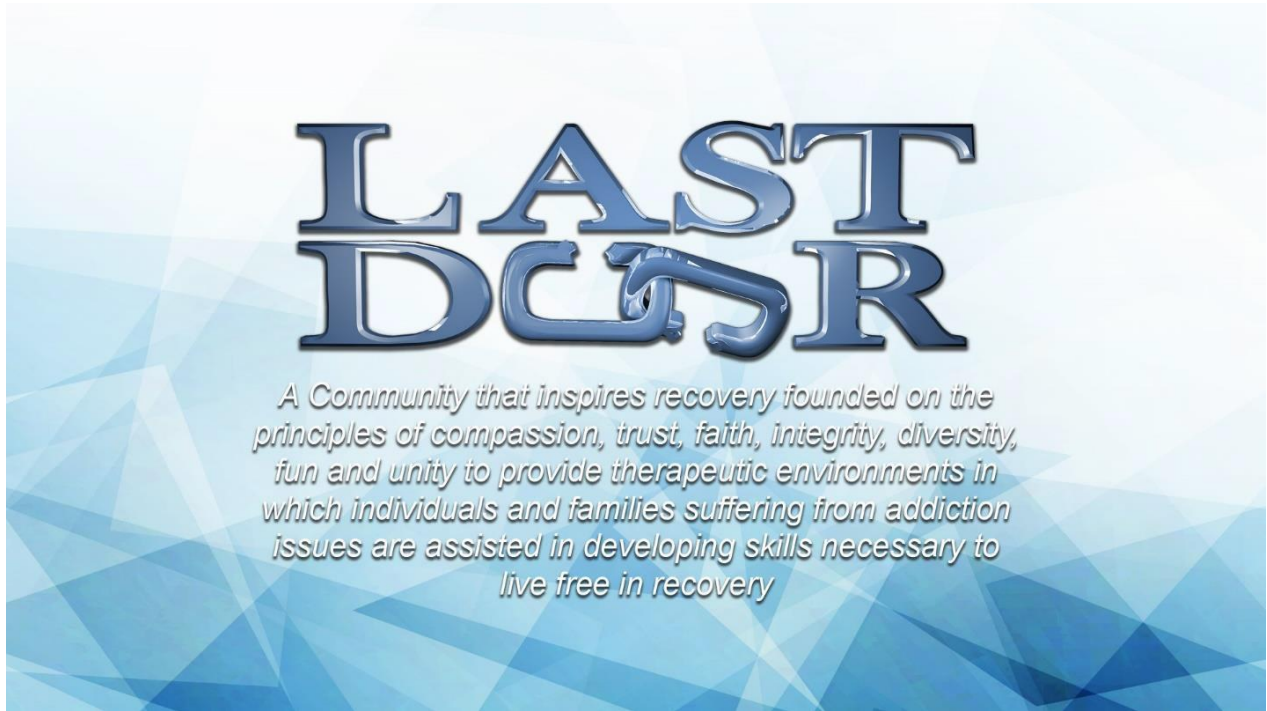


Last Door Recovery Society
Annual Report
November 30, 2018



Last Door Recovery Centre

323-8th Street, New Westminster, B.C. V3M 3R3
Phone: 604-525-9771 Fax: 604-525-3896

Last Door Youth Program

109 Ash Street, New Westminster, B.C. V3M 3R2
Phone: 604-520-3587 Fax: 604-521-1889

Acting Executive Director - Jared
Nilsson, ICADC
President – Aman Sanghera,
B.A.,LL.B. (UBC)

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Presidents Message

Reflecting on the year some highlights come to mind. Most prominent are our success in meeting our mission statement and the strength with which we adhering to our philosophy. Last door was accredited by Accreditation Canada in January 2018 during which the surveyors were struck by the strength of our culture. Accreditation was the culmination of a three year process involving staff, management Board and stakeholders including clients and families. We are proud of the work we do and found the accreditation process to be both verification of the standard we keep and also a learning experience for all involved. Kudos to Jessica who led our team through the process.

As a Board we reviewed our governance model following Accreditation and are satisfied that our board, as a working group, effectively supports and oversees management as they conduct society business.

Two of our staff, David and Giuseppe received awards in the community in recognition of the work they do. Giuseppe was awarded the City of New West - Community Recovery Champion Award and David received the BC Centre for Substance Use Recovery Systems Leader Award. While their value is clearly recognized with our organization it is great to receive recognition from the community. Within Last Door we know that every award is the result of incredible team effort and due in no small way to the support of volunteers and members who support what we do.

Although David's active role within Last Door was curtailed tremendously this year, his presence is felt daily with Last Door. We are doing the do as Michael used to say and David will be happy to know we are having fun doing it!

The Board continues to invite staff interaction at Board meetings as part of our ongoing succession planning. Gain the congruency between staff, board, management and stakeholders is one of our strongest points. We are all moving in the same direction and doing it well.

Aman Sangehra, President

Acting Executive Director Message

Accomplishments

- Last Door is Accredited through Accreditation Canada (which opened a can of jokes for clients to use towards Nick Ringma)
- Education and Prevention-Hanson's International School in New Westminster (Alex Ortero regularly holds speaking engagements with the school)
- New website design (80% down)
- Recovery Day (20,000 in attendance)
- Recovery Capital Conference of Canada (2nd annual conference that has helped solidify Last Door's name in the treatment world.) Special thank you to Giuseppe Ganci, Matthew Kalenuik and Jessica Cooksey for all your extra time and effort.
- Keystone's Garden-This year the garden produced in total market value yield of \$15,556

We piloted some different programs this year:

- Intake Coordinator-This Year Last Door focused on honing our intake services, which saw everyone stepping up on intake leads. Connor Gotowiec has brought energy and dedication to this position which has helped in Last Door in moving forward with newer ideas.
- 10-Day Intro into Recovery-Clients are entering Last Door on the premise that they're only staying 10 days. Little do they know that 10 days at Last Door usually turns into wanting to stay and complete treatment. We have done two 10-Day Intro's that have converted to longer stays.
- After Hours Phone Line & Web Chat-This service is greatly appreciated by families and on average for 2018 we're converting the phone calls into two intakes monthly, web chat usually helps with gaining access to the phone.

Volunteers

- Too many to name but much appreciated!! Thanks for EVERYTHING you do from food, likes on Facebook, PRIDE, Family Day, Recovery Capital Conference, sponsorship,

Jared Nilsson, Acting ED Last Door

Fundraising Committee Message

Your fundraising committee consists of Louise Cooksey, Jessica Cooksey, Nick Ringma, Stu Barrington-Foote, Jim Bennett, Kirk Buxton and myself.

