

**VERNON WOMEN'S TRANSITION  
HOUSE SOCIETY**

**Financial Statements**  
For the year ended March 31, 2017

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## Independent Auditor's Report

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**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, 2017, 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, 2017 and March 31, 2016, and current assets and net assets as at March 31, 2017 and March 31, 2016. Our audit opinion on the financial statements for the years ended March 31, 2017 and March 31, 2016 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, 2017, 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 26, 2017

## Vernon Women's Transition House Society Statement of Financial Position

March 31,	2017	2016
<b>Assets</b>		
<b>Current</b>		
Cash (Note 2)	\$ 45,320	\$ 58,725
Investments (Note 4)	387,703	377,533
Accounts receivable	109,983	55,529
Prepaid expenses	17,852	21,721
	560,858	513,508
Restricted cash and investments (Note 3)	174,671	334,352
Investments (Note 4)	85,000	50,630
Property, plant and equipment (Note 5)	622,048	633,625
	\$ 1,442,577	\$ 1,532,115
<b>Liabilities and Net Assets</b>		
<b>Current</b>		
Accounts payable and accrued liabilities (Note 6)	\$ 218,529	\$ 159,757
Deferred revenue	-	570
	218,529	160,327
Deferred contributions for expenses of future periods (Note 7)	174,671	334,352
Deferred contributions for property, plant and equipment (Note 8)	346,998	387,933
	740,198	882,612
<b>Net Assets</b>		
Investment in property, plant and equipment	275,050	245,692
Internally restricted (Note 9)	208,595	186,747
Unrestricted	218,734	217,064
	702,379	649,503
	\$ 1,442,577	\$ 1,532,115

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	2017	2016
Balance, beginning of year	\$245,692	\$186,747	\$217,064	\$649,503	\$ 588,762
Excess (deficiency) of revenues over expenses	(4,813)	1,848	55,841	52,876	60,741
Purchase of property, plant and equipment	41,271	-	(41,271)	-	-
Contributions received	(5,065)	-	5,065	-	-
Proceeds on disposal of equipment	2,035	-	(2,035)	-	-
Transfer to (from) internally restricted funds	-	20,000	(20,000)	-	-
<b>Balance, end of year</b>	<b>\$ 275,050</b>	<b>\$ 208,595</b>	<b>\$ 218,734</b>	<b>\$ 702,379</b>	<b>\$ 649,503</b>

## Vernon Women's Transition House Society Statement of Operations

For the year ended March 31	2017	2016
<b>Revenues</b>		
BC Housing	\$ 994,347	\$ 822,051
Ministry of Justice	440,237	412,408
Ministry of Children and Family Development	187,721	149,660
Law Foundation of BC	75,000	75,000
Donations	94,773	117,703
Federal Government	195,480	189,332
Gaming	40,000	40,000
Amortization of deferred contributions (Note 8)	42,311	28,689
Fundraising	20,427	25,341
Legal Services Society Grant	12,780	12,212
Summer student program	4,164	5,666
Interest	3,740	5,720
Casimir Court, net (Note 13)	8,966	10,710
Other grants	-	8,663
	<b>2,119,946</b>	<b>1,903,155</b>
<b>Expenses</b>		
Advertising and promotion	8,351	5,417
Amortization	27,913	38,401
Client support	194,083	84,405
Food and supplies	26,149	40,407
Fundraising	8,020	9,125
Insurance	9,811	8,642
Interest and bank charges	3,349	2,528
Office and information technology	60,291	66,869
Professional development	12,885	19,926
Professional fees	62,818	46,262
Program materials	10,356	879
Rent	65,501	46,332
Repairs and maintenance	31,329	15,477
Telephone and utilities	55,120	47,961
Travel	14,008	9,870
Volunteer	450	155
Wages and benefits	1,463,122	1,399,758
	<b>2,053,556</b>	<b>1,842,414</b>
<b>Excess of revenues over expenses before the following</b>	<b>66,390</b>	<b>60,741</b>
<b>Loss on disposal of equipment</b>	<b>(13,514)</b>	<b>-</b>
<b>Excess of revenues over expenses</b>	<b>\$ 52,876</b>	<b>\$ 60,741</b>

