

**WHITEVALLEY COMMUNITY
RESOURCE CENTRE SOCIETY**

Financial Statements

March 31, 2021

Draft

WHITEVALLEY COMMUNITY RESOURCE CENTRE SOCIETY

March 31, 2021

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Whitevalley Community Resource Centre Society

Qualified Opinion

We have audited the financial statements of Whitevalley Community Resource Centre Society, which comprise the statement of financial position as at March 31, 2021, and the statements of changes in net assets, operations 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 effects of the matter described in the Basis for Qualified Opinion section of our report, the financial statements present fairly, in all material respects, the financial position of Whitevalley Community Resource Centre Society as at March 31, 2021 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 ("ASNPO").

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Society derives revenue from fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Society. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising and donations revenue, excess of revenue over expenses, and cash flow from operations for the years then ended March 31, 2021 and 2020 and net assets as at April 1 and March 31 for both the 2021 and 2020 years. Our audit opinion on the financial statements for the year ended March 31, 2020 was modified accordingly because of the possible effects of this limitation in scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditors' 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 qualified 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 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

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INDEPENDENT AUDITORS' REPORT, continued

alternative but to do so.

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

Auditors' 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 auditors' 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 auditors' 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 auditors' report. However, future events or conditions may cause the Society to cease to continue as a going concern.

INDEPENDENT AUDITORS' REPORT, continued

- ♦ 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 British Columbia Societies Act, we report that the accounting principles in accordance with Canadian accounting standards for not-for-profit organizations have been applied on a basis consistent with that of the preceding year.

Lumby, BC

Chartered Professional Accountants

WHITEVALLEY COMMUNITY RESOURCE CENTRE SOCIETY

Statement of Financial Position

As at March 31, 2021

	2021	2020
Assets		
Current		
Cash and cash equivalents (Note 2)	\$ 576,754	\$ 458,656
Short-term investment (Note 3)	185,755	153,975
Accounts receivable (Note 4)	70,297	24,036
Prepaid expenses	2,768	1,366
	<u>835,574</u>	638,033
Tangible capital assets (Note 5)	<u>4,532</u>	2,636
	<u>\$ 840,106</u>	<u>\$ 640,669</u>
Liabilities		
Current		
Accounts payable and accrued liabilities (Note 6)	\$ 89,145	\$ 95,037
Unearned admission fees	3,368	1,530
Deferred contributions (Note 7)	370,334	196,593
	<u>462,847</u>	293,160
Unrestricted	67,789	69,935
Internally restricted	148,598	118,598
Invested in capital assets	4,532	2,636
Externally restricted for Legacy endowment fund	156,340	156,340
	<u>377,259</u>	347,509
	<u>\$ 840,106</u>	<u>\$ 640,669</u>

Approved by the Directors

Director _____

Director _____

The accompanying notes form an integral part
of these financial statements.

WHITEVALLEY COMMUNITY RESOURCE CENTRE SOCIETY

Statement of Changes in Net Assets

Year ended March 31, 2021

	Unrestricted	Internally restricted	Invested in capital assets	Restricted for Legacy endowment fund	2021	2020
Balance, beginning of year	\$ 69,935	\$ 118,598	\$ 2,636	\$ 156,340	\$ 347,509	\$ 327,715
Excess (deficiency) of revenues over expenditures	30,437	-	(687)	-	29,750	19,794
Purchase of assets	(2,583)	-	2,583	-	-	-
Transfers	(30,000)	30,000	-	-	-	-
Balance, end of year	\$ 67,789	\$ 148,598	\$ 4,532	\$ 156,340	\$ 377,259	\$ 347,509

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The accompanying notes form an integral part
of these financial statements.