Individual Donations totaled \$434,000 in the 2017-2018 fiscal year, a 65% increase over last fiscal year, 501 individual donations, a 21% increase over last fiscal year

Leave a mark – started as an idea to both raise money for Last Door, but also provide hope to the new guy coming in the door.

Today we've received contributions from many, many last door staff, alumni, and families Their sentiments are permanently affixed in our lobby. Words of experience, strength, and hope adorn our walls – and it's the first thing that the new guy sees coming in the door.

Our crowdfunding efforts have paid off a lot in these last few years. We're getting better at telling our story and as a result more people are seeing the amazing work that we do, and our impact in the community and contributions have increased. Thank you for everyone who has helped at our events, generating goodwill in the community, and helping share the story of our organization.

Hockey Helps the Homeless is a national organization that took notice of the great work that Last Door Youth Program is doing (thanks Linda) and after hearing about the funding gaps that are present in the current system of care, decided to fund in part a bed a Last Door Youth Program.

In every way. Spending time with a new guy, contributing to our campaigns, being a voice of recovery.

What you do doesn't go unnoticed.

Without people's spirit of volunteerism and giving we wouldn't be able to do what we do.

Thank you from the Fundraising Committee

Community Engagement Message

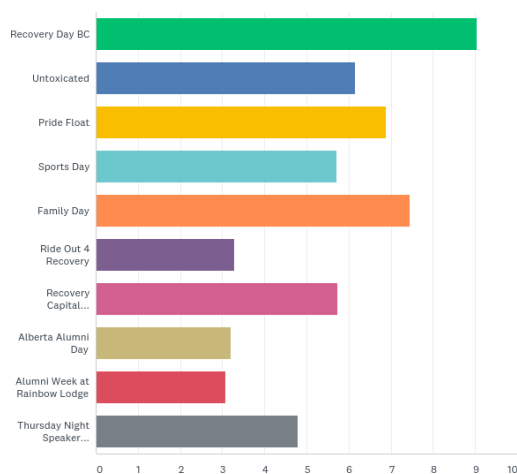
Community Outreach Events reached over 1,000,000 people

- Family Fun Day
- Clean Sober Proud
- Sports Day
- Recovery Day
- Italian Days
- Hyack Festival
- Sapperton Festival
- Car Free Day
- Chamber Events

Social Media Reach, over 5,000,000 people engaged every 6 months through the following feeds on twitter, Instagram, facebook and linked in

- Recovery Capital Conference
- Last Door Recovery Society
- Last Door keystone
- Unity App
- Clean Sober Proud
- Recovery Day BC
- Talk Recovery Radio
- Last Door Alumni Groups

Community Engagement Survey



Alumni and Stakeholder Survey

What people are saying

“...Proud of the stance we've taken in helping people make choices aimed towards freedom from the chaos. It will be fun bringing our team spirit into the next year.”

“....Being a new parent to the world of recovery I have been very impressed with the impact that the LD has had on the community especially New West. 2019 should be a celebration! I feel that the work needs to spread, to give hope. I read all the clean times on FB and it is such an incredible feat. How to make this normalized in a world where Addiction seems to be over medicalized. Keep up all of the good work!!”

2018-2019 Board Meeting Schedule

Last Door Recovery Society Board of directors

| | | |
|----------------------|---------|----------|
| November 30th, 2018 | 6 pm | AGM |
| December 18th, 2018 | 7 PM | Regular |
| January 29th, 2019 | 7pm | Regular |
| February 26th, 2019 | 7pm | Regular |
| March 26th, 2019 | 7pm | Regular |
| April 30th, 2019 | 7pm | Regular |
| May 28th, 2019 | 7pm | Regular |
| June 25th, 2019 | 7pm | Regular |
| July 30th, 2019 | 7pm | Regular |
| August 27th, 2019 | 7pm | Regular |
| September 24th, 2019 | 7pm | Regular |
| October 29th, 2019 | 7pm | Regular |
| November 22nd, 2019 | 6:30 pm | 2019 AGM |

Last Tuesday of each month @ 327-8th Street, New Westminster, BC

**LAST DOOR RECOVERY SOCIETY
ANNUAL GENERAL MEETING
NOVEMBER 30, 2018**

ATTENDANCE

MEMBERS: In Attendance: 84

Regrets: 57

OPENING

Louise Cooksey, Director of Finance & Development and Last Door Co-founder, opened the meeting, welcoming everyone and giving a brief summary of Society obligations regarding the AGM.

Also noted was that reports will be show in electronic format with printouts available upon request.

She spoke about succession plans and introduced Acting Executive Director Jared Nilsson for reports.

AGENDA REVIEW-AMAN SANGHERA

Agenda was reviewed with call for additions; hearing none meeting moved forward.

PREVIOUS AGM MINUTES

Minutes from November 17, 2017 Annual General Meeting were reviewed.

Motion #1: Moved by Jessica Cooksey and seconded by Susan Hogarth to accept November 17, 2017 AGM minutes. Carried.

REPORTS

PRESIDENT REPORTS -Aman Sangehra

Aman opened the Last Door Recovery Society 2018 Annual General Meeting introducing Board members and giving an overview report of the past year and goals for the future.

Motion #2: Moved by Todd Ware and seconded by Jim Bennett that the President' report be accepted as presented. Carried.

FINANCIAL-TREASURER-GARY GEORGE

Financial –Year end August 31, 2015

Motion #3: Moved by Matt Kalenuik and seconded by Dave Seymour to accept the 2017 Financial Review as presented by MNP. Carried.(attached).

Motion #4: Moved by Dennis George and Seconded by Scott Lang to ratify the Board vote to engage Meyers Norris Penney for our August 31, 2018 Annual Financial Review. Carried.

Motion #5: Moved by Colin Ramsay and Seconded by Todd Ware to accept the 2019 Budget as presented. Carried.(attached)

YOUTH PROGRAM – PETER BEKA

Presented and approved

Motion #6: Moved by Jared Nilsson and seconded by Rob Hurst to accept the 2018 youth Program Report as presented. Carried.

ADULT PROGRAM REPORT-JARED NILSSON

Presented and approved

MOTION #7: Moved by Rob Hurst and seconded by Jeff Emsland to accept the 2018 Last Door Recovery Centre Report as presented. Carried.

COMMUNITY DEVELOPMENT REPORT- GIUSEPPE GANCI

Presented and approved

Motion #8: Moved by Graham Tippet and seconded by Haneef Esmail to accept the 2018 Community Development Report as presented. Carried.

OPERATIONS MANAGER REPORT-JESSICA COOKSEY

Presented and approved.

Motion #9: Moved by Peter Beka and seconded by Darren Galer to accept the 2018 Operations Manager Report as presented. Carried.

FUNDRAISING COMMITTEE REPORT – MATT KALNEUIK

Presented and approved

Motion #9: Moved by Dave Seymour and seconded by Deb Gue to accept the 2018 Fund Raising Committee Report as presented. Carried.