## Vernon Women's Transition House Society Statement of Cash Flows

For the year ended March 31	2017	2016
<b>Cash flows provided by (used in):</b>		
<b>Operating activities</b>		
Cash receipts from government contributions	\$ 1,909,298	\$ 1,998,272
Cash paid to suppliers and employees	(2,008,379)	(1,833,590)
Interest received	4,706	6,736
	(94,375)	171,418
<b>Investing activities</b>		
Proceeds from sale (purchase of) investments	(42,776)	4,164
Purchase of property, plant and equipment	(41,271)	(79,478)
Proceeds on sale of equipment	2,035	-
Contributions received	5,065	68,427
	(76,947)	(6,887)
<b>Increase (decrease) in cash</b>	(171,322)	164,531
<b>Cash, beginning of year</b>	359,904	195,373
<b>Cash, end of year</b>	\$ 188,582	\$ 359,904
<b>Cash consists of:</b>		
Cash	\$ 45,320	\$ 58,725
Restricted cash (Note 3)	143,262	301,179
	\$ 188,582	\$ 359,904

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# Vernon Women's Transition House Society

## Notes to Financial Statements

March 31, 2017

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### 1. Summary of Significant Accounting Policies

<b>Nature of Operations</b>	The Vernon Women's Transition House Society (the "Society") is incorporated under the laws of the British Columbia Societies 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.
<b>Basis of Accounting</b>	These financial statements have been prepared using Canadian accounting standards for not-for-profit organizations.
<b>Use of Estimates</b>	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.
<b>Financial Instruments</b>	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.
<b>Cash</b>	Cash consists of cash on hand and bank balances.
<b>Property, Plant and Equipment</b>	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

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

March 31, 2017

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

<b>Leased Assets</b>	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.
<b>Revenue Recognition</b>	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.
<b>Contributed Materials</b>	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.
<b>Contributed Services</b>	Because of the difficult of determining their fair value, contributed services are not recognized in the financial statements.

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### 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, 2017 was \$nil (2016 - \$nil).

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

March 31, 2017

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### 3. Restricted Cash and Investments

	2017	2016
<b>Externally restricted</b>		
Homeless Prevention Program	\$ 16,208	\$ 119,821
Prevention and Awareness	17,400	17,489
Children Who Witness Abuse	-	426
Child Advocacy Centre	10,000	18,000
Support to Young Parents	26,729	42,517
Legal Services Outreach	12,092	8,973
Women's Outreach	-	1,000
Women's Counselling Groups	-	6,142
Equine Therapy	8,537	21,755
Risk Assessment Program	15,475	27,675
Vernon Law Clinic	6,000	6,000
Sexual Assault Service	2,742	4,063
Pleasant Valley	2,194	3,197
Transition House	57,294	57,294
	<b>\$ 174,671</b>	<b>\$ 334,352</b>
 Consisting of:		
Cash	143,262	301,179
Investments	31,409	33,173
	<b>\$ 174,671</b>	<b>\$ 334,352</b>

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

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

March 31, 2017

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### 4. Investments

	<u>2017</u>	<u>2016</u>
Guaranteed investment certificates, bearing interest at 0.7% to 1.86%, maturing between May 2017 and September 2018	\$ 504,105	\$ 298,940
Investment savings accounts, subject to dividend reinvestment	7	162,396
	<u>\$ 504,112</u>	<u>\$ 461,336</u>

**Investments are allocated as follows:**

Current	\$ 387,703	\$ 377,533
Long term	85,000	50,630
Restricted (Note 3)	31,409	33,173
	<u>\$ 504,112</u>	<u>\$ 461,336</u>

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

March 31, 2017

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### 5. Property, Plant and Equipment

