

**Archway Society for Domestic
Peace
Financial Statements
For the Year Ended March 31, 2019**

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For the Year Ended March 31, 2019**

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Independent Auditor's Report

To the board of directors of Archway Society for Domestic Peace

Qualified Opinion

We have audited the financial statements of Archway Society for Domestic Peace (the Society), which comprise the statement of financial position as at March 31, 2019, the statements of operations, changes in net assets 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 matters described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Society as at March 31, 2019, and its financial performance and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Society derives revenue from donations and fundraising activities, 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 not able to determine whether any adjustments might be necessary to donations and fundraising revenues, excess of revenues over expenses, and cash flows from operations for the years ended March 31, 2019 and 2018, and current assets as at March 31, 2019 and 2018, and net assets as at April 1 and March 31 for both the 2019 and 2018 years. Our audit opinion on the financial statements for the year ended March 31, 2019 was modified accordingly because of the 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 *Auditor's 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 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.



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 alternative but to do so.

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

Auditor's 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 auditor's 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 auditor's 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 auditor's report. However, future events or conditions may cause the Society to cease to continue as a going concern.
- 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 Societies 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 24, 2019

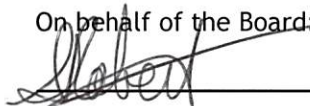
Archway Society for Domestic Peace Statement of Financial Position

March 31	2019	2018
Assets		
Current		
Cash (Note 2)	\$ 98,147	\$ 22,709
Investments (Note 4)	462,819	356,005
Accounts receivable	87,794	107,565
Prepaid expenses	19,533	20,449
	668,293	506,728
Restricted cash (Note 3)	127,473	204,946
Investments (Note 4)	37,388	87,655
Property, plant and equipment (Note 5)	745,991	706,560
	\$ 1,579,145	\$ 1,505,889

Liabilities and Net Assets

Current		
Accounts payable and accrued liabilities (Note 6)	\$ 213,336	\$ 153,020
Deferred contributions for expenses of future periods (Note 7)	127,473	204,946
Deferred contributions for property, plant and equipment (Note 8)	412,002	423,295
	752,811	781,261
Net Assets		
Invested in property, plant & equipment	333,989	283,265
Internally restricted (Note 9)	310,896	210,069
Unrestricted	181,449	231,294
	826,334	724,628
	\$ 1,579,145	\$ 1,505,889

On behalf of the Board:

 Director

 Director

**Archway Society for Domestic Peace
Statement of Changes in Net Assets**

For the year ended March 31	Invested in Property, Plant & Equipment	Internally Restricted	Unrestricted	2019 Total	2018 Total
Balance, beginning of the year	\$ 283,265	\$ 210,069	\$ 231,294	\$ 724,628	\$ 702,379
Excess (deficiency) of revenues over expenses	(7,328)	2,827	106,207	101,706	22,249
Purchase of property, plant and equipment	93,758	-	(93,758)	-	-
Contributions received	(35,706)	-	35,706	-	-
Transfers	-	98,000	(98,000)	-	-
Balance, end of the year	\$ 333,989	\$ 310,896	\$ 181,449	\$ 826,334	\$ 724,628

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

Archway Society for Domestic Peace Statement of Operations

For the year ended March 31	2019	2018
Revenue		
BC Housing	\$ 996,885	\$ 913,594
Minister of Justice	532,467	454,827
Ministry of Children and Family Development	193,641	204,207
Federal Government	171,677	198,585
Donations	162,258	86,346
Fundraising	66,633	36,595
Gaming	38,300	37,700
Amortization of deferred capital contributions (Note 8)	28,826	25,872
Legal Services Society Grant	14,257	17,097
Summer student grant	10,229	7,482
Interest	5,436	5,087
Other grants	3,650	2,275
Miscellaneous	1,250	1,536
Casimir Court, net (Note 13)	14,294	23,825
	\$ 2,239,803	\$ 2,015,028
Expenses		
Advertising and promotion	4,619	4,327
Amortization	45,092	40,405
Client support	113,080	117,734
Food and supplies	24,472	25,689
Fundraising	30,121	16,960
Insurance	9,844	8,840
Interest and bank charges	2,619	3,593
Office and information technology	74,410	63,842
Professional development	15,555	9,748
Professional fees	74,125	51,515
Program materials	1,588	4,877
Rent	62,086	61,508
Repairs and maintenance	27,876	24,768
Telephone and utilities	49,571	53,761
Travel	17,713	16,640
Volunteer	303	593
Wages and benefits	1,585,023	1,487,979
	2,138,097	1,992,779
Excess of revenues over expenses	\$ 101,706	\$ 22,249