ELECTIONS

BOARD ELECTIONS –TODD WARE, ELECTION COMMITTEE

Report Received and approved

Motion #10: Haneef Esmail nominated Aman Sanghera. Aman accepted, the vote was carried.

Motion #11: Rob Hurst nominated Haneef Esmail. Haneef accepted, the vote was carried.

Motion #12: Rob Hurst nominated Gary George. Gary accepted and the vote was carried.

Motion #13: Jessica Cooksey nominated Rob Hurst. Rob accepted, the vote was carried.

Motion #14: Louise Cooksey nominated Jim Bennett. Jim accepted, the vote was carried

Motion #15: Haneef Esmail nominated Todd Ware. Todd accepted, the vote was carried.

Motion #16: Dennis George nominated Rob Toews. Rob accepted, the vote was carried

Motion #17: Dave Seymour nominated Scott Lang. Scott accepted, the vote was carried.

Motion #18: Dave Seymour nominated Jen Lowrey. Jen accepted, the vote was carried.

Motion #19: Gary George nominated Dennis George. Dennis accepted, the vote was carried.

Motion #20: Todd Ware nominated Dave Seymour. Dave accepted, the vote was carried.

Motion #21: Scott Lang nominated Graham Tippet. Graham accepted, the vote was carried.

BUSINESS ARISING –None

CLOSING COMMENTS & Video

The Portugal video trailer was shown.

David Pavlus spoke briefly thanking everyone for their participation and support Members shared.

Meeting adjourned at 8:50 pm

LAST DOOR RECOVERY SOCIETY
AGM BUDGET 2019 (approved by Board Nov 27, 2018)

| Revenue | General Fund | Gaming Fund | Total |
|--|---------------------|--------------------|------------------|
| Govt' Funding MSDSH | 302,000 | | 302,000 |
| Gov't Funding Fraser Health | 632,000 | | 632,000 |
| Resident Fees | 2,970,000 | | 2,970,000 |
| Fundraising | 325,000 | | 325,000 |
| Membership Fees | 600 | | 600 |
| Family Program | 85,000 | | 85,000 |
| Misc (Interest) | 36,000 | | 36,000 |
| Recovery Capital Conference(s) | 750,000 | | 750,000 |
| GST | 75,800 | | 75,800 |
| Gaming Revenues | | 98,000 | 98,000 |
| Gala | 125,000 | | 125,000 |
| Total Revenue | 5,301,400 | 98,000 | 5,399,400 |
| Expenditures | | | |
| Advertising | 100,000 | | 100,000 |
| Community Development | 176,100 | | 176,100 |
| Bank Charges (<i>Incl CC Transaction Fees</i>) | 57,000 | | 57,000 |
| *Utilities, Maitenance, Upgrades | 318,000 | | 318,000 |
| Transportation | 120,000 | | 120,000 |
| Insurance | 48,000 | | 48,000 |
| Resident Expenses | 895,000 | | 895,000 |
| Fundraising Expenses | 159,500 | | 159,500 |
| Professional Fees | 14,700 | | 14,700 |
| Office & Technology | 196,600 | | 196,600 |
| Property Taxes | 39,700 | | 39,700 |
| Rent/Leases | 194,500 | | 194,500 |
| Mortgages | 187,800 | | 187,800 |
| Telephone | 39,200 | | 39,200 |
| Staffing Costs- <i>Wages, Benefits, MERCs</i> | 1,778,900 | | 1,778,900 |
| Administration | 136,900 | | 136,900 |
| Recovery Capital Conference(s) | 694,000 | | 694,000 |
| GST Rebate | 65,500 | | 65,500 |
| Family Programming | 96,500 | | 96,500 |
| Gala | 75,000 | | 75,000 |
| Total Expenses | 5,392,900 | | 5,392,900 |
| Revenue over Expenses | | | 6,500 |

Last Door Recovery Society Financial Review Contents

For the year ended August 31, 2017-Year End August 31, 2018 (pending)
(Unaudited)

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| Notes to the Financial Statements | 5 |
| Schedules | |
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Review Engagement Report

To the Directors of Last Door Recovery Society:

We have reviewed the statement of financial position of Last Door Recovery Society as at August 31, 2017 and the statements of operations, changes in net assets, cash flows and the schedule of gaming revenues and expenses for the year then ended. Our review was made in accordance with Canadian generally accepted standards for review engagements and, accordingly, consisted primarily of inquiry, analytical procedures and discussion related to information supplied to us by the Society.

A review does not constitute an audit and, consequently, we do not express an audit opinion on these financial statements.

Based on our review, nothing has come to our attention that causes us to believe that these financial statements are not, in all material respects, in accordance with Canadian accounting standards for not-for-profit organizations.

Surrey, British Columbia January 23,

2018


Chartered Professional Accountants

Last Door Recovery Society
Statement of Financial Position

As at August 31, 2017
(Unaudited)

| | 2017 | 2016 |
|--|------------------|------------------|
| Assets | | |
| Current | | |
| Cash | 1,017,735 | 1,047,158 |
| Marketable securities, at fair value (Note 3) | 31,411 | 40,904 |
| Term deposits | 157,490 | 155,772 |
| Accounts receivable (Note 4) | 194,863 | 250,013 |
| Prepaid expenses | 46,900 | 75,194 |
| | 1,448,399 | 1,569,041 |
| Capital assets (Note 5) | 3,927,443 | 3,886,950 |
| | 5,375,842 | 5,455,991 |
| Liabilities | | |
| Current | | |
| Accounts payable and accruals (Note 6) | 98,539 | 83,901 |
| Deferred contributions (Note 7) | 36,643 | 34,130 |
| Current portion of long-term debt (Note 8) | 110,140 | 106,330 |
| | 245,322 | 224,361 |
| Long-term debt (Note 8) | 2,504,320 | 2,614,819 |
| Deferred contributions related to capital assets (Note 9) | 308,791 | 326,753 |
| | 3,058,433 | 3,165,933 |
| Commitments (Note 10) | | |
| Net Assets | | |
| Unrestricted | 1,113,217 | 1,251,010 |
| Invested in capital assets | 1,004,192 | 839,048 |
| Internally restricted for capital asset reserve (Note 11) | 100,000 | 100,000 |
| Internally restricted replacement reserve (Note 11) | 100,000 | 100,000 |
| | 2,317,409 | 2,290,058 |
| | 5,375,842 | 5,455,991 |

