

File No.: 04-1000-20-2022-399

January 4, 2022

s.22(1)

Dear s.22(1)

Re: **Request for Access to Records under the Freedom of Information and Protection of Privacy Act (the "Act")**

I am responding to your request of July 21, 2022 under the ***Freedom of Information and Protection of Privacy Act (the Act)*** for:

Regarding affordable housing in Olympic Village, Parcel 5, 122 Walter Hardwick Avenue: 1) Detailed audited financial statement records; and 2) Detailed rental income schedule and their unit rates. Date Range: Fiscal years 2012 – 2021.

All responsive records are attached. Please note, for part one of your request there were no responsive records for the fiscal years ending March 2012, 2013, and 2017.

Some information in the records has been severed (blacked out) under s.21(1) and s.22(1) of the Act. You can read or download these sections here:

http://www.bclaws.ca/EPLibraries/bclaws_new/document/ID/freeside/96165_00.

Under section 52 of the Act, and within 30 business days of receipt of this letter, you may ask the Information & Privacy Commissioner to review any matter related to the City's response to your FOI request by writing to: Office of the Information & Privacy Commissioner, info@oipc.bc.ca or by phoning 250-387-5629.

If you request a review, please provide the Commissioner's office with: 1) the request number (#04-1000-20-2022-399); 2) a copy of this letter; 3) a copy of your original request; and 4) detailed reasons why you are seeking the review.

Yours truly,

[Signed by Cobi Falconer]

Cobi Falconer, MAS, MLIS, CIPP/C
Director, Access to Information & Privacy

cobi.falconer@vancouver.ca

453 W. 12th Avenue Vancouver BC V5Y 1V4

If you have any questions, please email us at foi@vancouver.ca and we will respond to you as soon as possible. Or you can call the FOI Case Manager at 604-871-6584.

Encl. (Response Package)

:aa

Financial statements of

**S.U.C.C.E.S.S. Affordable
Housing Society**

March 31, 2014

S.U.C.C.E.S.S. Affordable Housing Society

March 31, 2014

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Independent Auditor's Report

To the Directors of
S.U.C.C.E.S.S. Affordable Housing Society

We have audited the accompanying financial statements of S.U.C.C.E.S.S. Affordable Housing Society (the "Housing Society"), which comprise the statement of financial position as at March 31, 2014, and the statements of operations and fund balances and cash flows for the period from commencement of operations on November 1, 2013 to March 31, 2014, and a summary of significant accounting policies and other explanatory information. These financial statements have been prepared by management of the Housing Society for the purpose of providing information to the City of Vancouver (the "City") to comply with the financial reporting provisions of the Operating Agreement with respect to the Housing Society.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of the Operating Agreement with respect to the Housing Society, 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 Housing Society as at March 31, 2014, the operations and its fund balances and its cash flows for the period from commencement of operations on November 1, 2013 to March 31, 2014 in accordance with financial reporting provisions of the Operating Agreement with respect to the Housing Society.

Basis of Accounting and Restriction on Use and Distribution

Without modifying our opinion, we draw attention to Note 2 to the financial statements, which describes the basis of accounting. The financial statements are prepared to provide information to the City and to comply with the Operating Agreement with respect to the Housing Society. As a result, the financial statements may not be suitable for another purpose. Our report is intended solely for the Directors of the Housing Society and the City and should not be distributed to or used by parties other than the Directors of the Housing Society and The City.

Deloitte LLP

Chartered Accountants
June 19, 2014
Vancouver, British Columbia

S.U.C.C.E.S.S. Affordable Housing Society

Statement of operations and fund balances

period from commencement of operations on November 1, 2013 to March 31, 2014

	Operations fund	Restricted funds			
	Housing	Capital Asset Fund	Operating Reserve Fund	Replacement Reserve Fund	Total
	\$	\$	\$	\$	\$
Revenue					
Tenant rent contributions	921,784	-	-	-	921,784
Parking income	19,575	-	-	-	19,575
Laundry income	9,945	-	-	-	9,945
Miscellaneous	2,632	-	-	-	2,632
Interest income	-	-	-	867	867
	953,936	-	-	867	954,803
Expenses					
Amortization	-	138,761	-	-	138,761
Mortgage interest	-	241,618	-	-	241,618
Maintenance					
Salaries, wages and benefits	48,985	-	-	-	48,985
Ground maintenance	31,518	-	-	-	31,518
Building repairs and maintenance	17,427	-	-	-	17,427
Service contracts	19,538	-	-	-	19,538
Administration					
Salaries, wages and benefits (Note 7)	27,783	-	-	-	27,783
Office overhead	20,684	-	-	7	20,691
Insurance	26,958	-	-	-	26,958
Utilities					
Electricity	18,000	-	-	-	18,000
Neighbourhood energy utility	26,616	-	-	-	26,616
Property taxes	112,519	-	-	-	112,519
Audit and legal fees	15,897	-	-	-	15,897
Tenant support	10,199	-	-	-	10,199
	376,124	380,379	-	7	756,510
Excess (deficiency) of revenue over expenses	577,812	(380,379)	-	860	198,293
Acquisition of replacement reserve (Note 1)	-	-	-	342,720	342,720
Interfund transfers					
Replacement reserve provision	(50,400)	-	-	50,400	-
Replacement reserve provision (top-up)	(16,800)	-	-	16,800	-
Transfer from operations to operating reserve	(130,233)	-	130,233	-	-
Mortgage principal and interest repayments	(275,800)	275,800	-	-	-
Capital assets acquired	(8,038)	8,038	-	-	-
Transfer from operations to capital asset fund	(96,541)	96,541	-	-	-
Fund balance, end of year	-	-	130,233	410,780	541,013

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

S.U.C.C.E.S.S. Affordable Housing Society

Statement of financial position as at March 31, 2014

	Housing Fund	Capital Asset Fund	Operating Reserve Fund	Replacement Reserve Fund	Elimination Entries	Total
	\$	\$	\$	\$	\$	\$
Assets						
Current assets						
Cash	357,666	-	-	-		357,666
Accounts receivable	14,805	-	-	-		14,805
GST receivable	3,654	-	-	-		3,654
Prepaid expenses	74,611	-	-	-		74,611
Interfund balance	16,666	96,541	130,233	16,800	(260,240)	-
	467,402	96,541	130,233	16,800	(260,240)	450,736
Restricted cash (Note 3)	126,614	-	-	393,980		520,594
Property and equipment (Note 4)	-	24,769,277	-	-		24,769,277
	594,016	24,865,818	130,233	410,780	(260,240)	25,740,607
Liabilities						
Current liabilities						
Accounts payable and accrued liabilities (Note 7)	207,162	59,794	-	-		266,956
Tenant security deposits	126,614	-	-	-		126,614
Interfund balance	260,240	-	-	-	(260,240)	-
Current portion of mortgage payable (Note 5)	-	374,369	-	-		374,369
	594,016	434,163	-	-	(260,240)	767,939
Long term debt (Note 5)	-	24,431,655	-	-		24,431,655
	594,016	24,865,818	-	-	(260,240)	25,199,594
Commitments (Note 8)						
Fund balance						
Externally restricted (Note 6)	-	-	130,233	410,780		541,013
	594,016	24,865,818	130,233	410,780	(260,240)	25,740,607

Approved by the Board

 Director

 Director

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

S.U.C.C.E.S.S. Affordable Housing Society

Statement of cash flows

period from commencement of operations on November 1, 2013 to March 31, 2014

	\$
Operating activities	
Excess of revenue over expenses	198,293
Item not involving cash	
Amortization of property and equipment	138,761
	337,054
 Changes to non-cash operating items	
Accounts receivable	(14,805)
GST receivable	(3,654)
Prepaid expenses	(74,611)
Accounts payable and accrued liabilities	266,956
Tenant security deposits	(7,347)
	503,593
 Investing activities	
Additions to property and equipment	(24,908,038)
Restricted cash	(43,913)
	(24,951,951)
 Financing activities	
Repayment of mortgage payable	(93,976)
Long term debt	24,900,000
	24,806,024
 Increase in cash	357,666
Cash, beginning of year	-
Cash, end year	357,666

Supplemental cash flow information (Note 1)

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

S.U.C.C.E.S.S. Affordable Housing Society

Notes to the financial statements

March 31, 2014

1. Nature of operations

The S.U.C.C.E.S.S. Affordable Housing Society (the "Housing Society") was incorporated under the Society Act of British Columbia as a not-for-profit organization on March 22, 2013 and commenced operations on November 1, 2013. The Housing Society is controlled by S.U.C.C.E.S.S. (also known as United Chinese Community Enrichment Services Society) as its voting Members are the Board of Directors of S.U.C.C.E.S.S. and its Directors are elected by these voting Members. The Housing Society is related to S.U.C.C.E.S.S. Multi-Level Care Society and S.U.C.C.E.S.S. Foundation by way of common management.

The purposes of the Housing Society are:

- (a) To develop, build, acquire, own, lease, maintain and manage, on a non-profit basis, affordable and low rental housing for low and modest income individuals and families;
- (b) To develop, build, acquire, own, lease, maintain and manage, on a non-profit basis, housing developments and buildings for lease to or other uses by individuals, families and communities;
- (c) To organize, operate, manage and supervise community services and social services for the benefits of individuals, families and communities in the housing facilities that are owned, leased, maintained or managed by the Housing Society pursuant to paragraphs 2(a) and 2(b) above;
- (d) To provide similar and related services as determined by the members of the Housing Society; and
- (e) To seek funding from government and/or other resources for the implementation of the above purposes.

Pursuant to Lease Agreements ("Leases") and an Operating Agreement ("Operating Agreement") dated November 1, 2013, the City of Vancouver (the "City") has agreed to lease to the Housing Society for a prepaid lease amount of \$24,900,000, and the Housing Society has agreed to assume the financial and operational responsibilities for management and administration respectively of Parcel 5 and Parcel 9 (collectively the "Property") of the former Olympic Athletes' Village ("the Village") for a term of 60 years:

- Parcel 5 is located at 122 Walter Hardwick Ave, Vancouver, B.C., and is comprised of 101 residential strata lots as market and non-market housing, and approximately 55 underground parking spaces.
- Parcel 9 is located at 80 Walter Hardwick Ave, Vancouver, B.C., and is comprised of 67 residential strata lots as market and non-market housing, and approximately 25 underground parking spaces.

Also, in accordance with the terms and conditions of the Leases and the Operating Agreement, the City has agreed to assign the current Residential Tenancy Agreements to the Housing Society.

On November 1, 2013, the following assets, liabilities and fund balances were acquired by the Housing Society:

	Housing Fund	Replacement Reserve Fund	Total
	\$	\$	\$
Restricted cash	133,961	342,720	476,681
Total assets	133,961	342,720	476,681
Tenant security deposits	133,961	-	133,961
Replacement reserve fund	-	342,720	342,720
Total liabilities and funds	133,961	342,720	476,681

S.U.C.C.E.S.S. Affordable Housing Society

Notes to the financial statements

March 31, 2014

1. Nature of operations (continued)

To assist in the financing of the 60 year prepaid lease of the Property, two mortgages were obtained from Vancouver City Savings Credit Union ("Vancity") and the City respectively:

- On November 27, 2013, a loan with a principal value of \$22,950,000 secured by a mortgage and assignment of rents (the "Mortgage 1") against the Property; and
- On December 6, 2013, a second loan with a principal value of \$1,950,000 secured by a mortgage and assignment of rents (the "Mortgage 2") against the Property.

Refer to Note 5 for respective mortgage terms.

2. Significant accounting policies

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO") and reflect the following significant accounting policies. These financial statements have been prepared to provide information to the City to comply with the Operating Agreement with respect to the Housing Society and are not suitable for users other than Directors of the Housing Society and the City.

(a) Basis of presentation

The Housing Society follows the restricted fund method of accounting for contributions. These financial statements include the following funds, which are segregated for purposes of carrying on specific activities as described below:

- (i) The Housing Fund reports restricted operating grants and revenue and expenses relating to the Housing Society's housing activities.
- (ii) The Capital Asset Fund reports the ownership and fund balance relating to the Housing Society's property and equipment.
- (iii) The Operating Reserve Fund means a reserve to be established, funded and managed by the Society from operating surplus.
- (iv) The Replacement Reserve Fund reports the assets, revenues and expenses relating to capital asset replacement activities.

All balances in these funds are restricted.

(b) Revenue recognition

- (i) Tenant rent contributions, laundry and miscellaneous income are recognized when an arrangement exists, services are provided to the tenants, the price is fixed or determinable, and collection is reasonably assured.
- (ii) Parking revenue is recognized monthly when units and parking stalls are occupied by the tenants.
- (iii) Interest income earned on replacement reserve funds is recognized as revenue in the Replacement Reserve Fund in the period the interest income is earned.

S.U.C.C.E.S.S. Affordable Housing Society

Notes to the financial statements

March 31, 2014

2. Significant accounting policies (continued)

(c) Property and equipment

Property and equipment are recorded at cost. Amortization expense is reported in the Capital Asset Fund and is provided over the useful lives of the purchased property and equipment on the following basis:

Leasehold property	Amortized over the lease term of 60 years
Computers	3 years using straight line

Property and equipment are tested for recoverability whenever events or changes in circumstances indicate that the asset no longer has any long-term service potential to the Housing Society or no longer contributes to the Housing Society's ability to provide services. The amount of the impairment loss is recognized by which the carrying value of the property and equipment exceeds their estimated residual value.

(d) Use of estimates

The preparation of financial statements in accordance ASNPO requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingencies at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

Significant estimates include the recoverability of accounts receivable, useful lives and recoverability of property and equipment, and accrued liabilities. Actual results could differ from those estimates.

(e) Financial instruments

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

Transaction costs related to financial instruments measured at fair value are expensed as incurred. Transaction costs related to the other financial instruments are added to the carrying value of the asset or netted against the carrying value of the liability and are then recognized over the expected life of the instrument using the straight line method. Any premium or discount related to an instrument measured at amortized cost is amortized over the expected life of the item using the straight-line method and recognized in the statement of operations as interest income or expense.

With respect to financial assets measured at cost or amortized cost, the Housing Society 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 change in circumstances occurs.

3. Restricted cash

Cash designated for specific purposes is segregated as follows:

	\$
Security deposits and accrued interest owing to tenants	126,614
Replacement reserves	393,980
	<u>520,594</u>

S.U.C.C.E.S.S. Affordable Housing Society

Notes to the financial statements

March 31, 2014

4. Property and equipment

	Cost	Accumulated depreciation	Net book value
	\$	\$	\$
Leasehold property	24,900,000	138,332	24,761,668
Computers	8,038	429	7,609
	24,908,038	138,761	24,769,277

5. Long term debt

\$

Mortgage - Vancity

first mortgage, payable in monthly instalments of \$89,354, which includes interest at 3.10% compounded semi-annually.

The mortgage matures on December 1, 2018 (i)

22,856,024

Loan payable - City of Vancouver

second mortgage, non-interest bearing for a term of 10 years repayable in Year 10 (ii)

1,950,000

24,806,024

Less: current portion

(374,369)

24,431,655

- (i) The loan with a principal value of \$22,950,000 is secured by a mortgage and assignment of rents (the "Mortgage 1") against the Property.
- (ii) In order to facilitate the two 60 year leases (the "Leases") and payment of rent, the Housing Society has arranged to borrow from the City the principal amount of \$1,950,000 (the "Loan") without interest for a term of 10 years. The Loan is secured by a mortgage and assignment of rent (the "Mortgage 2") against the Property.

Principal payments due on the long-term debt in each of the next five years and thereafter are as follows:

\$

2015	374,369
2016	383,495
2017	398,615
2018	409,491
2019	313,290
Thereafter	22,926,764
	24,806,024

S.U.C.C.E.S.S. Affordable Housing Society

Notes to the financial statements

March 31, 2014

6. Externally restricted net assets - Replacement Reserve Fund

Major categories of externally imposed restrictions on net assets are as follows:

	\$
Restricted for replacing capital items	410,780

The Housing Society deposits \$60 per residential unit per month to replacement reserve fund, adjusted annually to reflect changes in the Price Index from the commencement date, or such other amount as may be agreed to by the Housing Society and the City from time to time during the term, in the Replacement Reserve Fund. These funds along with the accumulated interest must be held in a separate bank account and/or invested only in: (1) accounts or instruments insured by the Canada Deposit Insurance Corporation or the Credit Union Deposit Insurance Corporation; (2) an investment in accordance with the Society Act (British Columbia) or the Vancouver Charter; (3) an investment guaranteed by a Canadian government; or (4) other investment instruments as agreed upon with the City.

The reserve funds may only be used for capital repairs and replacements in accordance with the Operating Agreement.

At March 31, 2014, the replacement reserve was funded and maintained in accordance with the Operating Agreement and all interest accruing to the fund has been recorded.

7. Related party transactions

Related party transactions are in the normal course of operations and are recorded at amounts established and agreed between the related parties.

During the year the Housing Society paid \$18,783 to S.U.C.C.E.S.S. for administrative services, which is recorded in administration salaries, wages and benefit expense in the statement of operations and changes in fund balances.

As at March 31, 2014, accounts payable and accrued liabilities include unpaid administrative services of \$31,214 payable to S.U.C.C.E.S.S. The balance due to related party is non-interest bearing and unsecured and has been recorded in accounts payable and accrued liabilities.

8. Commitments

The Housing Society has entered into numerous one-year contracts with third party suppliers who provide services including maintenance services for ground, building, or elevator. These one year contracts expire on November 30, 2014 and/or December 8, 2014. As at March 31, 2014, the required payment for 2015 is \$50,802.

9. Externally restricted fund balances

(a) Annual operating surpluses per Operating Agreement

Pursuant to the Operating Agreement schedule B, clause (D)1 with the City, the accumulated operating surplus of the Property are restricted for use by the Housing Society. Once the Capital Maintenance and Replacement Reserve has been fully funded, the Housing Society is required to use any remaining annual operating surplus as follows:

1. first, top up the Replacement Reserve Fund with any surplus in the fund balances by an additional \$20 per unit per month, or by any additional amount determine to be required as a result of a future Replacement Reserve Study;

S.U.C.C.E.S.S. Affordable Housing Society

Notes to the financial statements

March 31, 2014

9. Externally restricted fund balances (continued)

(a) Annual operating surpluses per Operating Agreement (continued)

2. second, to fund the Operating Reserve, in the first year, to a maximum of an amount equivalent to the annual operating budget; and thereafter, to the total operating costs for the fiscal year most recently completed based on the Housing Society's audited statements (exclusive of leasehold mortgage costs and capital maintenance and replacement reserve contributions), and
3. third, with any balance remaining thereafter to be shared 50/50 by the City and the Housing Society, provided that the Housing Society reinvests its share in Social Housing in Vancouver, B.C.

The City conducts an annual review of the financial statements and may adjust for any operating surplus or deficit.

10. Financial instruments

(a) Credit risk

Credit risk is the risk that a counterparty will fail to perform its obligations. The Housing Society's exposure to credit risk is indicated by the carrying amount of the accounts receivable. The Housing Society assesses, on a continuous basis, its accounts and loans receivable and provides for any amounts that are uncollectible in the allowance for doubtful accounts. The Housing Society's cash is kept with reputable Canadian Chartered Banks.

(b) Interest rate risk

Interest rate risk is the risk that the value of the Housing Society's long term debt will vary due to fluctuations in interest rates and the degree of volatility of these rates. The Housing Society does not use derivative financial instruments to manage this risk.

(c) Liquidity risk

The Housing Society's objective is to have sufficient liquidity to meet its liabilities when due. The Housing Society monitors its cash balances and cash flows generated from funding to meet its requirements.

As at March 31, 2014, the most significant liabilities are accounts payable and accrued liabilities and long term debt.

Financial statements of

**S.U.C.C.E.S.S. Affordable
Housing Society**

March 31, 2015

S.U.C.C.E.S.S. Affordable Housing Society

March 31, 2015

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Independent Auditor's Report

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S.U.C.C.E.S.S. Affordable Housing Society

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Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of the Operating Agreement with respect to the Housing Society, 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 Housing Society as at March 31, 2015, the operations and its fund balances and its cash flows for the year ended March 31, 2015 in accordance with financial reporting provisions of the Operating Agreement with respect to the Housing Society.

Basis of Accounting and Restriction on Use and Distribution

Without modifying our opinion, we draw attention to Note 2 to the financial statements, which describes the basis of accounting. The financial statements are prepared to provide information to the City and to comply with the Operating Agreement with respect to the Housing Society. As a result, the financial statements may not be suitable for another purpose. Our report is intended solely for the Directors of the Housing Society and the City and should not be distributed to or used by parties other than the Directors of the Housing Society and The City.

Report on Other Legal and Regulatory Matters

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

Deloitte LLP

Chartered Accountants
June 25, 2015
Vancouver, British Columbia

S.U.C.C.E.S.S. Affordable Housing Society

Statement of operations and changes in fund balances year ended March 31, 2015

	2015				2014	
					(5 months)	
	Operation fund	Restricted funds			Total	Total
	Housing Fund	Capital Asset Fund	Operating Reserve Fund	Replacement Reserve Fund		
	\$	\$	\$	\$	\$	\$
Revenue						
Tenant rent contributions	2,225,793	-	-	-	2,225,793	921,784
Parking income	56,625	-	-	-	56,625	19,575
Miscellaneous	6,900	-	-	-	6,900	2,832
Neighbourhood energy utility expense recovery	47,797	-	-	-	47,797	23,800
Laundry income	25,998	-	-	-	25,998	9,945
Interest income	-	-	-	3,790	3,790	867
	2,363,113	-	-	3,790	2,366,903	978,603
Expenses						
Mortgage interest	-	697,878	-	-	697,878	241,618
Maintenance						
Ground maintenance	237,230	-	-	61,697	298,927	31,518
Building repairs and maintenance	99,404	-	-	-	99,404	17,427
Salaries, wages and benefits	95,728	-	-	-	95,728	48,985
Property taxes	224,743	-	-	-	224,743	112,519
Utilities						
Neighbourhood energy utility	152,375	-	-	-	152,375	50,416
Electricity	68,545	-	-	-	68,545	18,000
Water and sewer	33,589	-	-	-	33,589	-
Heating fuel	560	-	-	-	560	-
Tenant support	134,707	-	-	-	134,707	10,199
Administration						
Salaries, wages and benefits (Note 7)	130,582	-	-	-	130,582	27,783
Office overhead	64,881	-	-	19	64,900	20,691
Insurance	64,808	-	-	-	64,808	26,958
Service contracts	62,170	-	-	-	62,170	19,538
Audit and legal fees	15,475	-	-	-	15,475	15,897
Other	(2,374)	-	-	-	(2,374)	-
	1,382,423	697,878	-	61,716	2,142,017	641,549
Excess (deficiency) of revenue over expenses before amortization	980,690	(697,878)	-	(57,926)	224,886	337,054
Amortization	-	(417,812)	-	-	(417,812)	(138,761)
Excess (deficiency) of revenue over expenses	980,690	(1,115,690)	-	(57,926)	(192,926)	198,293
Fund balance, beginning of year	-	-	130,233	410,780	541,013	-
Acquisition of replacement reserve	-	-	-	-	-	342,720
Interfund transfers						
Mortgage principal and interest repayments	(1,072,247)	1,072,247	-	-	-	-
Property and equipment acquired	(1,254)	1,254	-	-	-	-
Transfer from operating reserve to operations	130,233	-	(130,233)	-	-	-
Transfer from operations to capital asset fund	(42,189)	42,189	-	-	-	-
Fund balance, end of year	(4,767)	-	-	352,854	348,087	541,013

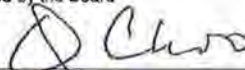
The accompanying notes to the financial statements are an integral part of this financial statement.

