

**VERNON WOMEN'S TRANSITION
HOUSE SOCIETY**

Financial Statements
For the year ended March 31, 2016

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Independent Auditor's Report

To the Members of Vernon Women's Transition House Society

We have audited the accompanying financial statements of Vernon Women's Transition House Society, which comprise the statement of financial position as at March 31, 2016, and the statements of operations, changes in net assets 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 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 for Qualified Opinion

In common with many not-for-profit organizations, Vernon Women's Transition House Society derives revenue from donations and cash receipts, 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 Vernon Women's Transition House Society. Therefore, we were not able to determine whether any adjustments might be necessary to donation revenue, excess of contributions over expenses, and cash flows from operations for the years ended March 31, 2016 and March 31, 2015, and current assets and net assets as at March 31, 2016 and March 31, 2015. Our audit opinion on the financial statements for the years ended March 31, 2016 and March 31, 2015 were modified accordingly because of the possible effects of this limitation in scope.

Qualified Opinion

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Vernon Women's Transition House Society as at March 31, 2016, 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.

Report on Other Legal and Regulatory Requirements

As required by the Society Act (British Columbia), we report that, in our opinion, the accounting principles in Canadian accounting standards for not-for-profit organizations have been applied, on a basis consistent with that of the preceding year.

Chartered Professional Accountants

Vernon, British Columbia
June 27, 2016

Vernon Women's Transition House Society Statement of Financial Position

March 31,	2016	(restated) 2015
Assets		
Current		
Cash (Note 2)	\$ 116,019	\$ 19,817
Investments (Note 4)	377,533	318,003
Accounts receivable	55,529	71,545
Prepaid expenses	21,721	8,237
	570,802	417,602
Restricted cash and investments (Note 3)	277,058	204,892
Investments (Note 4)	50,630	114,324
Property, plant and equipment (Note 5)	633,625	602,700
	\$ 1,532,115	\$ 1,339,518
Liabilities and Net Assets		
Current		
Accounts payable and accrued liabilities (Note 6)	\$ 159,757	\$ 136,644
Deferred revenue	57,864	57,294
	217,621	193,938
Deferred contributions for expenses of future periods (Note 7)	277,058	204,892
Deferred contributions for property, plant and equipment (Note 8)	387,933	351,926
	882,612	750,756
Net Assets		
Investment in property, plant and equipment	245,692	250,774
Internally restricted (Note 9)	186,747	162,926
Unrestricted	217,064	175,062
	649,503	588,762
	\$ 1,532,115	\$ 1,339,518

Approved on behalf of the Board:

_____ Director

_____ Director

Vernon Women's Transition House Society Statement of Changes in Net Assets

For the year ended March 31	Investment in Property, Plant & Equipment	Internally Restricted	Unrestricted	2016	(restated) 2015
Balance, beginning of year, before restatement	\$ 250,774	\$ 162,926	\$ 132,169	\$ 545,869	\$ 521,432
Prior period adjustment (Note 10)	-	-	42,893	42,893	-
Balance, beginning, as restated	250,774	162,926	175,062	588,762	521,432
Excess (deficiency) of contributions over expenses	(16,132)	2,912	73,961	60,741	67,330
Purchase of property, plant and equipment	79,478	-	(79,478)	-	-
Contributions received	(68,428)	-	68,428	-	-
Transfer to (from) internally restricted investment funds	-	20,909	(20,909)	-	-
Balance, end of year	\$ 245,692	\$ 186,747	\$ 217,064	\$ 649,503	\$ 588,762

