

**NORTH SHORE COMMUNITY RESOURCES SOCIETY**

**FINANCIAL STATEMENTS**

**March 31, 2018**

# **NORTH SHORE COMMUNITY RESOURCES SOCIETY**

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**March 31, 2018**

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DALE MATHESON CARR-HILTON LABONTE LLP  
CHARTERED PROFESSIONAL ACCOUNTANTS

## Independent Auditor's Report

To the Members of North Shore Community Resources Society:

We have audited the accompanying financial statements of North Shore Community Resources Society (the "Society"), which comprise the statements of financial position as at March 31, 2018, and the statements of revenues and expenditures, 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 audits. We conducted our audits 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 judgement, 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 Society'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 the 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 qualified audit opinion.

### **Basis of Qualified Opinion**

In common with many not-for-profit organizations, the Society derives a part of its revenue from donations, memberships and fundraising events, 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 revenues, excess of revenues over expenses, assets and net assets.

**Qualified Opinion**

In our opinion, except for the possible effects of the matter described in the Basis of Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the Society as at March 31, 2018, and its financial performance and its cash flows for the years then ended in accordance with Canadian accounting standards for not-for-profit organizations. As required by the Societies Act of British Columbia, we report that, in our opinion, these principles have been applied on a basis consistent with that of the preceding year.

*Dma*

DALE MATHESON CARR-HILTON LABONTE LLP  
CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, Canada  
June 21, 2018

# NORTH SHORE COMMUNITY RESOURCES SOCIETY

## Statement of Financial Position

As at March 31

	<u>Note</u>	<u>2018</u>		<u>2017</u>
<b>ASSETS</b>				
<b>Current</b>				
Cash		\$ 103,357	\$	134,031
Term deposits	3	616,727		672,506
Accounts receivable	4	44,870		27,604
Prepaid expenses		7,270		4,829
		772,224		838,970
<b>Long-Term</b>				
Capital assets	5	49,403		10,808
<b>Total Assets</b>		\$ 821,627	\$	849,778
<b>LIABILITIES</b>				
<b>Current</b>				
Accounts payable and accrued liabilities	6	\$ 104,948	\$	118,959
Deferred revenue	9	149,622		100,423
Current portion of deferred capital contributions		4,089		-
		258,659		219,382
<b>Long-Term</b>				
Deferred capital contributions		9,737		-
		268,396		-
<b>NET ASSETS</b>				
<b>Fund Balances</b>	7, 8	553,231		630,396
<b>Total Liabilities and Net Assets</b>		\$ 821,627	\$	849,778

Approved on Behalf of the Board

 Director

 Director

The accompanying notes form an integral part of these financial statements

# NORTH SHORE COMMUNITY RESOURCES SOCIETY

## Statement of Revenue and Expenditures

For the Years Ended March 31

	Note	2018	2017
<b>Revenue</b>			
Service contracts and grants			
Government funding			
Federal		\$ 264,248	\$ 263,311
Provincial	10	556,299	544,417
Municipal	10	115,848	116,922
United Way of the Lower Mainland		375,605	379,701
Law Foundation and other		105,618	95,800
		<u>1,417,618</u>	<u>1,400,151</u>
Other income:			
Gaming, fundraising, donations	9	97,441	117,241
Interest and other income		58,221	62,290
Conferences and subscriptions		22,794	26,453
		<u>1,596,074</u>	<u>1,606,135</u>
<b>Expenditures</b>			
Wages, benefits and training	11	1,000,191	990,218
Program expenses and equipment		221,818	204,228
Inter-agency transfers		238,292	236,936
Contract services		62,876	74,271
Rent		32,459	31,414
Office and miscellaneous		35,825	44,285
Transportation		18,547	18,447
Telephone		9,714	9,952
Professional fees		7,688	6,869
Amortization of capital assets	5	9,520	3,364
Computer		2,794	5,979
Insurance		5,828	5,721
Office equipment lease		4,323	3,242
Repairs and maintenance		5,913	6,005
		<u>1,655,788</u>	<u>1,640,931</u>
<b>Deficiency of Revenue over Expenditures from Operations</b>		<u>(59,714)</u>	<u>(34,796)</u>
<b>Other Item</b>			
Repayment to Funders		(19,138)	-
<b>Deficiency of Revenue over Expenditures</b>		<u>\$ (78,852)</u>	<u>\$ (34,796)</u>

