

NORTH SHORE COMMUNITY RESOURCES SOCIETY

FINANCIAL STATEMENTS

March 31, 2019

NORTH SHORE COMMUNITY RESOURCES SOCIETY

March 31, 2019

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DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED ACCOUNTANTS & BUSINESS ADVISORS

INDEPENDENT AUDITOR'S REPORT

To the Members of the North Shore Community Resources Society:

Opinion

We have audited the financial statements of the North Shore Community Resources Society ("the Society"), which comprise the statements of financial position as at March 31, 2019, and the statements of revenue and expenses, 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 (collectively referred to as the "financial statements").

In our opinion, except for the possible effects of the matter described in the Basis of Qualified Opinion paragraph, the accompanying financial statements present fairly, in all material respects, the financial position of the Society as at March 31, 2019, and the results of its operations and its cash flows for the year then ended in accordance with Canadian Accounting Standards for Not-for-Profit Organizations.

Basis of Qualified Opinion

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

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 the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian Accounting Standards for Not-for-Profit Organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material



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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, these principles have been applied on a basis consistent with that of the previous year.

DMCL

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, British Columbia
August 14, 2019


NORTH SHORE COMMUNITY RESOURCES SOCIETY

Statement of Financial Position

As at March 31

	<u>Note</u>	<u>2019</u>	<u>2018</u>
ASSETS			
Current			
Cash		\$ 192,541	\$ 103,357
Term deposits	3	516,799	616,727
Accounts receivable	4	44,128	44,870
Prepaid expenses		6,727	7,270
		760,195	772,224
Long-Term			
Capital assets	5	47,392	49,403
Total Assets		\$ 807,587	\$ 821,627
LIABILITIES			
Current			
Accounts payable and accrued liabilities	6	\$ 96,641	\$ 104,948
Deferred revenue	8	167,471	149,622
Current portion of deferred capital contributions		3,667	4,089
		267,779	258,659
Long-Term			
Deferred capital contributions		13,826	9,737
		281,605	268,396
NET ASSETS	7	525,982	553,231
Total Liabilities and Net Assets		\$ 807,587	\$ 821,627

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 Expenses

For the Years Ended March 31

	<u>Note</u>	<u>2019</u>	<u>2018</u>
Revenue			
Service contracts and grants			
Government funding			
Federal		\$ 263,766	\$ 264,248
Provincial	9	581,327	556,299
Municipal	9	129,102	115,848
United Way of the Lower Mainland		364,722	375,605
Law Foundation and other		107,337	105,618
		<u>1,446,254</u>	<u>1,417,618</u>
Other income:			
Gaming, fundraising, donations	8	135,797	97,441
Interest and other income		59,100	58,221
Conferences and subscriptions		27,491	22,794
		<u>1,668,642</u>	<u>1,596,074</u>
Expenses			
Wages, benefits and training	10	994,566	1,000,191
Inter-agency transfers		270,029	238,292
Program expenses and equipment		221,947	221,818
Contract services		49,910	62,876
Office and miscellaneous		45,342	35,825
Rent		39,593	32,459
Transportation		16,109	18,547
Amortization of capital assets	5	14,221	9,520
Repairs and maintenance		14,130	5,913
Telephone		9,771	9,714
Professional fees		6,970	7,688
Insurance		6,236	5,828
Office equipment lease		4,323	4,323
Computer		3,595	2,794
		<u>1,696,742</u>	<u>1,655,788</u>
Deficiency of Revenue over Expenses from operations		<u>(28,100)</u>	<u>(59,714)</u>
Other Item			
Repayment to Funders		-	(19,138)
Deficiency of Revenue over Expenses		<u>\$ (28,100)</u>	<u>\$ (78,852)</u>

The accompanying notes form an integral part of these financial statements

NORTH SHORE COMMUNITY RESOURCES SOCIETY

Statement of Changes In Net Assets

For the Years Ended March 31

	2019			2018	
	Internally restricted Capital Asset Fund (Notes 2 & 5)	Restricted Internal Fund (Notes 7)	Unrestricted Fund	Total	Total
Net Assets, beginning of year	49,403	\$ 436,804	\$ 67,024	\$ 553,231	\$ 630,396
Deficiency of revenue over expenses	-	-	(28,100)	(28,100)	(78,852)
Transfer to VanCity Community Foundation Endowment Fund	-	-	851	851	1,687
Transfer related to the purchase of capital assets	-	-	-	-	-
Transfer from Internally Restricted to Unrestricted (Note 2)	(49,403)	(23,824)	73,227	-	-
Net Assets, end of year	\$ -	\$ 412,980	\$ 113,002	\$ 525,982	\$ 553,231