Vernon Women's Transition House Society Statement of Operations

For the year ended March 31	2016	(restated) 2015
Contributions		
BC Housing	\$ 822,051	\$ 704,986
Ministry of Justice	420,911	389,198
Ministry of Children and Family Development	149,660	185,472
Law Foundation of BC	75,000	61,816
Donations	117,703	77,218
Federal Government	189,332	87,212
Gaming	40,000	37,000
Amortization of deferred contributions (Note 8)	28,689	23,773
Fundraising	16,838	10,920
Legal Services Society Grant	12,212	14,257
Summer student program	5,666	4,868
Interest	5,720	4,954
Casimir Court, net (Note 14)	10,710	(4,024)
Other grants	8,663	-
Miscellaneous	-	460
	1,903,155	1,598,110
Expenses		
Advertising and promotion	5,417	4,187
Amortization	38,401	29,358
Client support	84,405	14,389
Food and supplies	40,407	36,840
Insurance	8,642	5,851
Interest and bank charges	2,528	2,285
Fundraising	9,125	7,048
Office and information technology	66,869	56,724
Professional development	19,926	16,721
Professional fees	46,262	36,874
Program materials	879	1,275
Rent	46,332	23,963
Repairs and maintenance	15,477	14,501
Telephone and utilities	47,961	42,609
Travel	9,870	17,527
Volunteer	155	472
Wages and benefits	1,399,758	1,220,156
	1,842,414	1,530,780
Excess of contributions over expenses	\$ 60,741	\$ 67,330

Vernon Women's Transition House Society Statement of Cash Flows

For the year ended March 31	2016	(restated) 2015
Cash flows provided by (used in):		
Operating activities		
Cash receipts from government contributions	\$ 1,998,272	\$ 1,605,321
Cash paid to suppliers and employees	(1,833,590)	(1,548,457)
Interest received	6,736	5,785
	171,418	62,649
Investing activities		
Proceeds from sale of investments	4,164	-
Purchase of investments	-	(100,204)
Purchase of property, plant and equipment	(79,478)	(37,892)
Contributions received	68,427	9,420
	(6,887)	(128,676)
Increase (decrease) in cash	164,531	(66,027)
Cash, beginning of year	195,373	261,400
Cash, end of year	\$ 359,904	\$ 195,373
Cash consists of:		
Cash	\$ 116,019	\$ 19,817
Restricted cash (Note 3)	243,885	175,556
	\$ 359,904	\$ 195,373

Vernon Women's Transition House Society

Notes to Financial Statements

March 31, 2016

1. Summary of Significant Accounting Policies

Nature of Operations	The Vernon Women's Transition House Society (the "Society") is incorporated under the laws of the British Columbia Society Act and is a registered charity under the Income Tax Act. The Society is engaged to provide support and refuge for women and children in Vernon and surrounding area in times of crisis and to act as advocates when required. The Society also operates Casimir Court Apartments where counselling and accommodation is provided for young mothers.
Basis of Accounting	These financial statements have been prepared using Canadian accounting standards for not-for-profit organizations.
Use of Estimates	The preparation of financial statements in accordance 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. Actual results could differ from management's best estimates as additional information becomes available.
Financial Instruments	Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial instruments are reported either at cost or amortized cost less impairment, if applicable. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired. Transaction costs on the acquisition, sale or issue of financial instruments are charged to the financial instrument.
Cash	Cash consists of cash on hand and bank balances.
Property, Plant and Equipment	Property, plant and equipment are recorded at cost less accumulated amortization. Contributed capital assets are recorded at fair value at the date of contribution. Amortization is provided over the estimated useful life of the asset as follows: Buildings - 20 - 40 years straight-line basis Automotive - 5 years straight-line basis Furniture and fixtures - 5 years straight-line basis Computer equipment - 3 years straight-line basis Leasehold improvements - 5 - 10 years straight-line basis

Vernon Women's Transition House Society Notes to Financial Statements

March 31, 2016

1. **Summary of Significant Accounting Policies** (Continued)

Leased Assets	Leases entered into that transfer substantially all the benefits and risks associated with ownership are recorded as the acquisition of a capital asset and the incurrence of an obligation. The asset is amortized in a manner consistent with assets owned by the Society, and the obligation, including interest thereon, is liquidated over the term of the lease. All other leases are accounted for as operating leases, and the rental costs are expensed as incurred.
Revenue Recognition	The Society follows the deferral method of accounting for contributions. Contributions are recorded as revenue when received or receivable except when the donor has specified they are intended for a specific use or for use in a future period, in which case they are deferred and recognized in the period the related expenditures are incurred. Contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.
Contributed Materials	Contributed material which are used in the normal course of the Society's operations and would otherwise have been purchased are recorded at their fair value at the date of contribution if fair value can be reasonably estimated.
Contributed Services	Because of the difficult of determining their fair value, contributed services are not recognized in the financial statements.

