

**VANCOUVER NATIVE HEALTH SOCIETY  
FINANCIAL STATEMENTS  
MARCH 31, 2016**

**VANCOUVER NATIVE HEALTH SOCIETY**

**INDEX**

**MARCH 31, 2016**

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## **INDEPENDENT AUDITOR'S REPORT**

To the Directors of:  
Vancouver Native Health Society

We have audited the accompanying financial statements of Vancouver Native Health Society which comprise the statement of financial position as at March 31, 2016, the statement of changes in net assets, statement of operations and statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

### **Management 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 audit opinion

**Basis for qualified opinion**

In common with many charitable organizations, the Society derives part of its revenue from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly our verification of these revenues were limited to the amounts recorded in the records of the society and we were not able to determine whether any adjustments might be necessary to revenues, excess of revenue over expenses, assets and net assets.

**Qualified opinion**

In our opinion, except for the effect of the matter described in the Basis for Qualified Opinion paragraph, these financial statements present fairly, in all material respects, the financial position of Vancouver Native Health 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**

In accordance with the Society Act of British Columbia, we report that, in our opinion, the accounting principles used in the preparation of these financial statements have been applied on a basis consistent with the preceding year.





Burnaby, B.C. Canada  
October 26, 2016

ENNS & COMPANY  
Chartered Professional Accountants

**VANCOUVER NATIVE HEALTH SOCIETY  
STATEMENT OF FINANCIAL POSITION  
MARCH 31, 2016**

	General Fund	Capital Fund	Building Fund	2016 Total	2015 Total
<b>ASSETS</b>					
<b>CURRENT</b>					
Cash	\$ 256,013	\$ 70,188	\$ 5,519	\$ 331,720	\$ 478,785
Temporary investments (Note 3)	1,691,732	-	-	1,691,732	1,702,390
Accounts receivable (Note 4)	190,447	-	101,965	292,412	201,249
Prepaid expenses	87,708	-	-	87,708	75,880
	2,225,900	70,188	107,484	2,403,572	2,458,304
<b>CAPITAL ASSETS (Note 5)</b>	-	164,198	-	164,198	173,140
	\$2,225,900	\$ 234,386	\$ 107,484	\$2,567,770	\$2,631,444
<b>LIABILITIES</b>					
<b>CURRENT</b>					
Accounts payable and accrued liabilities (Note 6)	\$ 656,113	\$ -	\$ -	\$ 656,113	\$ 326,674
Deferred revenues (Note 7)	1,296,987	-	76,741	1,373,728	1,661,226
	1,953,100	-	76,741	2,029,841	1,987,900
<b>NET ASSETS</b>					
Invested in capital assets (Note 5)	-	164,198	-	164,198	1,488,085
Externally restricted (Note 8)	170,844	-	-	170,844	170,844
Internally restricted (Note 9)	-	70,188	30,743	100,931	100,402
Unrestricted	101,956	-	-	101,956	1,115,788
	272,800	234,386	30,743	537,929	643,544
	\$2,225,900	\$ 234,386	\$ 107,484	\$2,567,770	\$2,631,444

APPROVED ON BEHALF OF THE BOARD

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

**ENNS &  
COMPANY**

**VANCOUVER NATIVE HEALTH SOCIETY  
STATEMENT OF CHANGES IN NET ASSETS  
FOR THE YEAR ENDED MARCH 31, 2016**

	General Fund	Capital Fund	Building Fund	2016 Total	2015 Total
<b>BALANCE, BEGINNING OF YEAR</b>	\$ 370,002	\$ 242,799	\$ 30,743	\$ 643,544	\$ 669,363
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES</b>	(64,128)	(41,487)	-	(105,615)	(25,819)
	305,874	201,312	30,743	537,929	643,544
<b>INTERFUND TRANSFERS</b>	(33,074)	33,074	-	-	-
<b>BALANCE, END OF YEAR</b>	\$ 272,800	\$ 234,386	\$ 30,743	\$ 537,929	643,544