S.U.C.C.E.S.S. Affordable Housing Society

Statement of financial position
as at March 31, 2015

	2015					2014 (5 months)	
	Housing Fund	Capital Asset Fund	Operating Reserve Fund	Replacement Reserve Fund	Elimination Entries	Total	Total
	\$	\$	\$	\$	\$	\$	\$
Assets							
Current assets							
Cash	150,049	-	-	-	-	150,049	357,666
Restricted cash (Note 3)	146,799	-	-	-	-	146,799	520,594
Accounts receivable	14,435	-	-	89	-	14,524	14,805
GST receivable	-	-	-	-	-	-	3,654
Prepaid expenses	69,008	-	-	-	-	69,008	74,611
Inter-fund balance	182,657	138,730	-	16,800	(338,187)	-	-
	562,948	138,730	-	16,889	(338,187)	380,380	971,330
Restricted term deposits (Note 3)	-	-	-	518,622	-	518,622	-
Property and equipment (Note 4)	-	24,352,718	-	-	-	24,352,718	24,769,277
	562,948	24,491,448	-	535,511	(338,187)	25,251,720	25,740,607
Liabilities							
Current liabilities							
Accounts payable and accrued liabilities (Note 7)	265,386	58,817	-	-	-	324,203	266,956
Tenant security deposits	146,799	-	-	-	-	146,799	126,614
Interfund balance	155,530	-	-	182,657	(338,187)	-	-
Current portion of mortgage payable (Note 5)	-	383,494	-	-	-	383,494	373,393
	567,715	442,311	-	182,657	(338,187)	854,496	766,963
Long term debt (Note 5)	-	24,049,137	-	-	-	24,049,137	24,432,631
	567,715	24,491,448	-	182,657	(338,187)	24,903,633	25,199,594
Commitments (Note 8)							
Fund balance							
Invested in capital assets	-	-	-	-	-	-	-
Externally restricted (Note 6)	(4,767)	-	-	352,854	-	348,087	541,013
	(4,767)	-	-	352,854	-	348,087	541,013
	562,948	24,491,448	-	535,511	(338,187)	25,251,720	25,740,607

Approved by the Board

 Director

 Director

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

S.U.C.C.E.S.S. Affordable Housing Society

Statement of cash flows year ended March 31, 2015

	2015	2014 (5 months)
	\$	\$
Operating activities		
(Deficiency) excess of revenue over expenses	(192,926)	198,293
Item not involving cash		
Amortization of property and equipment	417,812	138,761
	224,886	337,054
Changes to non-cash operating items		
Accounts receivable	281	(14,805)
GST receivable	3,654	(3,654)
Prepaid expenses	5,603	(74,611)
Accounts payable and accrued liabilities	57,247	266,956
Tenant security deposits	20,185	(7,347)
	311,856	503,593
Investing activities		
Additions to property and equipment	(1,254)	(24,908,038)
Restricted cash	373,795	(43,913)
Acquisition of restricted term deposits	(518,622)	-
	(146,081)	(24,951,951)
Financing activities		
Repayment of mortgage payable	(373,393)	(93,976)
Proceeds from long term debt	-	24,900,000
	(373,393)	24,806,024
(Decrease) increase in cash	(207,617)	357,666
Cash, beginning of year	357,666	-
Cash, end year	150,049	357,666

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

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S.U.C.C.E.S.S. Affordable Housing Society

Notes to the financial statements

March 31, 2015

1. Nature of operations

The S.U.C.C.E.S.S. Affordable Housing Society (the "Housing Society") was incorporated under the Society Act of British Columbia as a not-for-profit organization on March 22, 2013 and commenced operations on November 1, 2013. The Housing Society is controlled by S.U.C.C.E.S.S. (also known as United Chinese Community Enrichment Services Society) as its voting Members are the Board of Directors of S.U.C.C.E.S.S. and its Directors are elected by these voting Members. The Housing Society is related to S.U.C.C.E.S.S. Multi-Level Care Society and S.U.C.C.E.S.S. Foundation by way of common management.

The purposes of the Housing Society are:

- (a) To develop, build, acquire, own, lease, maintain and manage, on a non-profit basis, affordable and low rental housing for low and modest income individuals and families;
- (b) To develop, build, acquire, own, lease, maintain and manage, on a non-profit basis, housing developments and buildings for lease to or other uses by individuals, families and communities;
- (c) To organize, operate, manage and supervise community services and social services for the benefits of individuals, families and communities in the housing facilities that are owned, leased, maintained or managed by the Housing Society pursuant to paragraphs 2(a) and 2(b) above;
- (d) To provide similar and related services as determined by the members of the Housing Society; and
- (e) To seek funding from government and/or other resources for the implementation of the above purposes.

Pursuant to Lease Agreements ("Leases") and an Operating Agreement ("Operating Agreement") dated November 1, 2013, the City of Vancouver (the "City") has agreed to lease to the Housing Society for a prepaid lease amount of \$24,900,000, and the Housing Society has agreed to assume the financial and operational responsibilities for management and administration respectively of Parcel 5 and Parcel 9 (collectively the "Property") of the former Olympic Athletes' Village ("the Village") for a term of 60 years:

- Parcel 5 is located at 122 Walter Hardwick Ave, Vancouver, B.C., and is comprised of 101 residential strata lots as market and non-market housing, and approximately 55 underground parking spaces.
- Parcel 9 is located at 80 Walter Hardwick Ave, Vancouver, B.C., and is comprised of 67 residential strata lots as market and non-market housing, and approximately 25 underground parking spaces.

Also, in accordance with the terms and conditions of the Leases and the Operating Agreement, the City has agreed to assign the current Residential Tenancy Agreements to the Housing Society.

To assist in the financing of the 60 year prepaid lease of the Property, two mortgages were obtained from Vancouver City Savings Credit Union ("Vancity") and the City respectively. Refer to Note 5 for respective mortgage terms.

2. Significant accounting policies

These financial statements have been prepared in accordance with the Operating Agreement dated November 1, 2013 between the Housing Society and the City that requires the Housing Society to conform to generally accepted accounting principles. The Canadian accounting standards for not-for-profit organizations ("ASNPO") are the generally accepted accounting principles for the Housing Society. These financial statements have been prepared to provide information to the City to comply with the Operating Agreement with respect to the Housing Society and are not suitable for users other than Directors of the Housing Society and the City.

S.U.C.C.E.S.S. Affordable Housing Society

Notes to the financial statements

March 31, 2015

2. Significant accounting policies (continued)

(a) Basis of presentation

The Housing Society follows the restricted fund method of accounting for contributions. These financial statements include the following funds, which are segregated for purposes of carrying on specific activities as described below:

- (i) The Housing Fund reports restricted operating grants and revenue and expenses relating to the Housing Society's housing activities.
- (ii) The Capital Asset Fund reports the ownership and fund balance relating to the Housing Society's property and equipment.
- (iii) The Operating Reserve Fund means a reserve to be established, funded and managed by the Society from operating surplus.
- (iv) The Replacement Reserve Fund reports the assets, revenues and expenses relating to capital asset replacement activities.

All balances in these funds are restricted.

(b) Revenue recognition

- (i) Tenant rent contributions, laundry and miscellaneous income are recognized when an arrangement exists, services are provided to the tenants, the price is fixed or determinable, and collection is reasonably assured.
- (ii) Parking revenue is recognized monthly when units and parking stalls are occupied by the tenants.
- (iii) Interest income on replacement reserve funds is recognized as revenue in the Replacement Reserve Fund in the period the interest income is earned.

(c) Property and equipment

Property and equipment are recorded at cost. Amortization expense is reported in the Capital Asset Fund and is provided over the useful lives of the purchased property and equipment on the following basis:

Leasehold property	Amortized over the lease term of 60 years
Computers	3 years using straight line

Property and equipment are tested for recoverability whenever events or changes in circumstances indicate that the asset no longer has any long-term service potential to the Housing Society or no longer contributes to the Housing Society's ability to provide services. The amount of the impairment loss is recognized by which the carrying value of the property and equipment exceeds their estimated residual value.

(d) Use of estimates

The preparation of financial statements in accordance ASNPO requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingencies at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

Estimates include the recoverability of accounts receivable, useful lives and recoverability of property and equipment, and accrued liabilities. Actual results could differ from those estimates.

S.U.C.C.E.S.S. Affordable Housing Society

Notes to the financial statements

March 31, 2015

2. Significant accounting policies (continued)

(e) Financial instruments

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

Transaction costs related to financial instruments measured at fair value are expensed as incurred. Transaction costs related to the other financial instruments are added to the carrying value of the asset or netted against the carrying value of the liability and are then recognized over the expected life of the instrument using the straight line method. Any premium or discount related to an instrument measured at amortized cost is amortized over the expected life of the item using the straight-line method and recognized in the statement of operations as interest income or expense.

With respect to financial assets measured at cost or amortized cost, the Housing Society 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 change in circumstances occurs.

3. Restricted cash and term deposits

Cash and term deposits designated for specific purposes are segregated as follows:

	2015	2014
	\$	\$
Security deposits and accrued interest owing to tenants	146,799	126,614
Replacement reserves	535,511	410,780

4. Property and equipment

	2015		2014	
	Cost	Accumulated depreciation	Net book value	Net book value
	\$	\$	\$	\$
Leasehold property	24,900,000	553,333	24,346,667	24,761,668
Computers	9,292	3,241	6,051	7,609
	24,909,292	556,574	24,352,718	24,769,277

S.U.C.C.E.S.S. Affordable Housing Society

Notes to the financial statements

March 31, 2015

5. Long term debt

	2015	2014
	\$	\$
Mortgage - Vancity		
payable in monthly instalments of \$89,354, which		
includes interest at 3.10% compounded semi-annually.		
The mortgage matures on December 1, 2018 (i)	22,482,631	22,856,024
Loan payable - City of Vancouver		
non-interest bearing for a term of 10 years		
repayable in Year 10 (ii)	1,950,000	1,950,000
	24,432,631	24,806,024
Less: current portion	(383,494)	(373,393)
	24,049,137	24,432,631

- (i) The loan with a principal value of \$22,950,000 is secured by a mortgage and assignment of rents (the "Mortgage") against the Property.
- (ii) In order to facilitate the two 60 year leases (the "Leases") and payment of rent, the Housing Society has arranged to borrow from the City the principal amount of \$1,950,000 (the "Loan") without interest for a term of 10 years. The Loan is secured by a mortgage and assignment of rent (the "Loan payable") against the Property.

Principal payments due on the long term debt in each of the next four years and thereafter are as follows:

	\$
2016	383,494
2017	398,615
2018	409,491
2019	21,291,031
Thereafter	1,950,000
	24,432,631

S.U.C.C.E.S.S. Affordable Housing Society

Notes to the financial statements

March 31, 2015

6. Externally restricted net assets - Replacement Reserve Fund

Major categories of externally imposed restrictions on net assets are as follows:

	2015	2014
	\$	\$
Restricted for replacing capital items	352,854	410,780

The Housing Society deposits \$60 per residential unit per month to replacement reserve fund, adjusted annually to reflect changes in the Price Index from the commencement date, or such other amount as may be agreed to by the Housing Society and the City from time to time during the term, in the Replacement Reserve Fund. These funds along with the accumulated interest must be held in a separate bank account and/or invested only in: (1) accounts or instruments insured by the Canada Deposit Insurance Corporation or the Credit Union Deposit Insurance Corporation; (2) an investment in accordance with the Society Act (British Columbia) or the Vancouver Charter; (3) an investment guaranteed by a Canadian government; or (4) other investment instruments as agreed upon with the City.

The reserve funds may only be used for capital repairs and replacements in accordance with the Operating Agreement.

At March 31, 2015, the replacement reserve was maintained in accordance with the Operating Agreement and all interest accruing to the fund has been recorded. In fiscal 2015, there were insufficient monies to fund the required annual replacement reserve, therefore, the Housing Society will defer fully funding the replacement reserve and the Housing Society will make reasonable efforts to accelerate the annual contributions otherwise required, of \$120,960, to ensure that the replacement reserve is fully funded.

7. Related party transactions

Related party transactions are in the normal course of operations and are recorded at amounts established and agreed between the related parties.

During the year, the Housing Society paid \$130,582 (2014 - \$18,783) to S.U.C.C.E.S.S. for administrative services, which is recorded in administration salaries, wages and benefit expense in the statement of operations and changes in fund balances.

As at March 31, 2015, accounts payable and accrued liabilities include unpaid administrative services of \$63,765 (2014 - \$31,214) payable to S.U.C.C.E.S.S. The balance due to related party is non-interest bearing and unsecured and has been recorded in accounts payable and accrued liabilities.

8. Commitments

The Housing Society has entered into numerous one-year contracts with third party suppliers who provide services including maintenance services for ground, building, or elevator. These one year contracts expire on November 30, 2015 and/or December 8, 2015. As at March 31, 2015, the required payment for 2016 is \$52,082.

S.U.C.C.E.S.S. Affordable Housing Society

Notes to the financial statements

March 31, 2015

9. Externally restricted fund balances

Annual operating surpluses per Operating Agreement

Pursuant to the Operating Agreement schedule B, clause (D)1 with the City, the accumulated operating surplus of the Property are restricted for use by the Housing Society. Once the Capital Asset and Replacement Reserve has been fully funded, the Housing Society is required to use any remaining annual operating surplus as follows:

1. first, top up the Replacement Reserve Fund with any surplus in the fund balances by an additional \$20 per unit per month, or by any additional amount determined to be required as a result of a future Replacement Reserve Study;
2. second, to fund the Operating Reserve, in the first year, to a maximum of an amount equivalent to the annual operating budget; and thereafter, to the total operating costs for the fiscal year most recently completed based on the Housing Society's audited statements (exclusive of leasehold mortgage costs and capital maintenance and replacement reserve contributions); and
3. third, with any balance remaining thereafter to be shared 50/50 by the City and the Housing Society, provided that the Housing Society reinvests its share in Social Housing in Vancouver, B.C.

The City conducts an annual review of the financial statements and may adjust for any operating surplus or deficit. Due to the fact that the City's review of the Housing Society's financial results for the year ended March 31, 2015 is still outstanding, no provisions have been recorded at year end.

10. Financial instruments

(a) Credit risk

Credit risk is the risk that a counterparty will fail to perform its obligations. The Housing Society's exposure to credit risk is indicated by the carrying amount of the accounts receivable. The Housing Society assesses, on a continuous basis, its accounts receivable and provides for any amounts that are uncollectible in the allowance for doubtful accounts. The Housing Society's cash is kept with reputable Canadian Chartered Banks.

(b) Interest rate risk

Interest rate risk is the risk that the value of the Housing Society's long term debt will vary due to fluctuations in interest rates and the degree of volatility of these rates. The Housing Society does not use derivative financial instruments to manage this risk.

(c) Liquidity risk

The Housing Society's objective is to have sufficient liquidity to meet its liabilities when due. The Housing Society monitors its cash balances and cash flows generated from funding to meet its requirements.

As at March 31, 2015, the most significant liabilities are accounts payable and accrued liabilities and long term debt.

11. Comparative figures

Certain comparative figures have been reclassified to conform to the current year's presentation.

Financial statements of

**S.U.C.C.E.S.S. Affordable
Housing Society**

March 31, 2016

S.U.C.C.E.S.S. Affordable Housing Society

March 31, 2016

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Independent Auditor's Report

To the Directors of
S.U.C.C.E.S.S. Affordable Housing Society

We have audited the accompanying financial statements of S.U.C.C.E.S.S. Affordable Housing Society (the "Housing Society"), which comprise the statement of financial position as at March 31, 2016, and the statements of operations and changes in fund balances and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Housing Society as at March 31, 2015, the operations and its fund balances and its cash flows for the year ended March 31, 2016 in accordance with Canadian accounting standards for not-for-profit organizations.

Report on Other Legal and Regulatory Matters

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

Deloitte LLP

Chartered Professional Accountants
June 21, 2016
Vancouver, British Columbia

S.U.C.C.E.S.S. Affordable Housing Society

Statement of operations and changes in fund balances

year ended March 31, 2016

					2016	2015
	Operation fund	Restricted funds				
	Housing Fund	Capital Asset Fund	Operating Reserve Fund	Replacement Reserve Fund	Total	Total
	\$	\$	\$	\$	\$	\$
Revenue						
Tenant rent contributions	2,291,169	-	-	-	2,291,169	2,225,793
Parking income	57,525	-	-	-	57,525	56,625
Miscellaneous	10,179	-	-	-	10,179	6,900
Neighbourhood energy utility expense recovery	45,381	-	-	-	45,381	47,797
Laundry income	24,514	-	-	-	24,514	25,998
Interest income	-	-	-	5,719	5,719	3,790
	2,426,758	-	-	5,719	2,434,477	2,366,903
Expenses						
Mortgage interest	-	687,592	-	-	687,592	697,876
Maintenance						
Ground maintenance	188,067	-	-	31,644	219,711	298,927
Building repairs and maintenance	72,086	-	-	31,402	103,488	99,404
Salaries, wages and benefits	102,688	-	-	-	102,688	95,728
Property taxes	162,665	-	-	-	162,665	224,743
Utilities	225,798	-	-	-	225,798	255,069
Tenant support	60,222	-	-	-	60,222	134,707
Administration						
Salaries, wages and benefits (Note 7)	232,246	-	-	-	232,246	130,582
Office overhead	52,067	-	-	10	52,077	64,900
Insurance	66,628	-	-	-	66,628	64,808
Service contracts	72,851	-	-	-	72,851	62,170
Audit and legal fees	14,738	-	-	-	14,738	15,475
Capital purchases	22,612	-	-	-	22,612	-
Other	-	-	-	-	-	(2,374)
	1,272,668	687,592	-	63,056	2,023,316	2,142,017
Excess (deficiency) of revenue over expenses before amortization	1,156,090	(687,592)	-	(57,337)	411,161	224,886
Amortization	-	(418,098)	-	-	(418,098)	(417,812)
Excess (deficiency) of revenue over expenses	1,156,090	(1,105,690)	-	(57,337)	(6,937)	(192,926)
Fund balance, beginning of year	(4,767)	-	-	352,854	348,087	541,013
Interfund transfers						
Mortgage principal and interest repayments	(1,072,248)	1,072,248	-	-	-	-
Transfer from operation fund to replacement reserve	(45,633)	-	-	45,633	-	-
Transfer from operation fund to capital asset fund	(33,442)	33,442	-	-	-	-
Fund balance, end of year	-	-	-	341,150	341,150	348,087

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

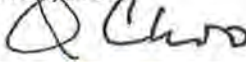
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S.U.C.C.E.S.S. Affordable Housing Society


Statement of financial position
as at March 31, 2016

						2016	2015
	Housing Fund	Capital Asset Fund	Operating Reserve Fund	Replacement Reserve Fund	Elimination Entries	Total	Total
	\$	\$	\$	\$	\$	\$	\$
Assets							
Current assets							
Cash	66,117	-	-	-	-	66,117	150,049
Restricted cash (Note 3)	154,571	-	-	100,257	-	254,828	146,799
Accounts receivable	16,606	-	-	42	-	16,648	14,524
Prepaid expenses	139,722	-	-	-	-	139,722	69,008
Inter-fund balance	124,742	172,172	-	62,433	(359,347)	-	-
	501,758	172,172	-	162,732	(359,347)	477,315	380,380
Restricted term deposits (Note 3)	-	-	-	303,160	-	303,160	518,622
Property and equipment (Note 4)	-	23,934,620	-	-	-	23,934,620	24,352,718
	501,758	24,106,792	-	465,892	(359,347)	24,715,095	25,251,720
Liabilities							
Current liabilities							
Accounts payable and accrued liabilities (Note 7)	112,582	57,655	-	-	-	170,237	324,203
Tenant security deposits	154,571	-	-	-	-	154,571	146,799
Interfund balance	234,605	-	-	124,742	(359,347)	-	-
Current portion of mortgage payable (Note 5)	-	398,615	-	-	-	398,615	383,494
	501,758	456,270	-	124,742	(359,347)	723,423	854,496
Long term debt (Note 5)	-	23,650,522	-	-	-	23,650,522	24,049,137
	501,758	24,106,792	-	124,742	(359,347)	24,373,945	24,903,633
Fund balance							
Externally restricted (Note 6)	-	-	-	341,150	-	341,150	348,087
	-	-	-	341,150	-	341,150	348,087
	501,758	24,106,792	-	465,892	(359,347)	24,715,095	25,251,720

Approved by the Board



Director



Director

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

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S.U.C.C.E.S.S. Affordable Housing Society

Statement of cash flows year ended March 31, 2016

	2016	2015
	\$	\$
Operating activities		
Deficiency of revenue over expenses	(6,937)	(192,926)
Item not involving cash		
Amortization of property and equipment	418,098	417,812
	411,161	224,886
Changes to non-cash operating items		
Accounts receivable	(2,124)	282
GST Receivable	-	3,654
Prepaid expenses	(70,714)	5,603
Accounts payable and accrued liabilities	(153,966)	57,247
Tenant security deposits	7,772	20,185
	192,129	311,857
Investing activities		
Additions to property and equipment	-	(1,254)
Restricted cash	(108,029)	373,795
Acquisition of restricted term deposits	215,462	(518,622)
	107,433	(146,081)
Financing activity		
Repayment of mortgage payable	(383,494)	(373,393)
Decrease in cash	(83,932)	(207,617)
Cash, beginning of year	150,049	357,666
Cash, end year	66,117	150,049

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

S.U.C.C.E.S.S. Affordable Housing Society

Notes to the financial statements

March 31, 2016

1. Nature of operations

The S.U.C.C.E.S.S. Affordable Housing Society (the "Housing Society") was incorporated under the Society Act of British Columbia as a not-for-profit organization on March 22, 2013 and commenced operations on November 1, 2013. The Housing Society is controlled by S.U.C.C.E.S.S. (also known as United Chinese Community Enrichment Services Society) as its voting Members are the Board of Directors of S.U.C.C.E.S.S. and its Directors are elected by these voting Members. The Housing Society is related to S.U.C.C.E.S.S. Multi-Level Care Society and S.U.C.C.E.S.S. Foundation by way of common management.

The purposes of the Housing Society are:

- (a) To develop, build, acquire, own, lease, maintain and manage, on a non-profit basis, affordable and low rental housing for low and modest income individuals and families;
- (b) To develop, build, acquire, own, lease, maintain and manage, on a non-profit basis, housing developments and buildings for lease to or other uses by individuals, families and communities;
- (c) To organize, operate, manage and supervise community services and social services for the benefits of individuals, families and communities in the housing facilities that are owned, leased, maintained or managed by the Housing Society pursuant to paragraphs 2(a) and 2(b) above;
- (d) To provide similar and related services as determined by the members of the Housing Society; and
- (e) To seek funding from government and/or other resources for the implementation of the above purposes.