Approved on behalf of the Board


Director


Director

The accompanying notes are an integral part of these financial statements

Last Door Recovery Society

Statement of Operations

For the year ended August 31, 2017

(Unaudited)

| | 2017 | 2016 |
|---|---------------|----------------|
| Revenue | | |
| Resident contributions | 2,969,363 | 2,866,694 |
| Government funding | 958,151 | 864,596 |
| Fundraising , donations and miscellaneous | 547,486 | 392,280 |
| Recognition of deferred contributions related to capital assets | 17,962 | 17,962 |
| | 4,492,962 | 4,141,532 |
| | | |
| Expenses | | |
| Wages | 1,773,577 | 1,636,178 |
| Food | 461,729 | 373,803 |
| Repairs, maintenance and utilities | 419,782 | 314,645 |
| Resident expenses | 292,349 | 207,286 |
| Community development | 275,161 | 283,604 |
| Office and sundry | 249,245 | 250,867 |
| Recovery Capital Conference | 228,653 | |
| Facility expenses | 158,738 | 162,975 |
| Amortization | 152,027 | 133,111 |
| Transportation | 96,101 | 75,653 |
| Interest on long-term debt | 94,303 | 98,298 |
| Family enhancement | 82,402 | 93,880 |
| Fundraising | 68,800 | 58,862 |
| Insurance | 67,448 | 26,841 |
| Socialization and recreation | 47,113 | 33,889 |
| Property taxes | 37,641 | 36,459 |
| Telephone | 36,417 | 31,519 |
| Education | 32,017 | 22,485 |
| Professional fees | 13,877 | 13,141 |
| Bank charges | 146 | 281 |
| Gaming miscellaneous | 4 | 5 |
| Bad debts recovery | (107,006) | (16,826) |
| | 4,480,524 | 3,836,956 |
| | | |
| Excess of revenue over expenses before other items | 12,438 | 304,576 |
| | | |
| Other items | | |
| Gain on disposal of capital assets | 24,406 | |
| Unrealized gain (loss) on marketable securities | (9,493) | 5,689 |
| | 14,913 | 5,689 |
| | | |
| Excess of revenue over expenses | 27,351 | 310,265 |

The accompanying notes are an integral part of these financial statements

Last Door Recovery Society Statement of Changes in Net Assets

*For the year ended August 31, 2017
(Unaudited)*

| | <i>Unrestricted</i> | <i>Invested in Capital Assets</i> | <i>Internally Restricted for Capital Asset Reserve</i> | <i>Internally Restricted Replacement Reserve</i> | 2017 | 2016 |
|--|---------------------|---|--|--|------------------|-----------|
| Net assets beginning of year | 1,251,010 | 839,048 | 100,000 | 100,000 | 2,290,058 | 1,979,793 |
| Excess of revenue over expenses | 168,184 | (140,833) | | | 27,351 | 310,265 |
| Purchase of capital assets | (199,288) | 199,288 | | | | |
| Long-term debt payments | (106,689) | 106,689 | | | | |
| Net assets, end of year | 1,113,217 | 1,004,192 | 100,000 | 100,000 | 2,317,409 | 2,290,058 |

The accompanying notes are an integral part of these financial statements

Last Door Recovery Society

Statement of Cash Flows

For the year ended August 31, 2017

(Unaudited)

| | 2017 | 2016 |
|---|------------------|------------------|
| Cash provided by (used for) the following activities | | |
| Operating | | |
| Excess of revenue over expenses | 27,351 | 310,265 |
| Amortization | 152,027 | 133,111 |
| Unrealized loss (gain) on marketable securities | 9,493 | (5,689) |
| Gain on disposal of capital assets | (24,406) | |
| Recognition of deferred contributions related to capital assets | (17,962) | (17,962) |
| Recognition of deferred contributions | (82,552) | (94,167) |
| | 63,951 | 325,558 |
| Changes in working capital accounts | | |
| Accounts receivable | 55,150 | (111,431) |
| Prepaid expenses | 28,294 | (9,459) |
| Accounts payable and accruals | 14,638 | (22,242) |
| | 162,033 | 182,426 |
| Financing | | |
| Deferred contributions received | 85,065 | 85,064 |
| Repayment of long-term debt | (106,689) | (102,778) |
| | (21,624) | (17,714) |
| Investing | | |
| Redemption of term deposit | 155,772 | 154,153 |
| Purchase of term deposit | (157,490) | (155,772) |
| Purchase of capital assets | (199,288) | (83,534) |
| Proceeds on disposal of capital assets | 31,174 | |
| | (169,832) | (85,153) |
| Increase (decrease) in cash resources | (29,423) | 79,559 |
| Cash resources, beginning of year | 1,047,158 | 967,599 |
| Cash resources, end of year | 1,017,735 | 1,047,158 |

The accompanying notes are an integral part of these financial statements

Last Door Recovery Society

Notes to the Financial Statements

For the year ended August 31, 2017

(Unaudited)

1. Incorporation and nature of the organization

Last Door Recovery Society ("the Society") was incorporated under the Society Act of British Columbia on August 21, 1989. The Society is a registered not-for-profit organization and is a registered charity and thus is exempt from income taxes under the Income Tax Act ("the Act"). In order to maintain its status as a registered not-for-profit organization under the Act, the Society must meet certain requirements within the Act. In the opinion of management these requirements have been met.

The objectives of the Society are as follows:

- To initiate and participate in therapeutic rehabilitative activities and endeavors for chemically dependent persons.
- To solicit, receive, hold, invest and distribute contributions from donors for the implementation, maintenance and support of facilities and programs developed by the Society.
- To endorse supportive networks for residents and clients through participation of staff and residents in activities of chemical dependent programs.

2. Significant accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for Not-for-Profit Organizations ("ASNPO") set out in Part III of the CPA Canada Handbook - Accounting, as issued by the Accounting Standards Board in Canada and include the following significant accounting policies:

Marketable securities

Marketable securities with prices quoted in an active market are measured at fair value with changes to fair value recorded as unrealized gains or losses in the statement of operations.

Capital assets

Purchased capital assets are initially recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution, if fair value can be reasonably determined. When fair value cannot be reasonably determined, capital assets have been recorded at nominal value. Amortization is provided using the following methods, at rates and terms intended to amortize the cost of assets over their estimated useful lives.

| | Method | Rate/Term |
|----------------------|---------------------------|------------------|
| Buildings Automotive | straight-line declining | 25 years |
| Computer equipment | balance declining balance | 30% |
| Equipment | declining balance | 55% |
| | | 20% |

Revenue recognition

The Society follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Other revenue is recognized when earned and collection is reasonably assured.

Contributed materials and services

The Society benefits from contributed services in the form of volunteer time. These services are not recognized in the financial statements as their fair value cannot be reasonably determined.

The Society records contributed goods at their fair market value where that value can be reasonably estimated and the goods would normally be purchased.

Last Door Recovery Society

Notes to the Financial Statements

For the year ended August 31, 2017

(Unaudited)

2. Significant accounting policies (Continued from previous page)

Measurement uncertainty

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

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of capital assets.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in excess of revenues over expenses in the periods in which they become known.