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

**VANCOUVER NATIVE HEALTH SOCIETY  
STATEMENT OF OPERATIONS  
FOR THE YEAR ENDED MARCH 31, 2016**

	General Fund	Capital Fund	Building Fund	2016 Total	2015 Total
<b>REVENUES</b>					
Province of British Columbia	\$3,662,186	\$ -	\$ -	\$3,662,186	\$3,870,655
Vancouver Coastal Health Authority	2,304,797	-	-	2,304,797	2,160,714
Other funding	1,076,515	-	-	1,076,515	802,279
Public Health Agency of Canada	50,000	-	-	50,000	50,000
Children's Hospital	51,896	-	-	51,896	51,896
Gaming revenue	53,750	-	-	53,750	53,861
	<b>7,199,144</b>	<b>-</b>	<b>-</b>	<b>7,199,144</b>	<b>6,989,405</b>
<b>EXPENSES</b>					
Advertising and promotion	1,755	-	-	1,755	936
Amortization	-	41,061	-	41,061	52,146
Automobile	14,481	-	-	14,481	12,017
Bank charges and interest	6,254	-	-	6,254	7,183
Donations	6,010	-	-	6,010	9,950
Insurance	29,325	-	-	29,325	28,305
Meals and travel	51,430	-	-	51,430	29,072
Medical supplies	43,012	-	-	43,012	43,375
Office and general	172,476	-	-	172,476	172,984
Professional fees	36,285	-	-	36,285	50,668
Property taxes	1,896	-	-	1,896	20,497
Rent	307,764	-	-	307,764	278,122
Rent subsidies	133,639	-	-	133,639	140,589
Repairs and maintenance	47,496	-	-	47,496	33,143
Salaries and benefits	4,947,666	-	-	4,947,666	4,616,301
Subcontract	967,593	-	-	967,593	988,377
Supplies	411,549	-	-	411,549	449,690
Telephone	53,055	-	-	53,055	59,019
Training	18,006	-	-	18,006	7,192
Utilities	47,722	-	-	47,722	51,118
	<b>7,297,414</b>	<b>41,061</b>	<b>-</b>	<b>7,338,475</b>	<b>7,050,684</b>
<b>DEFICIENCY OF REVENUES OVER EXPENSES BEFORE OTHER ITEMS</b>					
	<b>\$ (98,270)</b>	<b>\$ (41,061)</b>	<b>\$ -</b>	<b>(139,331)</b>	<b>\$ (61,279)</b>

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

**VANCOUVER NATIVE HEALTH SOCIETY  
STATEMENT OF OPERATIONS  
FOR THE YEAR ENDED MARCH 31, 2016**

	General Fund	Capital Fund	Building Fund	2016 Total	2015 Total
<b>BALANCE FORWARD</b>	\$ (98,270)	\$ (41,061)	\$ -	\$ (139,331)	\$ (61,279)
<b>OTHER ITEMS</b>					
Donations	9,639	-	-	9,639	12,315
Interest income	24,503	-	-	24,503	23,145
Gain (loss) on disposal of capital assets	-	(426)	-	(426)	-
	34,142	(426)	-	33,716	35,460
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES</b>	\$ (64,128)	\$ (41,487)	\$ -	\$ (105,615)	\$ (25,819)

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



**VANCOUVER NATIVE HEALTH SOCIETY  
STATEMENT OF CASH FLOWS  
FOR THE YEARS ENDED MARCH 31, 2016**

	General Fund	Capital Fund	Building Fund	2016 Total	2015 Total
<b>OPERATING ACTIVITIES</b>					
Excess (deficiency) of revenues over expenses	\$ (64,128)	\$ (41,487)	\$ -	\$ (105,615)	\$ (25,819)
Items not requiring an outlay of cash:					
Amortization	-	41,061	-	41,061	52,146
Loss on disposal of capital assets	-	426	-	426	-
	(64,128)	-	-	(64,128)	26,327
<b>CHANGES IN NON-CASH WORKING CAPITAL ITEMS</b>					
Account receivable	(88,866)	-	(2,298)	(91,164)	47,575
Prepaid expenses	(11,827)	-	-	(11,827)	(8,978)
Accounts payable and accrued liabilities	329,441	-	-	329,441	(17,232)
Deferred revenues	(287,499)	-	-	(287,499)	(251,774)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>(122,879)</b>	<b>-</b>	<b>(2,298)</b>	<b>(125,177)</b>	<b>(204,082)</b>
<b>CASH FROM INVESTING ACTIVITIES</b>					
Acquisition of capital assets		(33,074)		(33,074)	(29,771)
Proceeds from disposal of capital assets	-	529	-	529	
Proceeds from redemption of temporary investments	1,703,811			1,703,811	(1,702,390)
Acquisition of temporary investments	(1,693,154)			(1,693,154)	1,705,390
<b>CASH USED IN INVESTING ACTIVITIES</b>	<b>10,657</b>	<b>(32,545)</b>	<b>-</b>	<b>(21,888)</b>	<b>(26,771)</b>
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>(112,222)</b>	<b>(32,545)</b>	<b>(2,298)</b>	<b>(147,065)</b>	<b>(230,853)</b>
<b>CASH, beginning of year</b>	<b>401,309</b>	<b>69,659</b>	<b>7,817</b>	<b>478,785</b>	<b>709,638</b>
<b>INTERFUND TRANSFERS</b>	<b>(33,074)</b>	<b>33,074</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>CASH, end of year</b>	<b>\$ 256,013</b>	<b>\$ 70,188</b>	<b>\$ 5,519</b>	<b>\$ 331,720</b>	<b>\$ 478,785</b>