Pursuant to Lease Agreements ("Leases") and an Operating Agreement ("Operating Agreement") dated November 1, 2013, the City of Vancouver (the "City") has agreed to lease to the Housing Society for a prepaid lease amount of \$24,900,000, and the Housing Society has agreed to assume the financial and operational responsibilities for management and administration respectively of Parcel 5 and Parcel 9 (collectively the "Property") of the former Olympic Athletes' Village ("the Village") for a term of 60 years:

- Parcel 5 is located at 122 Walter Hardwick Ave, Vancouver, B.C., and is comprised of 101 residential strata lots as market and non-market housing, and approximately 55 underground parking spaces.
- Parcel 9 is located at 80 Walter Hardwick Ave, Vancouver, B.C., and is comprised of 67 residential strata lots as market and non-market housing, and approximately 25 underground parking spaces.

Also, in accordance with the terms and conditions of the Leases and the Operating Agreement, the City has agreed to assign the current Residential Tenancy Agreements to the Housing Society.

To assist in the financing of the 60 year prepaid lease of the Property, two mortgages were obtained from Vancouver City Savings Credit Union ("Vancity") and the City respectively. Refer to Note 5 for respective mortgage terms.

2. Significant accounting policies

These financial statements have been prepared in accordance with the Operating Agreement dated November 1, 2013 between the Housing Society and the City that requires the Housing Society to conform to generally accepted accounting principles. The Canadian accounting standards for not-for-profit organizations ("ASNPO") are the generally accepted accounting principles for the Housing Society.

S.U.C.C.E.S.S. Affordable Housing Society

Notes to the financial statements

March 31, 2016

2. Significant accounting policies (continued)

(a) Basis of presentation

The Housing Society follows the restricted fund method of accounting for contributions. These financial statements include the following funds, which are segregated for purposes of carrying on specific activities as described below:

- (i) The Housing Fund reports restricted operating grants and revenue and expenses relating to the Housing Society's housing activities.
- (ii) The Capital Asset Fund reports the ownership and fund balance relating to the Housing Society's property and equipment.
- (iii) The Replacement Reserve Fund reports the assets, revenues and expenses relating to capital asset replacement activities.

All balances in these funds are restricted.

(b) Revenue recognition

- (i) Tenant rent contributions, laundry and miscellaneous income are recognized when an arrangement exists, services are provided to the tenants, the price is fixed or determinable, and collection is reasonably assured.
- (ii) Parking revenue is recognized monthly when units and parking stalls are occupied by the tenants.
- (iii) Interest income on replacement reserve funds is recognized as revenue in the Replacement Reserve Fund in the period the interest income is earned.

(c) Property and equipment

Property and equipment are recorded at cost. Amortization expense is reported in the Capital Asset Fund and is provided over the useful lives of the purchased property and equipment on the following basis:

Leasehold property	Amortized over the lease term of 60 years
Computers	3 years using straight line

Property and equipment are tested for recoverability whenever events or changes in circumstances indicate that the asset no longer has any long-term service potential to the Housing Society or no longer contributes to the Housing Society's ability to provide services. The amount of the impairment loss is recognized by which the carrying value of the property and equipment exceeds their estimated residual value.

(d) Use of estimates

The preparation of financial statements in accordance ASNPO requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingencies at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

Estimates include the recoverability of accounts receivable, useful lives and recoverability of property and equipment, and accrued liabilities. Actual results could differ from those estimates.

S.U.C.C.E.S.S. Affordable Housing Society

Notes to the financial statements

March 31, 2016

2. Significant accounting policies (continued)

(e) Financial instruments

The Housing Society initially measures its financial assets and financial liabilities at fair value when the Housing Society 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 Housing Society recognizes in the statement of operations and changes in fund balances 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 and changes in fund balances in the period the change in circumstances occurs.

3. Restricted cash and term deposits

Cash and term deposits designated for specific purposes are segregated as follows:

	2016	2015
	\$	\$
Security deposits and accrued interest owing to tenants	154,571	146,799
Replacement reserves	420,259	535,511

4. Property and equipment

			2016	2015
	Cost	Accumulated amortization	Net book value	Net book value
	\$	\$	\$	\$
Leasehold property	24,900,000	968,333	23,931,667	24,346,667
Computers	9,292	6,339	2,953	6,051
	24,909,292	974,672	23,934,620	24,352,718

S.U.C.C.E.S.S. Affordable Housing Society

Notes to the financial statements

March 31, 2016

5. Long term debt

	2016	2015
	\$	\$
Mortgage - Vancity		
payable in monthly instalments of \$89,354, which includes interest at 3.10% compounded semi-annually.		
The mortgage matures on December 1, 2018 (i)	22,099,137	22,482,631
Loan payable - City of Vancouver		
non-interest bearing for a term of 10 years		
repayable in Year 10 (ii)	1,950,000	1,950,000
	24,049,137	24,432,631
Less: current portion	(398,615)	(383,494)
	23,650,522	24,049,137

(i) The loan with a principal value of \$22,950,000 is secured by a mortgage and assignment of rents (the "Mortgage") against the Property.

(ii) In order to facilitate the two 60 year leases (the "Leases") and payment of rent, the Housing Society has arranged to borrow from the City the principal amount of \$1,950,000 (the "Loan") without interest for a term of 10 years. The Loan is secured by a mortgage and assignment of rent (the "Loan payable") against the Property. The loan becomes repayable commencing in fiscal 2024 (Year 10).

Principal payments due on the long term debt in each of the next three years and thereafter are as follows:

	\$
2017	398,615
2018	409,491
2019	21,291,031
Thereafter	1,950,000
	24,049,137

S.U.C.C.E.S.S. Affordable Housing Society

Notes to the financial statements

March 31, 2016

6. Externally restricted net assets - Replacement Reserve Fund

Major categories of externally imposed restrictions on net assets are as follows:

	2016	2015
	\$	\$
Restricted for replacing capital items	358,563	352,854

The Housing Society deposits \$60 per residential unit per month to replacement reserve fund, adjusted annually to reflect changes in the Price Index from the commencement date, or such other amount as may be agreed to by the Housing Society and the City from time to time during the term, in the Replacement Reserve Fund. These funds along with the accumulated interest must be held in a separate bank account and/or invested only in: (1) accounts or instruments insured by the Canada Deposit Insurance Corporation or the Credit Union Deposit Insurance Corporation; (2) an investment in accordance with the Society Act (British Columbia) or the Vancouver Charter; (3) an investment guaranteed by a Canadian government; or (4) other investment instruments as agreed upon with the City.

The reserve funds may only be used for capital repairs and replacements in accordance with the Operating Agreement.

At March 31, 2016, the replacement reserve was maintained in accordance with the Operating Agreement and all interest accruing to the fund has been recorded. In fiscal 2016, the replacement reserve was funded \$45,633 (2015 - \$Nil) due to the fact that there were insufficient monies to fund the required annual replacement reserve, therefore, the Housing Society will defer fully funding the replacement reserve and the Housing Society will make reasonable efforts to accelerate the annual contributions otherwise required, of \$75,327 (2015 - \$120,960), to ensure that the replacement reserve is fully funded.

7. Related party transactions

Related party transactions are in the normal course of operations and are recorded at amounts established and agreed between the related parties.

During the year, the Housing Society paid \$151,011 (2015 - \$130,582) to S.U.C.C.E.S.S. for administrative services, which is recorded in administration salaries, wages and benefit expense in the statement of operations and changes in fund balances.

As at March 31, 2016, accounts payable and accrued liabilities include unpaid administrative services of \$21,852 (2015 - \$63,765) payable to S.U.C.C.E.S.S. The balance due to related party is non-interest bearing and unsecured and has been recorded in accounts payable and accrued liabilities.

8. Commitments

The Housing Society has entered into numerous one-year contracts with third party suppliers who provide services including maintenance services for ground, building, elevator, or fire alarm inspection. These one year contracts expire on December 9, 2016, May 8, 2017, May 20, 2017, November 30, 2017 or December 1, 2017. As at March 31, 2016, the required payment for fiscal 2017 is \$56,077.

S.U.C.C.E.S.S. Affordable Housing Society

Notes to the financial statements

March 31, 2016

9. Externally restricted fund balances

Annual operating surpluses per Operating Agreement

Pursuant to the Operating Agreement schedule B, clause (D)1 with the City, the accumulated operating surplus of the Property are restricted for use by the Housing Society. Once the Capital Asset and Replacement Reserve has been fully funded, the Housing Society is required to use any remaining annual operating surplus as follows:

1. first, top up the Replacement Reserve Fund with any surplus in the fund balances by an additional \$20 per unit per month, or by any additional amount determined to be required as a result of a future Replacement Reserve Study;
2. second, to fund the Operating Reserve, in the first year, to a maximum of an amount equivalent to the annual operating budget; and thereafter, to the total operating costs for the fiscal year most recently completed based on the Housing Society's audited statements (exclusive of leasehold mortgage costs and capital maintenance and replacement reserve contributions); and
3. third, with any balance remaining thereafter to be shared 50/50 by the City and the Housing Society, provided that the Housing Society reinvests its share in Social Housing in Vancouver, B.C.

The City conducts an annual review of the financial statements and may adjust for any operating surplus or deficit. Due to the fact that the City's review of the Housing Society's financial results for the year ended March 31, 2016 is still outstanding, no provisions have been recorded at year end.

10. Financial instruments

(a) Credit risk

Credit risk is the risk that a counterparty will fail to perform its obligations. The Housing Society's exposure to credit risk is indicated by the carrying amount of the accounts receivable. The Housing Society assesses, on a continuous basis, its accounts receivable and provides for any amounts that are uncollectible in the allowance for doubtful accounts. The Housing Society's cash is kept with reputable Canadian Chartered Banks.

(b) Interest rate risk

Interest rate risk is the risk that the value of the Housing Society's long term debt will vary due to fluctuations in interest rates and the degree of volatility of these rates. The Housing Society does not use derivative financial instruments to manage this risk.

(c) Liquidity risk

The Housing Society's objective is to have sufficient liquidity to meet its liabilities when due. The Housing Society monitors its cash balances and cash flows generated from funding to meet its requirements.

As at March 31, 2016, the most significant liabilities are accounts payable and accrued liabilities, current portion of mortgage payable and long term debt.

11. Comparative figures

Certain comparative figures have been reclassified to conform to the current year's presentation.

S.U.C.C.E.S.S. Affordable Housing Society

Financial Statements
March 31, 2021



Independent auditor's report

To the Directors of S.U.C.C.E.S.S. Affordable Housing Society

Report on the audit of the financial statements

Our opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of S.U.C.C.E.S.S. Affordable Housing Society (the Society) as at March 31, 2021 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

What we have audited

The Society's financial statements comprise:

- the statement of financial position as at March 31, 2021;
- the statement of operations for the year then ended;
- the statement of changes in fund balances for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Society in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

PricewaterhouseCoopers LLP
PricewaterhouseCoopers Place, 250 Howe Street, Suite 1400, Vancouver, British Columbia, Canada V6C 3S7
T: +1 604 806 7000, F: +1 604 806 7806

PwC refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.



Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Society's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Society or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Society's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Society's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Society's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Society to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other legal and regulatory requirements

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

PricewaterhouseCoopers LLP

Chartered Professional Accountants

Vancouver, British Columbia
August 13, 2021

S.U.C.C.E.S.S. Affordable Housing Society

Statement of Financial Position

As at March 31, 2021

				2021	2020
	Operating fund \$	Capital asset fund \$	Replacement reserve fund \$ (note 10(a))	Total \$	Total \$
Assets					
Current assets					
Cash	16,083	3,296,476	-	3,312,559	301,644
Restricted cash	220,794	-	514,957	735,751	682,370
Investments	417,613	-	-	417,613	407,400
Restricted accounts receivable	2,932	42,278	-	45,210	26,489
Accounts receivable	33,839	1,394,140	459	1,428,438	3,849,810
Prepaid expenses	24,693	-	-	24,693	154,697
Restricted term deposits	-	-	571,179	571,179	557,776
Current portion of prepaid land lease (note 4)	-	195,549	-	195,549	195,549
Interfund balance	(373,842)	342,994	30,848	-	-
	342,112	5,271,437	1,117,443	6,730,992	6,175,735
Prepaid land lease (note 4)	-	10,103,372	-	10,103,372	10,298,922
Property and equipment (note 3)	-	38,861,311	-	38,861,311	26,728,469
	342,112	54,236,120	1,117,443	55,695,675	43,203,126
Liabilities					
Current liabilities					
Accounts payable and accrued liabilities	146,864	2,919,371	-	3,066,235	4,149,544
Mortgage interest payable	-	51,933	-	51,933	52,963
Deferred tenant rental contributions	622	-	-	622	110
Tenant security deposits	181,760	-	-	181,760	176,039
Due to related party (note 11)	12,866	-	-	12,866	34,828
Current portion of long-term debt (note 5)	-	464,410	-	464,410	451,832
	342,112	3,435,714	-	3,777,826	4,865,316
Long-term debt (note 5)	-	21,305,706	-	21,305,706	21,710,412
Construction loan (note 7)	-	15,783,967	-	15,783,967	3,824,784
Promissory notes payable (note 6)	-	759,401	-	759,401	425,842
Deferred revenue – replacement reserve (note 9)	-	-	257,447	257,447	261,746
Deferred capital contributions (note 8)	-	13,288,511	-	13,288,511	11,451,238
	342,112	54,573,299	257,447	55,172,858	42,539,338
Fund Balance					
Externally restricted (note 10(a))	-	-	859,996	859,996	833,219
Unrestricted	-	(337,179)	-	(337,179)	(169,431)
	-	(337,179)	859,996	522,817	663,788
	342,112	54,236,120	1,117,443	55,695,675	43,203,126
Commitments (note 12)					

Approved by the Board of Directors

Queenie Choo

Director



Director

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

S.U.C.C.E.S.S. Affordable Housing Society

Statement of Operations

For the year ended March 31, 2021

	2021			2020
	Restricted funds			
	Operating fund \$	Capital asset fund \$	Replacement reserve fund \$ (note 10(a))	Total \$
Revenue				
Tenant rent contributions	2,559,356	-	-	2,559,356
Parking income	53,192	-	-	53,192
Miscellaneous	18,413	-	-	18,413
Neighbourhood energy utility expense recovery	69,412	-	-	69,412
Laundry income	28,496	-	-	28,496
Interest income	10,234	-	7,057	17,291
	2,739,103	-	7,057	2,746,160
Expenses				
Mortgage interest	-	616,615	-	616,615
Maintenance				
Ground maintenance	242,217	-	-	242,217
Building repairs and maintenance	178,706	-	-	178,706
Salaries, wages and benefits	134,795	-	-	134,795
Elevator repairs	26,848	-	-	26,848
Property taxes	69,328	-	-	69,328
Utilities	287,562	-	-	287,562
Administration				
Salaries, wages and benefits (notes 11 and 15)	231,311	-	-	231,311
Office overhead	56,254	19,724	-	75,978
Insurance	88,057	-	-	88,057
Service contracts	149,393	-	-	149,393
Audit and legal fees	13,480	-	-	13,480
BC Housing special payment	3,623	-	-	3,623
Other	4,979	-	-	4,979
Tenant support	54,422	-	-	54,422
	1,540,975	636,339	-	2,177,314
Excess (deficiency) of revenue over expenses before undernoted	1,198,128	(636,339)	7,057	568,846
Amortization of property and equipment	-	(435,207)	-	(435,207)
Amortization of prepaid land lease	-	(195,550)	-	(195,550)
Amortization of deferred capital – contributions (note 8)	-	9,951	-	9,951
Interest expense	(17,929)	(59,704)	(11,378)	(89,011)
Excess (deficiency) of revenue over expenses	1,180,199	(1,316,849)	(4,321)	55,262

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

S.U.C.C.E.S.S. Affordable Housing Society

Statement of Changes in Fund Balances

For the year ended March 31, 2021

	2021			2020
	Restricted funds			
	Operating fund \$	Capital asset fund \$	Replacement reserve fund \$ (note 10(a))	Total \$
Fund balances – Beginning of year	-	(169,431)	833,219	663,788
Excess (deficiency) of revenue over expenses	1,180,199	(1,316,849)	(4,321)	(140,971)
Interfund transfers				
Capital maintenance and replacement reserve provision	(31,098)	-	31,098	-
Mortgage principal and interest repayments	(1,069,476)	1,069,476	-	-
Property and equipment acquired	(79,625)	79,625	-	-
Fund balances – End of year	-	(337,179)	859,996	522,817

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

S.U.C.C.E.S.S. Affordable Housing Society

Statement of Cash Flows

For the year ended March 31, 2021

	2021 \$	2020 \$
Cash provided by (used in)		
Operating activities		
(Deficiency) excess of revenue over expenses	(140,971)	55,262
Items not involving cash		
Amortization of property and equipment	435,207	411,951
Amortization of prepaid land lease	195,550	195,550
Amortization of deferred capital contributions	(9,951)	(9,951)
Interest expense	89,011	70,035
	568,846	722,847
Changes to non-cash operating items		
Accounts receivable	2,421,372	(3,354,235)
Prepaid expenses	130,004	216,717
Deferred tenant rental contributions	512	27
Accounts payable and accrued liabilities	(3,947,300)	(492,896)
Mortgage interest payable	(1,030)	(1,276)
Due to related party	(21,962)	(14,023)
Tenant security deposits	5,721	2,026
	(843,837)	(2,920,813)
Investing activities		
Additions to property and equipment	(9,704,058)	(10,143,227)
Increase in restricted cash	(53,381)	(267,321)
Increase in restricted accounts receivable	(18,721)	(11,735)
Increase in restricted term deposits	(13,403)	(741)
Purchase of investments	(10,213)	-
Interest (paid) earned on replacement reserves	(4,299)	20,291
	(9,804,075)	(10,402,733)
Financing activities		
Repayment of long-term debt	(481,139)	(445,767)
Proceeds from construction loan	11,959,183	3,824,784
Deferred capital contributions received	1,847,224	10,822,731
Advances from (repayment of) promissory note	333,559	(627,649)
	13,658,827	13,574,099
Increase in cash	3,010,915	250,553
Cash – Beginning of year	301,644	51,091
Cash – End of year	3,312,559	301,644
Supplemental cash flow information		
Additions of property and equipment included in accounts payable and accrued liabilities at year-end	2,863,991	4,018,491

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

S.U.C.C.E.S.S. Affordable Housing Society

Notes to Financial Statements

March 31, 2021

1 Nature of operations

The S.U.C.C.E.S.S. Affordable Housing Society (the Housing Society) was incorporated under the Society Act of British Columbia as a not-for-profit organization on March 22, 2013 and commenced operations on November 1, 2013. The Housing Society is controlled by S.U.C.C.E.S.S. (also known as United Chinese Community Enrichment Services Society) as its voting Members are the Board of Directors of S.U.C.C.E.S.S. and its directors are elected by these voting Members. The Housing Society is related to S.U.C.C.E.S.S. Multi-Level Care Society, S.U.C.C.E.S.S. Housing Society and S.U.C.C.E.S.S. Foundation by way of common management.

The purposes of the Housing Society are to:

- a) develop, build, acquire, own, lease, maintain and manage, on a non-profit basis, affordable and low rental housing for low and modest income individuals and families;
- b) develop, build, acquire, own, lease, maintain and manage, on a non-profit basis, housing developments and buildings for lease to, or other uses, by individuals, families and communities;
- c) organize, operate, manage and supervise community services and social services for the benefit of individuals, families and communities in the housing facilities that are owned, leased, maintained or managed by the Housing Society;
- d) provide similar and related services as determined by the members of the Housing Society; and
- e) seek funding from government and/or other resources for the implementation of the above purposes.

Olympic Village

Pursuant to Lease Agreements (Leases) and an Operating Agreement (Operating Agreement) dated November 1, 2013, the City of Vancouver leased to the Housing Society for a prepaid lease amount of \$24,900,000, and the Housing Society assumed the financial and operational responsibilities for management and administration, respectively, of Parcel 5 and Parcel 9 (collectively the Property) of the former Olympic Athletes' Village (the Village), for a term of 60 years.

- a) Parcel 5 is located at 122 Walter Hardwick Avenue, Vancouver, BC, and comprises 101 residential strata lots as lower-end of market and non-market housing, and approximately 55 underground parking spaces.
- b) Parcel 9 is located at 80 Walter Hardwick Avenue, Vancouver, BC, and comprises 67 residential strata lots as lower-end of market and non-market housing, and approximately 25 underground parking spaces.

In accordance with the terms and conditions of the Leases and the Operating Agreement, the City of Vancouver assigned the current Residential Tenancy Agreements to the Housing Society.

The Housing Society is a not-for-profit organization that is organized and operated solely for social welfare, and is exempt from income taxes under Part I of the Income Tax Act.

S.U.C.C.E.S.S. Affordable Housing Society

Notes to Financial Statements

March 31, 2021

2 Significant accounting policies

Basis of presentation

These financial statements have been prepared in accordance with the Operating Agreement dated November 1, 2013 between the Housing Society and the City of Vancouver that requires the Housing Society to conform to generally accepted accounting principles. The Canadian accounting standards for not-for-profit organizations (ASNPO) are the generally accepted accounting principles for the Housing Society.

The Housing Society uses fund accounting in the financial statements that are segregated for purposes of carrying on specific activities as described below:

- a) The Operating Fund reports operating grants and revenues and expenses relating to the Housing Society's housing activities.
- b) The Capital Asset Fund reports the ownership and fund balance relating to the Housing Society's property and equipment.
- c) The Replacement Reserve Fund reports the assets, revenues and expenses relating to capital asset replacement activities.

Operating Agreement

Pursuant to the Operating Agreement, the Housing Society deposits a fixed amount, or an amount approved by the City of Vancouver, per residential unit per month to the Replacement Reserve Fund. The Housing Society may defer funding the replacement reserve in years where insufficient surpluses are on hand and will make reasonable efforts to accelerate the annual contributions otherwise required to ensure that the replacement reserve is fully funded. The replacement reserve must be used for eligible expenditures and is managed in accordance with the Operating Agreement (note 10(a)).

The annual operating results of the Housing Society are subject to annual review by the City of Vancouver and the use of accumulated operating surplus is determined in accordance with the Operating Agreement, as detailed in note 10(b).

Revenue recognition

The Housing Society follows the deferral method of accounting for contributions. Unrestricted contributions are recognized in the period received or receivable. Contributions received or receivable for the acquisition of property and equipment are deferred and amortized to revenue in the Capital Asset Fund on the same basis as the corresponding property and equipment. Other restricted contributions received or receivable are recognized in revenue in the period the related expenses are incurred.

Tenant rent contributions, utility expense recoveries, laundry and miscellaneous income are recognized when an arrangement exists, services are provided to the tenants, the price is fixed or determinable, and collection is reasonably assured.

S.U.C.C.E.S.S. Affordable Housing Society

Notes to Financial Statements

March 31, 2021

Parking income is recognized as payments are collected and the parking stalls are leased by the tenants.

Interest income on replacement reserve funds is recognized in deferred revenue – replacement reserve (for the contributed portion), and as revenue (for the Society-funded portion), in the Replacement Reserve Fund in the period earned.