Financial instruments

The Society recognizes its financial instruments when the Society becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value, including financial assets and liabilities originated and issued in a related party transaction with management. Financial assets and liabilities originated and issued in all other related party transactions are initially measured at their carrying or exchange amount in accordance with Section 3840 *Related Party Transactions* (refer to Note 12).

At initial recognition, the Society may irrevocably elect to subsequently measure any financial instrument at fair value. The Society has not made such an election during the year.

The Society subsequently measures investments in equity instruments quoted in an active market at fair value. Fair value is determined by published price quotations. All other financial assets and liabilities are subsequently measured at cost or amortized cost.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in the excess of revenues over expenses for the current period. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at amortized cost or cost.

Financial asset impairment

The Society assesses impairment of all of its financial assets measured at cost or amortized cost. When there is an indication of impairment, the Society determines whether it has resulted in a significant adverse change in the expected timing or amount of future cash flows during the year. If so, the Society reduces the carrying amount of any impaired financial assets to the highest of: the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets; and the amount expected to be realized by exercising any rights to collateral held against those assets. Any impairment, which is not considered temporary, is included in current year excess of revenues over expenses. The Society reverses impairment losses on financial assets when there is a decrease in impairment and the decrease can be objectively related to an event occurring after the impairment loss was recognized.

The amount of the reversal is recognized in the excess of revenues over expenses in the year the reversal occurs.

Last Door Recovery Society

Notes to the Financial Statements

For the year ended August 31, 2017
(Unaudited)

3. Marketable securities, at fair value

The Society's investments in publicly traded companies have a cost of \$25,740 (2016 - \$25,740).

4. Accounts receivable

| | 2017 | 2016 |
|---------------------------------|-----------|-----------|
| Accounts receivable | 333,616 | 495,772 |
| Allowance for doubtful accounts | (138,753) | (245,759) |
| | 194,863 | 250,013 |

5. Capital assets

| | 2017 Cost | Accumulated Amortization | 2017 Net book value | 2016 Net book value |
|--------------------|--------------|-----------------------------|---------------------------|---------------------------|
| Land | 1,900,923 | | 1,900,923 | 1,900,923 |
| Buildings | 2,525,529 | 779,012 | 1,746,517 | 1,843,374 |
| Automotive | 266,700 | 100,976 | 165,724 | 109,078 |
| Computer equipment | 16,468 | 755 | 15,713 | |
| Equipment | 122,609 | 24,043 | 98,566 | 33,575 |
| | 4,832,229 | 904,786 | 3,927,443 | 3,886,950 |

6. Accounts payable and accruals

Included in accounts payable and accruals at August 31, 2017 are \$6,899 (2016 - \$934) of remittances payable to various government agencies.

7. Deferred contributions

Deferred contributions consist of contributions received from contributors who have restricted their use for specific operating purposes. Recognition of these amounts as revenue is deferred to periods when the specified expenditures are made.

Changes in the deferred contribution balance are as follows:

| | 2017 | 2016 |
|--|----------|----------|
| Balance, beginning of year | 34,130 | 43,233 |
| Contributions received during the year | 85,065 | 85,064 |
| Less: Amounts recognized during the year | (82,552) | (94,167) |
| | 36,643 | 34,130 |

Last Door Recovery Society

Notes to the Financial Statements

*For the year ended August 31, 2017
(Unaudited)*

8. Long-term debt

| | 2017 | 2016 |
|--|-----------|-----------|
| Vancity Credit Union | | |
| - Repayable in weekly blended instalments of \$1,134 including interest at 3.35% per annum | | |
| - 60 month term renewing November 2020 | | |
| - Secured by land and building at 327 - 8th Street, having a net book value of \$813,000 (2016 - \$851,000) | 629,674 | 667,157 |
| Vancity Credit Union | | |
| - Repayable in monthly blended instalments of \$10,736 including interest at 3.50% per annum | | |
| - 60 month term renewing June 2019 | | |
| - Secured by land and building at 31895 Keystone Avenue, having a net book value of \$2,091,935 (2016 - \$2,140,413) | 1,969,155 | 2,028,508 |
| Mercedes Benz Financial Services | | |
| - Repayable in monthly blended instalments of \$900 including interest at 4.49% per annum | | |
| - 60 month term ending March 2019 | | |
| - Secured by financed vehicle, having a net book value of \$20,070 (2016 - \$27,194) | 15,631 | 25,484 |
| | 2,614,460 | 2,721,149 |
| Less: Current portion of long-term debt | 110,140 | 106,330 |
| | 2,504,320 | 2,614,819 |

Principal repayments on long-term debt in each of the next five years, assuming long-term debt subject to refinancing is renewed at a rate similar to the current rates, are estimated as follows:

| | |
|------|---------|
| 2018 | 110,140 |
| 2019 | 109,558 |
| 2020 | 106,953 |
| 2021 | 110,677 |
| 2022 | 115,393 |

Last Door Recovery Society

Notes to the Financial Statements

For the year ended August 31, 2017
(Unaudited)

9. Deferred contributions related to capital assets

Deferred contributions related to capital assets consist of the unamortized amount of donations and grants that have been used to purchase the property at Ash Street, the property at 327 8th Street, and improve overall building conditions. Recognition of these amounts as revenue is deferred to periods when the related capital assets are amortized. Changes in

deferred contributions related to capital assets are as follows:

| | 2017 | 2016 |
|---|-----------------|----------|
| Balance, beginning of year | 326,753 | 344,715 |
| Less: Recognition of deferred contributions related to capital assets | (17,962) | (17,962) |
| Balance, end of year | 308,791 | 326,753 |

Included in deferred contributions related to capital assets is a loan from British Columbia Housing Management Commission ("BCHMC") used towards the purchase of the Ash Street property. The loan bears no interest and requires no repayment as long as the Ash Street property continues to be used to treat youth for substance abuse. The loan is forgiven on a straight-line basis over a 25 year period beginning February 2016. In the event the Ash Street property is no longer used as a youth treatment facility, interest will be payable on the balance of the principal amount outstanding at prime plus 2% per annum and immediate repayment of the loan may be required. The loan is secured by a first mortgage on the Ash Street property.

No repayment liability has been recorded for the Ash Street property as the Society continues to operate a youth treatment facility.

10. Commitments

The Society premises lease agreements with parties related to the Society (Note 12) are subject to monthly rent of \$13,250, expiring June 2019 with annual payments of \$159,000, and aggregate payments through the remaining lease term of \$278,250.

11. Internally restricted net assets

The Society, as determined by the Board of Directors, has internally restricted funds in the amount of \$100,000 (2016 - \$100,000) for future capital asset purchases and \$100,000 (2016 - \$100,000) for capital asset replacement and repair of the Society's building. These funds are not available for other purposes without the approval of the Board of Directors.