The accompanying notes form an integral part of these financial statements

# NORTH SHORE COMMUNITY RESOURCES SOCIETY

## Statement of Changes In Fund Balances

For the Years Ended March 31

	2018				2017	
	Invested in Capital Assets (Notes 5 and 7)	Restricted External (Note 7)	Restricted Internal (Notes 7 and 8)	Unrestricted (Note 7)	Total	Total
<b>Net Assets,</b> beginning of year	\$ 10,808	\$ 8,105	\$ 448,641	\$ 162,842	\$ 630,396	\$ 668,792
Operations for the year:						
Acquisition of capital assets	48,115	-	-	-	48,115	3,407
Deficiency of revenue over expenses	(9,520)	-	-	(117,447)	(126,967)	(38,203)
Net operations	38,595	-	-	(117,447)	(78,852)	(34,796)
Transfer to VanCity Community Foundation Endowment Fund	-	-	-	1,687	1,687	(3,600)
Transfer from Externally Restricted to Unrestricted	-	(8,105)	-	8,105	-	-
Transfer from Internally Restricted to Unrestricted	-	-	(11,837)	11,837	-	-
<b>Net Assets,</b> end of year	\$ 49,403	\$ -	\$ 436,804	\$ 67,024	\$ 553,231	\$ 630,396

The accompanying notes form an integral part of these financial statements

# NORTH SHORE COMMUNITY RESOURCES SOCIETY

## Statement of Cash Flows

For the Years Ended March 31

	2018	2017
<b>Cash provided by (used in):</b>		
<b>Operating Activities</b>		
Deficiency of revenue over expenditures	\$ (78,852)	\$ (34,796)
<b>Items not requiring an outlay of cash:</b>		
Amortization of capital assets	9,520	3,364
	<u>(69,332)</u>	<u>(31,432)</u>
<b>Changes in non-cash working capital:</b>		
Increase in accounts receivable	(17,266)	(15,130)
Increase in prepaid expenses	(2,441)	(1,254)
Increase (decrease) in accounts payable and accrued liabilities	(14,011)	25,948
Increase in deferred revenue	49,199	19,782
	<u>15,481</u>	<u>29,346</u>
<b>Net Cash Used in Operating Activities</b>	<u>(53,851)</u>	<u>(2,086)</u>
<b>Financing Activities</b>		
Decrease (increase) in endowment fund	1,687	(3,600)
Increase in deferred capital contributions	13,826	-
<b>Net Cash Used in Financing Activities</b>	<u>15,513</u>	<u>(3,600)</u>
<b>Investing Activities</b>		
Purchase of capital assets	(48,115)	(3,407)
<b>Net Decrease in Cash and Cash Equivalents</b>	<u>(86,453)</u>	<u>(9,093)</u>
<b>Cash and Cash Equivalents, beginning of year</b>	<u>806,537</u>	<u>815,630</u>
<b>Cash and Cash Equivalents, end of year</b>	<u>\$ 720,084</u>	<u>\$ 806,537</u>
<b>Cash and Cash Equivalents consist of:</b>		
Cash at bank	\$ 103,357	\$ 134,031
Term deposits	616,727	672,506
<b>Cash and Cash Equivalents</b>	<u>\$ 720,084</u>	<u>\$ 806,537</u>

The accompanying notes form an integral part of these financial statements



# **NORTH SHORE COMMUNITY RESOURCES SOCIETY**

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## **Notes to the Financial Statements**

**March 31, 2018**

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### **1. Nature of Operations**

North Shore Community Resources Society (the "Society") was provincially incorporated under the Society Act of British Columbia in 1983 originally under the name North Shore Information and Volunteer Centre Society.

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 Seniors Programs; Community Legal Services Programs; and Affordable Housing Programs.

The Society is a registered charity under federal income tax legislation.