Property and equipment

Property and equipment are recorded at cost. Amortization is provided for using the straight-line method over the following periods:

Building	
Foundation	amortized over the lease term of 60 years
Roof	amortized over the lease term of 60 years
Elevator, windows, doors and others	15 to 30 years
Computers	3 years
Equipment	3 years
Furniture and fixtures	5 years

Development costs for the construction of buildings are capitalized and amortization commences when the related asset is brought into use.

Property and equipment are tested for recoverability whenever events or changes in circumstances indicate that the asset no longer has any long-term service potential to the Housing Society or no longer contributes to the Housing Society's ability to provide services. The amount of impairment loss is determined as the amount by which the carrying value of the property and equipment exceeds the greater of the asset's fair value and replacement cost.

Prepaid land lease

Prepaid land lease is deferred and amortized over the period of the lease of 60 years.

Investments

Investments consist of guaranteed investment certificates with a Canadian chartered bank with an original term to maturity of more than 90 days and less than one year.

Financial instruments

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

S.U.C.C.E.S.S. Affordable Housing Society

Notes to Financial Statements

March 31, 2021

Transaction costs are added to the carrying value of the asset or netted against the carrying value of the liability and are then recognized over the expected life of the instrument using the straight-line method. Any premium or discount related to an instrument measured at amortized cost is amortized over the expected life of the item using the straight-line method and recognized in the statement of operations as interest income or expense.

With respect to financial assets measured at cost or amortized cost, the Housing Society recognizes in the statements of operations and changes in fund balances 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.

Forgivable loans

Forgivable loans from governments or government organizations are recognized on the same basis as contributions when there is a reasonable assurance that the Housing Society will meet the terms for forgiveness of the loans. The Housing Society applies its revenue recognition policies to account for these grant revenues. Forgivable loans that are expected to be repaid are recognized as liabilities.

Use of estimates

The preparation of financial statements in accordance with ASNPO requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingencies at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The key estimates relate to the determination of useful lives of property and equipment and, accordingly, the amortization of deferred contributions. Actual results could differ from these estimates.

S.U.C.C.E.S.S. Affordable Housing Society

Notes to Financial Statements

March 31, 2021

3 Property and equipment

	2021		2020	
	Cost \$	Accumulated amortization \$	Net \$	Net \$
Olympic Village				
Building				
Foundation	1,681,956	205,618	1,476,338	1,504,394
Roof	2,628,901	321,382	2,307,519	2,351,370
Elevator, windows, doors and others	8,862,933	1,398,916	7,464,017	7,763,194
	13,173,790	1,925,916	11,247,874	11,618,958
Equipment	53,917	42,986	10,931	21,714
Furniture and fixtures	220,772	83,545	137,227	115,835
Computers	16,631	11,739	4,892	-
	13,465,110	2,064,186	11,400,924	11,756,507
3802 Hastings Street				
Development costs	877,577	-	877,577	478,318
3175 Riverwalk Avenue				
Construction-in-progress	26,582,810	-	26,582,810	14,493,644
	40,925,497	2,064,186	38,861,311	26,728,469

4 Prepaid land lease

	2021		2020	
	Cost \$	Accumulated amortization \$	Net \$	Net \$
Prepaid land lease	11,732,949	1,434,028	10,298,921	10,494,471
			2021 \$	2020 \$
Current			195,549	195,549
Long-term			10,103,372	10,298,922
			10,298,921	10,494,471

S.U.C.C.E.S.S. Affordable Housing Society

Notes to Financial Statements

March 31, 2021

5 Long-term debt

	2021 \$	2020 \$
Mortgage – Vancity		
Payable in monthly instalments of \$89,123, which includes interest at 3.08% compounded semi-annually, is renewable September 22, 2022 and matures on December 1, 2043 (i)	19,979,328	20,431,160
Loan payable – City of Vancouver		
Non-interest bearing for a term of 10 years repayable in year 10 (i) and (ii)	1,950,000	1,950,000
Less: Unamortized interest	(159,212)	(218,916)
	21,770,116	22,162,244
Less: Current portion	(464,410)	(451,832)
	<u>21,305,706</u>	<u>21,710,412</u>

The mortgage is collateralized by a first mortgage and assignment of rents against the Property.

- i) The Housing Society has two 60-year lease agreements (the Leases), one for each property with the City of Vancouver. In order to facilitate the Leases and payment of rent, the Housing Society has arranged to borrow from the City of Vancouver the principal amount of \$1,950,000 (the Loan) without interest for a term of 10 years. The Loan is secured by a second mortgage and assignment of rent (the Loan payable) against the Property.
- ii) The loan becomes repayable commencing in fiscal 2024. The unamortized interest relates to the unamortized portion of the difference between the fair value and loan proceeds on initial recognition of the loan, which is recognized in interest expense on a straight-line basis over the term of the loan.

The estimated annual principal payments required over the next five years and thereafter are as follows:

	\$
2022	464,410
2023	478,523
2024	2,284,463
2025	508,998
2026	524,796
Thereafter	<u>17,508,926</u>
	<u>21,770,116</u>

S.U.C.C.E.S.S. Affordable Housing Society

Notes to Financial Statements

March 31, 2021

6 Promissory notes payable

The Housing Society received loans for development (promissory notes payable) for new housing projects from BC Housing. These promissory notes payable are non-interest bearing and unsecured.

Under the terms of the promissory notes payable, the Housing Society must satisfy certain commitments to proceed with a further loan commitment. The promissory notes will be forgiven if the projects do not proceed, or due on demand when the proposed housing project proceeds with a commitment for capital financing. The promissory notes are recognized as a liability as commitments for capital financing are expected to be obtained.

	\$
3802 Hastings Street	
2018	48,494
2019	169,851
2020	259,973
2021	<u>348,102</u>
Total cumulative amount used	826,420
Total remaining amount available for use	<u>1,750,445</u>
Total development loan approved by BC Housing	<u>2,576,865</u>
	\$
3802 Hastings Street	
Total cumulative amount used	826,420
Less: Unamortized interest (i)	<u>(67,019)</u>
	<u>759,401</u>

- i) The unamortized interest relates to the unamortized portion of the difference between the fair value and promissory note proceeds on initial recognition of the promissory notes, which is recognized in interest expense on a straight-line basis over the expected term of the promissory notes.

S.U.C.C.E.S.S. Affordable Housing Society

Notes to Financial Statements

March 31, 2021

7 Construction loan

The development loan funding relating to 3175 Riverwalk Avenue was converted into a construction loan with BC Housing in March 2020. The loan bears an interim financing interest rate of 1.4215%. The construction loan draws are based on costs incurred and costs to complete the project, up to a total loan amount of \$24,601,482. After the construction phase has been completed, this loan will be converted into a repayable interest bearing mortgage.

	2021 \$	2020 \$
Riverwalk Avenue		
Amount drawn	15,782,810	3,823,531
Accrued interest and other	1,157	1,253
	<u>15,783,967</u>	<u>3,824,784</u>

8 Deferred capital contributions

The changes during the year in the deferred capital contributions are as follows:

	2020 \$	Fair value adjustments \$	Funds received \$	Revenue recognized \$	2021 \$
Olympic Village					
COV loans payable	534,638	-	-	(9,951)	524,687
3802 Hastings Street					
BCH note payable	66,600	34,267	-	-	100,867
CHMA grant	50,000	-	-	-	50,000
MCFD	-	-	1,812,957	-	1,812,957
3175 Riverwalk Avenue					
BCH Grants – investment in Housing Innovation (IH)	7,950,000	-	-	-	7,950,000
BCH Grants – Deepening Affordability Grant (DAG)	2,850,000	-	-	-	2,850,000
	<u>11,451,238</u>	<u>34,267</u>	<u>1,812,957</u>	<u>(9,951)</u>	<u>13,288,511</u>

S.U.C.C.E.S.S. Affordable Housing Society

Notes to Financial Statements

March 31, 2021

9 Deferred revenue – replacement reserve

During the year ended March 31, 2014, the Housing Society received a contribution of \$342,720 from the City of Vancouver for the replacement reserve fund. The remaining balance, and changes during the year in the deferred revenue – replacement reserve, are as follows:

	2021 \$	2020 \$
Balance – Beginning of year	261,746	241,455
Interest earned	7,079	20,291
Interest reallocation	(11,378)	-
Balance – End of year	257,447	261,746

10 Replacement reserve fund

a) Replacement Reserve Fund

As at March 31, 2021, the Replacement Reserve Fund was maintained in accordance with the Operating Agreement and all interest accruing has been recorded.

As at March 31, 2021, the cumulative replacement reserve funding deficiency is \$188,763 (2020 – \$70,254).

b) Operating Reserve

Pursuant to the Operating Agreement schedule B, clause (D)¹ with the City of Vancouver, the accumulated operating surplus of the Parcels are restricted for use by the Housing Society. At the end of each fiscal year, once the Capital Maintenance and Replacement Reserve Fund is fully funded, any remaining annual operating surplus the Housing Society is required to:

- i) first, top up the Capital Maintenance and Replacement Reserve Fund with any surplus in the fund balances by an additional \$20 per unit per month, or by any additional amount determined to be required as a result of a future Replacement Reserve Study;
- ii) second, to fund the Operating Reserve, in the first year, to a maximum of an amount equivalent to the annual operating budget and, thereafter, to the total operating costs for the fiscal year most recently completed based on the Housing Society's audited statements (exclusive of leasehold mortgage costs and capital maintenance and replacement reserve contributions); and
- iii) third, with any balance remaining thereafter to be shared 50/50 by the City of Vancouver and the Housing Society, provided that the Housing Society reinvests its share in Social Housing in Vancouver, BC.

S.U.C.C.E.S.S. Affordable Housing Society

Notes to Financial Statements

March 31, 2021

The City of Vancouver conducts an annual review of the financial statements and may adjust for any operating surplus or deficit.

11 Related party transactions

Related party transactions occur in the normal course of operations and are recorded at amounts established and agreed between the related parties.

During the fiscal year ended March 31, 2021, the Housing Society paid \$40,000 (2020 – \$40,000) to S.U.C.C.E.S.S. for administrative services, which is recorded in administration salaries, wages and benefits expense in the statements of operations and changes in fund balances. An amount of \$12,866 was due to S.U.C.C.E.S.S. as at March 31, 2021 (2020 – \$34,828).

12 Commitments

The Housing Society has entered into multiple contracts with third parties who provide maintenance services for the Housing Society, many of which are renewed automatically for subsequent renewal terms of the same duration thereafter. The contractual commitment for the next five years is as follows:

	\$
2022	57,835
2023	57,835
2024	57,835
2025	57,835
2026	57,835
	<hr/>
	289,175

13 Financial instruments

Credit risk

Credit risk is the risk that a counterparty will fail to perform its obligations. The Housing Society's exposure to credit risk is indicated by the carrying amount of the cash, restricted cash, accounts receivable, restricted accounts receivable, restricted term deposits and investments. The Housing Society assesses, on a continuous basis, its accounts receivable and provides for any amounts that are uncollectible in the allowance for doubtful accounts. The Housing Society's cash and investments are kept with reputable Canadian Chartered Banks.

Interest rate risk

Interest rate risk is the risk that the fair value of the Housing Society's long-term debt, and interest income on investments, will vary due to fluctuations in interest rates and the degree of volatility of these rates. The Housing Society does not use derivative financial instruments to manage this risk.

S.U.C.C.E.S.S. Affordable Housing Society

Notes to Financial Statements

March 31, 2021

Liquidity risk

The Housing Society's objective is to have sufficient liquidity to meet its liabilities when due. The Housing Society monitors its cash balances and cash flows generated from funding to meet its obligations.

As at March 31, 2021, the most significant liabilities are accounts payable and accrued liabilities, deposits and long-term debt.

14 Housing projects in development

a) 3175 Riverwalk Avenue, Vancouver, BC

The Housing Society is working with the City of Vancouver, BC Housing and Vancouver Affordable Housing Agency to develop 109 affordable rental units for low-to-moderate income individuals, seniors and families on city-owned property under a 60-year lease to the Society with project development funding from BC Housing. Management expects the building to be completed and tenants can commence occupancy by Fall-2021. After the construction phase has been completed, the construction loan will be converted into a repayable interest bearing mortgage.

b) 3802 East Hastings Street, Burnaby, BC

The Housing Society is working with the City of Burnaby to develop a mixed commercial and affordable rental housing (161 units) for low-to-moderate income individuals, seniors and families on city-owned property under a 60-year lease to the Society with project development funding from BC Housing. Management expects the building to be completed and tenants can commence occupancy by mid-2024.

c) Clark Drive & 1st Avenue, Vancouver, BC

The Housing Society is working with the City of Vancouver, BC Housing and Vancouver Coastal Health Authority to develop a mixed commercial and affordable rental housing (97 units) on a city-owned property with project development funding from BC Housing. Management expects the building to be completed and tenants can commence occupancy by early 2023.

15 Remuneration to directors, employees and contractors

For the fiscal year ended March 31, 2021, the Housing Society did not remunerate its directors as these are volunteer positions. The Housing Society paid total remuneration of \$86,303 (2020 – \$nil) to employees who received total annual remuneration of \$75,000 or greater. There were no contractors who received total annual remuneration of \$75,000 or greater (2020 – \$nil).

S.U.C.C.E.S.S. Affordable Housing Society

Schedule 1

Olympic Village

Statement of Financial Position

As at March 31, 2021

	2021			2020
	Restricted funds			
	Operating fund \$	Capital asset fund \$	Replacement reserve fund \$ (note 10(a))	Total \$
Assets				
Current assets				
Cash	16,083	-	-	16,083
Restricted cash (note 2)	220,794	-	514,957	735,751
Investments	417,613	-	-	417,613
Restricted accounts receivable (note 2)	2,932	-	-	2,932
Accounts receivable	33,839	-	459	34,298
Prepaid expenses	24,693	-	-	24,693
Restricted term deposits	-	-	571,179	571,179
Current portion of prepaid land lease (note 4)	-	195,549	-	195,549
Interfund balance (note 2)	(373,842)	343,612	30,848	618
	342,112	539,161	1,117,443	1,998,716
Prepaid land lease (note 4)	-	10,103,372	-	10,103,372
Property and equipment (note 3)	-	11,400,924	-	11,400,924
	342,112	22,043,457	1,117,443	23,503,012
				24,031,585
Liabilities				
Current liabilities				
Accounts payable and accrued liabilities	146,864	-	-	146,864
Mortgage interest payable	-	51,933	-	51,933
Deferred tenant rental contributions	622	-	-	622
Tenant security deposits (note 2)	181,760	-	-	181,760
Due to related party (note 11)	12,866	-	-	12,866
Current portion of long-term debt (note 5)	-	464,410	-	464,410
	342,112	516,343	-	858,455
Long-term debt (note 5)	-	21,305,706	-	21,305,706
Deferred revenue – replacement reserve (note 9)	-	-	257,447	257,447
Deferred capital contributions (note 8)	-	524,687	-	524,687
	342,112	22,346,736	257,447	22,946,295
				23,353,621
Fund Balance				
Externally restricted (note 10(a))	-	-	859,996	859,996
Unrestricted	-	(303,279)	-	(303,279)
	-	(303,279)	859,996	556,717
	342,112	22,043,457	1,117,443	23,503,012
				24,031,585
Commitments (note 12)				

S.U.C.C.E.S.S. Affordable Housing Society

Schedule 2

Olympic Village

Statement of Operations

For the year ended March 31, 2021

	2021			2020
	Restricted funds			
	Operating fund \$	Capital asset fund \$	Replacement reserve fund \$ (note 10(a))	Total \$
Revenue				
Tenant rent contributions	2,559,356	-	-	2,559,356
Parking income	53,192	-	-	53,192
Miscellaneous	18,413	-	-	18,413
Neighbourhood energy utility expense recovery	69,412	-	-	69,412
Laundry income	28,496	-	-	28,496
Interest income	10,234	-	7,057	17,291
	2,739,103	-	7,057	2,746,160
Expenses				
Mortgage interest	-	616,615	-	616,615
Maintenance				
Ground interest	242,217	-	-	242,217
Building repairs and maintenance	178,706	-	-	178,706
Salaries, wages and benefits (notes 11 and 15)	134,795	-	-	134,795
Elevator repairs	26,848	-	-	26,848
Property taxes	69,328	-	-	69,328
Utilities	287,562	-	-	287,562
Administration				
Salaries, wages and benefits (notes 11 and 15)	231,311	-	-	231,311
Office overhead	56,254	-	-	56,254
Insurance	88,057	-	-	88,057
Service contracts	149,393	-	-	149,393
Audit and legal fees	13,480	-	-	13,480
BC Housing special payment	3,623	-	-	3,623
Capital purchases	4,979	-	-	4,979
Tenant support	54,422	-	-	54,422
	1,540,975	616,615	-	2,157,590
Excess (deficiency) of revenue over expenses before undernoted	1,198,128	(616,615)	7,057	588,570
Amortization of property and equipment	-	(435,207)	-	(435,207)
Amortization of prepaid land lease	-	(195,550)	-	(195,550)
Amortization of deferred capital – contributions (note 8)	-	9,951	-	9,951
Interest expense	(17,929)	(59,704)	(11,378)	(89,011)
Excess (deficiency) of revenue over expenses	1,180,199	(1,297,125)	(4,321)	(121,247)

Financial statements of S.U.C.C.E.S.S. Affordable Housing Society

March 31, 2019

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Independent Auditor's Report

To the Directors of
S.U.C.C.E.S.S. Affordable Housing Society

Opinion

We have audited the financial statements of S.U.C.C.E.S.S. Affordable Housing Society (the "Housing Society"), which comprise the statement of financial position as at March 31, 2019, and the statements of operations, changes in fund balances and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory financial information (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Housing Society as at March 31, 2019, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Housing Society in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – Restatement of corresponding figures

We draw attention to Note 3 to the financial statements, which explains that certain comparative information as at and for the year ended March 31, 2018 has been restated. Our opinion is not modified in respect of this matter.

As part of our audit of the financial statements of the Society for the year ended March 31, 2019, we also audited the adjustments described in Note 3 that were applied to restate the financial statements for the year ended March 31, 2018. In our opinion, such adjustments are appropriate and have been properly applied.

Responsibilities of Management and those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Housing Society's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Housing Society or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Society's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Housing Society's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Housing Society's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Housing Society to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

As required by the Societies Act (British Columbia), we report that, other than as described in note 3, in our opinion, these financial statements are prepared on a basis consistent with that of the previous year.

Deloitte LLP

Chartered Professional Accountants
August 15, 2019
Vancouver, British Columbia

S.U.C.C.E.S.S. Affordable Housing Society
Statement of operations

Year ended March 31, 2019

	Operating Fund	Capital Asset Fund	Restricted Funds Replacement Reserve Fund	2019 Total	2018 Total
	\$	\$	\$	\$	\$
			(Note 11(a))		(Restated - Note 3)
Revenue					
Tenant rent contributions	2,586,711	—	—	2,586,711	2,482,050
Parking income	57,425	—	—	57,425	57,450
Miscellaneous	11,421	—	—	11,421	9,304
Neighbourhood energy utility expense recovery	57,785	—	—	57,785	55,109
Laundry income	27,646	—	—	27,646	28,806
Interest income	7,512	—	5,436	12,948	—
	2,748,500	—	5,436	2,753,936	2,632,719
Expenses					
Mortgage interest	—	644,654	—	644,654	659,226
Maintenance					
Ground maintenance	272,507	—	—	272,507	274,531
Building repairs and maintenance	90,811	—	—	90,811	103,260
Salaries, wages and benefits	112,354	—	—	112,354	120,916
Property taxes	98,803	—	—	98,803	124,555
Utilities	279,309	—	—	279,309	258,066
Administration					
Salaries, wages and benefits	214,159	—	—	214,159	229,058
Office overhead	70,423	—	—	70,423	47,590
Insurance	69,099	—	—	69,099	65,153
Service contracts	87,784	—	—	87,784	89,160
Audit and legal fees	17,281	—	—	17,281	20,813
Tenant support	134	—	—	134	225
	1,312,664	644,654	—	1,957,318	1,992,553
Excess (deficiency) of revenue over expenses before amortization before the undernoted	1,435,836	(644,654)	5,436	796,618	640,166
Amortization of property and equipment	—	(238,843)	—	(238,843)	(232,166)
Amortization of prepaid land lease	—	(195,549)	—	(195,549)	(195,549)
Amortization of deferred revenue - replacement reserve	—	—	—	—	113
Amortization of deferred capital contributions	—	9,951	—	9,951	9,951
Interest expense	—	(69,609)	—	(69,609)	(60,321)
Excess (deficiency) of revenue over expenses	1,435,836	(1,138,704)	5,436	302,568	162,194

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

S.U.C.C.E.S.S. Affordable Housing Society
Statement of changes in fund balances
Year ended March 31, 2019

	Operating Fund	Restricted Funds		2019 Total	2018 Total
	\$	Capital Asset Fund	Replacement Reserve Fund	\$	\$
		\$	\$		
		(Note 11(a))			(Restated - Note 3)
Fund balances, beginning of year, as previously reported	—	—	758,191	758,191	540,803
Change in accounting policy and other adjustments	—	(216,215)	(236,018)	(452,233)	(397,039)
Fund balances, beginning of year as restated	—	(216,215)	522,173	305,958	143,764
Excess (deficiency) of revenue over expenses	1,435,836	(1,138,704)	5,436	302,568	162,194
Interfund transfers					
Capital maintenance and replacement reserve provision	(91,439)	—	91,439	—	—
Mortgage principal and interest repayments	(1,069,476)	1,069,476	—	—	—
Property and equipment acquired	(61,478)	61,478	—	—	—
Transfer from operating fund to capital asset fund	(213,443)	213,443	—	—	—
Fund balances, end of year	—	(10,522)	619,048	608,526	305,958

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

S.U.C.C.E.S.S. Affordable Housing Society
Statement of financial position
As at March 31, 2019