12. Related party transactions

The Society has entered into two building leases with the Eighth Street Partners Group ("ESPG"), a joint venture of which three members of the management team of the Society are also ventures of ESGP.

Included in facility expense for the current year is \$158,738 (2016 - \$162,975) of rent paid to ESGP.

These transactions were conducted in the normal course of operations and measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Last Door Recovery Society

Notes to the Financial Statements

For the year ended August 31, 2017
(Unaudited)

13. Financial instruments

The Society, as part of its operations, carries a number of financial instruments. It is management's opinion that the Society is not exposed to significant credit, currency, interest, liquidity or other price risks arising from these financial instruments except as otherwise disclosed.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Society's main credit risk relates to its accounts receivable. To mitigate this risk, the Society carries out credit evaluations of its customers on a continuing basis and provides allowances for amounts potentially uncollectible.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk.

The Society is exposed to interest rate risk through its long-term debt.

Liquidity risk

Liquidity risk is the risk that the Society will encounter difficulty in meeting obligations associated with financial liabilities. The Society enters into transactions to purchase goods and services on credit and borrow funds from financial institutions or other creditors for which repayment is required at various maturity dates.

Other price risk

Other price risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or foreign currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Society enters into transactions to purchase and sell marketable securities which are actively traded on a recognized exchange.

Last Door Recovery Society
Notes to the Financial Statements
For the year ended August 31, 2017
(Unaudited)


Schedule 1 - Schedule of Gaming Revenues and Expenses
For the year ended August 31, 2017
(Unaudited)

| | 2017 | 2016 |
|---|---------------|-------------|
| Revenue | 85,065 | 85,064 |
| Expenses | | |
| Family enhancement | 82,402 | 93,880 |
| Bank charges | 146 | 281 |
| Gaming miscellaneous | 4 | 5 |
| | 82,552 | 94,166 |
| Excess (deficiency) of revenue over expenses | 2,513 | (9,102) |

Last Door Recovery Society
Financial Statements
Year ended August 31, 2016
(Unaudited)

Last Door Recovery Society
Contents
For the year ended August 31, 2016
(Unaudited)

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Review Engagement Report

To the Directors of Last Door Recovery Society:

We have reviewed the statement of financial position of Last Door Recovery Society as at August 31, 2016 and the statements of operations, changes in net assets, cash flows and the schedule of gaming revenues and expenses for the year then ended. Our review was made in accordance with Canadian generally accepted standards for review engagements and, accordingly, consisted primarily of inquiry, analytical procedures and discussion related to information supplied to us by the Society.

A review does not constitute an audit and, consequently, we do not express an audit opinion on these financial statements.

Based on our review, nothing has come to our attention that causes us to believe that these financial statements are not, in all material respects, in accordance with Canadian accounting standards for not-for-profit organizations.

Surrey, British Columbia

January 12, 2017

MNP LLP

Chartered Professional Accountants



Last Door Recovery Society
Statement of Financial Position
As at August 31, 2016
(Unaudited)

| | 2016 | 2015 |
|--|------------------|------------------|
| Assets | | |
| Current | | |
| Cash | 1,047,158 | 967,599 |
| Marketable securities (Note 3) | 40,904 | 35,215 |
| Term deposits | 155,772 | 154,153 |
| Accounts receivable (Note 4) | 250,013 | 138,582 |
| Prepaid expenses | 75,194 | 65,735 |
| | 1,569,041 | 1,361,284 |
| Capital assets (Note 5) | 3,886,950 | 3,936,527 |
| | 5,455,991 | 5,297,811 |
| Liabilities | | |
| Current | | |
| Accounts payable and accruals (Note 6) | 83,902 | 106,143 |
| Deferred contributions (Note 7) | 34,130 | 43,233 |
| Current portion of long-term debt (Note 8) | 106,330 | 100,013 |
| | 224,362 | 249,389 |
| Long-term debt (Note 8) | 2,614,819 | 2,723,914 |
| Deferred contributions related to capital assets (Note 9) | 326,753 | 344,715 |
| | 3,165,934 | 3,318,018 |
| Commitments (Note 10) | | |
| Net Assets | | |
| Unrestricted | 1,251,009 | 1,011,908 |
| Invested in capital assets | 839,048 | 767,885 |
| Internally restricted for capital asset reserve (Note 11) | 100,000 | 100,000 |
| Internally restricted replacement reserve (Note 11) | 100,000 | 100,000 |
| | 2,290,057 | 1,979,793 |
| | 5,455,991 | 5,297,811 |

Approved on behalf of the Board


 Director


 Director
 A. SANGHERA

The accompanying notes are an integral part of these financial statements

Last Door Recovery Society
Statement of Operations
For the year ended August 31, 2016
(Unaudited)

| | 2016 | 2015 |
|---|------------------|------------------|
| Revenue | | |
| Resident contributions | 2,866,694 | 2,723,311 |
| Government funding | 864,596 | 682,041 |
| Fundraising, donations and miscellaneous | 392,280 | 326,076 |
| Recognition of deferred contributions related to capital assets | 17,962 | 17,962 |
| | 4,141,532 | 3,749,390 |
| Expenses | | |
| Wages | 1,636,178 | 1,399,780 |
| Food | 373,803 | 341,326 |
| Repairs, maintenance and utilities | 314,645 | 473,498 |
| Community development | 283,604 | 190,796 |
| Office and sundry | 250,867 | 222,280 |
| Resident expenses | 207,286 | 168,781 |
| Facility expenses | 162,975 | 149,607 |
| Amortization | 133,111 | 129,507 |
| Interest on long-term debt | 98,298 | 111,338 |
| Family enhancement | 93,880 | 73,357 |
| Transportation | 75,653 | 89,501 |
| Fundraising | 58,862 | 40,048 |
| Property taxes | 36,459 | 31,960 |
| Socialization and recreation | 33,889 | 33,975 |
| Telephone | 31,519 | 27,328 |
| Insurance | 26,841 | 50,831 |
| Education | 22,485 | 30,926 |
| Professional fees | 13,141 | 12,323 |
| Bank charges | 281 | 117 |
| Gaming miscellaneous | 5 | 3 |
| Bad debts (recovery) | (16,826) | 77,929 |
| | 3,836,956 | 3,655,211 |
| Excess of revenue over expenses before other items | 304,576 | 94,179 |
| Other items | | |
| Loss on disposal of marketable securities | - | (3,005) |
| Unrealized gain on marketable securities | 5,689 | 15,929 |
| | 5,689 | 12,924 |
| Excess of revenue over expenses | 310,265 | 107,103 |

