

**Vernon Women's Transition House
Society
Financial Statements
For the Year Ended March 31, 2018**

Vernon Women's Transition House Society
Financial Statements
For the Year Ended March 31, 2018

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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, 2018, 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 judgment, 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 Society'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 Society'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 audit opinion.

**Basis for Qualified Opinion**

In common with many not-for-profit organizations, the 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 the Society. Therefore, we were unable to determine whether any adjustments might be necessary to donations revenue, excess contributions over expenses, and cash flows from operations for the years ended March 31, 2018 and 2017, current assets as at March 31, 2018 and 2017, and net assets as at April 1 and March 31 for both the 2018 and 2017 years. Our audit opinion on the financial statements for the year ended March 31, 2017 was modified accordingly because of the possible effects of this scope limitation.

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, 2018, 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 25, 2018

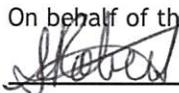
**Vernon Women's Transition House Society
Statement of Financial Position**

March 31	2018	2017
Assets		
Current		
Cash (Note 2)	\$ 74,118	\$ 45,320
Investments (Note 3)	304,596	387,703
Accounts receivable	107,565	109,983
Prepaid expenses	20,449	17,852
	506,728	560,858
Restricted cash and investments (Note 4)	204,946	174,671
Investments (Note 3)	87,655	85,000
Property, plant and equipment (Note 5)	706,560	622,048
	\$ 1,505,889	\$ 1,442,577

Liabilities and Net Assets

Current		
Accounts payable and accrued liabilities (Note 6)	\$ 153,020	\$ 218,529
Deferred contributions for expenses of future periods (Note 7)	204,946	174,671
Deferred contributions for property, plant and equipment (Note 8)	423,295	346,998
	781,261	740,198
Net Assets		
Invested in Property, Plant & Equipment	283,265	275,050
Internally Restricted (Note 9)	210,069	208,595
Unrestricted	231,294	218,734
	724,628	702,379
	\$ 1,505,889	\$ 1,442,577

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	Invested in Property, Plant & Equipment	Internally Restricted	Unrestricted	2018 Total	2017 Total
Balance, beginning of the year	\$ 275,050	\$ 208,595	\$ 218,734	\$ 702,379	\$ 649,503
Excess (deficiency) of revenues over expenses	(3,827)	1,474	24,602	22,249	52,876
Purchase of property, plant and equipment	134,236	-	(134,236)	-	-
Contributions received	(122,194)	-	122,194	-	-
Balance, end of the year	\$ 283,265	\$ 210,069	\$ 231,294	\$ 724,628	\$ 702,379

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

Vernon Women's Transition House Society Statement of Operations

For the year ended March 31	2018	2017
Revenue		
BC Housing	\$ 920,028	\$ 994,347
Minister of Justice	454,827	440,237
Ministry of Children and Family Development	204,207	187,721
Federal Government	192,151	195,480
Donations	86,346	94,773
Law Foundation of BC	-	75,000
Gaming	37,700	40,000
Fundraising	36,595	20,427
Amortization of deferred capital contributions (Note 8)	25,872	42,311
Legal Services Society Grant	17,097	12,780
Summer student grant	7,482	4,164
Interest	5,087	3,740
Other grants	2,275	-
Miscellaneous	1,536	-
Casimir Court, net (Note 13)	23,825	8,966
	\$ 2,015,028	\$ 2,119,946
Expenses		
Advertising and promotion	4,327	8,351
Amortization	40,405	27,913
Client support	117,734	194,083
Food and supplies	25,689	26,149
Fundraising	16,960	8,020
Insurance	8,840	9,811
Interest and bank charges	3,593	3,349
Office and information technology	63,842	60,291
Professional development	9,748	12,885
Professional fees	51,515	62,818
Program materials	4,877	10,356
Rent	61,508	65,501
Repairs and maintenance	24,768	31,329
Telephone and utilities	53,761	55,120
Travel	16,640	14,008
Volunteer	593	450
Wages and benefits	1,487,979	1,463,122
	1,992,779	2,053,556
Excess of revenues over expenses before the following	22,249	66,390
Loss on disposal of equipment	-	13,514
	\$ 22,249	\$ 52,876