WHITEVALLEY COMMUNITY RESOURCE CENTRE SOCIETY

Statement of Operations

Year ended March 31, 2021

	2021	2020
Revenues		
Interior Health Authority	\$ 170,663	\$ 183,214
Ministry of Children and Family	130,761	143,392
School District	120,924	120,632
United Way	76,452	22,988
Admission fees	73,025	89,448
Health Canada	54,430	50,709
Gaming	42,528	57,506
Donations	16,043	16,865
Federal grants	14,181	11,561
Okanagan Boys and Girls Club	14,146	16,826
Regional District of North Okanagan	10,000	10,000
Other revenue	8,515	7,400
Other grants	8,299	1,712
Government wage subsidy	6,767	5,050
Interest	4,678	12,148
Foundation grants	1,602	6,912
Fundraising income	-	8,156
Rental	-	8,064
	<u>753,014</u>	<u>772,583</u>
Expenditures		
Advertising and promotion	140	214
Insurance	6,868	6,736
Interest and bank charges	29	8
Office	11,195	12,562
Professional fees	7,668	7,390
Program expenses	44,413	43,649
Rent	25,145	21,530
Repairs and maintenance	1,117	1,769
Salaries and related benefits	618,057	608,097
Subcontract	8,895	3,770
Telephone and utilities	8,252	3,261
Travel	16,191	30,307
	<u>747,970</u>	<u>739,293</u>
Excess of revenues over expenditures before the following items	<u>5,044</u>	<u>33,290</u>
Other income (expenses)		
Amortization	(687)	(889)
Unrealized gain (loss) on investments	25,393	(12,607)
	<u>24,706</u>	<u>(13,496)</u>
Excess of revenues over expenditures for the year	<u>\$ 29,750</u>	<u>\$ 19,794</u>

The accompanying notes form an integral part
of these financial statements.

WHITEVALLEY COMMUNITY RESOURCE CENTRE SOCIETY

Statement of Cash Flows

Year ended March 31, 2021

	2021	2020
Operating		
Cash receipts from customers and funders	\$ 877,654	\$ 761,342
Cash receipts from interest	2,423	8,602
Cash paid to suppliers and for administration	<u>(755,265)</u>	<u>(699,253)</u>
	<u>124,812</u>	<u>70,691</u>
Investing		
Purchase of short-term investments	(4,131)	-
Purchase of tangible capital assets	<u>(2,583)</u>	<u>(2,899)</u>
	<u>(6,714)</u>	<u>(2,899)</u>
Financing		
Legacy endowment fund contributions	<u>-</u>	<u>48</u>
Increase in cash	118,098	67,840
Cash, beginning of year	<u>458,656</u>	<u>390,816</u>
Cash, end of year	<u>\$ 576,754</u>	<u>\$ 458,656</u>

The accompanying notes form an integral part
of these financial statements.

WHITEVALLEY COMMUNITY RESOURCE CENTRE SOCIETY

Notes to the Financial Statements

March 31, 2021

Nature of operations

Whitevalley Community Resource Centre Society (the "Society") is a not-for-profit organization incorporated under the Societies Act of British Columbia and is a registered charity under the Income Tax Act (*Canada*). The purpose of the Society is to improve the health and welfare of the community.

1. Significant accounting policies

The financial statements are prepared by management in accordance with Canadian accounting standards for not-for-profit organizations.

The significant accounting policies used are as follows:

(a) Cash and cash equivalents

Cash and cash equivalents include cash and short-term investments with maturities of three months or less from their date of acquisition, which are readily convertible into a known amount of cash, and are subject to an insignificant risk to changes in their fair value.

(b) Short-term investments

Short-term investments are recorded at fair market value.

(c) Tangible capital assets

Tangible capital assets are recorded at cost. The Society provides for amortization using the straight-line method at rates designed to amortize the cost of the tangible capital assets over their estimated useful lives. The annual amortization rates are as follows:

Computers	5 years
Equipment	10 years

Tangible capital assets are reviewed for impairment whenever events or changes in the circumstances indicate that the carrying value may not be recoverable. If the total of the estimated undiscounted future cash flows is less than the carrying value of the asset, an impairment loss is recognized for the excess of the carrying value over the fair value of the asset during the year the impairment occurs.

WHITEVALLEY COMMUNITY RESOURCE CENTRE SOCIETY

Notes to the Financial Statements

March 31, 2021

1. Significant accounting policies, continued

(d) Financial instruments

(i) Measurement of financial instruments

The Society initially measures its financial assets and financial liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument. Amounts due to and from related parties are measured at the exchange amount, being the amount agreed upon by the related parties.

The Society subsequently measures its financial assets and financial liabilities at amortized cost, except for derivatives and equity securities quoted in an active market, which are subsequently measured at fair value. Changes in fair value are recognized in net income.

Financial assets measured at amortized cost include cash and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

Financial assets measured at fair value include short-term investments.