			Restricted Funds			
	Operating	Capital	Replacement	Elimination	2019	2018
	Fund	Asset	Reserve	Entries	Total	Total
	\$	\$	\$	\$	\$	\$
			(Notes 4 and 11(a))			(Restated - Note 3)
Assets						
Current assets						
Cash	51,091	—	—	—	51,091	24,060
Restricted cash	173,519	29,425	212,105	—	415,049	161,068
Restricted accounts receivable	494	14,260	—	—	14,754	523
Accounts receivable	36,701	458,700	174	—	495,575	32,836
Prepaid expenses	109,493	261,921	—	—	371,414	33,113
Current portion of prepaid land lease	—	195,549	—	—	195,549	195,549
Inter-fund balance	401,663	461,669	91,189	(954,521)	—	—
	772,961	1,421,524	303,468	(954,521)	1,543,432	447,149
Prepaid land lease	—	10,494,472	—	—	10,494,472	10,690,021
Restricted term deposits	—	—	557,035	—	557,035	546,111
Investments	407,400	—	—	—	407,400	400,000
Property and equipment	—	12,978,702	—	—	12,978,702	12,329,029
	1,180,361	24,894,698	860,503	(954,521)	25,981,041	24,412,310
Liabilities						
Current liabilities						
Accounts payable and accrued liabilities	121,567	502,382	—	—	623,949	110,487
Mortgage interest payable	—	54,239	—	—	54,239	55,341
Deferred tenant rental contributions	83	—	—	—	83	20
Tenant security deposits	174,013	—	—	—	174,013	161,591
Due to related party	48,851	—	—	—	48,851	37,871
Interfund balance	835,847	118,674	—	(954,521)	—	—
Current portion of long term debt	—	435,436	—	—	435,436	423,220
	1,180,361	1,110,731	—	(954,521)	1,336,571	789,030
Long-term debt	—	22,102,540	—	—	22,102,540	22,478,270
Promissory notes payable	—	1,053,491	—	—	1,053,491	41,499
Deferred revenue - replacement reserve	—	—	241,455	—	241,455	236,018
Deferred capital contributions	—	638,458	—	—	638,458	561,535
	1,180,361	24,905,220	241,455	(954,521)	25,372,515	24,106,352
Commitments						
Fund balance						
Externally restricted	—	—	619,048	—	619,048	522,173
Unrestricted	—	(10,522)	—	—	(10,522)	(216,215)
	—	(10,522)	619,048	—	608,526	305,958
	1,180,361	24,894,698	860,503	(954,521)	25,981,041	24,412,310

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

Approved by the Board

 , Director

 , Director

S.U.C.C.E.S.S. Affordable Housing Society**Statement of cash flows**

Year ended March 31, 2019

	2019 \$	2018 \$
		(Restated – Note 3)
Operating activities		
Excess of revenue over expenses	302,568	162,194
Item not involving cash		
Amortization of property and equipment	238,843	232,166
Amortization of prepaid land lease	195,549	195,549
Amortization of deferred capital contributions	(9,951)	(9,951)
Amortization of deferred revenue	—	(113)
Interest expense	69,609	60,321
	796,618	640,166
Changes to non-cash operating items		
Accounts receivable	(462,739)	(18,968)
Prepaid expenses	(338,301)	150,863
Deferred contributions	63	(46)
Accounts payable and accrued liabilities	513,465	(45,174)
Mortgage interest payable	(1,102)	(1,429)
Due to related party	10,980	5,618
Tenant security deposits	12,422	3,590
	531,406	734,620
Investing activities		
Additions to property and equipment	(888,516)	(76,711)
Increase in restricted cash	(253,981)	(3,552)
Increase in restricted accounts receivable	(14,231)	(523)
Net increase in restricted term deposits	(10,924)	(201,539)
Net increase in investments	(7,400)	(400,000)
Interest earned on replacement reserves	5,437	4,937
	(1,169,615)	(677,388)
Financing activities		
Repayment of mortgage payable	(423,719)	(410,207)
Promissory note advances	1,088,959	48,494
	665,240	(361,713)
Increase (decrease) in cash	27,031	(304,481)
Cash, beginning of year	24,060	328,541
Cash, end of year	51,091	24,060

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

S.U.C.C.E.S.S. Affordable Housing Society

Notes to the financial statements

March 31, 2019

1. Nature of operations

The S.U.C.C.E.S.S. Affordable Housing Society (the "Housing Society") was incorporated under the Society Act of British Columbia as a not-for-profit organization on March 22, 2013 and commenced operations on November 1, 2013. The Housing Society is controlled by S.U.C.C.E.S.S. (also known as United Chinese Community Enrichment Services Society) as its voting Members are the Board of Directors of S.U.C.C.E.S.S. and its directors are elected by these voting Members. The Housing Society is related to S.U.C.C.E.S.S. Multi-Level Care Society, S.U.C.C.E.S.S. Housing Society and S.U.C.C.E.S.S. Foundation by way of common management.

The purposes of the Housing Society are to:

- (a) develop, build, acquire, own, lease, maintain and manage, on a non-profit basis, affordable and low rental housing for low and modest income individuals and families;
- (b) develop, build, acquire, own, lease, maintain and manage, on a non-profit basis, housing developments and buildings for lease to, or other uses, by individuals, families and communities;
- (c) organize, operate, manage and supervise community services and social services for the benefit of individuals, families and communities in the housing facilities that are owned, leased, maintained or managed by the Housing Society;
- (d) provide similar and related services as determined by the members of the Housing Society; and
- (e) seek funding from government and/or other resources for the implementation of the above purposes.

The Village

Pursuant to Lease Agreements ("Leases") and an Operating Agreement ("Operating Agreement") dated November 1, 2013, the City of Vancouver leased to the Housing Society for a prepaid lease amount of \$24,900,000, and the Housing Society assumed the financial and operational responsibilities for management and administration, respectively, of Parcel 5 and Parcel 9 (collectively the "Property") of the former Olympic Athletes' Village ("the Village"), for a term of 60 years.

- Parcel 5 is located at 122 Walter Hardwick Ave, Vancouver, B.C., and is comprised of 101 residential strata lots as market and non-market housing, and approximately 55 underground parking spaces.
- Parcel 9 is located at 80 Walter Hardwick Ave, Vancouver, B.C., and is comprised of 67 residential strata lots as market and non-market housing, and approximately 25 underground parking spaces.

In accordance with the terms and conditions of the Leases and the Operating Agreement, the City of Vancouver assigned the current Residential Tenancy Agreements to the Housing Society.

The Housing Society is a non-for-profit organization that is organized and operated solely for social welfare, and is exempt from income taxes under Part I of the Income Tax Act.

2. Significant accounting policies

(a) Basis of presentation

These financial statements have been prepared in accordance with the Operating Agreement dated November 1, 2013 between the Housing Society and the City of Vancouver that requires the Housing Society to conform to generally accepted accounting principles. The Canadian accounting standards for not-for-profit organizations ("ASNPO") are the generally accepted accounting principles for the Housing Society.

2. Significant accounting policies (continued)

(a) Basis of presentation (continued)

The Housing Society uses fund accounting in the financial statements that are segregated for purposes of carrying on specific activities as described below:

- (i) The Operating Fund reports restricted operating grants and revenues and expenses relating to the Housing Society's housing activities.
- (ii) The Capital Asset Fund reports the ownership and fund balance relating to the Housing Society's property and equipment.
- (iii) The Operating Reserve Fund reports restricted operating surplus to be applied in future housing activities.
- (iv) The Replacement Reserve Fund reports the assets, revenues and expenses relating to capital asset replacement activities.

(b) Operating Agreement

Pursuant to the Operating Agreement, the Housing Society deposits a fixed amount, or an amount approved by the City of Vancouver, per residential unit per month to the Replacement Reserve Fund. The Housing Society may defer funding the replacement reserve in years where insufficient surpluses are on hand and will make reasonable efforts to accelerate the annual contributions otherwise required to ensure that the replacement reserve is fully funded. The replacement reserve must be used for eligible expenditures and is managed in accordance with the Operating Agreement (Note 7 (a)).

The annual operating results of the Housing Society are subject to annual review by the City of Vancouver and the use of accumulated operating surplus is determined in accordance with the operating agreement, as detailed in Note 7 (b).

(c) Revenue recognition

The Housing Society follows the deferral method of accounting for contributions. Unrestricted contributions are recognized in the period received or receivable. Contributions received or receivable for the acquisition of property and equipment are deferred and amortized to revenue in the Capital Asset Fund on the same basis as the corresponding property and equipment. Other restricted contributions received or receivable are recognized in revenue in the period the related expenses are incurred.

Tenant rent contributions, utility expense recoveries, laundry and miscellaneous income are recognized when an arrangement exists, services are provided to the tenants, the price is fixed or determinable, and collection is reasonably assured.

Parking income is recognized as payments are collected and the parking stalls are leased by the tenants.

Interest income on replacement reserve funds is recognized in deferred revenue – replacement reserve (for the contributed portion), and as revenue (for the Society-funded portion), in the Replacement Reserve Fund in the period earned.

2. Significant accounting policies (continued)**(d) Property and equipment**

Property and equipment are recorded at cost. Amortization expense is reported in the Capital Asset Fund and is provided over the useful lives of the purchased property and equipment on the following basis:

Leasehold property	Amortized over the lease term of 60 years
Computers	3 years using the straight line method
Equipment	3 years using the straight line method
Furniture & fixtures	5 years using the straight line method

Development costs for the construction of buildings are capitalized and amortization commences when the related asset is brought into use.

The Housing Society reviews for the impairment of property and equipment whenever events or changes in circumstances indicate that the asset no longer has any long-term service potential to the Housing Society or no longer contributes to the Housing Society's ability to provide services. The amount of the impairment, if any, is determined as the excess of the carrying value of the asset over the greater of its fair value or replacement cost. No impairment losses have been identified by the Housing Society for the year-ended March 31, 2019.

(e) Prepaid land lease

Prepaid land lease is deferred and amortized over the period of the lease of 60 years. Use of estimates

(f) Financial instruments

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

Transaction costs are added to the carrying value of the asset or netted against the carrying value of the liability and are then recognized over the expected life of the instrument using the straight-line method. Any premium or discount related to an instrument measured at amortized cost is amortized over the expected life of the item using the straight-line method and recognized in the statement of operations as interest income or expense.

With respect to financial assets measured at cost or amortized cost, the Housing Society recognizes in the statement of operations and changes in fund balances 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 is reversed in the statement of operations and changes in fund balances in the period the change in circumstances occurs.

(g) Forgivable loans

Forgivable loans from governments or government organizations are recognized as grant revenue when there is a reasonable assurance that the Housing Society will meet the terms for forgiveness of the loans. Housing Society applies its revenue recognition policies to account for these grant revenues. Forgivable loans that are expected to be repaid are recognized as liabilities.

S.U.C.C.E.S.S. Affordable Housing Society**Notes to the financial statements**

March 31, 2019

2. Significant accounting policies (continued)*(h) Use of estimates*

The preparation of financial statements in accordance ASNPO requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingencies at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

Key estimates include the useful lives of property and equipment. Actual results could differ from those estimates.

3. Change in accounting policy and other adjustments

- (a) During the year ended March 31, 2019, the Society chose to change its accounting policy for recognizing contributions from the restricted fund method to the deferral method, with retrospective effect. The policy change was made to better match restricted revenues and related expenses in the statement of operations.
- (b) During the year ended March 31, 2019, the Society determined that, in the financial statements for years ended on or prior to March 31, 2018, it had not recognized interest-free loans and promissory notes at fair value on initial recognition. The Society has adjusted the comparative financial information as at and for the year ended March 31, 2018. The adjustments to the carrying values of the loan, promissory notes and deferred capital contributions are non-cash and have no effect on the face values of the loan and promissory notes, nor current and future cash flows.

The following table outlines the impact of the changes in paragraphs (a) and (b) on the financial statements as at and for the year ended March 31, 2018:

	As previously reported \$	Prior period adjustment Increase (decrease) \$	Change in accounting policy Increase (decrease) \$	Restated \$
Revenues, expenses and fund balances				
Amortization of				
deferred capital contributions	—	—	9,951	9,951
Amortization of deferred revenue	—	—	113	113
Interest income	4,937	—	(4,937)	—
Interest expense	—	60,321	—	60,321
Excess of revenue over expenses	217,388	(60,321)	5,127	162,194
Fund balances at beginning of year	540,803	398,029	(795,068)	143,764
Assets, liabilities and fund balances				
Long-term debt	23,240,315	(338,325)	—	22,901,990
Promissory notes payable	48,494	(6,995)	—	41,499
Deferred capital contributions	—	—	561,535	561,535
Deferred revenue – replacement reserve	—	—	236,018	236,018
Fund balances				
Capital Asset Fund	—	345,320	(561,535)	(216,215)
Replacement reserve fund	758,191	—	(236,018)	522,173
Transfer between funds	—	(7,612)	7,612	—

S.U.C.C.E.S.S. Affordable Housing Society**Notes to the financial statements**

March 31, 2019

4. Restricted assets

Cash, term deposits and accounts receivable designated for specific purposes are segregated as follows:

	2019 \$	2018 \$
Tenant security deposits	174,013	161,591
Replacement reserve fund	860,503	758,902
	1,034,516	920,493
Restricted cash	415,049	161,068
Restricted term deposits	557,035	546,111
Restricted accounts receivable	494	—
Interfund receivable	61,938	213,314
	1,034,516	920,493

5. Property and equipment

	Cost \$	Accumulated amortization \$	2019 Net book value \$	2018 Net book value \$
Olympic Village				
Leasehold property	13,167,050	1,170,404	11,996,646	12,216,097
Equipment	53,917	21,419	32,498	40,537
Furniture and fixtures	89,939	15,913	74,026	23,901
Computers	9,292	9,292	—	—
	13,320,198	1,217,028	12,103,170	12,280,535
3802 Hastings (Note 8) Development costs	218,345	—	218,345	48,494
3185 Riverwalk (Note 8) Development costs	657,187	—	657,187	—
	14,195,730	1,217,028	12,978,702	12,329,029

6. Prepaid land leases

	Cost \$	Accumulated depreciation \$	2019 Net book value \$	2018 Net book value \$
Prepaid land lease	11,732,949	1,042,928	10,690,021	10,885,570

S.U.C.C.E.S.S. Affordable Housing Society**Notes to the financial statements**

March 31, 2019

7. Long term debt

	2019	2018
	\$	\$
		(Restated - Note 3)
Mortgage – Vancity		
Payable in monthly instalments of \$89,123, which includes interest at 3.08% per annum compounded semi-annually, and matures on December 1, 2023 (i)	20,866,596	21,290,315
Loan payable – City of Vancouver		
Non-interest bearing for a term of 10 years repayable in Year 10 (ii)	1,950,000	1,950,000
Less: unamortized interest	(278,620)	(338,325)
	22,537,976	22,901,990
Less: current portion	(435,436)	(423,720)
	22,102,540	22,478,270

The Mortgage is collateralized by a first mortgage and assignment of rents against the Property.

- (i) The Housing Society has two 60 year leases agreements (the "Leases"), one for each property with the City of Vancouver. In order to facilitate the Leases and payment of rent, the Housing Society has arranged to borrow from the City of Vancouver the principal amount of \$1,950,000 (the "Loan") without interest for a term of 10 years. The Loan is secured by a second mortgage and assignment of rent (the "Loan payable") against the Property. The loan becomes repayable commencing in fiscal 2024.
- (ii) The Housing Society has two 60 year lease agreements (the "Leases"), one for each property with the City of Vancouver. In order to facilitate the Leases and payment of rent, the Housing Society arranged to borrow from the City of Vancouver the principal amount of \$1,950,000 (the "Loan") without interest for a term of 10 years. The Loan is secured by a second mortgage and assignment of rent (the "Loan payable") against the Property. The loan becomes repayable commencing in fiscal 2024. The unamortized interest relates to the unamortized portion of the difference between the fair value and loan proceeds on initial recognition of the loan, which is recognized in interest expense on a straight-line basis over the term of the loan.

The estimated annual principal payments required over the next five years are as follows:

	\$
2020	435,436
2021	451,832
2022	464,410
2023	478,523
2024	493,676
Thereafter	20,492,719
	22,816,596

S.U.C.C.E.S.S. Affordable Housing Society**Notes to the financial statements**

March 31, 2019

8. Promissory notes payable

The Housing Society received loans for development ("promissory notes payable") of new housing projects from BC Housing relating to the developments at 3802 East Hastings Street, Burnaby and 3185 Riverwalk Avenue, Vancouver. These promissory notes payable are non-interest bearing and unsecured.

Under the terms of the promissory notes payable, the Housing Society must satisfy certain commitments to proceed with a further loan commitment. The promissory notes will be forgiven if the projects do not advance, or due on demand when the proposed housing project proceeds with a commitment for capital financing. The promissory notes are recognized as a liability as commitments for capital financing are expected to be obtained.

	3802 Hastings \$	3185 Riverwalk(1) \$	Total \$
2018	48,494	—	48,494
2019	169,851	919,108	1,088,959
Total cumulative amount used	218,345	919,108	1,137,453
Total remaining amount available for use	574,911	1,673,164	2,248,075
Total development loan approved by BC Housing	793,256	2,592,272	3,385,528

- (1) The promissory note for 3185 Riverwalk includes prepaid expenses for insurance related to this project in the amount of \$261,921 (nil in 2018) that will be capitalized to Property and Equipment based on the straight line method during the remaining term of the insurance policy.

	3802 Hastings \$	3185 Riverwalk \$	2019 Total \$
Total cumulative amount used	218,345	919,108	1,137,453
Less: unamortized interest (2)	(29,643)	(54,319)	(83,962)
Promissory notes payable	188,702	864,789	1,053,491

	3802 Hastings \$	3185 Riverwalk \$	2018 Total \$
Total cumulative amount used	48,494	—	48,494
Less: unamortized interest (2)	(6,995)	—	(6,995)
Promissory notes payable	41,499	—	41,499

(Restated -
Note 3)

- (2) The unamortized interest relates to the unamortized portion of the difference between the fair value and promissory note proceeds on initial recognition of the promissory notes, which is recognized in interest expense on a straight-line basis over the expected term of the promissory notes.

S.U.C.C.E.S.S. Affordable Housing Society**Notes to the financial statements**

March 31, 2019

9. Deferred capital contributions

The changes during the year in the deferred capital contributions are as follows:

	2019	2018
	\$	\$
		(Restated - Note 3)
Balance, beginning of year	561,535	563,874
Increase related to fair value adjustment for promissory notes	86,874	7,612
Recognition of revenues	(9,951)	(9,951)
Balance, end of year	638,458	561,535

10. Deferred revenue – replacement reserve

During the year ended March 31, 2014, the Housing Society received a contribution of \$342,720 from City of Vancouver for the replacement reserve fund. The remaining balance, and changes during the year in the deferred revenue – replacement reserve, are as follows:

	2019	2018
	\$	\$
		(Restated - Note 3)
Balance, beginning of year	236,018	231,194
Interest earned	5,437	4,937
Recognition of revenues	—	(113)
Balance, end of year	241,455	236,018

11. Replacement Reserve Fund*(a) Replacement Reserve Fund*

At March 31, 2019, the Replacement Reserve Fund was maintained in accordance with the Operating Agreement and all interest accruing has been recorded.

As at March 31, 2019, the cumulative replacement reserve required annual funding deficiency is \$115,640 (\$61,663 in 2018).

Fiscal Year	Required Annual Funding	Actual Annual Funded	Net Annual Funding Excess (Deficiency)	Cumulative Funding Deficiency
2014	(50,400)	(50,400)	—	—
2015	(122,472)	—	(122,472)	(122,472)
2016	(124,921)	(45,633)	(79,288)	(201,760)
2017	(131,386)	(196,776)	65,390	(136,370)
2018	(137,857)	(212,564)	74,707	(61,663)
2019	(145,417)	(91,440)	(53,977)	(115,640)

(b) Operating Reserve

Pursuant to the Operator Agreement schedule B, clause (D)1 with the City of Vancouver, the accumulated operating surplus of the Parcels are restricted for use by the Housing Society. At the end of each fiscal year, the Housing Society is required to:

S.U.C.C.E.S.S. Affordable Housing Society

Notes to the financial statements

March 31, 2019

11. Replacement Reserve Fund (continued)

(b) Operating Reserve (continued)

1. first, top up the Capital Maintenance and Replacement Reserve Fund with any surplus in the fund balances by an additional \$20 per unit per month, or by any additional amount determined to be required as a result of a future Replacement Reserve Study;
2. second, to fund the Operating Reserve, in the first year, to a maximum of an amount equivalent to the annual operating budget; and thereafter, to the total operating costs for the fiscal year most recently completed based on the Housing Society's audited statements (exclusive of leasehold mortgage costs and capital maintenance and replacement reserve contributions), and
3. third, with any balance remaining thereafter to be shared 50/50 by the City of Vancouver and the Housing Society, provided that the Housing Society reinvests its share in Social Housing in Vancouver, B.C.

There were no accumulated operating surpluses for the years ended March 31, 2019 and 2018.

The City of Vancouver conducts an annual review of the financial statements and may adjust for any operating surplus or deficit.

12. Related party transactions

Related party transactions occur in the normal course of operations and are recorded at amounts established and agreed between the related parties.

During the fiscal year ended March 31, 2019, the Housing Society paid \$207,818 (\$133,563 in 2018) to S.U.C.C.E.S.S. for administrative services, which is recorded in administration salaries, wages and benefits expense in the statement of operations and changes in fund balances. An amount of \$48,851 was due to S.U.C.C.E.S.S. as at March 31, 2019 (\$37,871 in 2018).

13. Commitments

The Housing Society has entered into multiple contracts with third parties who provide maintenance services for the Housing Society, many of which are renewed automatically for subsequent renewal terms of the same duration thereafter. The contractual commitment for the next 5 years is as follows:

	\$
2020	76,381
2021	56,232
2022	49,967
2023	49,772
2024	49,772
Thereafter	—
	<u>282,124</u>

14. Financial instruments

(a) Credit risk

Credit risk is the risk that a counterparty will fail to perform its obligations. The Housing Society's exposure to credit risk is indicated by the carrying amount of the cash, restricted cash, accounts receivable, restricted receivable, restricted term deposits and investments. The Housing Society assesses, on a continuous basis, its accounts receivable and provides for any amounts that are uncollectible in the allowance for doubtful accounts. The Housing Society's cash and investments are kept with reputable Canadian Chartered Banks.

(b) Interest rate risk

Interest rate risk is the risk that the fair value of the Housing Society's long term debt, and interest income on investments, will vary due to fluctuations in interest rates and the degree of volatility of these rates. The Housing Society does not use derivative financial instruments to manage this risk.

(c) Liquidity risk

The Housing Society's objective is to have sufficient liquidity to meet its liabilities when due. The Housing Society monitors its cash balances and cash flows generated from funding to meet its obligations.

As at March 31, 2019, the most significant liabilities are accounts payable and accrued liabilities, deposits and long term debt.

15. Housing projects in development

(a) 3185 Riverwalk Avenue, Vancouver, BC

The Housing Society has entered into a partnership with the City of Vancouver, BC Housing and Vancouver Affordable Housing Agency to develop 109 affordable rental units for low-to-moderate income individuals, seniors and families on city-owned property with project development funding from BC Housing. Management expects the building to be completed and tenants can commence occupancy by early 2021.

(b) 3802 East Hastings, Burnaby, BC

The Housing Society has entered into a partnership with the City of Burnaby to develop a mixed commercial and affordable rental housing (138 units) for low-to-moderate income individuals, seniors and families on city-owned property with project development funding from BC Housing. Management expects the building to be completed and tenants can commence occupancy by the end of 2023.

(c) Clark & 1st, Vancouver, BC

The Housing Society approved a plan to enter into a partnership with the City of Vancouver, BC Housing, and Vancouver Coastal Health Authority to develop a mixed commercial and affordable rental housing (97 units) on a city-owned property with project development funding from BC Housing. Management expects the building to be completed and tenants can commence occupancy by early 2022.

16. Remuneration to directors, employees and contractors

For the fiscal year ended March 31, 2019, the Society did not remunerate the directors as these are volunteer positions. There were no employees or contractors who received total annual remuneration of \$75,000 or greater (none in 2018).

17. Comparative figures

Certain prior year comparative figures have been reclassified to comply with the current year's presentation.