### **2. Summary of Significant Accounting Policies**

#### **(a) Revenue Recognition**

The Society utilizes the deferral method of accounting for contributions. Restricted contributions related to expenditures of future periods are deferred and recognized as revenue in the period in which the related expenses are incurred. Unrestricted grants and donations are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Income from fundraising, interest and other sources is recorded on an accrual basis.

#### **(b) Fund Accounting**

The Capital Assets Fund reports the assets, liabilities, revenues and expenses related to the Association's capital assets.

The Restricted External Fund accounts for grants received that are restricted by the contributor for expenditures on specified programs and activities.

The Restricted Internal Fund accounts for funds allocated by the Society for specific programs and activities and the related expense as incurred. This fund holds a cash reserve for covering certain operating expenses if the Society has cash flow issues, for organizational development that will better society and certain compensation adjustment raises that are not otherwise funded.

The Unrestricted Fund accounts for the Society's programs and administrative activities that do not fall under another Fund. This Fund reports unrestricted resources and operating grants.

#### **(c) North Shore Community Resources Society Endowment Fund**

Under the terms of a 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 ("Foundation"). The contributions of funds are permanent gifts to the Foundation, and accordingly they are charged to unrestricted net assets.

# **NORTH SHORE COMMUNITY RESOURCES SOCIETY**

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## **Notes to the Financial Statements**

**March 31, 2018**

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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 North Shore Community Resources Society. The grant disbursement for 2017 was \$3,224 (2016 - \$2,962).

The fair value of the Endowment Fund as of March 31, 2018 was \$81,084 (2017 - \$83,010).

### **(d) Financial Instruments**

The Society initially measures its financial assets and liabilities at fair value. The society subsequently measures all its financial assets and financial liabilities at amortized cost. Financial assets measured at amortized cost include cash, term deposits and accounts receivable. Financial liabilities measured at amortized cost include accounts payable.

Financial assets measured at amortized cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in the statement of revenues and expenditures. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in the statement of revenues and expenditures.

### **(e) Capital Assets**

Capital assets are recorded at cost. Contributed capital assets are recorded at fair market value at the date of contribution. Capital assets in use are amortized over estimated useful lives at the following annual rates:

Leasehold improvements	10% straight-line basis
Furniture and office equipment	20% declining-balance method
Office equipment	20% declining-balance method
Computer equipment	30% declining-balance method
Automotive equipment	20% straight-line basis
Computer software	100% declining-balance method
Website	20% straight-line basis

### **(f) Leases**

Leases are classified as either capital or operating leases. A lease that transfers substantially all of the benefits and risks incidental to ownership of the property to the lessee is classified as a capital lease. At the inception of a capital lease, an asset and an obligation are recorded at an amount equal to the present value of the lessee's minimum lease payments or the property's fair value at the beginning of the lease. All other leases are accounted for as operating leases and lease payments are expensed as incurred.

# NORTH SHORE COMMUNITY RESOURCES SOCIETY

## Notes to the Financial Statements

March 31, 2018

### (g) Deferred Capital Contributions

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

### (h) Use of Estimates

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 amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reported periods. Actual results could differ from those estimates.

### 3. Term Deposits

The Society has funds invested in a variety of cashable and non-cashable term deposits for terms of 12 months at three separate credit unions and at interest rates varying from 1.00% to 2.00%.

### 4. Accounts Receivable

	2018	2017
GST Receivable	\$ 5,047	\$ 4,650
Other Receivables	39,823	22,954
Balance, end of year	\$ 44,870	\$ 27,604

### 5. Capital Assets

	Cost	Accumulated Amortization	Net 2018	Net 2017
Leasehold Improvements	\$ 101,659	\$ 101,659	\$ -	\$ -
Furniture and Fittings	61,737	60,749	988	1,235
Office Equipment	57,464	42,537	14,927	1,781
Computer Equipment	185,123	164,132	20,991	7,792
Computer Software	13,791	12,724	1,067	-
Computers Under Capital Lease	38,728	38,728	-	-
Website	12,700	1,270	11,430	-
<b>Total Capital Assets</b>	<b>\$ 471,202</b>	<b>\$ 421,799</b>	<b>\$ 49,403</b>	<b>\$ 10,808</b>