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

Vernon Women's Transition House Society Statement of Cash Flows

For the year ended March 31	2018	2017
Cash flows from operating activities		
Cash receipts from customers	\$ 2,056,639	\$ 1,909,298
Cash paid to suppliers and employees	(2,071,654)	(2,008,378)
Interest received	5,678	4,705
	<u>(9,337)</u>	<u>(94,375)</u>
Cash flows from investing activities		
Proceeds from sale (purchase of) investments	60,452	(42,776)
Acquisition of property and equipment	(134,236)	(41,271)
Proceeds on disposal of property and equipment	-	2,035
Contributions received	122,194	5,065
	<u>48,410</u>	<u>(76,947)</u>
Net increase (decrease) in cash	39,073	(171,322)
Cash, beginning of the year	<u>188,582</u>	<u>359,904</u>
Cash, end of the year	\$ 227,655	\$ 188,582
Represented by:		
Cash	\$ 74,118	\$ 45,320
Restricted cash (Note 4)	153,537	143,262
	<u>\$ 227,655</u>	<u>\$ 188,582</u>

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

Vernon Women's Transition House Society

Notes to Financial Statements

March 31, 2018

1. Significant Accounting Policies

Nature of Operation	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.
Basis of Accounting	The 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 instruments 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 instruments.
Cash	Cash consists of cash on hand and bank balances.

Vernon Women's Transition House Society Notes to Financial Statements

March 31, 2018

1. Significant Accounting Policies (continued)

Property, Plant and Equipment Property, plant and equipment are stated at cost less accumulated amortization. Contributed tangible capital assets are recorded at fair value at the date of contribution and are amortized, unless fair value is not determinable in which case contributed property, plant and equipment are recorded at nominal value at the date of contribution. Expenditures for repairs and maintenance are expensed as incurred. Betterments that extend the useful life of property, plant and equipment are capitalized.

Amortization based on the estimated useful life of the asset is calculated as follows:

	Method	Rate
Building	Straight-line	30 years
Automotive	Straight-line	5 years
Furniture and fixtures	Straight-line	5 years
Computer equipment	Straight-line	3 years
Leasehold improvements	Straight-line	5-10 years

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.

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.

Contributed Materials Contributed materials 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 Volunteers contribute many hours per year to assist the Society in carrying out its activities. Due to the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

Vernon Women's Transition House Society Notes to Financial Statements

March 31, 2018

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, 2018 was \$nil (2017 - \$nil).

3. Investments

The carrying amounts of investments are comprised of the following:

	2018	2017
At amortized cost:		
Guaranteed investment certificates, bearing interest at 0.95% to 1.60%, maturing between September 2018 and August 2019	\$ 198,355	\$ 50,000
Guaranteed investment certificates matured during the year	-	454,105
At cost:		
Investment savings accounts, subject to dividend reinvestment	245,305	7
	\$ 443,660	\$ 504,112
Investments are allocated as follows:		
Current	\$ 304,596	\$ 387,703
Long term	87,655	85,000
Restricted (Note 4)	51,409	31,409
	\$ 443,660	\$ 504,112

Vernon Women's Transition House Society Notes to Financial Statements

March 31, 2018

4. Restricted Cash and Investments

	2018	2017
Externally restricted		
Risk Assessment Program	\$ 30,353	\$ 15,475
Child Advocacy Centre	29,700	10,000
Transition House	27,835	57,294
Ministry of Justice	18,275	-
Women's Outreach	18,169	-
Prevention and Awareness	18,000	17,400
Stopping the Violence	15,436	-
Children Who Witness Abuse	13,358	-
Equine Therapy	12,789	-
Support to Young Parents	7,109	26,729
Vernon Law Clinic	6,000	6,000
Pleasant Valley	5,401	2,194
Sexual Assault Service	2,121	2,742
Legal Services Outreach	400	12,092
Homeless Prevention Program	-	16,208
Women's Counselling Groups	-	8,537
	\$ 204,946	\$ 174,671
 Consisting of:		
Cash	153,537	143,262
Investments (Note 3)	51,409	31,409
	\$ 204,946	\$ 174,671