S.U.C.C.E.S.S. Affordable Housing Society
Olympic Village

Schedule 1 - Statement of operations and changes in fund balances
Year ended March 31, 2018

	Operating Fund	Capital Asset Fund	Restricted Funds Replacement Reserve Fund	2019 Total	2018 Total
	\$	\$	\$	\$	\$
			(Note 11(a))		(Restated - Note 3)
Revenue					
Tenant rent contributions	2,586,711	—	—	2,586,711	2,482,050
Parking income	57,425	—	—	57,425	57,450
Miscellaneous	11,421	—	—	11,421	9,304
Neighbourhood energy utility expense recovery	57,785	—	—	57,785	55,109
Laundry income	27,646	—	—	27,646	28,806
Interest income	7,512	—	5,436	12,948	—
	<u>2,748,500</u>	<u>—</u>	<u>5,436</u>	<u>2,753,936</u>	<u>2,632,719</u>
Expenses					
Mortgage interest	—	644,654	—	644,654	659,226
Maintenance					
Ground maintenance	272,507	—	—	272,507	274,531
Building repairs and maintenance	90,811	—	—	90,811	103,260
Salaries, wages and benefits	112,354	—	—	112,354	120,916
Property taxes	98,803	—	—	98,803	124,555
Utilities	279,309	—	—	279,309	258,066
Administration					
Salaries, wages and benefits	214,159	—	—	214,159	229,058
Office overhead	70,423	—	—	70,423	47,590
Insurance	69,099	—	—	69,099	65,153
Service contracts	87,784	—	—	87,784	89,160
Audit and legal fees	17,281	—	—	17,281	20,813
Tenant support	134	—	—	134	225
	<u>1,312,664</u>	<u>644,654</u>	<u>—</u>	<u>1,957,318</u>	<u>1,992,553</u>
Excess (deficiency) of revenue over expenses before amortization	1,435,836	(644,654)	5,436	796,618	640,166
Amortization of property and equipment	—	(238,843)	—	(238,843)	(232,166)
Amortization of prepaid land lease	—	(195,549)	—	(195,549)	(195,549)
Amortization of deferred revenue	—	—	—	—	113
Amortization of deferred capital contributions	—	9,951	—	9,951	9,951
Interest expense	—	(59,704)	—	(59,704)	(59,704)
Excess (deficiency) of revenue over expenses	<u>1,435,836</u>	<u>(1,128,799)</u>	<u>5,436</u>	<u>312,473</u>	<u>162,811</u>
Fund balances, beginning of year, as previously reported	—	—	758,191	758,191	540,803
Change in accounting policy and other adjustments	—	(215,598)	(236,018)	(451,616)	(397,039)
Fund balances, beginning of year, as restated	<u>—</u>	<u>(215,598)</u>	<u>522,173</u>	<u>306,575</u>	<u>143,764</u>
Interfund transfers					
Capital maintenance and replacement reserve provision	(91,439)	—	91,439	—	—
Mortgage principal and interest repayments	(1,069,476)	1,069,476	—	—	—
Property and equipment acquired	(61,478)	61,478	—	—	—
Transfer to operating fund from capital asset fund	(213,443)	213,443	—	—	—
Fund balances, end of year	<u>—</u>	<u>—</u>	<u>619,048</u>	<u>619,048</u>	<u>305,575</u>

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

S.U.C.C.E.S.S. Affordable Housing Society
Olympic Village
Schedule 3 – Statement of financial position
As at March 31, 2019

	Operating Fund	Capital Asset Fund	Restricted Funds Replacement Reserve Fund	Elimination Entries	2019 Total	2018 Total
	\$	\$	\$	\$	\$	\$
			(Notes 4 and 11(a))			(Restated – Note 3)
Assets						
Current assets						
Cash	51,091	—	—	—	51,091	24,060
Restricted cash	173,519	—	212,105	—	385,624	161,068
Restricted accounts receivable	494	—	—	—	494	523
Accounts receivable	36,701	—	174	—	36,875	18,527
Prepaid expenses	109,493	—	—	—	109,493	33,113
Current portion of prepaid land lease	—	195,549	—	—	195,549	195,549
Inter-fund balance	401,663	461,669	91,189	(954,521)	—	—
	772,961	657,218	303,468	(954,521)	779,126	432,840
Prepaid land lease	—	10,494,472	—	—	10,494,472	10,690,021
Restricted term deposits	—	—	557,035	—	557,035	546,111
Investments	407,400	—	—	—	407,400	400,000
Property and equipment	—	12,103,170	—	—	12,103,170	12,280,535
	1,180,361	23,254,860	860,503	(954,521)	24,341,203	24,349,507
Liabilities						
Current liabilities						
Accounts payable and accrued liabilities	121,567	—	—	—	121,567	96,178
Mortgage interest payable	—	54,239	—	—	54,239	55,341
Deferred tenant rental contributions	83	—	—	—	83	20
Tenant security deposits	174,013	—	—	—	174,013	161,591
Due to related party	48,851	—	—	—	48,851	37,871
Interfund balance	835,847	118,674	—	(954,521)	—	—
Current portion of long-term debt	—	435,436	—	—	435,436	423,720
	1,180,361	608,349	—	(954,521)	834,189	774,721
Long-term debt	—	22,102,540	—	—	22,102,540	22,478,270
Deferred revenue – replacement reserve	—	—	241,455	—	241,455	236,018
Deferred capital contributions	—	543,971	—	—	543,971	553,923
	1,180,361	23,254,860	241,455	(954,521)	23,722,155	24,042,932
Commitments						
Fund balance						
Externally restricted	—	—	619,048	—	619,048	306,575
	1,180,361	23,254,860	860,503	(954,521)	24,341,203	24,349,507

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

S.U.C.C.E.S.S. Affordable Housing Society
Olympic Village
Schedule 3 – Statement of cash flows
Year ended March 31, 2019

	2019	2018
	\$	\$
		(Restated – Note 3)
Operating activities		
Excess (deficiency) of revenue over expenses	312,473	162,811
Item not involving cash		
Amortization of property and equipment	238,843	232,166
Amortization of prepaid land lease	195,549	195,549
Amortization of deferred capital contributions	(9,951)	(9,951)
Amortization of deferred revenue	—	(113)
Interest expense	59,704	59,704
	796,618	640,166
Changes to non-cash operating items		
Accounts receivable	(18,348)	(4,659)
Prepaid expenses	(76,380)	150,863
Deferred contributions	63	(46)
Accounts payable and accrued liabilities	25,389	(59,483)
Mortgage interest payable	(1,102)	(1,430)
Due to related party	10,980	5,618
Tenant security deposits	12,422	3,590
	749,642	734,619
Investing activities		
Additions to property and equipment	(61,478)	(28,217)
Increase in restricted cash	(224,556)	(3,552)
Decrease (increase) in restricted accounts receivable	29	(523)
Net increase in restricted term deposits	(10,924)	(201,539)
Net increase in investment	(7,400)	(400,000)
Interest earned on replacement reserves	5,437	4,937
	(298,892)	(628,894)
Financing activity		
Repayment of mortgage payable	(423,719)	(410,206)
Increase (decrease) in cash	27,031	(304,481)
Cash, beginning of year	24,060	328,541
Cash, end of year	51,091	24,060

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

S.U.C.C.E.S.S. Affordable Housing Society

Financial Statements
March 31, 2020



Independent auditor's report

To the Directors of S.U.C.C.E.S.S. Affordable Housing Society

Report on the audit of the financial statements

Our opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of S.U.C.C.E.S.S. Affordable Housing Society (the Society) as at March 31, 2020 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

What we have audited

The Society's financial statements comprise:

- the statement of financial position as at March 31, 2020;
- the statement of operations for the year then ended;
- the statement of changes in fund balances for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Society in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Comparative information

The financial statements of the Society for the year ended March 31, 2019 were audited by another auditor who expressed an unmodified opinion on those statements on August 15, 2019.

PricewaterhouseCoopers LLP

*PricewaterhouseCoopers Place, 250 Howe Street, Suite 1400, Vancouver, British Columbia, Canada V6C 3S7
T: +1 604 806 7000, F: +1 604 806 7806*



Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Society's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Society or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Society's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Society's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Society's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Society to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other legal and regulatory requirements

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

PricewaterhouseCoopers LLP

Chartered Professional Accountants

Vancouver, British Columbia
August 12, 2020

S.U.C.C.E.S.S. Affordable Housing Society

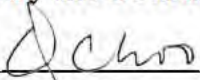

Statement of Financial Position

As at March 31, 2020

	2020			2019	
	Operating fund \$	Capital asset fund \$	Replacement reserve fund \$	Total \$	Total \$
Assets					
Current assets					
Cash	301,644	-	-	301,644	51,091
Restricted cash	208,891	221,993	251,486	682,370	415,049
Investments	407,400	-	-	407,400	-
Restricted accounts receivable	260	26,229	-	26,489	14,754
Account receivable	28,341	3,820,835	634	3,849,810	495,575
Prepaid expenses	23,557	131,140	-	154,697	371,414
Restricted term deposits	-	-	557,776	557,776	-
Current portion of prepaid land lease (note 4)	-	195,549	-	195,549	195,549
Interfund balance	(628,063)	342,994	285,069	-	-
	342,030	4,738,740	1,094,965	6,175,735	1,543,432
Prepaid land lease (note 4)	-	10,298,922	-	10,298,922	10,494,472
Restricted term deposits	-	-	-	-	557,035
Investments	-	-	-	-	407,400
Property and equipment (note 3)	-	26,728,469	-	26,728,469	12,978,702
	342,030	41,766,131	1,094,965	43,203,126	25,981,041
Liabilities					
Current liabilities					
Accounts payable and accrued liabilities	131,053	4,018,491	-	4,149,544	623,949
Mortgage interest payable	-	52,963	-	52,963	54,239
Deferred tenant rental contributions	110	-	-	110	83
Tenant security deposits	176,039	-	-	176,039	174,013
Due to related party (note 11)	34,828	-	-	34,828	48,851
Current portion of long-term debt (note 5)	-	451,832	-	451,832	435,436
	342,030	4,523,286	-	4,865,316	1,336,571
Long-term debt (note 5)	-	21,710,412	-	21,710,412	22,102,540
Construction loan (note 7)	-	3,824,784	-	3,824,784	-
Promissory notes payable (note 6)	-	425,842	-	425,842	1,053,491
Deferred revenue – replacement reserve (note 9)	-	-	261,746	261,746	241,455
Deferred capital contributions (note 8)	-	11,451,238	-	11,451,238	638,458
	342,030	41,935,562	261,746	42,539,338	25,372,515
Fund Balance					
Externally restricted (note 10(a))	-	-	833,219	833,219	619,048
Unrestricted	-	(169,431)	-	(169,431)	(10,522)
	-	(169,431)	833,219	663,788	608,526
	342,030	41,766,131	1,094,965	43,203,126	25,981,041

Commitments (note 12)

Approved by the Board of Directors

 Director
  Director

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

S.U.C.C.E.S.S. Affordable Housing Society

Statement of Operations

For the year ended March 31, 2020

	2020			2019	
	Restricted funds				
	Operating fund \$	Capital asset fund \$	Replacement reserve fund \$ (note 10(a))	Total \$	Total \$
Revenue					
Tenant rent contributions	2,605,738	-	-	2,605,738	2,586,711
Parking income	56,100	-	-	56,100	57,425
Miscellaneous	12,907	6,677	-	19,584	11,421
Neighbourhood energy utility expense recovery	61,677	-	-	61,677	57,785
Laundry income	28,045	-	-	28,045	27,646
Interest income	28,029	-	20,291	48,320	12,948
	2,792,496	6,677	20,291	2,819,464	2,753,936
Expenses					
Mortgage interest	-	632,763	-	632,763	644,654
Maintenance					
Ground maintenance	251,405	-	-	251,405	251,847
Building repairs and maintenance	258,176	-	-	258,176	90,811
Salaries, wages and benefits	79,343	-	-	79,343	112,354
Elevator repairs	24,571	-	-	24,571	20,660
Property taxes	49,210	-	-	49,210	98,803
Utilities	273,896	-	-	273,896	279,309
Administration					
Salaries, wages and benefits (notes 11 and 15)	224,490	-	-	224,490	214,159
Office overhead	61,518	-	-	61,518	70,423
Insurance	76,488	-	-	76,488	69,099
Service contracts	88,782	-	-	88,782	87,784
Audit and legal fees	23,057	-	-	23,057	17,281
Tenant support	52,918	-	-	52,918	134
	1,463,854	632,763	-	2,096,617	1,957,318
Excess (deficiency) of revenue over expenses before undernoted	1,328,642	(626,086)	20,291	722,847	796,618
Amortization of property and equipment	-	(411,951)	-	(411,951)	(238,843)
Amortization of prepaid land lease	-	(195,550)	-	(195,550)	(195,549)
Amortization of deferred capital – contributions (note 8)	-	9,951	-	9,951	9,951
Interest expense	-	(70,035)	-	(70,035)	(69,609)
Excess (deficiency) of revenue over expenses	1,328,642	(1,293,671)	20,291	55,262	302,568

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

S.U.C.C.E.S.S. Affordable Housing Society

Statement of Changes in Fund Balances

For the year ended March 31, 2020

	2020			2019
	Restricted funds			
	Operating fund \$	Capital asset fund \$	Replacement reserve fund \$ (note 10(a))	Total \$
Fund balances – Beginning of year	-	(10,522)	619,048	608,526
Excess (deficiency) of revenue over expenses	1,328,642	(1,293,671)	20,291	55,262
Interfund transfers				
Capital maintenance and replacement reserve provision	(193,880)	-	193,880	-
Mortgage principal and interest repayments	(1,069,476)	1,069,476	-	-
Property and equipment acquired	(65,286)	65,286	-	-
Fund balances – End of year	-	(169,431)	833,219	663,788

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

S.U.C.C.E.S.S. Affordable Housing Society

Statement of Cash Flows

For the year ended March 31, 2020

	2020 \$	2019 \$
Cash provided by (used in)		
Operating activities		
Excess of revenue over expenses	55,262	302,568
Items not involving cash		
Amortization of property and equipment	411,951	238,843
Amortization of prepaid land lease	195,550	195,549
Amortization of deferred capital contributions	(9,951)	(9,951)
Interest expense	70,035	69,609
	722,847	796,618
Changes to non-cash operating items		
Accounts receivable	(3,354,235)	(462,739)
Prepaid expenses	216,717	(338,301)
Deferred tenant rental contributions	27	63
Accounts payable and accrued liabilities	3,525,595	513,462
Mortgage interest payable	(1,276)	(1,102)
Due to related party	(14,023)	10,980
Tenant security deposits	2,026	12,422
	1,097,678	531,403
Investing activities		
Additions to property and equipment	(14,161,718)	(888,516)
Increase in restricted cash	(267,321)	(253,981)
Increase in restricted accounts receivable	(11,735)	(14,231)
Increase in restricted term deposits	(741)	(10,924)
Purchase of investments	-	(7,400)
Interest earned on replacement reserves	20,291	5,437
	(14,421,224)	(1,169,615)
Financing activities		
Repayment of long-term debt	(445,767)	(433,623)
Construction loan	3,824,784	-
Deferred capital contributions received	10,822,731	86,874
(Repayment of) advances from promissory note	(627,649)	1,011,992
	13,574,099	665,243
Increase in cash	250,553	27,031
Cash – Beginning of year	51,091	24,060
Cash – End of year	301,644	51,091

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

S.U.C.C.E.S.S. Affordable Housing Society

Notes to Financial Statements

March 31, 2020

1 Nature of operations

The S.U.C.C.E.S.S. Affordable Housing Society (the Housing Society) was incorporated under the Society Act of British Columbia as a not-for-profit organization on March 22, 2013 and commenced operations on November 1, 2013. The Housing Society is controlled by S.U.C.C.E.S.S. (also known as United Chinese Community Enrichment Services Society) as its voting Members are the Board of Directors of S.U.C.C.E.S.S. and its directors are elected by these voting Members. The Housing Society is related to S.U.C.C.E.S.S. Multi-Level Care Society, S.U.C.C.E.S.S. Housing Society and S.U.C.C.E.S.S. Foundation by way of common management.

The purposes of the Housing Society are to:

- a) develop, build, acquire, own, lease, maintain and manage, on a non-profit basis, affordable and low rental housing for low and modest income individuals and families;
- b) develop, build, acquire, own, lease, maintain and manage, on a non-profit basis, housing developments and buildings for lease to, or other uses, by individuals, families and communities;
- c) organize, operate, manage and supervise community services and social services for the benefit of individuals, families and communities in the housing facilities that are owned, leased, maintained or managed by the Housing Society;
- d) provide similar and related services as determined by the members of the Housing Society; and
- e) seek funding from government and/or other resources for the implementation of the above purposes.

The Village

Pursuant to Lease Agreements (Leases) and an Operating Agreement (Operating Agreement) dated November 1, 2013, the City of Vancouver leased to the Housing Society for a prepaid lease amount of \$24,900,000, and the Housing Society assumed the financial and operational responsibilities for management and administration, respectively, of Parcel 5 and Parcel 9 (collectively the Property) of the former Olympic Athletes' Village (the Village), for a term of 60 years.

- a) Parcel 5 is located at 122 Walter Hardwick Avenue, Vancouver, BC, and comprises 101 residential strata lots as market and non-market housing, and approximately 55 underground parking spaces.
- b) Parcel 9 is located at 80 Walter Hardwick Avenue, Vancouver, BC, and comprises 67 residential strata lots as market and non-market housing, and approximately 25 underground parking spaces.

In accordance with the terms and conditions of the Leases and the Operating Agreement, the City of Vancouver assigned the current Residential Tenancy Agreements to the Housing Society.

The Housing Society is a non-for-profit organization that is organized and operated solely for social welfare, and is exempt from income taxes under Part I of the Income Tax Act.

S.U.C.C.E.S.S. Affordable Housing Society

Notes to Financial Statements

March 31, 2020

2 Significant accounting policies

Basis of presentation

These financial statements have been prepared in accordance with the Operating Agreement dated November 1, 2013 between the Housing Society and the City of Vancouver that requires the Housing Society to conform to generally accepted accounting principles. The Canadian accounting standards for not-for-profit organizations (ASNPO) are the generally accepted accounting principles for the Housing Society.

The Housing Society uses fund accounting in the financial statements that are segregated for purposes of carrying on specific activities as described below:

- a) The Operating Fund reports restricted operating grants and revenues and expenses relating to the Housing Society's housing activities.
- b) The Capital Asset Fund reports the ownership and fund balance relating to the Housing Society's property and equipment.
- c) The Replacement Reserve Fund reports the assets, revenues and expenses relating to capital asset replacement activities.

Operating Agreement

Pursuant to the Operating Agreement, the Housing Society deposits a fixed amount, or an amount approved by the City of Vancouver, per residential unit per month to the Replacement Reserve Fund. The Housing Society may defer funding the replacement reserve in years where insufficient surpluses are on hand and will make reasonable efforts to accelerate the annual contributions otherwise required to ensure that the replacement reserve is fully funded. The replacement reserve must be used for eligible expenditures and is managed in accordance with the Operating Agreement (note 10(a)).

The annual operating results of the Housing Society are subject to annual review by the City of Vancouver and the use of accumulated operating surplus is determined in accordance with the operating agreement, as detailed in note 10(b).

Revenue recognition

The Housing Society follows the deferral method of accounting for contributions. Unrestricted contributions are recognized in the period received or receivable. Contributions received or receivable for the acquisition of property and equipment are deferred and amortized to revenue in the Capital Asset Fund on the same basis as the corresponding property and equipment. Other restricted contributions received or receivable are recognized in revenue in the period the related expenses are incurred.

Tenant rent contributions, utility expense recoveries, laundry and miscellaneous income are recognized when an arrangement exists, services are provided to the tenants, the price is fixed or determinable, and collection is reasonably assured.

S.U.C.C.E.S.S. Affordable Housing Society

Notes to Financial Statements

March 31, 2020

Parking income is recognized as payments are collected and the parking stalls are leased by the tenants.

Interest income on replacement reserve funds is recognized in deferred revenue – replacement reserve (for the contributed portion), and as revenue (for the Society-funded portion), in the Replacement Reserve Fund in the period earned.

Property and equipment

Property and equipment are recorded at cost. Amortization is provided for using the straight-line method over the following periods:

Building	
Foundation	amortized over the lease term of 60 years
Roof	amortized over the lease term of 60 years
Elevator, windows, doors and others	15 to 30 years
Computers	3 years
Equipment	3 years
Furniture and fixtures	5 years

Development costs for the construction of buildings are capitalized and amortization commences when the related asset is brought into use. Interest costs related to the financing of the construction of property and equipment are capitalized until the assets are placed in service. Once the assets are in service, interest costs are amortized based on the estimated useful life of the corresponding assets.

Property and equipment are tested for recoverability whenever events or changes in circumstances indicate that the asset no longer has any long-term service potential to the Housing Society or no longer contributes to the Housing Society's ability to provide services. The amount of impairment loss is determined as the amount by which the carrying value of the property and equipment exceeds the greater of the asset's fair value and replacement cost.

Prepaid land lease

Prepaid land lease is deferred and amortized over the period of the lease of 60 years.

Investments

Investments consist of guaranteed investment certificates with a Canadian chartered bank with an original term to maturity of more than 90 days and less than one year.

Financial instruments

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

S.U.C.C.E.S.S. Affordable Housing Society

Notes to Financial Statements

March 31, 2020

Transaction costs are added to the carrying value of the asset or netted against the carrying value of the liability and are then recognized over the expected life of the instrument using the straight-line method. Any premium or discount related to an instrument measured at amortized cost is amortized over the expected life of the item using the straight-line method and recognized in the statement of operations as interest income or expense.

With respect to financial assets measured at cost or amortized cost, the Housing Society recognizes in the statement of operations and changes in fund balances 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 is reversed in the statement of operations and changes in fund balances in the period the change in circumstances occurs.

Forgivable loans

Forgivable loans from governments or government organizations are recognized as grant revenue when there is a reasonable assurance that the Housing Society will meet the terms for forgiveness of the loans. Housing Society applies its revenue recognition policies to account for these grant revenues. Forgivable loans that are expected to be repaid are recognized as liabilities.

Use of estimates

The preparation of financial statements in accordance ASNPO requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingencies at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

Key estimates include the useful lives of property and equipment. Actual results could differ from those estimates.

Newly adopted accounting standards

The Housing Society has applied the following new standards for the first time for its annual reporting period commencing April 1, 2019:

- a) Section 4433, Tangible Capital Assets Held by Not-for-Profit Organizations; and
- b) Section 4434, Intangible Assets Held by Not-for-Profit Organizations.

Sections 4433 and 4434 replace Section 4431, Tangible Capital Assets Held by Not-for-Profit Organizations and Section 4432, Intangible Assets Held by Not-for-Profit Organizations in Part III of the CPA Canada Handbook – Accounting, respectively. These standards have been adopted on April 1, 2019, in accordance with the transition provisions set out in the standards. As a result, the standards have been applied prospectively from April 1, 2019, with depreciation from this date determined by allocating the cost to component parts of tangible capital assets based on their relative cost or fair value at the date the assets were acquired.

