

NORTH SHORE COMMUNITY RESOURCES SOCIETY

Financial Statements

Year Ended March 31, 2020

NORTH SHORE COMMUNITY RESOURCES SOCIETY

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Year Ended March 31, 2020

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INDEPENDENT AUDITOR'S REPORT

To the Members of North Shore Community Resources Society

Report on the Financial Statements

Qualified Opinion

We have audited the financial statements of North Shore Community Resources Society (the Society), which comprise the statement of financial position as at March 31, 2020, and the statements of revenues and expenditures, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Society as at March 31, 2020, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

Basis for Qualified Opinion

In common with many charitable organizations, the Society derives revenue from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Society and we were not able to determine whether any adjustments might be necessary to contributions, excess of revenues over expenditures, current assets and net assets. The predecessor auditor's opinion on the financial statements for the year ended March 31, 2019 was modified accordingly because of the possible effects of this limitation of scope.

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 are independent of the Society in accordance with 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 qualified audit opinion.

Other Matter

The financial statements for the year ended March 31, 2019 were audited by another auditor who expressed a qualified opinion on those financial statements on August 14, 2019 for the reasons described in the *Basis for Qualified Opinion* section.

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 ASNPO, 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

Independent Auditor's Report to the Members of North Shore Community Resources Society *(continued)*

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, the accounting policies applied in preparing and presenting the financial statements in accordance with Canadian accounting standards for not-for-profit organizations have been applied on a basis consistent with that of the preceding year.

Vancouver, BC
June 29, 2020


CHARTERED PROFESSIONAL ACCOUNTANTS

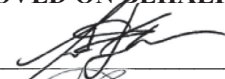

NORTH SHORE COMMUNITY RESOURCES SOCIETY

Statement of Financial Position

March 31, 2020

	2020	2019
ASSETS		
CURRENT		
Cash	\$ 371,891	\$ 192,541
Term deposits <i>(Note 4)</i>	524,627	516,799
Amounts receivable <i>(Note 5)</i>	35,803	39,700
Goods and services tax recoverable	11,155	4,428
Prepaid expenses	8,905	6,727
	952,381	760,195
TANGIBLE CAPITAL ASSETS <i>(Note 6)</i>	36,160	47,392
	\$ 988,541	\$ 807,587
 LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities <i>(Note 7)</i>	\$ 160,383	\$ 96,641
Deferred contributions <i>(Note 8)</i>	302,663	167,471
	463,046	264,112
DEFERRED CAPITAL CONTRIBUTIONS	13,444	17,493
	476,490	281,605
 NET ASSETS		
Unrestricted	99,071	113,002
Internally restricted <i>(Note 9)</i>	412,980	412,980
	512,051	525,982
	\$ 988,541	\$ 807,587

APPROVED ON BEHALF OF THE BOARD


 _____ Director

 _____ Director

See notes to financial statements

NORTH SHORE COMMUNITY RESOURCES SOCIETY

Statement of Revenues and Expenditures

Year Ended March 31, 2020

	2020	2019
REVENUES		
Government funding		
Federal government	\$ 268,313	\$ 263,766
Provincial government <i>(Note 11)</i>	681,306	581,327
Municipal government <i>(Note 11)</i>	124,515	129,102
United Way of the Lower Mainland	356,247	364,722
Law Foundation of B.C. and other grants	213,858	107,337
B.C. Community Gaming Grant	55,000	55,000
Donations and fundraising	87,061	80,797
Interest and other income	67,592	59,100
Sponsorships, subscriptions and memberships	26,029	27,491
	<u>1,879,921</u>	<u>1,668,642</u>
EXPENDITURES		
Salaries and wages	1,127,327	994,566
Inter-agency transfers	243,882	270,029
Program expenses	213,822	222,808
Computer expenses	62,698	3,595
Rental	59,008	39,593
Professional fees	43,880	6,970
Office expenses	43,435	46,321
Facilities and maintenance	33,734	16,613
Travel	20,474	16,109
Consulting fees	18,246	49,910
Amortization	11,232	14,221
Telephone	9,508	9,771
Insurance	6,606	6,236
	<u>1,893,852</u>	<u>1,696,742</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES	<u>\$ (13,931)</u>	<u>\$ (28,100)</u>

