

**NORTH SHORE COMMUNITY RESOURCES SOCIETY**

**FINANCIAL STATEMENTS**

**March 31, 2017**

# NORTH SHORE COMMUNITY RESOURCES SOCIETY

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March 31, 2017

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

## **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, which comprise the statement of financial position as at March 31, 2017 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 audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of 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, 2017 and its financial performance and its cash flows for the year 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.

**Other Matter**

The financial statements of North Shore Community Resources Society for the year ended March 31, 2016 were audited by another accounting firm who expressed a similar qualified opinion on those statements on June 20, 2016.

*Dmca*

DALE MATHESON CARR-HILTON LABONTE LLP  
CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, Canada  
June 23, 2017

# NORTH SHORE COMMUNITY RESOURCES SOCIETY

## Statement of Financial Position

As at March 31

	<u>Note</u>	<u>2017</u>	<u>2016</u>
<b>ASSETS</b>			
<b>Current</b>			
Cash		\$ 134,031	\$ 119,962
Term deposits	3	672,506	695,668
Accounts receivable	4	27,604	12,474
Prepaid expenses		4,829	3,575
		<u>838,970</u>	<u>831,679</u>
<b>Long-Term</b>			
Capital assets	5	10,808	10,765
<b>Total Assets</b>		<b>\$ 849,778</b>	<b>\$ 842,444</b>
<b>LIABILITIES</b>			
<b>Current</b>			
Accounts payable and accrued liabilities	6	\$ 118,959	\$ 93,011
Deferred revenue	2, 9	100,423	80,641
		<u>219,382</u>	<u>173,652</u>
<b>NET ASSETS</b>			
<b>Fund Balances</b>	7	<b>630,396</b>	<b>668,792</b>
<b>Total Liabilities and Net Assets</b>		<b>\$ 849,778</b>	<b>\$ 842,444</b>

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	2017	2016
<b>Revenue</b>			
Service contracts and grants			
Government funding			
Federal		\$ 263,311	\$ 269,614
Provincial	10	544,417	487,244
Municipal	10	116,922	134,767
United Way of the Lower Mainland		379,701	416,568
Law Foundation and other		95,800	86,952
		<u>1,400,151</u>	<u>1,395,145</u>
Other income:			
Gaming, fundraising, donations	9	117,241	102,793
Interest and other income		62,290	125,070
Conferences and subscriptions		26,453	40,007
		<u>1,606,135</u>	<u>1,663,015</u>
<b>Expenditures</b>			
Wages, benefits and training		990,218	966,499
Program expenses and equipment		204,228	185,116
Inter-agency transfers		236,936	203,964
Contract services		74,271	69,641
Rent		31,414	31,951
Office and miscellaneous		44,285	49,138
Transportation		18,447	14,077
Telephone		9,952	8,534
Professional fees		6,869	8,201
Amortization of capital assets	2, 5	3,364	7,548
Computer		5,979	7,537
Insurance		5,721	7,249
Office equipment lease		3,242	4,633
Repairs and maintenance		6,005	2,260
		<u>1,640,931</u>	<u>1,566,348</u>
<b>Excess (Deficiency) of Revenue over Expenditures from Operations</b>		<u>(34,796)</u>	<u>96,667</u>
<b>Other Item</b>			
Gain on sale of capital assets		-	23,900
<b>Excess (Deficiency) of Revenue over Expenditures</b>		<u>\$ (34,796)</u>	<u>\$ 120,567</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

	2017					2016
	Invested in Capital Assets (Notes 5 and 7)	Restricted External (Note 7)	Restricted Internal (Notes 7 and 8)	Unrestricted (Note 7)	Total (Note 2)	Total
<b>Net Assets,</b> beginning of year	\$ 10,765	\$ 15,933	\$ 464,061	\$ 178,033	\$ 668,792	\$ 551,181
Operations for the year:						
Gain on disposition of capital assets	-	-	-	-	-	23,900
Acquisition of capital assets	3,407	-	-	-	3,407	-
Excess (deficiency) of revenue over expenses	(3,364)	-	-	(34,839)	(38,203)	96,667
Net operations	43	-	-	(34,839)	(34,796)	120,567
Transfer to VanCity Community Foundation Endowment Fund (Note 2)	-	-	-	(3,600)	(3,600)	(2,956)
Decrease in Externally Restricted fund	-	(7,828)	-	-	(7,828)	-
Transfer from Externally Restricted to Unrestricted	-	-	-	7,828	7,828	-
Decrease in Internally Restricted fund	-	-	(15,420)	-	(15,420)	(15,880)
Transfer from Internally Restricted to Unrestricted	-	-	-	15,420	15,420	15,880
<b>Net Assets,</b> end of year	\$ 10,808	\$ 8,105	\$ 448,641	\$ 162,842	\$ 630,396	\$ 668,792