S.U.C.C.E.S.S. Affordable Housing Society

Notes to Financial Statements

March 31, 2020

The determination of cost has not changed as a result of adopting the new guidance. The cost of a contributed tangible capital asset is deemed to be its fair value at the date of contribution plus all costs directly attributable to its acquisition.

The Housing Society is now following guidance included in Section 3061 on amortization and componentization. The amount of amortization that is recognized as an expense in the statement of operations is the greater of (1) the cost less salvage value over the useful life of the asset and (2) the cost less residual value over the useful life of the asset. The cost of a tangible capital asset made up of significant separable components parts is allocated to the component parts where practicable and when estimates can be made of the lives of the separate components.

3 Property and equipment

	2020		2019	
	Cost \$	Accumulated amortization \$	Net \$	Net \$
Olympic Village				
Building				
Foundation	1,681,955	177,561	1,504,394	1,532,448
Roof	2,628,901	277,531	2,351,370	2,395,221
Elevator, windows, doors, and others	8,856,194	1,093,000	7,763,194	8,068,977
	13,167,050	1,548,092	11,618,958	11,996,646
Equipment	53,917	32,203	21,714	32,498
Furniture and fixtures	155,225	39,390	115,835	74,026
Computers	9,292	9,292	-	-
	13,385,484	1,628,977	11,756,507	12,103,170
3802 Hastings Street				
Development costs	478,318	-	478,318	218,345
3175 Riverwalk Avenue				
Development costs	14,493,644		14,493,644	657,187
	28,357,446	1,628,977	26,728,469	12,978,702

March 31, 2020

			2020	2019
	Cost	Accumulated amortization	Net	Net
	\$	\$	\$	\$
Prepaid land lease	11,732,949	1,238,478	10,494,471	10,690,021
			2020	2019
			\$	\$
Current			195,549	195,549
Long-term			10,298,922	10,494,472
			10,494,471	10,690,021

	2020 \$	2019 \$
Mortgage – Vancity		
Payable in monthly instalments of \$89,123, which includes interest at 3.08% per annum computed semi-annually. The renewal date is September 1, 2022.	20,431,160	20,866,596
Loan payable – City of Vancouver		
Non-interest bearing for a term of 10 years repayable in year 10 (i) and (ii)	1,950,000	1,950,000
Less: Unamortized interest	<u>(218,916)</u>	<u>(278,620)</u>
	22,162,244	22,537,976
Less: Current portion	<u>(451,832)</u>	<u>(435,436)</u>
	21,710,412	22,102,540

- i) The Housing Society has two 60-year leases agreements (the Leases), one for each property with the City of Vancouver. In order to facilitate the Leases and payment of rent, the Housing Society has arranged to borrow from the City of Vancouver the principal amount of \$1,950,000 (the Loan) without interest for a term of 10 years. The Loan is secured by a second mortgage and assignment of rent (the Loan payable) against the Property.
- ii) The loan becomes repayable commencing in fiscal 2024. The unamortized interest relates to the unamortized portion of the difference between the fair value and loan proceeds on initial recognition of the loan, which is recognized in interest expense on a straight-line basis over the term of the loan.

S.U.C.C.E.S.S. Affordable Housing Society

Notes to Financial Statements

March 31, 2020

The estimated annual principal payments required over the next four years and thereafter are as follows:

	\$
2021	451,832
2022	464,410
2023	478,523
2024	493,676
Thereafter	<u>20,273,803</u>
	<u>22,162,244</u>

6 Promissory notes payable

The Housing Society received loans for development (promissory notes payable) of new housing projects from BC Housing relating to the developments at 3802 East Hastings Street, Burnaby and 3175 Riverwalk Avenue, Vancouver. These promissory notes payable are non-interest bearing and unsecured. The promissory notes payable relating to 3175 Riverwalk Avenue was converted into a construction loan in April 2019.

Under the terms of the promissory notes payable, the Housing Society must satisfy certain commitments to proceed with a further loan commitment. The promissory notes will be forgiven if the projects do not proceed, or due on demand when the proposed housing project proceeds with a commitment for capital financing. The promissory notes are recognized as a liability as commitments for capital financing are expected to be obtained.

	2020 Total \$
3802 Hastings Street	
2018	48,494
2019	169,851
2020	<u>259,973</u>
Total cumulative amount used	478,318
Total remaining amount available for use	<u>314,938</u>
Total development loan approved by BC Housing	<u>793,256</u>

	2020 Total \$
3802 Hastings Street	
Total cumulative amount used	478,318
Less: Unamortized interest (i)	<u>(52,476)</u>
	<u>425,842</u>

S.U.C.C.E.S.S. Affordable Housing Society

Notes to Financial Statements

March 31, 2020

- i) The unamortized interest relates to the unamortized portion of the difference between the fair value and promissory note proceeds on initial recognition of the promissory notes, which is recognized in interest expense on a straight-line basis over the expected term of the promissory notes.

7 Construction loan

The development loan funding relating to 3175 Riverwalk Avenue was converted into a construction loan in March 2020. The loan bears an interim financing interest rate of 1.4215%. The construction loan draws are based upon costs incurred and costs to complete the project, up to a total loan amount of \$24,601,482. After the construction phase has been completed, this loan will be converted into a repayable interest-bearing mortgage.

	2020 \$	2019 \$
Amount drawn	3,823,531	-
Accrued interest	1,253	-
	<u>3,824,784</u>	<u>-</u>

8 Deferred capital contributions

The changes during the year in the deferred capital contributions are as follows:

	2019 \$	Reclassifi- cation \$	Fair value adjustments \$	Funds received \$	Revenue recognized \$	2020 \$
Olympic Village						
COV loans payable – unamortized interest	543,971	618	-	-	(9,951)	534,638
3802 Hastings Street						
BCH non-promissory note – unamortized interest	34,056	(618)	33,162	-	-	66,600
CHMA grant	-	-	-	50,000	-	50,000
3175 Riverwalk Avenue						
BCH non-promissory note – unamortized interest	60,431	-	(60,431)	-	-	-
BCH Grants – investment in Housing Innovation (IH)	-	-	-	7,950,000	-	7,950,000
BCH Grants – Deepening Affordability Grant (DAG)	-	-	-	2,850,000	-	2,850,000
	<u>638,458</u>	<u>-</u>	<u>(27,269)</u>	<u>10,850,000</u>	<u>(9,951)</u>	<u>11,451,238</u>

S.U.C.C.E.S.S. Affordable Housing Society

Notes to Financial Statements

March 31, 2020

9 Deferred revenue – replacement reserve

During the year ended March 31, 2014, the Housing Society received a contribution of \$342,720 from City of Vancouver for the replacement reserve fund. The remaining balance, and changes during the year in the deferred revenue – replacement reserve, are as follows:

	2020 \$	2019 \$
Balance – Beginning of year	241,455	236,018
Interest earned	20,291	5,437
Balance – End of year	261,746	241,455

10 Replacement reserve fund

a) Replacement Reserve Fund

At March 31, 2020, the Replacement Reserve Fund was maintained in accordance with the Operating Agreement and all interest accruing has been recorded.

As at March 31, 2020, the cumulative replacement reserve required annual funding deficiency is \$70,254 (2019 – \$115,640).

b) Operating Reserve

Pursuant to the Operator Agreement schedule B, clause (D)1 with the City of Vancouver, the accumulated operating surplus of the Parcels are restricted for use by the Housing Society. At the end of each fiscal year, the Housing Society is required to:

- i) first, top up the Capital Maintenance and Replacement Reserve Fund with any surplus in the fund balances by an additional \$20 per unit per month, or by any additional amount determined to be required as a result of a future Replacement Reserve Study;
- ii) second, to fund the Operating Reserve, in the first year, to a maximum of an amount equivalent to the annual operating budget; and thereafter, to the total operating costs for the fiscal year most recently completed based on the Housing Society's audited statements (exclusive of leasehold mortgage costs and capital maintenance and replacement reserve contributions); and
- iii) third, with any balance remaining thereafter to be shared 50/50 by the City of Vancouver and the Housing Society, provided that the Housing Society reinvests its share in Social Housing in Vancouver, BC.

There were no accumulated operating surpluses for the years ended March 31, 2020 and 2019.

S.U.C.C.E.S.S. Affordable Housing Society

Notes to Financial Statements

March 31, 2020

The City of Vancouver conducts an annual review of the financial statements and may adjust for any operating surplus or deficit.

11 Related party transactions

Related party transactions occur in the normal course of operations and are recorded at amounts established and agreed between the related parties.

During the fiscal year ended March 31, 2020, the Housing Society paid \$40,000 (2019 – \$207,818) to S.U.C.C.E.S.S. for administrative services, which is recorded in administration salaries, wages and benefits expense in the statement of operations and changes in fund balances. An amount of \$34,828 was due to S.U.C.C.E.S.S. as at March 31, 2020 (2019 – \$48,851).

12 Commitments

The Housing Society has entered into multiple contracts with third parties who provide maintenance services for the Housing Society, many of which are renewed automatically for subsequent renewal terms of the same duration thereafter. The contractual commitment for the next 4 years is as follows:

	\$
2021	98,729
2022	78,856
2023	57,835
2024	57,835
Thereafter	57,835
	<hr/>
	351,090
	<hr/>

13 Financial instruments

Credit risk

Credit risk is the risk that a counterparty will fail to perform its obligations. The Housing Society's exposure to credit risk is indicated by the carrying amount of the cash, restricted cash, accounts receivable, restricted receivable, restricted term deposits and investments. The Housing Society assesses, on a continuous basis, its accounts receivable and provides for any amounts that are uncollectible in the allowance for doubtful accounts. The Housing Society's cash and investments are kept with reputable Canadian Chartered Banks.

Interest rate risk

Interest rate risk is the risk that the fair value of the Housing Society's long-term debt, and interest income on investments, will vary due to fluctuations in interest rates and the degree of volatility of these rates. The Housing Society does not use derivative financial instruments to manage this risk.

S.U.C.C.E.S.S. Affordable Housing Society

Notes to Financial Statements

March 31, 2020

Liquidity risk

The Housing Society's objective is to have sufficient liquidity to meet its liabilities when due. The Housing Society monitors its cash balances and cash flows generated from funding to meet its obligations.

As at March 31, 2020, the most significant liabilities are accounts payable and accrued liabilities, deposits and long-term debt.

14 Housing projects in development

a) 3175 Riverwalk Avenue, Vancouver, BC

The Housing Society has entered into a partnership with the City of Vancouver, BC Housing and Vancouver Affordable Housing Agency to develop 109 affordable rental units for low-to-moderate income individuals, seniors and families on city-owned property with project development funding from BC Housing. Management expects the building to be completed and tenants can commence occupancy by mid-2021.

b) 3802 East Hastings Street, Burnaby, BC

The Housing Society has entered into a partnership with the City of Burnaby to develop a mixed commercial and affordable rental housing (138 units) for low-to-moderate income individuals, seniors and families on city-owned property with project development funding from BC Housing. Management expects the building to be completed and tenants can commence occupancy by the end of 2023.

c) Clark Drive & 1st Avenue, Vancouver, BC

The Housing Society approved a plan to enter into a partnership with the City of Vancouver, BC Housing, and Vancouver Coastal Health Authority to develop a mixed commercial and affordable rental housing (97 units) on a city-owned property with project development funding from BC Housing. Management expects the building to be completed and tenants can commence occupancy by early 2022.

15 Remuneration to directors, employees and contractors

For the fiscal year ended March 31, 2020, the Housing Society did not remunerate the directors as these are volunteer positions. There were no employees or contractors who received total annual remuneration of \$75,000 or greater (2019 – \$75,000).

16 Comparative figures

Certain prior year comparative figures have been reclassified to comply with the current year's presentation.

S.U.C.C.E.S.S. Affordable Housing Society

Notes to Financial Statements

March 31, 2020

17 COVID-19

In March 2020, the World Health Organization declared a global pandemic related to the coronavirus disease known as COVID-19. The impacts to the economy are expected to be far reaching. The Canadian not-for-profit sector is expected to be impacted due to the economic environment and related uncertainty, which may cause a potential decrease in contributions and may affect collectibility and valuation of certain assets.

S.U.C.C.E.S.S. Affordable Housing Society

Schedule 1

Olympic Village

Statement of Financial Position

As at March 31, 2020

	2020			2019
	Restricted funds			
	Operating fund \$	Capital asset fund \$	Replacement reserve fund \$	Total \$
Assets				
Current assets				
Cash	301,644	-	-	301,644
Restricted cash	208,891	-	251,486	460,377
Investments	407,400	-	-	407,400
Restricted accounts receivable	260	-	-	260
Account receivable	28,341	-	634	28,975
Prepaid expenses	23,557	-	-	23,557
Restricted term deposits	-	-	557,776	557,776
Current portion of prepaid land lease (note 4)	-	195,549	-	195,549
Interfund balance	(628,063)	343,612	285,069	618
	342,030	539,161	1,094,965	1,976,156
Prepaid land lease (note 4)	-	10,298,922	-	10,298,922
Restricted term deposits	-	-	-	557,035
Investments	-	-	-	407,400
Property and equipment (note 3)	-	11,756,507	-	11,756,507
	342,030	22,594,590	1,094,965	24,031,585
Liabilities				
Current liabilities				
Accounts payable and accrued liabilities	131,053	-	-	131,053
Mortgage interest payable	-	52,963	-	52,963
Deferred tenant rental contributions	110	-	-	110
Tenant security deposits	176,039	-	-	176,039
Due to related party (note 11)	34,828	-	-	34,828
Current portion of long-term debt (note 5)	-	451,832	-	451,832
	342,030	504,795	-	846,825
Long-term debt (note 5)	-	21,710,412	-	21,710,412
Deferred revenue – replacement reserve (note 9)	-	-	261,746	261,746
Deferred capital contributions (note 8)	-	534,638	-	534,638
	342,030	22,749,845	261,746	23,353,621
Fund Balance				
Externally restricted (note 10(a))	-	-	833,219	833,219
Unrestricted	-	(155,255)	-	(155,255)
	-	(155,255)	833,219	677,964
	342,030	22,594,590	1,094,965	24,031,585
Commitments (note 12)				

S.U.C.C.E.S.S. Affordable Housing Society

Schedule 2

Olympic Village

Statement of Operations

For the year ended March 31, 2020

	2020			2019
	Restricted funds			
	Operating fund \$	Capital asset fund \$	Replacement reserve fund \$ (note 10(a))	Total \$
Revenue				
Tenant rent contributions	2,605,738	-	-	2,605,738
Parking income	56,100	-	-	56,100
Miscellaneous	12,907	-	-	12,907
Neighbourhood energy utility expense recovery	61,677	-	-	61,677
Laundry income	28,045	-	-	28,045
Interest income	28,029	-	20,291	48,320
	2,792,496	-	20,291	2,812,787
Expenses				
Mortgage interest	-	632,763	-	632,763
Maintenance				
Ground interest	251,405	-	-	251,405
Building repairs and maintenance	258,176	-	-	258,176
Salaries, wages and benefits	79,343	-	-	79,343
Elevator repairs	24,571	-	-	24,571
Property taxes	49,210	-	-	49,210
Utilities	273,896	-	-	273,896
Administration				
Salaries, wages and benefits (notes 11 and 15)	224,490	-	-	224,490
Office overhead	61,518	-	-	61,518
Insurance	76,488	-	-	76,488
Service contracts	88,782	-	-	88,782
Audit and legal fees	23,057	-	-	23,057
Tenant support	52,918	-	-	52,918
	1,463,854	632,763	-	2,096,617
Excess (deficiency) of revenue over expenses before undernoted	1,328,642	(632,763)	20,291	716,170
Amortization of property and equipment	-	(411,951)	-	(411,951)
Amortization of prepaid land lease	-	(195,550)	-	(195,550)
Amortization of deferred capital – contributions (note 8)	-	9,951	-	9,951
Interest expense	-	(59,704)	-	(59,704)
Excess (deficiency) of revenue over expenses	1,328,642	(1,290,017)	20,291	58,916

S.U.C.C.E.S.S. Affordable Housing Society

Schedule 3

Olympic Village

Statement of Cash flows

For the year ended March 31, 2020

	2020 \$	2019 \$
Cash provided by (used in)		
Operating activities		
Excess of revenue over expenses	58,916	312,473
Items not involving cash		
Amortization of property and equipment	411,951	238,843
Amortization of prepaid land lease	195,550	195,549
Amortization of deferred capital contributions	(9,951)	(9,951)
Interest expense	59,704	59,704
	<u>716,170</u>	<u>796,618</u>
Changes to non-cash operating items		
Accounts receivable	7,900	(18,348)
Prepaid expenses	85,936	(76,380)
Deferred tenant rental contributions	27	63
Accounts payable and accrued liabilities	9,486	25,389
Mortgage interest payable	(1,276)	(1,102)
Due to related party	(14,023)	10,980
Tenant security deposits	2,026	12,422
	<u>806,246</u>	<u>749,642</u>
Investing activities		
Additions to property and equipment	(65,288)	(61,478)
Increase in restricted cash	(74,753)	(224,556)
Decrease in restricted accounts receivable	234	29
Increase in restricted term deposits	(741)	(10,924)
Increase in investments	-	(7,400)
Interest earned on replacement reserves	20,291	5,437
	<u>(120,257)</u>	<u>(298,892)</u>
Financing activities		
Repayment of mortgage payable	(435,436)	(423,719)
Increase (decrease) in cash	<u>250,553</u>	<u>27,031</u>
Cash – Beginning of year	<u>51,091</u>	<u>24,060</u>
Cash – End of year	<u>301,644</u>	<u>51,091</u>

Financial statements of S.U.C.C.E.S.S. Affordable Housing Society

March 31, 2018

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Independent Auditor's Report

To the Directors of
S.U.C.C.E.S.S. Affordable Housing Society

We have audited the accompanying financial statements of S.U.C.C.E.S.S. Affordable Housing Society (the "Housing Society"), which comprise the statement of financial position as at March 31, 2018, and the statements of operations and changes in fund balances and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Housing Society as at March 31, 2018, the operations and its fund balances and its cash flows for the year ended March 31, 2018 in accordance with Canadian accounting standards for not-for-profit organizations.

Report on Other Legal and Regulatory Matters

As required by the Societies Act (British Columbia), we report that, in our opinion, these financial statements are prepared on a basis consistent with that of the preceding year.



Chartered Professional Accountants
June 27, 2018
Vancouver, British Columbia

S.U.C.C.E.S.S. Affordable Housing Society
Statement of operations and changes in fund balances
Year ended March 31, 2018

	2018			2017	
	Housing Fund	Capital Asset Fund	Replacement Reserve Fund	Total	Total
	\$	\$	\$	\$	\$
Revenue			Note 7		
Tenant rent contributions	2,482,050	—	—	2,482,050	2,384,202
Parking income	57,450	—	—	57,450	55,054
Miscellaneous	9,304	—	—	9,304	8,833
Neighbourhood energy utility expense recovery	55,109	—	—	55,109	51,026
Laundry income	28,806	—	—	28,806	29,834
Interest income	—	—	4,937	4,937	2,877
	2,632,719	—	4,937	2,637,656	2,531,826
Expenses					
Mortgage Interest	—	659,226	—	659,226	672,749
Maintenance					
Ground maintenance	274,531	—	—	274,531	277,818
Building repairs and maintenance	103,260	—	—	103,260	89,690
Salaries, wages and benefits	120,916	—	—	120,916	108,670
Property taxes	124,555	—	—	124,555	55,042
Utilities	258,066	—	—	258,066	224,518
Administration					
Salaries, wages and benefits	229,058	—	—	229,058	251,730
Office overhead	47,477	—	113	47,590	73,312
Insurance	65,153	—	—	65,153	64,875
Service contracts	89,160	—	—	89,160	74,654
Audit and legal fees	20,813	—	—	20,813	15,938
Tenant support	225	—	—	225	—
	1,333,214	659,226	113	1,992,553	1,908,996
Excess (deficiency) of revenue over expenses before amortization	1,299,505	(659,226)	4,824	645,103	622,830
Amortization of property and equipment	—	(427,715)	—	(427,715)	(423,177)
Excess (deficiency) of revenue over expenses	1,299,505	(1,086,941)	4,824	217,388	199,653
Fund balance, beginning of year	—	—	540,803	540,803	341,150
Interfund transfers					
Replacement reserve provision	(212,564)	—	212,564	—	—
Mortgage principal and interest repayments	(1,070,862)	1,070,862	—	—	—
Property and equipment acquired	(28,217)	28,217	—	—	—
Transfer to operation fund from capital asset fund	12,138	(12,138)	—	—	—
Fund balance, end of year	—	—	758,191	758,191	540,803

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

S.U.C.C.E.S.S. Affordable Housing Society
Statement of financial position
As at March 31, 2018

	2018				2017
	Housing Fund	Capital Asset Fund	Replacement Reserve Fund	Elimination Entries	Total
Notes	\$	\$	\$	\$	\$
			Note 7		
Assets					
Current assets					
Cash	24,060	—	—	—	24,060
Restricted cash	161,068	—	—	—	161,068
Restricted receivable	523	—	—	—	523
Accounts receivable	18,301	14,309	226	—	32,836
Prepaid expenses	33,113	—	—	—	33,113
Inter-fund balance	106,264	172,171	212,565	(491,000)	—
	343,329	186,480	212,791	(491,000)	251,600
Restricted term deposits	—	—	546,111	—	546,111
Investments	400,000	—	—	—	400,000
Property and equipment	—	23,214,599	—	—	23,214,599
	743,329	23,401,079	758,902	(491,000)	24,412,310
Liabilities					
Current liabilities					
Accounts payable and accrued liabilities	133,936	14,309	113	—	148,358
Mortgage interest payable	—	55,341	—	—	55,341
Deferred tenant rental contributions	20	—	—	—	20
Tenant security deposits	161,591	—	—	—	161,591
Interfund balance	447,782	42,620	598	(491,000)	—
Current portion of mortgage payable	—	423,720	—	—	423,720
	743,329	535,990	711	(491,000)	789,030
Long term debt	—	22,816,595	—	—	22,816,595
Promissory note payable	—	48,494	—	—	48,494
	743,329	23,401,079	711	(491,000)	23,654,119
Fund balance					
Externally restricted	—	—	758,191	—	758,191
	743,329	23,401,079	758,902	(491,000)	24,412,310

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

Approved by the Board
 Director
 Director

S.U.C.C.E.S.S. Affordable Housing Society**Statement of cash flows**

Year ended March 31, 2018

	2018	2017
	\$	\$
Operating activities		
Excess of revenue over expenses	217,388	199,653
Item not involving cash		
Amortization of property and equipment	427,715	423,177
	645,103	622,830
Changes to non-cash operating items		
Accounts receivable	(18,968)	2,780
Prepaid expenses	150,863	(44,254)
Deferred contributions	(46)	(78)
Accounts payable and accrued liabilities	(39,556)	75,475
Mortgage interest payable	(1,429)	(884)
Tenant security deposits	3,590	3,430
	739,557	659,299
Investing activities		
Additions to property and equipment	(76,711)	(54,160)
Restricted cash	(3,552)	97,312
Restricted receivable	(523)	—
Redemption of restricted term deposits	344,572	303,160
Acquisition of restricted term deposits	(546,111)	(344,572)
Acquisition of investments	(400,000)	—
	(682,325)	1,740
Financing activities		
Repayment of mortgage payable	(410,207)	(398,615)
Promissory note payable	48,494	—
	(361,713)	(398,615)
(Decrease) increase in cash	(304,481)	262,424
Cash, beginning of year	328,541	66,117
Cash, end year	24,060	328,541

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

1. Nature of operations

The S.U.C.C.E.S.S. Affordable Housing Society (the "Housing Society") was incorporated under the Society Act of British Columbia as a not-for-profit organization on March 22, 2013 and commenced operations on November 1, 2013. The Housing Society is controlled by S.U.C.C.E.S.S. (also known as United Chinese Community Enrichment Services Society) as its voting Members are the Board of Directors of S.U.C.C.E.S.S. and its Directors are elected by these voting Members. The Housing Society is related to S.U.C.C.E.S.S. Multi-Level Care Society, S.U.C.C.E.S.S. Housing Society and S.U.C.C.E.S.S. Foundation by way of common management.

