95,023)	(95,024)
Directly credited to net assets	(6,620,935)	(650,546)
Balance at end of year	\$ 4,771,714	\$ 2,101,642

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.

9. DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS

	2018	2017
Balance at beginning of year	\$ 5,141,526	\$ 5,195,074
Transferred from forgivable loans	95,023	95,024
Amortized to revenue	(156,650)	(148,572)
Balance at end of year	\$ 5,079,899	\$ 5,141,526

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:

	2018	2017
Externally restricted	\$ 560,273	\$ 670,441
Internally restricted	57,148	55,082
	\$ 617,421	\$ 725,523

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

ATIRA WOMEN'S RESOURCE SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2018

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:

2019	\$ 2,280,300
2020	1,104,806
2021	980,187
2022	977,902
2023	546,887

12. WAGES AND EMPLOYEE BENEFITS

Wages and employee benefits expense include four employees that earned over \$75,000 during the year ended March 31, 2018, for a total of \$410,077 (March 31, 2017 - four employees that earned over \$75,000 for a total of \$407,288).

13. 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, 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.

14. COMPARATIVE FIGURES

During the year, the Society determined that forgivable loan funding of \$635,680 was presented as a liability for the year ended March 31, 2017 in error. In accordance with the Society's forgivable loan policy disclosed in Note 1(g), the amount should have been presented as a direct increase to net assets on the Society's statement of financial position as at March 31, 2017. As a result, the fiscal 2017 financial statements presented for comparative purposes have been reclassified to decrease forgivable loans and increase net assets invested in capital assets by \$635,680.

ATIRA WOMEN'S RESOURCE SOCIETY
OPERATING EXPENSES
FOR THE YEAR ENDED MARCH 31, 2018

(Schedule 1)

	2018	2017
Advertising and promotion	\$ 2,437	\$ 595
Bad debts and write-down of receivables	158,437	62,741
Direct client expenses	373,737	122,106
Dues and memberships	6,718	9,908
Food, kitchen supplies and direct client expenses	1,424,578	1,107,901
Fundraising	113,897	23,236
Insurance	142,495	128,006
Interest and bank charges	9,658	6,552
Interest on long-term debt	728,027	735,382
Legal and accounting	188,653	143,403
Memberships, licences and permits	11,397	8,426
Office supplies	279,036	185,065
Other expenses	18,371	18,142
Professional fees	107,027	101,125
Property management fees	611,574	564,151
Property taxes	28,779	21,946
Rent	2,469,270	1,935,267
Rent supplement	381,741	424,804
Repairs and maintenance	2,965,653	2,012,958
Replacement reserve	126,290	144,040
Restoration expense	914,442	1,116,406
Security	89,686	10,688
Telecommunications	174,042	179,070
Training and education	48,441	86,552
Travel and mileage	68,547	60,179
Utilities	1,442,732	1,235,330
Wages and employee benefits (Note 12)	18,656,984	16,065,812
	\$ 31,542,649	\$ 26,509,791

ATIRA WOMEN'S RESOURCE SOCIETY
LONG-TERM DEBT
AS AT MARCH 31, 2018

(Schedule 2)