(ii) Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of possible impairment. When a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial asset or group of assets, a write-down is recognized in net income. The write down reflects the difference between the carrying amount and the higher of:

- ♦ the present value of the cash flows expected to be generated by the asset or group of assets;
- ♦ the amount that could be realized by selling the assets or group of assets;
- ♦ the net realizable value of any collateral held to secure repayment of the assets or group of assets.

When the events occurring after the impairment confirm that a reversal is necessary, the reversal is recognized in net income up to the amount of the previously recognized impairment.

WHITEVALLEY COMMUNITY RESOURCE CENTRE SOCIETY

Notes to the Financial Statements

March 31, 2021

1. Significant accounting policies, continued

(e) 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. Endowment contributions are recognized as direct increases in net assets.

Restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Unrestricted investment income is recognized as revenue when earned.

Externally restricted contributions for the purchase of tangible capital assets that will be amortized are recorded as deferred capital contributions and recognized as revenue on the same basis as the amortization expense related to the acquired tangible capital assets. Externally restricted contributions for the purchase of tangible capital assets that will not be amortized are recognized as direct increases in net assets to the Investment in Capital Assets balance.

(f) 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 amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. By their nature, these estimates are subject to measurement uncertainty. The effect of changes in such estimates on the financial statements in future periods could be significant. Accounts specifically affected by estimates in these financial statements are estimated useful lives of tangible capital assets and accrued liabilities.

2. Cash and cash equivalents

	<u>2021</u>	<u>2020</u>
Cash	\$ 517,514	\$ 402,888
Gaming	59,240	55,768
	<u>\$ 576,754</u>	<u>\$ 458,656</u>

3. Short-term investment

The short-term investments of the Society consist of investments with Scotiabank in low to moderate risk mutual funds. The short-term investments are from funds associated with the Legacy Endowment fund in order to obtain a better return for the Society.

WHITEVALLEY COMMUNITY RESOURCE CENTRE SOCIETY

Notes to the Financial Statements

March 31, 2021

4. Accounts receivable

	<u>2021</u>	<u>2020</u>
Contributions receivable	\$ 68,652	\$ 23,423
GST receivable	722	553
Trade accounts receivable	923	60
	<u>\$ 70,297</u>	<u>\$ 24,036</u>

5. Tangible capital assets

	<u>2021</u>		<u>2020</u>	
	Cost	Accumulated amortization	Cost	Accumulated amortization
Computers	\$ 8,613	\$ 4,081	\$ 6,030	\$ 3,394
Equipment	44,572	44,572	44,572	44,572
	<u>53,185</u>	<u>48,653</u>	<u>50,602</u>	<u>47,966</u>
Net book value	<u>\$ 4,532</u>		<u>\$ 2,636</u>	

6. Accounts payable and accrued liabilities

	<u>2021</u>	<u>2020</u>
Trades payable	\$ 11,530	\$ 30,317
Other contracts payable	66,551	55,077
Vacation payable	11,064	1,577
Source deductions payable	-	6,643
WCB payable	-	1,423
	<u>\$ 89,145</u>	<u>\$ 95,037</u>

WHITEVALLEY COMMUNITY RESOURCE CENTRE SOCIETY

Notes to the Financial Statements

March 31, 2021

7. Deferred contributions

	Balance, beginning of year	Received or receivable	Recognized	Transfers to other agencies	Balance, end of year
Canada Summer Jobs	\$ -	\$ 13,764	\$ (13,764)	\$ -	\$ -
Foundation grants	2,193	21,000	(1,011)	-	22,182
Gaming	55,769	46,000	(42,527)	-	59,242
Health Canada	11,674	199,231	(54,568)	(143,828)	12,509
Interior Health Authority	23,987	234,067	(170,663)	-	87,391
Ministry of Children and Family	44,217	182,330	(79,389)	(77,462)	69,696
Okanagan Boys and Girls Club	938	14,912	(14,146)	-	1,704
Regional District of North Okanagan	1,091	11,500	(10,000)	-	2,591
School District	19,628	126,975	(121,124)	-	25,479
United Way	23,635	127,241	(75,998)	-	74,878
Other grants	13,461	15,359	(10,153)	(4,005)	14,662
	\$ 196,593	\$ 992,379	\$ (593,343)	\$ (225,295)	\$ 370,334

WHITEVALLEY COMMUNITY RESOURCE CENTRE SOCIETY

Notes to the Financial Statements

March 31, 2021

8. Internally restricted net assets

In previous years, the Board of Directors created a reserve to fund unanticipated future deficits in order to continue certain services in the community. This internally restricted amount is not available for other purposes without approval by the Board of Directors.