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

**VANCOUVER NATIVE HEALTH SOCIETY  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2016**

**1. PURPOSE OF THE SOCIETY**

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Vancouver Native Health Society (the "Society") was incorporated under the British Columbia Society Act as a not-for-profit organization on April 12, 1990 and is a registered charity under the Income Tax Act and is not subject to income taxes. Its principal purpose is to improve the health status of Native people, to assist, support, and undertake programs or activities designed to promote health care of native people, and to secure or acquire funds, real property or other assistance necessary to meet its objectives.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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(a) Basis of presentation

The financial statements of the Society have been prepared in accordance with the Canadian accounting standards for not-for-profit organizations in Part III of the Chartered Professional Accountants (CPA) Handbook and include the significant accounting policies described hereafter.

(b) Tangible Capital Assets

Tangible Capital Assets are recorded at cost less capital grants. Amortization is calculated using the declining balance method as follows:

Furniture and equipment	20%
Computer hardware	30%
Automotive	30%
Leasehold improvements	Straight line over 6 years

(c) Contributions related to tangible capital assets

Deferred contributions related to tangible capital assets include contributions which are restricted in use to the purchase of tangible capital assets and are recorded as income in a manner that matches the amortization of the underlying property and equipment. Contributions used to purchase non-depreciable assets are recorded as a direct increase in net assets invested in the tangible capital assets.

(d) Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the year. Actual results could differ from those estimates. Significant areas of estimation include allowance for doubtful accounts, estimated useful lives of tangible capital assets, impairment of long-lived assets, accrued liabilities and deferral of revenue.

**VANCOUVER NATIVE HEALTH SOCIETY  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2016**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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**(Continued)**

**(e) Impairment of long-lived assets**

Long-lived assets are tested for impairment whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. An impairment loss is recognized when the carrying amount of the asset exceeds the sum of the undiscounted cash flows resulting from its use and eventual disposition. The impairment loss is measured as the amount by which the carrying amount of the long-lived asset exceeds its fair value.

**(f) Revenue recognition**

The Society recognizes government funding and donations in the period in which they are received. Funds are recognized as revenue as the services to which the funds relate are delivered or performed.

The Society recognizes contributions of materials and services only when a fair value can be reasonably estimated and when the materials and services are used in the normal course of the Society's operations and would otherwise have been purchased.

The Society uses the deferral method of accounting for contributions under which restricted contributions related to expenses of future periods are deferred and recognized as revenue in the period in which the related expenses are incurred. Endowment contributions are reported as direct increases in net assets. All other contributions are reported as revenue of the current period.

**(g) Cash and cash equivalents**

Cash equivalents are comprised of highly liquid investments with maturities of three months or less from the date of acquisition.

**VANCOUVER NATIVE HEALTH SOCIETY  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2016**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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(Continued)

(h) Financial Instruments

The Society has elected to disclose fair value of financial assets and liabilities only for those financial assets and liabilities for which fair value is readily obtainable.

**Measurement of financial instruments**

The Society initially measures its financial assets and financial liabilities at fair value, except for certain related party transactions that are measured at the carrying amount or exchange amount, as appropriate. The Society subsequently measures all its financial assets and financial liabilities at cost or amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value of these financial instruments are recognized in net income.

Financial assets measured at amortized cost on a straight-line basis include cash, short term investments and accounts receivable. Financial liabilities measured at amortized cost on a straight-line basis include the accounts payable.

**Impairment**

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in net income. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in net income.

**Transaction costs**

The Society's transaction costs related to financial instruments that will be subsequently measured at fair value are recognized in net income in the period incurred. The carrying amount of the financial instruments that will not be subsequently measured at fair value is adjusted for transaction costs directly attributable to the origination, issuance or assumption of these instruments.

**VANCOUVER NATIVE HEALTH SOCIETY  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2016**

**3. SHORT TERM INVESTMENT**

Short term investment consist of \$1,691,732 (2015 - \$1,702,390) invested in term deposit bearing interest at 0.90% - 1.03% (2015 - 0.85% - 1.30%) per annum maturing June 15, 2016 to March 16, 2017 (2015 - June 13, 2015). They were recorded at cost.