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

Vernon Women's Transition House Society Notes to Financial Statements

March 31, 2018

5. Property, Plant and Equipment

	2018		2017	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Transition House				
Land	\$ 36,400	\$ -	\$ 36,400	\$ -
Buildings	737,628	363,571	640,126	338,983
Automotive	8,000	8,000	8,000	8,000
Computer equipment	40,230	39,882	40,230	38,507
Furniture and fixtures	116,250	87,539	95,416	77,212
Leasehold improvements	9,907	9,611	9,907	8,770
	\$ 948,415	\$ 508,603	\$ 830,079	\$ 471,472

	2018		2017	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Casimir Court				
Land	\$ 88,200	\$ -	\$ 88,200	\$ -
Building	275,464	181,837	263,423	172,655
Furniture and fixtures	18,793	18,793	18,793	18,656
	\$ 382,457	\$ 200,630	\$ 370,416	\$ 191,311

	2018		2017	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Administration				
Leasehold improvements	\$ 98,223	\$ 13,302	\$ 94,364	\$ 10,028
Net book value		\$ 706,560		\$ 622,048

Vernon Women's Transition House Society Notes to Financial Statements

March 31, 2018

6. Government Remittances

Included in accounts payable and accrued liabilities are government remittances payable of \$22,116 (2017 - \$6,498).

7. Deferred Contributions for Expenses of Future Periods

Deferred contributions represent unspent resources externally restricted for various purpose. Changes in the deferred contributions balance are as follows:

	<u>2018</u>	<u>2017</u>
Beginning balance	\$ 174,671	\$ 334,352
Less: amounts recognized as revenue in the year	(576,528)	(728,191)
Add: amounts received related to expenses of a subsequent period	<u>606,803</u>	<u>568,510</u>
Ending balance	<u>\$ 204,946</u>	<u>\$ 174,671</u>

Vernon Women's Transition House Society Notes to Financial Statements

March 31, 2018

8. Deferred Contributions Related 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 CMHA, \$22,749 of the mortgage was to be forgiven annual until the mortgage was paid in full, which occurred in 2010. The capital grant has been recorded as 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 \$25,872 (2017 - \$42,311).

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 changes for the year in the deferred revenue in the Casimir Court operating statement in the current year is \$20,025 (2017 - \$3,689).

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

	<u>2018</u>	<u>2017</u>
Beginning balance	\$ 346,998	\$ 387,933
Add: contributions	122,194	5,065
Less: amounts amortized to revenue	<u>(45,897)</u>	<u>(46,000)</u>
Ending balance	<u>\$ 423,295</u>	<u>\$ 346,998</u>

Vernon Women's Transition House Society Notes to Financial Statements

March 31, 2018

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 \$nil was allocated from the internally restricted assets to cover building repairs (2017 - \$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 of \$20,000 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:

	<u>2018</u>	<u>2017</u>
Building trust fund	\$ 158,660	\$ 157,186
Future expenditure	24,500	24,500
Oak Centre	26,909	26,909
	<u>\$ 210,069</u>	<u>\$ 208,595</u>

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

10. Economic Dependence

The Society receives 78% (2017 - 77%) 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.

Vernon Women's Transition House Society Notes to Financial Statements

March 31, 2018

11. Financial Instruments

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 resulting from the possibility that a customer or counterparty to a financial instrument defaults on their financial obligations; if there is a concentration of transactions carried out with the same counterparty; or of financial obligations which have similar economic characteristics such that they could be similarly affected by changes in economic conditions. The Society's financial instruments that are exposed to concentrations of credit risk relate primarily to its accounts receivable. The majority of the Society's receivables are from government sources and the Society works to ensure it meets all eligibility criteria in order to qualify to receive the funding.

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

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:

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

Vernon Women's Transition House Society Notes to Financial Statements

March 31, 2018

13. Casimir Court, net

	2018	2017
Revenue		
Suite rental	\$ 46,703	\$ 46,110
Office rental	10,800	10,800
Amortization of deferred contributions	20,025	3,689
Interest Revenue	591	965
	78,119	61,564
Expenses		
Administration	17,000	15,000
Amortization	9,319	9,388
Insurance	3,750	3,772
Office	1,951	547
Professional fees	-	743
Repairs and maintenance	9,787	7,118
Telephone and utilities	15,325	17,730
Wages and benefits	3,362	2,500
	60,494	56,798
Excess of revenues over expenses	17,625	4,766
Reversal of internal adjustments:		
Office rental revenue	(10,800)	(10,800)
Administration expense	17,000	15,000
	\$ 23,825	\$ 8,966

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.