2. **Cash**

The Society has available to it, through VantageOne Credit Union, a \$35,000 line of credit to assist with operations. If drawn on, the line of credit bears interest at prime plus 1.0%. The outstanding balance at March 31, 2016 was \$nil (2015 - \$nil).

**Vernon Women's Transition House Society
Notes to Financial Statements**

March 31, 2016

3. Restricted Cash and Investments

	2016	2015
Externally restricted		
Homeless Prevention Program	\$ 119,821	\$ 72,000
Prevention and Awareness	17,489	12,155
Children Who Witness Abuse	426	3,585
Child Advocacy Centre	18,000	-
Support to Young Parents	42,517	31,624
Legal Services Outreach	8,973	6,928
Women's Outreach	1,000	3,905
Women's Counselling Groups	6,142	6,142
Equine Therapy	21,755	29,336
Stopping the Violence	-	500
Risk Assessment Program	27,675	26,175
Vernon Law Clinic	6,000	6,000
Sexual Assault Service	4,063	4,745
Pleasant Valley	3,197	1,797
	\$ 277,058	\$ 204,892
 Consisting of:		
Cash	243,885	175,556
Investments	33,173	29,336
	\$ 277,058	\$ 204,892

Externally restricted cash and investments consist of unspent contributions which are restricted in their use and can only be used for the specified program.

**Vernon Women's Transition House Society
Notes to Financial Statements**

March 31, 2016

4. Investments

	2016	2015
Guaranteed investment certificates, bearing interest at 1.05% to 2.16%, maturing between April 2016 and July 2017	\$ 298,940	\$ 356,967
Investment savings accounts, subject to dividend reinvestment	162,396	104,696
	\$ 461,336	\$ 461,663

Investments are allocated as follows:

Current	\$ 377,533	\$ 318,003
Long term	50,630	114,324
Restricted (Note 3)	33,173	29,336
	\$ 461,336	\$ 461,663

Vernon Women's Transition House Society Notes to Financial Statements

March 31, 2016

5. Property, Plant and Equipment

	2016		2015	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Transition House				
Land	\$ 36,400	\$ -	\$ 36,400	\$ -
Buildings	640,126	322,196	621,211	305,881
Automotive	8,000	8,000	8,000	7,200
Computer equipment	40,230	36,278	39,187	34,049
Furniture and fixtures	126,941	90,001	126,941	77,243
Leasehold improvements	9,907	7,780	9,907	6,789
	861,604	464,255	841,646	431,162
Casimir Court				
Land	88,200	-	88,200	-
Building	263,423	163,405	256,995	153,389
Furniture and fixtures	18,793	18,519	18,793	18,383
	370,416	181,924	363,988	171,772
Administration				
Leasehold improvements	53,093	5,309	-	-
	\$ 1,285,113	\$ 651,488	\$ 1,205,634	\$ 602,934
Net book value		\$ 633,625		\$ 602,700

6. Accounts Payable and Accrued Liabilities

Included in accounts payable and accrued liabilities are government remittances payable of \$ 5,582 (2015 - \$ 5,624).

Vernon Women's Transition House Society
Notes to Financial Statements

March 31, 2016

7. Deferred Contributions for Expenses of Future Periods

Deferred contributions for expenses of future periods represent unspent resources externally restricted for various purposes. Changes during the year are as follows:

	<u>2016</u>	<u>2015</u>
Balance, beginning	\$ 204,892	\$ 157,632
Contributions	1,034,363	633,142
Expenses charged to operations	<u>(962,197)</u>	<u>(585,882)</u>
Balance, ending	<u>\$ 277,058</u>	<u>\$ 204,892</u>

Vernon Women's Transition House Society Notes to Financial Statements

March 31, 2016

8. Deferred Contributions for Property, Plant and Equipment

Transition House

A Canada Mortgage and Housing Corporation ("CMHC") mortgage forgivable over a fifteen year period beginning May 1, 1994 was advanced to the Society for building costs of the transition house. Under the terms of the agreement with CMHC, \$22,749 of the mortgage was to be forgiven annually until the mortgage was paid in full, which occurred in 2010. The capital grant has been recorded as a deferred contribution and is being amortized into revenue at the same rate as the amortization expense on the related asset.

Contributions were received during 1993, 1994 and 1995 relating to the construction of the Transition House building. These contributions have been deferred and are being amortized with the building over 40 years.