The accompanying notes are an integral part of these financial statements

Last Door Recovery Society
Statement of Changes in Net Assets
For the year ended August 31, 2016
(Unaudited)

| | <i>Unrestricted</i> | <i>Invested in Capital Assets</i> | <i>Internally Restricted for Capital Asset Reserve</i> | <i>Internally Restricted Replacement Reserve</i> | 2016 | 2015 |
|---------------------------------|---------------------|---|--|--|-------------|-------------|
| Net assets beginning of year | 1,011,908 | 767,885 | 100,000 | 100,000 | 1,979,793 | 1,872,690 |
| Excess of revenue over expenses | 425,413 | (115,149) | - | - | 310,265 | 107,103 |
| Purchase of capital assets | (83,534) | 83,534 | - | - | - | - |
| Long-term debt payments | (102,778) | 102,778 | - | - | - | - |
| Net assets, end of year | 1,251,009 | 839,048 | 100,000 | 100,000 | 2,290,058 | 1,979,793 |

The accompanying notes are an integral part of these financial statements

Last Door Recovery Society
Statement of Cash Flows
For the year ended August 31, 2016
(Unaudited)

| | 2016 | 2015 |
|---|------------------|----------------|
| Cash provided by (used for) the following activities | | |
| Operating | | |
| Excess of revenue over expenses | 310,265 | 107,103 |
| Amortization | 133,111 | 129,507 |
| Unrealized gain on marketable securities | (5,689) | (15,929) |
| Realized loss on marketable securities | - | 3,005 |
| Recognition of deferred contributions related to capital assets | (17,962) | (17,962) |
| | 419,725 | 205,724 |
| Changes in working capital accounts | | |
| Accounts receivable | (111,431) | 122,446 |
| Prepaid expenses | (9,459) | 5,443 |
| Accounts payable and accruals | (22,242) | 10,498 |
| | 276,593 | 344,111 |
| Financing | | |
| Deferred contributions received | 85,064 | 91,085 |
| Recognition of deferred contributions | (94,167) | (97,435) |
| Repayment of long-term debt | (102,778) | (218,603) |
| | (111,881) | (224,953) |
| Investing | | |
| Purchase of marketable securities | - | (2,010) |
| Proceeds on disposal of marketable securities | - | 40 |
| Redemption of term deposit | 154,153 | 152,175 |
| Purchase of term deposit | (155,772) | (154,153) |
| Purchase of capital assets | (83,534) | (118,158) |
| | (85,153) | (122,106) |
| Increase (decrease) in cash resources | 79,559 | (2,948) |
| Cash resources, beginning of year | 967,599 | 970,547 |
| Cash resources, end of year | 1,047,158 | 967,599 |

The accompanying notes are an integral part of these financial statements

Last Door Recovery Society
Notes to the Financial Statements
For the year ended August 31, 2016
(Unaudited)

1. Incorporation and nature of the organization

Last Door Recovery Society ("the Society") was incorporated under the Society Act of British Columbia on August 21, 1989. The Society is a registered not-for-profit organization and is a registered charity and thus is exempt from income taxes under the Income Tax Act ("the Act"). In order to maintain its status as a registered not-for-profit organization under the Act, the Society must meet certain requirements within the Act. In the opinion of management these requirements have been met.

The objectives of the Society are as follows:

- To initiate and participate in therapeutic rehabilitative activities and endeavours for chemically dependent persons.
- To solicit, receive, hold, invest and distribute contributions from donors for the implementation, maintenance and support of facilities and programs developed by the Society.
- To endorse supportive networks for residents and clients through participation of staff and residents in activities of chemical dependent programs.

2. Significant accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for Not-for-Profit Organizations ("ASNPO") set out in Part III of the CPA Canada Handbook - Accounting, as issued by the Accounting Standards Board in Canada and include the following significant accounting policies:

Marketable securities

Marketable securities with prices quoted in an active market are measured at fair value with changes to fair value recorded as unrealized gains or losses in the statement of operations.

Capital assets

Capital assets are initially recorded at cost. Amortization is provided using the following methods, at rates intended to amortize the cost of assets over their estimated useful lives.

| | <i>Method</i> | <i>Rate</i> |
|------------|-------------------|-------------|
| Buildings | straight-line | 25 years |
| Automotive | declining balance | 30 % |
| Equipment | declining balance | 20 % |

Revenue recognition

The Society follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Other revenue is recognized when earned and collection is reasonably assured.

Contributed materials and services

The Society benefits from contributed services in the form of volunteer time. These services are not recognized in the financial statements as their fair value can not be reasonably determined.

The Society records contributed goods at their fair market value where that value can be reasonably estimated and the goods would normally be purchased.

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2. **Significant accounting policies** (Continued from previous page)

Measurement uncertainty

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

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of capital assets.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in excess of revenues over expenses in the periods in which they become known.

Financial Instruments

The Society recognizes its financial instruments when the Society becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value, including financial assets and liabilities originated and issued in a related party transaction with management. Financial assets and liabilities originated and issued in all other related party transactions are initially measured at their carrying or exchange amount in accordance with Section 3840 *Related Party Transactions* (refer to Note 12.)

At initial recognition, the Society may irrevocably elect to subsequently measure any financial instrument at fair value. The Society has not made such an election during the year.

The Society subsequently measures investments in equity instruments quoted in an active market at fair value. Fair value is determined by published price quotations. All other financial assets and liabilities are subsequently measured at cost or amortized cost.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in the excess of revenues over expenses for the current period. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at amortized cost or cost.

Financial asset impairment

The Society assesses impairment of all of its financial assets measured at cost or amortized cost. When there is an indication of impairment, the Society determines whether it has resulted in a significant adverse change in the expected timing or amount of future cash flows during the year. If so, the Society reduces the carrying amount of any impaired financial assets to the highest of: the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets; and the amount expected to be realized by exercising any rights to collateral held against those assets. Any impairment, which is not considered temporary, is included in current year excess of revenues over expenses. The Society reverses impairment losses on financial assets when there is a decrease in impairment and the decrease can be objectively related to an event occurring after the impairment loss was recognized. The amount of the reversal is recognized in the excess of revenues over expenses in the year the reversal occurs.



Last Door Recovery Society
Notes to the Financial Statements
For the year ended August 31, 2016
(Unaudited)

3. Marketable securities

The Society's investments in publicly traded companies, recorded in the Society's financial statements at fair value as at August 31, 2016, have a cost of \$25,740 (2015 - \$25,740).