See notes to financial statements

NORTH SHORE COMMUNITY RESOURCES SOCIETY

Statement of Changes in Net Assets

Year Ended March 31, 2020

	Unrestricted	Internally restricted	2020	2019
NET ASSETS - BEGINNING OF YEAR	\$ 113,002	\$ 412,980	\$ 525,982	\$ 553,231
Deficiency of revenues over expenditures	(13,931)	-	(13,931)	(28,100)
Transfer to Vancity Community Foundation Endowment Fund	-	-	-	851
NET ASSETS - END OF YEAR	\$ 99,071	\$ 412,980	\$ 512,051	\$ 525,982

See notes to financial statements

NORTH SHORE COMMUNITY RESOURCES SOCIETY**Statement of Cash Flows
Year Ended March 31, 2020**

	2020	2019
OPERATING ACTIVITIES		
Deficiency of revenues over expenditures	\$ (13,931)	\$ (28,100)
Items not affecting cash:		
Amortization of tangible capital assets	11,232	14,221
Amortization of deferred capital contributions	(4,049)	(5,458)
	<u>(6,748)</u>	<u>(19,337)</u>
Changes in non-cash working capital:		
Amounts receivable	3,897	122
Goods and services tax recoverable	(6,727)	620
Prepaid expenses	(2,178)	544
Accounts payable and accrued liabilities	63,742	(8,308)
Deferred contributions	135,192	17,849
	<u>193,926</u>	<u>10,827</u>
Cash flow from (used by) operating activities	<u>187,178</u>	<u>(8,510)</u>
INVESTING ACTIVITIES		
Purchase of tangible capital assets	-	(12,210)
Maturity (reinvestment) of term deposits	(7,828)	99,929
Cash flow from (used by) investing activities	<u>(7,828)</u>	<u>87,719</u>
FINANCING ACTIVITIES		
Contributions to Vancity Community Foundation	-	851
Receipt of capital contributions	-	9,125
Cash flow from financing activities	<u>-</u>	<u>9,976</u>
INCREASE IN CASH FLOW	179,350	89,185
Cash - beginning of year	<u>192,541</u>	<u>103,356</u>
CASH - END OF YEAR	\$ 371,891	\$ 192,541

See notes to financial statements

NORTH SHORE COMMUNITY RESOURCES SOCIETY

Notes to Financial Statements

Year Ended March 31, 2020

1. NATURE OF OPERATIONS

North Shore Community Resources Society (the "Society") was incorporated provincially under the Society Act of British Columbia in 1983 originally under the name North Shore Information and Volunteer Centre Society. The Society is a registered charity and accordingly is not subject to income taxes under the Income Tax Act of Canada. As a registered charity the Society is exempt from the payment of income tax under Section 149(1) of the Income Tax Act.

The Society's mission is to enhance well-being, social connections, empowerment and community participation through the design and delivery of programs and services for the North Shore. The Society has four program areas: Parent and Child Programs; Community Engagement and Senior Programs; Community Legal Services Program; and Affordable Housing Programs.

2. CONTINUITY OF OPERATIONS (COVID-19)

In March of 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization and has had a significant financial, market and social dislocating impact on the general community. Given the Society's mandate and programs, the Society has played an important role in responding to the pandemic by providing some essential services. The pandemic and its impact has had significant impacts on the operations of the Society in terms of adapting and adjusting services and programs, the Society's workplace and work flow and organizational finances. While these impacts have been significant, they have not, for the most part, resulted in net negative impacts for the delivery of services and programs or on the short term financial health of the Society.

Management will continue to monitor the on-going financial impact on its cash and budget forecasts and adjust its operations as required to ensure its ability to fulfill its obligations and continue operations.