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

Archway Society for Domestic Peace Statement of Cash Flows

For the year ended March 31	2019	2018
Cash flows from operating activities		
Cash receipts from customers	\$ 2,186,332	\$ 2,056,639
Cash paid to suppliers and employees	(2,080,318)	(2,071,654)
Interest received	6,550	5,678
	112,564	(9,337)
Cash flows from investing activities		
Purchase of investments	(500,207)	(443,660)
Proceeds on disposal of investments	443,660	504,112
Acquisition of property and equipment	(93,758)	(134,236)
Contributions received	35,706	122,194
	(114,599)	48,410
Net (decrease) increase in cash	(2,035)	39,073
Cash, beginning of the year	227,655	188,582
Cash, end of the year	\$ 225,620	\$ 227,655
Represented by:		
Cash	\$ 98,147	\$ 22,709
Restricted cash (Note 3)	127,473	204,946
	\$ 225,620	\$ 227,655

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

Archway Society for Domestic Peace Notes to Financial Statements

March 31, 2019

1. Significant Accounting Policies

Nature of Operation	The Archway Society for Domestic Peace (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.

Archway Society for Domestic Peace Notes to Financial Statements

March 31, 2019

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 are classified as capital or operating leases. 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 incurrance 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.

Donation and fundraising revenues are recognized as revenue in the year in which the related expenses are incurred. Unrestricted donation and fundraising revenues are recognized as revenue when earned.

Rental revenue is recognized as revenue when the period in which the rent was received is complete.

Archway Society for Domestic Peace Notes to Financial Statements

March 31, 2019

1. Significant Accounting Policies (continued)

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.

Archway Society for Domestic Peace Notes to Financial Statements

March 31, 2019

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. Restricted Cash

	2019	2018
Externally restricted		
Child Advocacy Centre	\$ 29,700	\$ 29,700
Prevention and Awareness	18,000	18,000
Risk Assessment Program	15,353	30,353
Casimir Court	13,660	-
Equine Therapy	11,666	12,789
Stopping the Violence	10,626	15,436
Vernon Law Clinic	6,000	6,000
Women's Outreach	5,000	18,169
Ministry of Justice	4,416	18,275
Pleasant Valley	3,953	5,401
Children Who Witness Abuse	2,848	13,358
Support to Young Parents	2,130	7,109
Sexual Assault Service	2,121	2,121
Transition House	1,600	27,835
Legal Services Outreach	400	400
	\$ 127,473	\$ 204,946

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

Archway Society for Domestic Peace Notes to Financial Statements

March 31, 2019

4. Investments

The carrying amounts of investments are comprised of the following:

	<u>2019</u>	<u>2018</u>
At amortized cost:		
Guaranteed investment certificates, bearing interest at 1.35% to 2.60%, maturing between August 2019 and February 2022	\$ 500,207	\$ 87,655
Guaranteed investment certificates matured during the year	-	110,700
At cost:		
Investment savings accounts, subject to dividend reinvestment	-	245,305
	<u>\$ 500,207</u>	<u>\$ 443,660</u>
Investments are allocated as follows:		
Current	\$ 462,819	\$ 356,005
Long term	37,388	87,655
	<u>\$ 500,207</u>	<u>\$ 443,660</u>