The purposes of the Housing Society are to:

- (a) develop, build, acquire, own, lease, maintain and manage, on a non-profit basis, affordable and low rental housing for low and modest income individuals and families;
- (b) develop, build, acquire, own, lease, maintain and manage, on a non-profit basis, housing developments and buildings for lease to or other uses by individuals, families and communities;
- (c) organize, operate, manage and supervise community services and social services for the benefits of individuals, families and communities in the housing facilities that are owned, leased, maintained or managed by the Housing Society;
- (d) provide similar and related services as determined by the members of the Housing Society; and
- (e) seek funding from government and/or other resources for the implementation of the above purposes.

The Village

Pursuant to Lease Agreements ("Leases") and an Operating Agreement ("Operating Agreement") dated November 1, 2013, the City of Vancouver (the "City") leased to the Housing Society for a prepaid lease amount of \$24,900,000, and the Housing Society assumed the financial and operational responsibilities for management and administration respectively of Parcel 5 and Parcel 9 (collectively the "Property") of the former Olympic Athletes' Village ("the Village") for a term of 60 years.

- Parcel 5 is located at 122 Walter Hardwick Ave, Vancouver, B.C., and is comprised of 101 residential strata lots as market and non-market housing, and approximately 55 underground parking spaces.
- Parcel 9 is located at 80 Walter Hardwick Ave, Vancouver, B.C., and is comprised of 67 residential strata lots as market and non-market housing, and approximately 25 underground parking spaces.

In accordance with the terms and conditions of the Leases and the Operating Agreement, the City assigned the current Residential Tenancy Agreements to the Housing Society.

2. Significant accounting policies

(a) Basis of presentation

These financial statements have been prepared in accordance with the Operating Agreement dated November 1, 2013 between the Housing Society and the City that requires the Housing Society to conform to generally accepted accounting principles. The Canadian accounting standards for not-for-profit organizations ("ASNPO") are the generally accepted accounting principles for the Housing Society.

The Housing Society use fund accounting in the financial statements that are segregated for purpose of carrying on specific activities as described below:

- (i) The Housing Fund reports restricted operating grants and revenue and expenses relating to the Housing Society's housing activities.
- (ii) The Capital Asset Fund reports the ownership and fund balance relating to the Housing Society's property and equipment.
- (iii) The Replacement Reserve Fund reports the assets, revenues and expenses relating to capital asset replacement activities.

(b) Operating Agreement

Pursuant to the Operating Agreement, the Housing Society deposits a fixed amount or an amount approved by the City per residential unit per month to the Replacement Reserve Fund. The Housing Society may defer funding the replacement reserve in years where insufficient surpluses are on hand and will make reasonable efforts to accelerate the annual contributions otherwise required to ensure that the replacement reserve is fully funded. The replacement reserve must be used for eligible expenditures and is managed in accordance with the Operating Agreement (Note 7 (a)).

The annual operating results of the Housing Society is subject to annual review by the City, and as result of the reviews, all or portion of any operating surplus or deficit may have to be returned or received as additional funding at the discretion of the City. The use of retained surplus are restricted as to their subsequent use. The Housing Society recognizes the funding adjustment as either revenue or expense in the statement of operations in the period in which it is determined by the City (Note 7 (b)).

(c) Revenue recognition

The Housing Society follows the restricted fund method of accounting for contributions.

Tenant rent contributions, laundry and miscellaneous income are recognized when an arrangement exists, services are provided to the tenants, the price is fixed or determinable, and collection is reasonably assured.

Parking revenue is recognized as payments are collected and the parking stalls are leased by the tenants.

Interest income on replacement reserve funds is recognized as revenue in the Replacement Reserve Fund with the passage of time on a monthly basis.

2. Significant accounting policies (continued)

(d) Property and equipment

Property and equipment are recorded at cost. Amortization expense is reported in the Capital Asset Fund and is provided over the useful lives of the purchased property and equipment on the following basis:

Leasehold property	Amortized over the lease term of 60 years
Computers	3 years using straight line
Equipment	3 years using straight line
Furniture & fixtures	5 years using straight line

The Housing Society reviews for the impairment of property and equipment whenever events or changes in circumstances indicate that the asset no longer has any long-term service potential to the Housing Society or no longer contributes to the Housing Society's ability to provide services. The amount of the impairment, if any, is determined as the excess of the carrying value of the asset over its estimated residual value. No impairment losses have been identified by the Housing Society for the year-ended March 31, 2018.

(e) Use of estimates

The preparation of financial statements in accordance ASNPO requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingencies at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

Key estimates include the recoverability of accounts receivable, useful lives of property and equipment, and accrued liabilities. Actual results could differ from those estimates.

(f) Financial instruments

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

Transaction costs are added to the carrying value of the asset or netted against the carrying value of the liability and are then recognized over the expected life of the instrument using the straight-line method. Any premium or discount related to an instrument measured at amortized cost is amortized over the expected life of the item using the straight-line method and recognized in the statement of operations as interest income or expense.

With respect to financial assets measured at cost or amortized cost, the Housing Society recognizes in the statement of operations and changes in fund balances 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 and changes in fund balances in the period the change in circumstances occurs.

3. Restricted cash and term deposits

Cash and term deposits designated for specific purposes are segregated as follows:

	2018	2017
	\$	\$
Tenant security deposits	161,591	158,001
Replacement Reserve Fund	758,191	540,803
	919,782	698,804
Restricted cash	161,068	157,516
Restricted term deposits	546,111	344,572
Restricted interest receivable	-	68
Restricted account receivable	-	485
Interfund transfer	212,603	196,163
	919,782	698,804

4. Property and equipment

	2018		2017
	Cost	Accumulated amortization	Net book value
	\$	\$	\$
Olympic Village			
Leasehold property	24,900,000	1,798,333	23,101,667
Equipment	51,617	11,080	40,537
Furniture and fixtures	30,760	6,859	23,901
Computers	9,292	9,292	-
	24,991,669	1,825,564	23,166,105
3802 Hastings (note 6)			
Development costs	48,494	-	48,494
	25,040,163	1,825,564	23,214,599

5. Long term debt

	2018	2017
	\$	\$
Mortgage – Vancity payable in monthly instalments of \$89,123, which includes interest at 3.08% compounded semi-annually, and matures on December 1, 2023 (i)	21,290,315	21,700,522
Loan payable – City of Vancouver non-interest bearing for a term of 10 years repayable in Year 10 (ii)	1,950,000	1,950,000
	23,240,315	23,650,522
	(423,720)	(409,491)
Less: current portion	22,816,595	23,241,031

- (i) The Mortgage – Vancity is collateralized by a first mortgage and assignment of rents against the Property.
- (ii) In order to facilitate the two 60 year leases (the “Leases”) and payment of rent, the Housing Society has arranged to borrow from the City the principal amount of \$1,950,000 (the “Loan”) without interest for a term of 10 years. The Loan is secured by a mortgage and assignment of rent (the “Loan payable”) against the Property. The loan becomes repayable commencing in fiscal 2024.

The estimated annual principal payments required over the next five years and thereafter are as follows:

	\$
2019	423,720
2020	435,436
2021	451,832
2022	464,410
2023	478,523

6. Promissory note payable

The promissory note payable with BC Housing is authorized for \$100,000, of which \$51,506 remained unused at year-end. It is non-interest bearing and unsecured for the development of the 3802 Hastings Street project (“the 3802 Hastings”) on eligible expenses.

Under the terms of the promissory note payable, the Housing Society must satisfy certain commitments as to proceed to a further loan commitment. The loan will be forgiven or due on demand.

7. Externally restricted funds

(a) Replacement Reserve Fund

Major categories of externally imposed restrictions on net assets are as follows:

	2018	2017
	\$	\$
Restricted for replacing capital items	758,191	540,803

At March 31, 2018, the replacement reserve was maintained in accordance with the Operating Agreement and all interest accruing to the fund has been recorded. In fiscal 2018, the Housing Society was able to accelerate its annual contribution by \$91,604 (2017 - \$75,816) to \$212,564 (2017 - \$196,776). As at March 31, 2018, the cumulative replacement reserve required annual funding deficiency is \$28,867 (2017 - \$120,471).

Fiscal Year	Required Annual Funding	Actual Annual Funded	Net Annual Funding Excess (Deficiency)	Cumulative Funding Deficiency
2014	(50,400)	(50,400)	—	—
2015	(120,960)	—	(120,960)	(120,960)
2016	(120,960)	(45,633)	(75,327)	(196,287)
2017	(120,960)	(196,776)	75,816	(120,471)
2018	(120,960)	(212,564)	91,604	(28,867)

8. Related party transactions

Related party transactions are in the normal course of operations and are recorded at amounts established and agreed between the related parties.

During the fiscal year-ended March 31, 2018, the Housing Society paid \$133,563 (2017 - \$165,136) to S.U.C.C.E.S.S. for administrative services, which is recorded in salaries, wages and benefit expense in the statement of operations and changes in fund balances.

As at March 31, 2018, accounts payable and accrued liabilities includes unpaid administrative services of \$37,871 (2017 - \$32,253) payable to S.U.C.C.E.S.S. The balance due to related party is non-interest bearing and unsecured.

9. Commitments

The Housing Society has entered into multiple contracts with third parties who provide maintenance service for the Housing Society, many of which are renewed automatically for subsequent renewal terms of the same duration thereafter. The contractual commitment for the next 5 years is as follows:

	\$
2019	65,921
2020	49,203
2021	49,203
2022	49,203
2023	49,203
	262,733

10. Financial instruments

(a) Credit risk

Credit risk is the risk that a counterparty will fail to perform its obligations. The Housing Society's exposure to credit risk is indicated by the carrying amount of the accounts receivable. The Housing Society assesses, on a continuous basis, its accounts receivable and provides for any amounts that are uncollectible in the allowance for doubtful accounts. The Housing Society's cash is kept with reputable Canadian Chartered Banks.

(b) Interest rate risk

Interest rate risk is the risk that the value of the Housing Society's long term debt will vary due to fluctuations in interest rates and the degree of volatility of these rates. The Housing Society does not use derivative financial instruments to manage this risk.

(c) Liquidity risk

The Housing Society's objective is to have sufficient liquidity to meet its liabilities when due. The Housing Society monitors its cash balances and cash flows generated from funding to meet its requirements.

As at March 31, 2018, the most significant liabilities are accounts payable and accrued liabilities, current portion of mortgage payable and long term debt.

11. Subsequent event

(a) 3175 Riverwalk Avenue, Vancouver, BC

The Housing Society approved the plan to enter in a partnership with the City of Vancouver, BC Housing and Vancouver Affordable Housing Agency to develop 109 affordable rental units for low-to-moderate income individuals, seniors and families.

(b) 3802 East Hastings, Burnaby, BC

The Housing Society approved the plan to enter in a partnership with the City of Burnaby to develop a mixed commercial and affordable rental housing on a city-owned property with project development funding from BC Housing.

12. Remuneration to directors, employees and contractors

For the fiscal year ended March 31, 2018, the Society did not remunerate the directors as these are volunteer positions. There were no employees or contractors who received total annual remuneration of \$75,000 or greater.

S.U.C.C.E.S.S. Affordable Housing Society
SCHEDULE 1
Olympic Village Fund
Statement of operations and changes in fund balances
Year ended March 31, 2018

	2018			2017
	Operation fund	Restricted funds		
		Capital Asset Fund	Replacement Reserve Fund	
	Housing Fund		Note 7	Total
	\$	\$	\$	\$
Revenue				
Tenant rent contributions	2,482,050	—	—	2,482,050
Parking income	57,450	—	—	57,450
Miscellaneous	9,304	—	—	9,304
Neighbourhood energy utility expense recovery	55,109	—	—	55,109
Laundry income	28,806	—	—	28,806
Interest income	—	—	4,937	4,937
	2,632,719	—	4,937	2,637,656
Expenses				
Mortgage interest	—	659,226	—	659,226
Maintenance				
Ground maintenance	274,531	—	—	274,531
Building repairs and maintenance	103,260	—	—	103,260
Salaries, wages and benefits	120,916	—	—	120,916
Property taxes	124,555	—	—	124,555
Utilities	258,066	—	—	258,066
Tenant support	225	—	—	225
Administration				
Salaries, wages and benefits	229,058	—	—	229,058
Office overhead	47,477	—	113	47,590
Insurance	65,153	—	—	65,153
Service contracts	89,160	—	—	89,160
Audit and legal fees	20,813	—	—	20,813
Capital purchases	—	—	—	—
	1,333,214	659,226	113	1,992,553
Excess (deficiency) of revenue over expenses before amortization	1,299,505	(659,226)	4,824	645,103
Amortization of property and equipment	—	(427,715)	—	(427,715)
Excess (deficiency) of revenue over expenses	1,299,505	(1,086,941)	4,824	217,388
Fund balance, beginning of year	—	—	540,803	540,803
Interfund transfers				
Replacement reserve provision	(212,564)	—	212,564	—
Mortgage principal and interest repayments	(1,070,862)	1,070,862	—	—
Property and equipment acquired	(28,217)	28,217	—	—
Transfer to operation fund from capital asset fund	12,138	(12,138)	—	—
Fund balance, end of year	—	—	758,191	758,191

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

S.U.C.C.E.S.S. Affordable Housing Society
SCHEDULE 2
Olympic Village Fund
Statement of financial position
As at March 31, 2018

					2018	2017
	Housing Fund	Capital Asset Fund	Replacement Reserve Fund	Elimination Entries	Total	Total
	\$	\$	\$	\$	\$	\$
	Note 7					
Assets						
Current assets						
Cash	24,060	—	—	—	24,060	328,541
Restricted cash	161,068	—	—	—	161,068	157,516
Restricted receivable	523	—	—	—	523	—
Accounts receivable	18,301	—	226	—	18,527	13,868
Prepaid expenses	33,113	—	—	—	33,113	183,976
Inter-fund balance	106,264	172,171	212,565	(491,000)	—	—
	343,329	172,171	212,791	(491,000)	237,291	683,901
Restricted term deposits	400,000	—	546,111	—	946,111	344,572
Property and equipment	—	23,166,105	—	—	23,166,105	23,565,603
	743,329	23,338,276	758,902	(491,000)	24,349,507	24,594,076
Liabilities						
Current liabilities						
Accounts payable and accrued liabilities	133,936	—	113	—	134,049	187,914
Mortgage interest payable	—	55,340	—	—	55,340	56,770
Deferred tenant rental contributions	20	—	—	—	20	66
Tenant security deposits	161,591	—	—	—	161,591	158,001
Interfund balance	447,782	42,620	598	(491,000)	—	—
Current portion of mortgage payable	—	423,721	—	—	423,721	409,491
	743,329	521,681	711	(491,000)	774,721	812,242
Long term debt	—	22,816,595	—	—	22,816,595	23,241,031
	743,329	23,338,276	711	(491,000)	23,591,316	24,053,273
Commitments	—	—	—	—	—	—
Fund balance						
Externally restricted	—	—	758,191	—	758,191	540,803
	—	—	758,191	—	758,191	540,803
	743,329	23,338,276	758,902	(491,000)	24,349,507	24,594,076

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

Approved by the Board

_____, Director

_____, Director

S.U.C.C.E.S.S. Affordable Housing Society
SCHEDULE 3
Olympic Village Fund
Statement of cash flows
Year ended March 31, 2018

	2018	2017
	\$	\$
Operating activities		
Excess of revenue over expenses	217,388	199,653
Item not involving cash		
Amortization of property and equipment	427,715	423,177
	645,103	622,830
 Changes to non-cash operating items		
Accounts receivable	(4,659)	2,780
Prepaid expenses	150,863	(44,254)
Deferred contributions	(46)	(78)
Accounts payable and accrued liabilities	(53,865)	75,475
Mortgage interest payable	(1,430)	(884)
Tenant security deposits	3,590	3,430
	739,556	659,299
 Investing activities		
Additions to property and equipment	(28,217)	(54,160)
Restricted cash	(3,552)	97,312
Restricted receivable	(523)	—
Redemption of restricted term deposits	344,572	303,160
Acquisition of restricted term deposits	(546,111)	(344,572)
Acquisition of investments	(400,000)	—
	(633,831)	1,740
 Financing activity		
Repayment of mortgage payable	(410,206)	(398,615)
 (Decrease) increase in cash	(304,481)	262,424
Cash, beginning of year	328,541	66,117
Cash, end year	24,060	328,541

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

Olympic Village Parcel 5 and Parcel 9 (80 Walter Hardwick and 122 Walter Hardwick)

*all numbers, unless otherwise noted, are pulled from Feb 2021

Unit Qty by building	
80WH one bedroom	61
80WH Two bedroom TH's	6
Total units 80WH	67
122WH one bedroom	59
122WH two bedroom	12
122WH three bedroom	16
122WH four bedroom	14
Total units 122WH	101
Total units both buildings	168

Rent Roll Total by building for Feb 2021	
Rent Roll 80WH March 2021	72,544.00
Rent Roll 122WH March 2021	139,142.00
Total Rent Revenue both buildings	211,686.00

Average Rents by type / building as of Feb 2021			
	Combined	Market	Non
80WH one bedroom	s.21(1)		
80WH Two bedroom TH's			
122WH one bedroom			
122WH two bedroom			
122WH three bedroom			
122WH four bedroom			
total average rent		1,455.39	

# of units. Market vs Non by type by building					
	Market	Non	Total	% Market	% Non
80WH one bedroom	27	34	61	44%	56%
80WH Two bedroom TH's	s.22(1)				
122WH one bedroom	28	31	59	47%	53%
122WH two bedroom	s.22(1)				
122WH three bedroom					
122WH four bedroom					
Total Project Units	81	87	168	50%	50%

Annual Occupancy Rates by property										
	2013	2014	2015	2016	2017	2018	2019	2020	2021 YTD	Total Average
80WH	s.21(1)									
122WH										
Combined Average										

***Rents as of Feb 2021**

Unit #	Unit Type	Market Rent	Current Rent	Difference	Affordability %	Rent Code
0301	1bfb	s.21(1), s.22(1)				
0302	1bfb					
0303	1bfb					
0304	1bfb					
0305	1bfb					
0306	1bfb					
0307	1bfb					
0308	1bfb					
0309	1bfb					
0310	1bfb					
0311	1bfb					
0312	1bfb					
0313	1bfb					
0401	1bfb					
0402	1bfb					
0403	1bfb					
0404	1bfb					
0405	1bfb					
0406	1bfb					
0407	1bfb					
0408	1bfb					
0409	1bfb					
0410	1bfb					
0411	1bfb					
0412	1bfb					
0413	1bfb					
0501	1bfb					
0502	1bfb					
0503	1bfb					
0504	1bfb					
0505	1bfb					
0506	1bfb					
0507	1bfb					
0508	1bfb					
0509	1bfb					
0510	1bfb					
0511	1bfb					
0512	1bfb					
0513	1bfb					
0514	1bfb					
0601	1bfb					
0602	1bfb					
0603	1bfb					
0604	1bfb					
0605	1bfb					
0606	1bfb					
0607	1bfb					
0608	1bfb					
0609	1bfb					
0610	1bfb					
0611	1bfb					
0612	1bfb					
0701	1bfb					
0702	1bfb					
0703	1bfb					

0704	1bfb	s.21(1), s.22(1)
0705	1bfb	
0706	1bfb	
0707	1bfb	
0708	1bfb	
0709	1bfb	
TH68	2bfb	
TH70	2bfb	
TH72	2bfb	
TH74	2bfb	
TH76	2bfb	
TH78	2bfb	

Total	116,829.00	72,544.00	40,925.00
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total 80WH, Average Affordability, off <u>market rates</u> in %	35%
total 80WH, project Average Affordability <u>Non market only</u>	60%

Total # of One Bedrooms	61
Total # of Two Bedrooms	6
Total # of Three Bedrooms	0
Total # of Four Bedrooms	0
<u>Total # of Units</u>	<u>67</u>

	Market	S.A.F.E.R rate	RGI	CORE or Income Assistance	Onsite Office
Total # of One Bedrooms	s.21(1), s.22(1)				0
Total # of Two Bedrooms					0
Total # of Three Bedrooms					0
Total # of Four Bedrooms					0
<u>Total # of Units</u>	<u>30</u>	<u>11</u>	<u>19</u>	<u>7</u>	<u>0</u>

Current % Market	45%
Current% Non Market	55%
	<u>100%</u>

*Rents as of Feb 2021

Unit #	Unit Type	Market Rent	Current Rent	Difference	Affordability %	Rent Code
0101	s.21(1), s.22(1)					
0102						
0103						
0104						
0105						
0106						
0107						
0108						
0201						
0202						
0203						
0204						
0205						
0206						
0207						
0208						
0211						
0212						
0213						
0215						
0216						
0301						
0302						
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0316						
0401						
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0403						
0404						
0405						
0406						
0407						
0408						
0409						
0410						
0411						
0412						
0413						
0414						
0415						
0416						
0501						
0502						
0503						
0504						
0505						
0506						
0507						
0508						
0509						
0510						
0511						
0512						
0513						
0514						
0515						
0516						

0601	s.21(1), s.22(1)				
0602					
0603					
0604					
0605					
0606					
0607					
0608					
0609					
0610					
0701					
0702					
0703					
0704					
0705					
0706					
0707					
0708					
0709					
0710	4b1.5fb	s.21(1)	OFFICE	0.00	0%
0801	s.21(1), s.22(1)				
0802					
0803					
0804					
0805					
0806					
0807					
0808					
0809					
0810					
131WEST					
133WEST					

Total	213,073.00	139,142.00	56,952.00
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total 122WH, Average Affordability, off market rates in %	28%
total 122WH, project Average Affordability Non market only	54%

Total # of One Bedrooms	59
Total # of Two Bedrooms	12
Total # of Three Bedrooms	16
Total # of Four Bedrooms	14
Total # of Units	101

	Market	S.A.F.E.R rate	RGI	CORE or Income Assistance	Onsite Office	Total
Total # of One Bedrooms	s.21(1), s.22(1)				0	59
Total # of Two Bedrooms					0	12
Total # of Three Bedrooms					0	16
Total # of Four Bedrooms					1	14
Total # of Units	51	9	33	7	1	101

Current % Market	50%
Current% Non Market	49%
Office	1%
	100%