	2018	2017
MCAP mortgage bearing interest at 4.016% per annum, repayable in monthly blended payments of \$59,039. The mortgage matures on July 1, 2021 and is secured by property at 13733 92nd Avenue, Surrey, BC.	\$ 12,022,341	\$ 12,247,024
MCAP mortgage bearing interest at 5.068% per annum, repayable in monthly blended payments of \$22,226. The mortgage matures on June 1, 2021 and is secured by property at 100 East Cordova Street, Vancouver, BC.	3,184,451	3,288,567
VanCity mortgage bearing interest at 3.65% per annum, repayable in monthly blended payments of \$4,332. The mortgage matures on December 17, 2019 and is secured by a first mortgage charge and assignment of rents over property at 1010 Sperling Avenue, Burnaby, BC.	889,386	908,764
Peoples Trust Company loan bearing interest at 3.84% per annum, repayable in monthly blended payments of \$3,020. The loan matures on November 1, 2023 and is secured by property at 120 Jackson Avenue, Vancouver, BC.	654,979	666,034
Peoples Trust Company loan bearing interest at 2.28% per annum, repayable in monthly blended payments of \$1,554. The loan matures on September 1, 2019 and is secured by property at 100 East Cordova Street, Vancouver, BC.	371,105	381,206
VanCity mortgage bearing interest at 2.64% per annum, repayable in monthly blended payments of \$1,595. The loan matures on May 11, 2020 and is secured by an assignment of rents and property at 9144 135A Street, Surrey, BC.	341,623	-
VanCity Community Foundation program-related investment loan bearing interest at 0% per annum, due on demand. The loan matures on May 30, 2022 and is secured by a second mortgage and assignment of rents over the property and a general security agreement from the Society over all present and after-acquired property	250,000	-
Peoples Trust Company loan bearing interest at 2.405% per annum, repayable in monthly blended payments of \$487. The loan matures on May 1, 2026 and is secured by property at 100 East Cordova Street, Vancouver, BC.	133,650	136,259
Vancity mortgage bearing interest at 4.25% per annum, repayable in bi-weekly blended payments of \$400. The loan matures on August 27, 2018 and also as described in Note 7, is secured by a general security agreement, second mortgage charge over property at 14523 16th Avenue, Surrey, BC and assignments of rents and insurance.	77,720	84,936
British Columbia Housing Management Commission mortgage bearing interest at 2.11% per annum, repayable in monthly blended payments of \$764. The loan matures on January 1, 2019 and is secured by a first mortgage charge over property 14482 16A Avenue, Surrey, BC.	39,319	47,564
	\$ 17,964,574	\$ 17,760,354

ATIRA WOMEN'S RESOURCE SOCIETY
FORGIVABLE LOANS
AS AT MARCH 31, 2018

(Schedule 3)

	2018	2017 <i>(Note 14)</i>
BCHMC \$6,000,000 mortgage at 0% interest per annum, 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, 2018 is \$5,184,875 and land component credited directly to net assets is \$3,078,875 as at March 31, 2018.	\$ 2,060,871	\$ -
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, 2018 is \$1,706,667 and land component credited directly to net assets is \$493,881 as at March 31, 2018.	1,318,635	1,445,710
BCHMC \$967,726 mortgage at 0% interest per annum, forgiven over 10 years beginning August 2018, repayable in full if agreed purpose changes, with interest charged at prime + 2% per annum. Unforgiven balance on March 31, 2018 is \$590,635.	590,635	-
BCHMC \$500,000 mortgage at 0% interest per annum, 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, 2018 is \$455,000.	441,667	450,000
BCHMC \$770,000 mortgage at 0% interest per annum, 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, 2018 is \$770,000 and land component credited directly to net assets is \$635,680 as at March 31, 2018.	123,530	57,199
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, 2018 is \$695,000 and land component credited directly to net assets is \$461,649 as at March 31, 2018.	74,150	77,359
BCHMC \$3,550,000 mortgage at 0% interest per annum, forgiven over 35 years beginning August 2018, repayable in full if agreed purpose changes, with interest charged at prime + 2% per annum. Unforgiven balance on March 31, 2018 is \$3,550,000 and land component credited directly to net assets is \$3,488,850 as at March 31, 2018.	61,150	-
BCHMC \$95,000 mortgage at 0%, forgiven over 10 years beginning August 2018, repayable in full if agreed purpose changes, with interest charged at prime + 2% per annum. Unforgiven balance on March 31, 2018 is \$53,398.	53,398	-

ATIRA WOMEN'S RESOURCE SOCIETY
FORGIVABLE LOANS *(continued)*
AS AT MARCH 31, 2018

(Schedule 3)

	2018	2017 <i>(Note 14)</i>
BCHMC \$62,000 mortgage at 0% interest per annum, forgiven over 10 years beginning March 2018, repayable in full if agreed purpose changes, with interest charged at prime + 2% per annum. Unforgiven balance on March 31, 2018 is \$37,944.	37,944	-
Canada Mortgage and Housing Corporation \$174,688 mortgage at 0% interest per annum, 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 16th Avenue, Surrey, BC and assignment of related rents. Unforgiven balance on March 31, 2018 is \$10,675.	9,734	21,374
Canada Mortgage and Housing Corporation proposal development funding loan bearing interest at 0% interest 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, 2018 is \$Nil.	-	50,000
	\$ 4,771,714	\$ 2,101,642