As of March 31, 2020, the Society has received unbudgeted funding of approximately \$140,000 which is included in deferred revenues to offset related expenditures incurred in the 2021 fiscal year. In addition, the Society received a portion of the 10% temporary wage subsidy, of which the remainder up to the maximum of \$25,000, was received subsequent to the fiscal year end.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPO).

Revenue recognition

The Society follows the deferral method of accounting for contributions.

Restricted contributions related to expenditures of future periods are deferred and 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.

(continues)

NORTH SHORE COMMUNITY RESOURCES SOCIETY

Notes to Financial Statements

Year Ended March 31, 2020

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Net assets

1. Internally restricted net assets are funds which have been designated for specific programs and activities by the organization's Board of Directors. Included in these net assets are cash reserves held by the Society for covering certain operating expenses, organizational development and compensation adjustments that are not otherwise funded.
2. Unrestricted net assets comprise the excess of revenue over expenditures accumulated by the organization each year and are available for general purposes.

Tangible capital assets

Tangible capital assets are stated at cost or deemed cost less accumulated amortization and are amortized over their estimated useful lives at the following rates and methods:

Computer equipment	30%	declining balance method
Computer software	100%	declining balance method
Office equipment	20%	declining balance method
Furniture and fixtures	20%	declining balance method
Website	5 years	straight-line method
Leasehold improvements	10 years	straight-line method

North Shore Community Resources Society Endowment Fund

Under the terms of Deed of Trust dated May 27, 2005, and amended March 1, 2010, the Society periodically contributes funds to its Endowment Fund which is held by the VanCity Community Foundation (the "Foundation"). The contribution of funds are permanent gifts to the Foundation, and accordingly, they are charged to unrestricted net assets.

The purpose of the Endowment Fund is to make annual grants of the income of the fund to "qualified donees" based on the annual grant recommendations of the donor. The Board of Directors of the Foundation will approve the grants. The only qualified donee of the Endowment Fund at the present time is the Society.

Contributed services

The operations of the organization depend on both the contribution of time by volunteers and donated materials from various sources. The fair value of donated materials and services cannot be reasonably determined and are therefore not reflected in these financial statements.

Measurement uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Key estimates used by management include the useful life of tangible capital assets and allowances for doubtful accounts. Actual results could differ from these estimates.

Deferred capital contributions

Deferred capital contributions related to tangible capital assets represent the unamortized amount and unspent amount of grants and donations received for the purchase of tangible capital assets. The amortization of deferred capital contributions will be recorded as revenue in the statement of operations at a rate corresponding with the amortization rate of the related tangible capital asset.

NORTH SHORE COMMUNITY RESOURCES SOCIETY

Notes to Financial Statements

Year Ended March 31, 2020

4. TERM DEPOSITS

The Society has funds invested in cashable and non-cashable term deposits, each with terms of 12 months, held at multiple financial institutions, bearing interest at rates between 1.65% and 2.05% annually.

5. AMOUNTS RECEIVABLE

	2020	2019
Amounts receivable	\$ 35,803	\$ 45,000
Allowance for doubtful accounts	-	(5,300)
	\$ 35,803	\$ 39,700

6. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated amortization	2020 Net book value
Office equipment	\$ 57,842	\$ 48,016	\$ 9,826
Computer equipment	188,468	176,192	12,276
Computer software	13,791	13,791	-
Furniture and fixtures	70,224	63,481	6,743
Website	12,700	5,385	7,315
Leasehold improvements	101,659	101,659	-
	\$ 444,684	\$ 408,524	\$ 36,160

	Cost	Accumulated amortization	2019 Net book value
Office equipment	\$ 57,842	\$ 45,560	\$ 12,282
Computer equipment	188,468	170,931	17,537
Computer software	13,791	13,791	-
Office equipment	38,728	38,728	-
Furniture and fixtures	70,224	61,795	8,429
Website	12,700	3,556	9,144
Leasehold improvements	101,659	101,659	-
	\$ 483,412	\$ 436,020	\$ 47,392