4. Accounts receivable

| | 2016 | 2015 |
|---------------------------------|----------------|----------------|
| Accounts receivable | 495,772 | 401,167 |
| Allowance for doubtful accounts | (245,759) | (262,585) |
| | 250,013 | 138,582 |

5. Capital assets

| | Cost | Accumulated amortization | 2016 Net book value | 2015 Net book value |
|------------|------------------|-----------------------------|---------------------------|---------------------------|
| Land | 1,900,923 | - | 1,900,923 | 1,900,923 |
| Buildings | 2,525,529 | 682,155 | 1,843,374 | 1,940,230 |
| Automotive | 214,822 | 105,744 | 109,078 | 91,276 |
| Equipment | 39,789 | 6,214 | 33,575 | 4,098 |
| | 4,681,063 | 794,113 | 3,886,950 | 3,936,527 |

6. Accounts payable and accruals

Included in accounts payable and accruals at August 31, 2016 are \$934 (2015 - \$3,629) of remittances payable to various government agencies.

7. Deferred contributions

Deferred contributions consist of contributions received from contributors who have restricted their use for specific operating purposes. Recognition of these amounts as revenue is deferred to periods when the specified expenditures are made.

Changes in the deferred contribution balance are as follows:

| | 2016 | 2015 |
|---|---------------|---------------|
| Balance, beginning of year | 43,233 | 49,583 |
| Contributions received during the year | 85,064 | 91,085 |
| Less: Amounts recognized as fundraising, donations, and miscellaneous revenue during the year | (94,167) | (97,435) |
| | 34,130 | 43,233 |

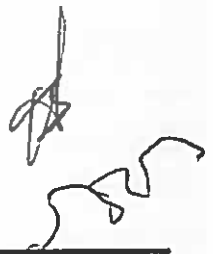
Last Door Recovery Society
Notes to the Financial Statements
For the year ended August 31, 2016
(Unaudited)

8. Long-term debt

| | 2016 | 2015 |
|--|-----------|-----------|
| Vancity Credit Union | | |
| - Repayable in weekly blended instalments of \$1,134 including interest at 3.35% per annum | | |
| - 60 month term renewing November 2020 | | |
| - Secured by land and building at 327 - 8th Street, having a net book value of \$851,000 (2015 - \$889,000) | 667,157 | 703,335 |
| Vancity Credit Union | | |
| - Repayable in monthly blended instalments of \$10,736 including interest at 3.50% per annum | | |
| - 60 month term renewing June 2019 | | |
| - Secured by land and building at 31895 Keystone Avenue, having a net book value of \$2,140,413 (2015 - \$2,180,413) | 2,028,508 | 2,085,688 |
| Mercedes Benz Financial Services | | |
| - Repayable in monthly blended instalments of \$900 including interest at 4.49% per annum | | |
| - 60 month term ending March 2019 | | |
| - Secured by financed vehicle, having a net book value of \$27,194 (2015 - \$45,040) | 25,484 | 34,904 |
| | 2,721,149 | 2,823,927 |
| Less: Current portion of long-term debt | 106,330 | 100,013 |
| | 2,614,819 | 2,723,914 |

Principal repayments on long-term debt in each of the next five years, assuming long-term debt subject to refinancing is renewed at a rate similar to the current rates, are estimated as follows:

| | |
|------|---------|
| 2017 | 106,330 |
| 2018 | 110,141 |
| 2019 | 109,558 |
| 2020 | 106,953 |
| 2021 | 110,677 |



Last Door Recovery Society
Notes to the Financial Statements
For the year ended August 31, 2016
(Unaudited)

9. Deferred contributions related to capital assets

Deferred contributions related to capital assets consist of the unamortized amount of donations and grants that have been used to purchase the property at Ash Street, the property at 327 8th Street, and improve overall building conditions. Recognition of these amounts and restricted contributions as revenue is deferred to periods when the related capital assets are amortized.

Changes in deferred contributions related to capital assets are as follows:

| | 2016 | 2015 |
|---|----------|----------|
| Balance, beginning of year | 344,715 | 362,677 |
| Less: Recognition of deferred contributions related to capital assets | (17,962) | (17,962) |
| Balance, end of year | 326,753 | 344,715 |

Included in deferred contributions related to capital assets is a loan from British Columbia Housing Management Commission ("BCHMC") used towards the purchase of the Ash Street property. The loan bears no interest and requires no repayment as long as the Ash Street property continues to be used to treat the youth for substance abuse. The loan will be forgiven on a straight-line basis over a 25 year period beginning February 2016. In the event the Ash Street property is no longer used as a youth treatment facility, interest will be payable on the balance of the principal amount outstanding at prime plus 2% per annum and immediate repayment of the loan may be required. The loan is secured by a first mortgage on the Ash Street property.

No repayment liability has been recorded for the Ash Street property as the Society continues to operate a youth treatment facility.

10. Commitments

The Society has two lease agreements with respect to buildings in New Westminster, BC that are subject to monthly rent of \$13,250, expiring June 2019 with minimum aggregate annual payments of \$159,000.

11. Internally restricted

The Society, as determined by the Board of Directors, has internally restricted funds in the amount of \$100,000 (2015 - \$100,000) for future capital asset purchases and \$100,000 (2015 - \$100,000) for capital asset replacement and repair of the Society's building. These funds are not available for other purposes without the approval of the Board of Directors.

12. Related party transactions

The Society has entered into two building leases as described in Note 10, with the Eighth Street Partners Group ("ESPG"), a joint venture. Three members of the management team of the Society are also venturers of ESGP.

Included in facility expense for the current year is \$162,975 (2015 - \$149,607) of rent paid to ESGP.

These transactions were conducted in the normal course of operations and measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.



13. Financial instruments

The Society, as part of its operations, carries a number of financial instruments. It is management's opinion that the Society is not exposed to significant credit, currency, interest, liquidity or other price risks arising from these financial instruments except as otherwise disclosed.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Society's main credit risk relates to its accounts receivable. To mitigate this risk, the Society carries out credit evaluations of its customers on a continuing basis.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk.

The Society is exposed to interest rate risk through its long-term debt.

Liquidity risk

Liquidity risk is the risk that the Society will encounter difficulty in meeting obligations associated with financial liabilities. The Society enters into transactions to purchase goods and services on credit and borrow funds from financial institutions or other creditors for which repayment is required at various maturity dates.

Other price risk

Other price risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or foreign currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Society enters into transactions to purchase and sell investments which are actively traded on a recognized exchange.

The Society is exposed to other price risk through its marketable securities.



Last Door Recovery Society
Schedule 1 - Schedule of Gaming Revenues and Expenses
For the year ended August 31, 2016
(Unaudited)

| | 2016 | 2015 |
|---|----------------|---------------|
| Revenue | 85,064 | 91,085 |
| Expenses | | |
| Family enhancement | 93,880 | 73,357 |
| Bank charges | 281 | 117 |
| Gaming miscellaneous | 5 | 3 |
| | 94,166 | 73,477 |
| (Deficiency) excess of revenue over expenses | (9,102) | 17,608 |