Archway Society for Domestic Peace Notes to Financial Statements

March 31, 2019

5. Property, Plant and Equipment

	2019		2018	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Transition House				
Land	\$ 36,400	\$ -	\$ 36,400	\$ -
Buildings	773,332	388,753	737,628	363,571
Automotive	8,000	8,000	8,000	8,000
Computer equipment	87,041	45,456	40,230	39,882
Furniture and fixtures	120,630	98,304	116,250	87,539
Leasehold improvements	9,907	9,907	9,907	9,611
	<u>1,035,310</u>	<u>550,420</u>	<u>948,415</u>	<u>508,603</u>
Casimir Court				
Land	\$ 88,200	\$ -	\$ 88,200	\$ -
Building	278,605	191,072	275,464	181,837
Furniture and fixtures	18,793	18,793	18,793	18,793
	<u>385,598</u>	<u>209,865</u>	<u>382,457</u>	<u>200,630</u>
Administration				
Leasehold improvements	101,944	16,576	98,223	13,302
Net book value		<u>\$ 745,991</u>		<u>\$ 706,560</u>

6. Government Remittances

Included in accounts payable and accrued liabilities are government remittances payable of \$21,139 (2018 - \$22,116).

Archway Society for Domestic Peace Notes to Financial Statements

March 31, 2019

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>2019</u>	<u>2018</u>
Beginning balance	\$ 204,946	\$ 174,671
Less: amounts recognized as revenue in the year	(672,884)	(576,528)
Add: amounts received related to expenses of a subsequent period	<u>595,411</u>	<u>606,803</u>
Ending balance	<u>\$ 127,473</u>	<u>\$ 204,946</u>

Archway Society for Domestic Peace Notes to Financial Statements

March 31, 2019

8. Deferred Contributions for Property, Plant and Equipment

Transition House

In December 2016, BC Housing provided a mortgage forgivable over a ten year period beginning in the first year of the mortgage. Monies were advanced in the March 31, 2017, 2018 and 2019 fiscal years totaling \$140,300. At March 31, 2019, \$108,733 of the total \$140,300 in funding received is to be forgiven in future years.

Contributions were received relating to capital improvements to the Transition Housing building. These contributions have been deferred and are being amortized with the building additions over 30 years.

The amount amortized to revenue in the general operating statement in the current year is \$28,826 (2018 - \$25,872).

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 30 years.

The changes for the year in the deferred revenue in the Casimir Court operating statement in the current year is \$18,173 (2018 - \$20,025).

The changes for the year in the deferred contributions related for property, plant and equipment are as follows:

	<u>2019</u>	<u>2018</u>
Beginning balance	\$ 423,295	\$ 346,998
Add: contributions	35,706	122,194
Less: amounts amortized to revenue	<u>(46,999)</u>	<u>(45,897)</u>
Ending balance	<u>\$ 412,002</u>	<u>\$ 423,295</u>

Archway Society for Domestic Peace Notes to Financial Statements

March 31, 2019

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. 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>2019</u>	<u>2018</u>
Building trust fund	\$ 161,487	\$ 158,660
Future expenditure	122,500	24,500
Oak Centre	<u>26,909</u>	<u>26,909</u>
	<u>\$ 310,896</u>	<u>\$ 210,069</u>

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

10. Economic Dependence

The Society receives 77% (2018 - 78%) 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.

Archway Society for Domestic Peace Notes to Financial Statements

March 31, 2019

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 and commercial office space. The minimum annual lease payments are as follows:

2020	\$	55,200
2021		31,200
2022		3,850
2023		1,325

Archway Society for Domestic Peace Notes to Financial Statements

March 31, 2019

13. Casimir Court, net

	2019	2018
Revenue		
Suite rental	\$ 37,923	\$ 46,703
Office rental	10,800	10,800
Amortization of deferred contributions (Note 8)	18,173	20,025
Interest Revenue	1,114	591
	68,010	78,119
Expenses		
Administration	15,000	17,000
Amortization	9,235	9,319
Insurance	3,750	3,750
Office	656	1,951
Repairs and maintenance	5,149	9,787
Telephone and utilities	16,369	15,325
Wages and benefits	7,757	3,362
	57,916	60,494
Excess of revenues over expenses, before internal adjustments	10,094	17,625
Reversal of internal adjustments:		
Office rental revenue	(10,800)	(10,800)
Administration expense	15,000	17,000
	\$ 14,294	\$ 23,825

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.

14. Comparative Information

Certain comparative figures have been reclassified to conform with the current year's financial statements presentation.