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**

	2019	2018
Cash provided by (used in):		
Operating Activities		
Deficiency of revenue over expenses	\$ (28,100)	\$ (78,852)
Items not requiring an outlay of cash:		
Amortization of capital assets	14,221	9,520
	(13,879)	(69,332)
Changes in non-cash working capital:		
Accounts receivable	(4,558)	(17,266)
Allowance for doubtful	5,300	
Prepaid expenses	544	(2,441)
Accounts payable and accrued liabilities	(8,308)	(14,011)
Deferred revenue	17,849	49,199
	10,827	15,481
Net Cash Used in Operating Activities	(3,052)	(53,851)
Financing Activities		
Decrease (increase) in endowment fund	851	1687
Increase in deferred capital contributions	3,667	13,826
Net Cash Used in Financing Activities	4,518	15,513
Investing Activities		
Purchase of capital assets	(12,210)	(48,115)
Net Decrease in Cash and Cash Equivalents	(10,744)	(86,453)
Cash and Cash Equivalents, beginning of year	720,084	806,537
Cash and Cash Equivalents, end of year	\$ 709,340	\$ 720,084
Cash and Cash Equivalents consist of:		
Cash at bank	\$ 192,541	\$ 103,357
Term deposits	516,799	616,727
Cash and Cash Equivalents	\$ 709,340	\$ 720,084

The accompanying notes form an integral part of these financial statements

NORTH SHORE COMMUNITY RESOURCES SOCIETY

Notes to the Financial Statements

March 31, 2019

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 has transitioned to the new Societies Act of British Columbia.

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 and accordingly is not subject to income taxes.

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 Internally Restricted Capital Assets Fund reports the assets, liabilities, revenues and expenses related to the Society's capital assets. The Board has decided not to internally restrict these funds and accordingly has transferred the balance to the Unrestricted Fund.

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.

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 Society recorded interest from the Endowment Fund, for the 2019 fiscal year, of \$3,311 (2018 - \$1,746).

NORTH SHORE COMMUNITY RESOURCES SOCIETY

Notes to the Financial Statements

March 31, 2019

(c) North Shore Community Resources Society Endowment Fund (continued)

The fair value of the Endowment Fund assets as of March 31, 2019 was \$84,677 (March 2018 - \$81,084).

(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 expenses. 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 expenses.

(e) Capital Assets

Capital assets are recorded at cost less accumulated amortization. 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 fittings	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.

(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 deferred 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.

NORTH SHORE COMMUNITY RESOURCES SOCIETY

Notes to the Financial Statements

March 31, 2019

(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 bearing interest at rates between 2.1% and 2.5% per annum.

4. Accounts Receivable

	2019	2018
GST Receivable	\$ 4,427	\$ 5,047
Other Receivables	45,001	39,823
Allowance For Doubtful Accounts	(5,300)	-
Balance, end of year	\$ 44,128	\$ 44,870

5. Capital Assets

	Cost	Accumulated Amortization	Net Book Value 2019	Net Book Value 2018
Leasehold Improvements	\$ 101,659	\$ 101,659	\$ -	\$ -
Furniture and Fittings	70,224	61,795	8,429	988
Office Equipment	57,842	45,560	12,282	14,927
Computer Equipment	188,468	170,931	17,537	20,991
Computer Software	13,791	13,791	-	1,067
Website	12,700	3,556	9,144	11,430
Total Capital Assets	\$ 444,684	\$ 397,292	\$ 47,392	\$ 49,403

6. Accounts Payable and Accrued Liabilities

	2019	2018
Government Remittances	\$ 368	\$ 8,480
Trade Payables	51,975	23,313
Accrued Liabilities	44,298	73,155
Balance, end of year	\$ 96,641	\$ 104,948

NORTH SHORE COMMUNITY RESOURCES SOCIETY

Notes to the Financial Statements

March 31, 2019

7. Internally Restricted Funds

	2019	2018
Reserve equal to a portion of budgeted operating expenses	\$ 348,795	\$ 362,275
Reserve for organizational development	64,185	70,510
Reserve for future compensation adjustments	-	4,019
	<u>\$ 412,980</u>	<u>\$ 436,804</u>

8. Deferred Revenue

Contributions received from gaming activities totaled \$55,000 (2018 - \$55,000) in the year. Of the total contributions, \$55,000 has been deferred (2018 - \$55,000) to be utilized in operations before April 1, 2020. As at March 31, 2019, unspent proceeds of other various restricted grants have been deferred in the amount of \$112,471 (2018 - \$94,622).

9. Revenue

	2019	2018
Provincial		
BC Ministry of Children and Families	\$ 523,001	\$ 499,889
BC Ministry of Health	58,326	56,410
	<u>\$ 581,327</u>	<u>\$ 556,299</u>
Municipal		
City of North Vancouver	\$ 53,255	\$ 46,332
District of North Vancouver	63,847	57,516
District of West Vancouver	12,000	12,000
	<u>\$ 129,102</u>	<u>\$ 115,848</u>

Notes to the Financial Statements

March 31, 2019

10. Remuneration Disclosure

For the fiscal year ending March 31, 2019, North Shore Community Resources paid \$227,320 (2018 - \$213,599) 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.

11. 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 Society 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.

12. 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, 8 and 9. The Society has internal control processes to ensure that these 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.