The Society maintains a trust fund on behalf of a client. As at March 31, 2016, the funds held in trust totaled \$1,421 (2015 - \$1,421)

**4. ACCOUNTS RECEIVABLE**

	General Fund	Capital Fund	Building Fund	2016	2015
Accounts receivable	\$ 158,496	\$ -	\$ -	\$ 158,496	\$ 65,953
GST/HST recoverable	18,605	-	-	18,605	24,818
Interest receivable	13,346	-	-	13,346	-
Sundry receivable	-	-	101,965	101,965	110,478
	<b>\$ 190,447</b>	<b>\$ -</b>	<b>\$ 101,965</b>	<b>\$ 292,412</b>	<b>\$ 201,249</b>

Included in sundry receivables is an amount due from a related party, Vancouver Native Health Community Foundation of \$101,965 (2015:\$99,667) that is interest free, unsecured and has no fixed terms of repayment.

**VANCOUVER NATIVE HEALTH SOCIETY  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2016**

**5. CAPITAL ASSETS**

	Cost	Amortization	Net 2016	Net 2015
Leasehold improvements	\$ 569,815	\$ 563,757	\$ 6,058	\$ 3,801
Furniture and equipment	593,387	481,939	111,448	107,582
Computer hardware	360,894	321,254	39,640	50,897
Automotive	36,115	29,061	7,054	10,860
	<b>\$ 1,560,211</b>	<b>\$ 1,396,011</b>	<b>\$ 164,200</b>	<b>\$ 173,140</b>

**6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	General Fund	Capital Fund	Building Fund	2016	2015
Accounts payable	\$ 131,501	\$ -	\$ -	\$ 131,501	\$ 138,242
Accrued liabilities	485,611	-	-	485,611	188,144
Payroll deductions payable	39,002	-	-	39,002	288
	<b>\$ 656,114</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 656,114</b>	<b>\$ 326,674</b>

**VANCOUVER NATIVE HEALTH SOCIETY  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2016**

**7. DEFERRED REVENUES**

	2016	2015
Deferred revenue	\$ 1,373,728	\$ 1,661,226

Deferred revenues represent externally restricted contributions that are related to expenses of a future period.

**8. EXTERNALLY RESTRICTED NET ASSETS**

	2016	2015
Clinic program	\$ (74)	\$ (74)
Other programs	66,463	66,463
Positive Outlook program	27,419	27,419
Safehouse program	24,058	24,058
Sheway programs	52,978	52,978
	<b>\$ 170,844</b>	<b>\$ 170,844</b>

**9. INTERNALLY RESTRICTED NET ASSETS AND INTERFUND TRANSFERS**

The Board of Directors internally restricted funds to be used for future capital assets acquisition. These internally restricted amounts are not available for other purposes without approval of the Board of Directors.

During the year, \$33,074 (2015 - \$29,771) was transferred from the General Fund to the Capital Fund in order to fund the cash outlays for capital asset acquisitions.

**VANCOUVER NATIVE HEALTH SOCIETY  
NOTES TO FINANCIAL STATEMENTS  
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**10. LEASE COMMITMENTS**

The Society occupies premises at 717 Princess Avenue, 441 and 1726 East Hastings Street under operating leases.

The leases for other premises have expired and the Society is continuing to lease them on a month to month basis. There is an option to renew them for a further period of five years at an amount to be mutually agreed upon.

The Society is also under obligation for various equipment and auto leases.

Future minimum lease payments for the next four years are as follows:

	Total	Premises	Equipment and auto
2017	166,747	160,800	5,947
2018	132,965	132,800	165
2019	104,600	104,600	-
	<b>\$ 404,312</b>	<b>\$ 398,200</b>	<b>\$ 6,112</b>



**VANCOUVER NATIVE HEALTH SOCIETY**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2016**

**11. FINANCIAL RISKS**

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The Society, as part of its operations, carries a number of financial instruments. It is management's opinion that the Society is not exposed to any significant risk as a result of these financial instruments.

**Credit risk**

The Society is exposed to credit risk in the event of non-performance by counterparties in connection with its accounts receivable. The Society does not obtain collateral to support the accounts receivable subject to credit risk but mitigates this risk by dealing only with what management believes to be financially sound counterparties and accordingly, does not anticipate significant loss for non-performance.

**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 such currency risk as all its transactions are conducted in Canadian dollar.

**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 interest rate. The Society is exposed to interest risk on its fixed income securities (Note 3) and manages that risk by using a portfolio with varying terms to maturity.

**Liquidity risk**

Liquidity risk is the risk that the Society will be unable to fulfill its obligations on a timely basis. The Society manages its liquidity risk by monitoring its operating requirements and by preparation of a budget to ensure that it has sufficient funds to fulfill its obligations.

**12. COMPARATIVE FIGURES**

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Certain comparative figures for 2015 have been reclassified where applicable to conform with the current year's presentation.