NORTH SHORE COMMUNITY RESOURCES SOCIETY

Notes to Financial Statements

Year Ended March 31, 2020

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<u>2020</u>	<u>2019</u>
Accounts payable and accrued liabilities	\$ 95,833	\$ 51,707
Accrued wages payable	46,827	31,615
Accrued vacation payable	17,316	12,951
Other government remittances payable	406	367
	<u>\$ 160,382</u>	<u>\$ 96,640</u>

8. DEFERRED CONTRIBUTIONS

Contributions received from gaming activities totalled \$55,000 (2019 - \$55,000) in the year. Of the total contributions, \$55,000 (2019 - \$55,000) has been deferred to be utilized in operations before April 1, 2021. As at March 31, 2020, unspent proceeds of other various restricted grants have been deferred in the amount of \$247,663 (2019 - \$112,471).

9. INTERNALLY RESTRICTED NET ASSETS

	<u>2020</u>	<u>2019</u>
Operating contingency reserve	\$ 348,795	\$ 348,795
Reserve for organizational development	64,185	64,185
	<u>\$ 412,980</u>	<u>\$ 412,980</u>

10. NORTH SHORE COMMUNITY RESOURCES SOCIETY ENDOWMENT FUND

Funds held by the Vancity Community Foundation are permanently endowed. During the year, the Society recorded interest income from the Endowment Fund for the 2020 fiscal year of \$3,188 (2019 - \$3,311).

The fair value of the Endowment Fund assets as of March 31, 2020 was \$79,466 (2019 - \$84,677).

NORTH SHORE COMMUNITY RESOURCES SOCIETY

Notes to Financial Statements

Year Ended March 31, 2020

11. REVENUES

	<u>2020</u>	<u>2019</u>
<u>Provincial government funding</u>		
BC Ministry of Children and Families	\$ 636,085	\$ 523,001
BC Ministry of Health	45,221	58,326
	<u>\$ 681,306</u>	<u>\$ 581,327</u>
<u>Municipal government funding</u>		
City of North Vancouver	\$ 54,055	\$ 53,255
District of North Vancouver	57,960	63,847
District of West Vancouver	12,500	12,000
	<u>\$ 124,515</u>	<u>\$ 129,102</u>
	<u>\$ 805,821</u>	<u>\$ 710,429</u>

12. REMUNERATION PAID TO EMPLOYEES AND DIRECTORS

During the year, the Society paid in aggregate \$334,814 (2019 - \$314,880) to one contractor and one employee who received remuneration of \$75,000 or greater. No remuneration was paid to any members of the Board of Directors. This disclosure is provided in accordance with the requirements of the Societies Act of British Columbia.

13. FINANCIAL INSTRUMENTS

The Society initially measures its financial assets and liabilities at fair value. The Society subsequently measures all its financial assets and liabilities at amortized cost. Financial assets measured at amortized cost include cash, term deposits, goods and services tax recoverable and amounts receivable. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

The Society is exposed to various risks through its financial instruments. The following analysis provides information about the Society's risk exposure and concentration as of March 31, 2020.

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Society is exposed to credit risk from customers. In order to reduce its credit risk, the Society conducts regular reviews of its existing customers' balances, and will write-off any amounts considered uncollectible during the year. In addition, an allowance for doubtful accounts is established at year-end for any further amounts considered uncollectible. There has been no change in the risk exposure from the prior year.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Society is exposed to this risk mainly in respect of its receipt of funds from its customers. The majority of the Society's revenues comprise grants derived from various levels of government organizations, and the risk of non-payment from these entities is considered low. There has been no change to the risk exposure from the prior year.

Unless otherwise noted, it is management's opinion that the Society is not exposed to significant other price risks arising from these financial instruments.

NORTH SHORE COMMUNITY RESOURCES SOCIETY

Notes to Financial Statements

Year Ended March 31, 2020

14. COMPARATIVE FIGURES

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