	2017		2016	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
<b>Transition House</b>				
Land	\$ 36,400	\$ -	\$ 36,400	\$ -
Buildings	640,126	338,983	640,126	322,196
Automotive	8,000	8,000	8,000	8,000
Computer equipment	40,230	38,507	40,230	36,278
Furniture and fixtures	95,416	77,212	126,941	90,001
Leasehold improvements	9,907	8,770	9,907	7,780
	<b>830,079</b>	<b>471,472</b>	<b>861,604</b>	<b>464,255</b>
<b>Casimir Court</b>				
Land	88,200	-	88,200	-
Building	263,423	172,655	263,423	163,405
Furniture and fixtures	18,793	18,656	18,793	18,519
	<b>370,416</b>	<b>191,311</b>	<b>370,416</b>	<b>181,924</b>
<b>Administration</b>				
Leasehold improvements	94,364	10,028	53,093	5,309
	<b>\$ 1,294,859</b>	<b>\$ 672,811</b>	<b>\$ 1,285,113</b>	<b>\$ 651,488</b>
Net book value		<b>\$ 622,048</b>		<b>\$ 633,625</b>

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### 6. Accounts Payable and Accrued Liabilities

Included in accounts payable and accrued liabilities are government remittances payable of \$ 6,498 (2016 - \$ 5,582).

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

March 31, 2017

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### 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>2017</u>	<u>2016</u>
Balance, beginning	\$ 334,352	\$ 262,186
Contributions	568,510	1,034,363
Expenses charged to operations	<u>(728,191)</u>	<u>(962,197)</u>
Balance, ending	<u>\$ 174,671</u>	<u>\$ 334,352</u>

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

March 31, 2017

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### 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 \$42,311 (2016 - \$28,689).

#### 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 \$3,689 (2016 - \$3,731).

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

	2017	2016
Balance, beginning	\$ 387,933	\$ 351,926
Contributions	5,065	68,427
Amounts amortized to revenue	(46,000)	(32,420)
Balance, ending	<u>\$ 346,998</u>	<u>\$ 387,933</u>

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

March 31, 2017

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### 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 (2016 - \$nil). All interest earned on the building trust fund investments are allocated back to the fund unless otherwise specified by the Board.

#### Future Expenditures

The Board of Directors passed a resolution internally restricting \$20,000 in the current year (2016 - \$4,500) for specific expenditures of various programs in future years. No amounts were utilized in the current year.

#### Oak Centre

During a prior year the Board of Directors passed a resolution to internally restrict funds specifically for future expenditures related to the operation of the Oak Centre, which provides advocacy and support services for children youth that have experienced abuse, sexual assault, or witnessed violent crime.

A breakdown of the internally restricted funds are as follows:

	2017	2016
Building trust fund	\$ 157,186	\$ 155,338
Future expenditures	24,500	4,500
Oak Centre	26,909	26,909
	<u>\$ 208,595</u>	<u>\$ 186,747</u>

In order to utilize the internally restricted funds a Board resolution is required.

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### 10. Economic Dependence

The Society receives 77% (2016 - 73%) 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.

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

March 31, 2017

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### 11. 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.

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### 12. Commitments

The Society has operating leases for photocopiers, a building rented in its operations and an office space rented through the courthouse. The minimum annual lease payments are as follows:

2018	\$	55,128
2019		53,574
2020		52,020
2021		28,020
2022		4,020

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

March 31, 2017

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### 13. Casimir Court, Net

	2017	2016
<b>Revenues</b>		
Suite Rental	\$ 46,110	\$ 38,060
Office rental	10,800	9,600
Amortization of deferred contributions (Note 8)	3,689	3,731
Interest	965	1,016
	<b>61,564</b>	<b>52,407</b>
<b>Expenses</b>		
Administration	15,000	15,001
Amortization	9,388	10,152
Insurance	3,772	3,278
Office	547	-
Professional fees	743	-
Repairs and maintenance	7,118	609
Telephone and utilities	17,730	15,949
Wages and benefits	2,500	2,109
	<b>56,798</b>	<b>47,098</b>
<b>Excess (deficiencies) of revenues over expenses</b>	<b>4,766</b>	<b>5,309</b>
<b>Reversal of internal adjustments:</b>		
Office rental revenue	(10,800)	(9,600)
Administration expense	15,000	15,001
	<b>\$ 8,966</b>	<b>\$ 10,710</b>

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.

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### 14. Comparative Figures

Certain amounts of the comparatives figures have been restated to conform to the current year financial statement presentation.

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