Other deferred contributions for property, plant and equipment represent the unamortized portions of contributed property, plant and equipment and is being amortized into revenue at the same rate as the amortization expense on the related asset.

The amount amortized to revenue in the general operating statement in the current year is \$28,689 (2015 - \$23,773).

Casimir Court

Contributions were received relating to capital improvements to the Casimir Court building. These contributions have been deferred and are being amortized with the building additions over 20 years. The amount amortized to revenue in the Casimir Court operating statement in the current year is \$3,731 (2015 - \$3,571).

The changes for the year in the deferred property, plant and equipment fund balance reported in the fund are as follows:

	2016	2015
Balance, beginning	\$ 351,926	\$ 369,850
Contributions	68,427	9,420
Amounts amortized to revenue	(32,420)	(27,344)
Balance, ending	<u>\$ 387,933</u>	<u>\$ 351,926</u>

Vernon Women's Transition House Society Notes to Financial Statements

March 31, 2016

9. Internally Restricted Net Assets

Building Trust Fund

All funds received in the Project Haven Fund after June 30, 1994 are being held in trust for future expenditures for the buildings owned by the Society. During the year \$0 was allocated from the internally restricted assets to cover building repairs (2015 - \$nil). All interest earned on the building trust fund investments are allocated back to the fund unless otherwise specified by the Board.

Future Expenditures

During a prior year the Board of Directors passed a resolution to internally restrict funds for specific expenditures which were not utilized until the current year.

In order to utilize the internally restricted funds a special resolution by the Board of Directors is required. A breakdown of the internally restricted funds are as follows:

	2016	2015
Building trust fund	\$ 155,338	\$ 152,426
Future expenditures	4,500	10,500
Oak Centre	26,909	-
	\$ 186,747	\$ 162,926

10. Prior Period Adjustment

During the current year, the organization determined that funding received during the year was related to program funding for the year ended March 31, 2015. The result of this correction to the prior year, is as follows:

	March 31, 2015 Before restatement	Adjustment	March 31, 2015 As restated
Statement of Financial Position:			
Accounts receivable	\$ 28,652	\$ 42,893	\$ 71,545
Statement of Operations:			
Federal Government	44,319	42,893	87,212
Statement of Changes in Net Assets:			
Unrestricted	132,169	42,893	175,062

Vernon Women's Transition House Society Notes to Financial Statements

March 31, 2016

11. Economic Dependence

The Society receives 73% (2015 - 82%) of its funding from the Province of British Columbia through the Ministries of Children and Family Development, Finance, Justice and the Crown Corporation of BC Housing. The ability of the Society to continue operations is dependent upon continued funding from these sources.

12. Financial Instrument Risk

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Society is exposed to credit risk arising from its accounts receivable. The Society is not exposed to significant credit risk.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Society is exposed to interest rate risk arising from the possibility that changes in interest rates will affect the value of fixed income denominated investments.

13. Commitments

The Society has operating leases for photocopiers and a building rented in its operations. The minimum annual lease payments are as follows:

2017	\$	51,108
2018		51,108
2019		49,554
2020		48,000
2021		24,000

Vernon Women's Transition House Society Notes to Financial Statements

March 31, 2016

14. Casimir Court, Net

	2016	2015
Revenues		
Suite Rental	\$ 38,060	\$ 27,316
Office rental	9,600	9,600
Amortization of deferred contributions (Note 8)	3,731	3,571
Interest	1,016	831
	52,407	41,318
Expenses		
Administration	15,001	15,000
Amortization	10,152	9,066
Insurance	3,278	4,543
Repairs and maintenance	609	5,762
Telephone and utilities	15,949	16,371
Wages and benefits	2,109	-
	47,098	50,742
Excess (deficiencies) of revenues over expenses	5,309	(9,424)
Reversal of internal adjustments:		
Office rental revenue	(9,600)	(9,600)
Administration expense	15,001	15,000
	\$ 10,710	\$ (4,024)

Internal adjustments on the Casimir Court operations statement are for revenues and expenses charged between the Transition House and Casimir Court. These amounts are netted to zero upon consolidating operations, but are included on the Casimir Court operations statement to provide more information to the users of the financial statements.

15. Comparative Figures

Certain of the comparative figures have been restated to conform to the current year financial statement presentation