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

	2017	2016
<b>Cash provided by (used in):</b>		
<b>Operating Activities</b>		
Excess (deficiency) of revenue over expenditures	\$ (34,796)	\$ 120,567
<b>Items not requiring an outlay of cash:</b>		
Amortization of capital assets	3,364	7,548
	<u>(31,432)</u>	<u>128,116</u>
<b>Changes in non-cash working capital:</b>		
Increase in accounts receivable	(15,130)	(6,846)
(Increase) decrease in prepaid expenses	(1,254)	515
Increase in accounts payable & accrued liabilities	25,948	19,959
Increase (decrease) in deferred revenue	19,782	(172,234)
	<u>29,346</u>	<u>(158,606)</u>
<b>Net Cash Used in Operating Activities</b>	<b>(2,086)</b>	<b>(30,491)</b>
<b>Financing Activities</b>		
Increase in endowment fund	(3,600)	(2,956)
<b>Investing Activities</b>		
Purchase of capital assets	(3,407)	-
<b>Net Decrease in Cash and Cash Equivalents</b>	<b>(9,093)</b>	<b>(33,447)</b>
<b>Cash and Cash Equivalents, beginning of year</b>	<b>815,630</b>	<b>849,079</b>
<b>Cash and Cash Equivalents, end of year</b>	<b>\$ 806,537</b>	<b>\$ 815,630</b>
<b>Cash and Cash Equivalents consist of:</b>		
Cash at bank	\$ 134,031	\$ 119,962
Term deposits	672,506	695,668
<b>Cash and Cash Equivalents</b>	<b>\$ 806,537</b>	<b>\$ 815,630</b>

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, 2017**

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

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, Seniors Programs, Community Engagement Programs and Community Legal Services and Affordable Housing Programs. The Society employs approximately 25 full and part-time employees and benefits from the contributions of over 100 volunteers.

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**

## **Notes to the Financial Statements**

**March 31, 2017**

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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. No annual grant was made in the current year.

The fair value of the Endowment Fund as of March 31, 2017 was \$83,010 (2016 - \$77,001).

### **(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 and accrued liabilities.

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

### **(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, 2017

### (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 1.05% to 1.60%.

### 4. Accounts Receivable

	2017		2016	
GST Receivable	\$	4,650	\$	3,359
Other Receivables		22,954		9,115
Balance, end of year	\$	27,604	\$	12,474

### 5. Capital Assets

	Cost	Accumulated Amortization	Net 2017	Net 2016
Leasehold Improvements	\$ 101,659	\$ 101,659	\$ -	\$ -
Furniture and Fittings	61,737	60,502	1,235	1,544
Office Equipment	42,461	40,680	1,781	2,226
Computer Equipment	166,845	159,053	7,792	6,995
Computer Software	11,657	11,657	-	-
Computers Under Capital Lease	38,728	38,728	-	-
<b>Total Capital Assets</b>	<b>\$ 419,680</b>	<b>\$ 408,915</b>	<b>\$ 10,808</b>	<b>\$ 10,765</b>

# NORTH SHORE COMMUNITY RESOURCES SOCIETY

## Notes to the Financial Statements

March 31, 2017

### 6. Accounts Payable and Accrued Liabilities

	<u>2017</u>		<u>2016</u>
Government Remittances	\$ 8,695	\$	7,777
Trade Payables	23,412		36,816
Accrued Liabilities	86,852		48,418
Balance, end of year	<u>\$ 118,959</u>	<u>\$</u>	<u>93,011</u>

### 7. Fund Balances

	<u>2017</u>		<u>2016</u>
Invested in Capital Assets	\$ 10,808	\$	10,765
Restricted - external	8,105		15,933
Restricted – internal	448,641		464,061
Unrestricted	162,842		178,033
Balance, end of year	<u>\$ 630,396</u>	<u>\$</u>	<u>668,792</u>

### 8. Internally Restricted Funds

	<u>2017</u>		<u>2016</u>
Reserve equal to a portion of budgeted operating expenses	\$ 362,275	\$	362,275
Reserve for organizational development	70,510		77,725
Reserve for future compensation adjustments	15,856		24,061
	<u>\$ 448,641</u>	<u>\$</u>	<u>464,061</u>

### 9. Gaming

Contributions received from gaming activities totaled \$45,000 (2016 - \$45,000) in the year. Of the total contributions, \$45,000 has been deferred (2016 - \$45,000) to be utilized in operations before April 1, 2018.

# NORTH SHORE COMMUNITY RESOURCES SOCIETY

## Notes to the Financial Statements

March 31, 2017

### 10. Revenue

	2017	2016
Provincial		
BC Ministry of Children and Families	\$ 482,890	\$ 442,371
BC Ministry of Health	58,637	44,658
Other Sponsorship	2,890	215
	\$ 544,417	\$ 487,244
Municipal		
City of North Vancouver	\$ 44,832	\$ 43,444
District of North Vancouver	60,090	74,276
District of West Vancouver	12,000	17,047
	\$ 116,922	\$ 134,767

### 11. Remuneration Disclosure

As of November 2016, British Columbia's new Societies Act requires audited financial statements to include a note with remuneration paid by the Society to directors and to employees or contractors over \$75,000. During the year ended March 31, 2017, the Society incurred payments over \$75,000 to the following:

- \$95,460 to the Executive Director; and
- \$93,858 to a contractor which provides housekeeping services to certain members of the public.

### 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.

**Notes to the Financial Statements**

**March 31, 2017**

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**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 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.

**14. Comparative Figures**

Certain of the comparative figures have been reclassified to conform to the financial statement presentation adopted for the current year.