9. Commitments

Operating lease:

The Society has committed to an operating lease for equipment with total annual lease payments as follows:

2022	\$	3,329
2023		3,329
2024		3,329
2025		3,329
2026		<u>1,665</u>
	\$	<u>14,981</u>

10. Financial instruments risks and uncertainties

Transactions in financial instruments may result in an entity assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of financial statements in assessing the extent of risk related to financial instruments.

(a) Fair value

The fair value of current financial assets and current financial liabilities approximates their carrying value due to their short-term maturity dates. The fair value of long-term financial liabilities approximates their carrying value based on the presumption that the Society expects to fully repay the outstanding amounts and that loans advanced are consistent with the current borrowing terms available to the Society.

(b) Foreign exchange risk

Foreign exchange risk is the risk that the exchange rate that was in effect on the date that an obligation in a foreign currency was made to the Society by a customer, or that an obligation in a foreign currency was made to the Society to a supplier, is different at the time of settlement than it was at time that the obligation was determined. The Society is not exposed to foreign exchange risk since all transactions are in Canadian funds.

(c) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Society is not exposed to currency risk since all financial instruments are in Canadian funds.

(d) Market risk

Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether the factors are specific to the instrument or all instruments traded in the market. The Society has market risk with the investments it holds in mutual funds.

WHITEVALLEY COMMUNITY RESOURCE CENTRE SOCIETY

Notes to the Financial Statements

March 31, 2021

10. Financial instruments risks and uncertainties, continued

(e) Credit risk

The Society does have credit risk in accounts receivable of \$70,297 (2020 - \$24,036). Credit risk is the risk that one party to a transaction will fail to discharge an obligation and cause the other party to incur a financial loss. The Society reduces its exposure to credit risk by performing credit valuations on a regular basis; granting credit upon a review of the credit history of the applicant and creating an allowance for bad debts when applicable. The Society maintains strict credit policies and limits in respect to counterparties. In the opinion of management the credit risk exposure to the Society is low and is not material.

(f) Concentration of credit risk

Concentration risk is the risk that a customer has more than ten percent of the total accounts receivable balance and thus there is a higher risk to the business in the event of a default by one of these customers. The Society does have a customer which holds over 10% of the accounts receivable balance however it is a government receivable. In the opinion of management, the concentration of credit risk exposure to the Society is low and not material.

(g) Liquidity risk

The Society does have a liquidity risk in the accounts payable and accrued liabilities of \$89,145 (2020 - \$95,037). Liquidity risk is the risk that the Society cannot repay its obligations when they become due to its creditors. The Society reduces its exposure to liquidity risk by ensuring that it documents when authorized payments become due; maintains an adequate line of credit to repay trade creditors and repays long term debt interest and principal as they become due. In the opinion of management the liquidity risk exposure to the Society is low and is not material.

(h) Cash flow risk

Cash flow risk is the risk that future cash flows associated with a monetary financial instrument will fluctuate in amount, such as a debt instrument held with a floating interest rate. The Society does not hold debt with floating interest rates therefore no exposure to cash flow risk.

(i) Interest rate risk

Interest rate risk is the risk that the Society has interest rate exposure on its bank indebtedness, which are variable based on the bank's prime rates. This exposure may have an effect on its earnings in future periods. The Society does not hold debt with fluctuating interest therefore has limited exposure to interest rate risk.

11. Economic dependence

Whitevalley Community Resource Centre Society received approximately 71% (2020 - 75%) of its total revenue from government funding.

12. Comparative figures

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year.

WHITEVALLEY COMMUNITY RESOURCE CENTRE SOCIETY

Notes to the Financial Statements

March 31, 2021

13. British Columbia Societies Act

The British Columbia Societies Act requires disclosure of the remuneration paid to all directors, the ten highest paid employees, and all contractors who were paid at least \$75,000 annually. The Society did not have anyone fall into this category for the year ended March 31, 2021.

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