# **NORTH SHORE COMMUNITY RESOURCES SOCIETY**

## **Notes to the Financial Statements**

**March 31, 2018**

### **6. Accounts Payable and Accrued Liabilities**

	<u>2018</u>		<u>2017</u>
Government Remittances	\$ 8,480	\$	8,695
Trade Payables	23,313		23,412
Accrued Liabilities	73,155		86,852
<b>Balance, end of year</b>	<b>\$ 104,948</b>	<b>\$</b>	<b>118,959</b>

### **7. Fund Balances**

	<u>2018</u>		<u>2017</u>
Invested in Capital Assets	\$ 49,403	\$	10,808
Restricted - external	-		8,105
Restricted - internal	436,804		448,641
Unrestricted	67,024		162,842
<b>Balance, end of year</b>	<b>\$ 553,231</b>	<b>\$</b>	<b>630,396</b>

### **8. Internally Restricted Funds**

	<u>2018</u>		<u>2017</u>
Reserve equal to a portion of budgeted operating expenses	\$ 362,275	\$	362,275
Reserve for organizational development	70,510		70,510
Reserve for future compensation adjustments	4,019		15,856
	<b>\$ 436,804</b>	<b>\$</b>	<b>448,641</b>

### **9. Deferred Revenue**

Contributions received from gaming activities totaled \$55,000 (2017 - \$45,000) in the year. Of the total contributions, \$55,000 has been deferred (2017 - \$45,000) to be utilized in operations before April 1, 2019. As at March 31, 2018, unspent proceeds of other various restricted grants have been deferred in the amount of \$94,622 (2017 - \$55,423).

# **NORTH SHORE COMMUNITY RESOURCES SOCIETY**

## **Notes to the Financial Statements**

**March 31, 2017**

### **10. Revenue**

	<b>2018</b>	<b>2017</b>
Provincial		
BC Ministry of Children and Families	\$ 499,889	\$ 482,890
BC Ministry of Health	56,410	58,637
Other Sponsorship	-	2,890
	<b>\$ 556,299</b>	<b>\$ 544,417</b>
Municipal		
City of North Vancouver	\$ 46,332	\$ 44,832
District of North Vancouver	57,516	60,090
District of West Vancouver	12,000	12,000
	<b>\$ 115,848</b>	<b>\$ 116,922</b>

### **11. Remuneration Disclosure**

For the fiscal year ending March 31, 2018, North Shore Community Resources paid \$213,599 (2017 - \$189,318) to a contractor that provides housekeeping services to members of the public and one employee, each of whom received total annual remuneration of \$75,000 or greater.

### **12. Financial Instruments**

#### **(a) Credit Risk**

The Society is exposed to credit risk in the event of non-performance by counterparties in connection with its cash, term deposits and accounts receivable. This risk relating to cash and term deposits is considered low since the Association only invests its cash in major bank which are high credit quality financial institutions. Accounts receivable is primarily balances due from government bodies and as such management has assessed credit risk as low.

#### **(b) Liquidity Risk**

Liquidity risk is the risk that the Society will not be able to meet its obligations associated with its financial liabilities. The Society is exposed to this risk mainly in respect of its accounts payable and accrued liabilities. Management has assessed liquidity risk as low.

#### **(c) Interest Rate Risk**

The Society is not exposed to significant interest rate risk.

### **13. Capital Disclosures**

The Society defines its capital as the amounts included in its net asset balances. When managing its net assets, the Society's objective is to safeguard its ability to continue as a going concern in order to fulfill its mandate as set out in Note 1.

The Society has certain external and Board imposed restrictions on the use of its net assets as indicated in Notes 2 and 9. The Society has internal control processes to ensure that these

# **NORTH SHORE COMMUNITY RESOURCES SOCIETY**

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## **Notes to the Financial Statements**

**March 31, 2017**

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externally and internally imposed restrictions are met prior to the utilization of these net assets.

The Society manages the amount of net asset balances in proportion to risk and makes adjustment to it in light of changes in economic conditions and the risk characteristics of the underlying assets.