

**VANCOUVER NATIVE HEALTH SOCIETY
FINANCIAL STATEMENTS
MARCH 31, 2013**

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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, 2013, 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.

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Society as at March 31, 2013 and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations. As required by the Society Act of British Columbia, we report that in our opinion, these principles have been applied on a basis consistent with the preceding year.




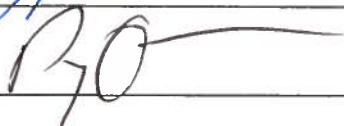
ENNS & COMPANY
Certified General Accountants

Burnaby, B.C. Canada
June 27, 2013

**VANCOUVER NATIVE HEALTH SOCIETY
STATEMENT OF FINANCIAL POSITION
MARCH 31, 2013**

	General Fund	Capital Fund	Building Fund	2013 Total	2012 Total
ASSETS					
CURRENT					
Cash	\$ 703,471	\$ 69,157	\$ 90,309	\$ 862,937	\$ 887,722
Temporary investments (Note 4)	1,705,901	-	-	1,705,901	1,681,529
Accounts receivable (Note 5)	236,454	-	78,647	315,101	289,258
Prepaid expenses	67,885	-	-	67,885	60,508
	2,713,711	69,157	168,956	2,951,824	2,919,017
CAPITAL ASSETS (Note 6)	-	225,924	-	225,924	283,524
	\$2,713,711	\$ 295,081	\$ 168,956	\$3,177,748	\$3,202,541
LIABILITIES					
CURRENT					
Accounts payable and accrued liabilities (Note 7)	\$ 369,220	\$ -	\$ 180	\$ 369,400	\$ 394,542
Deferred revenues (Note 8)	1,892,261	-	138,033	2,030,294	1,893,064
	2,261,481	-	138,213	2,399,694	2,287,606
Deferred revenue related to capital assets (Note 8)	-	13,499	-	13,499	40,535
FUNDS HELD IN TRUST (Note 11)					
NET ASSETS					
Invested in capital assets (Note 6)	-	212,425	-	212,425	242,988
Externally restricted (Note 9)	253,073	-	-	253,073	332,355
Internally restricted (Note 10)	-	69,157	30,743	99,900	99,900
Unrestricted	199,157	-	-	199,157	199,157
	452,230	281,582	30,743	764,555	874,400
	\$2,713,711	\$ 295,081	\$ 168,956	\$3,177,748	\$3,202,541

APPROVED ON BEHALF OF THE BOARD

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

**VANCOUVER NATIVE HEALTH SOCIETY
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED MARCH 31, 2013**

	General Fund	Capital Fund	Building Fund	2013 Total	2012 Total
BALANCE, beginning of year	\$ 531,511	\$ 312,146	\$ 30,743	\$ 874,400	\$ 915,574
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	(46,238)	(63,607)	-	(109,845)	(41,174)
	485,273	248,539	30,743	764,555	874,400
INTERFUND TRANSFERS	(33,043)	33,043	-	-	-
BALANCE, end of year	\$ 452,230	\$ 281,582	\$ 30,743	\$ 764,555	874,400

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

**VANCOUVER NATIVE HEALTH SOCIETY
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 2013**

	General Fund	Capital Fund	Building Fund	2013 Total	2012 Total
REVENUES					
Province of British Columbia	\$3,701,040	\$ -	\$ -	\$3,701,040	\$3,982,932
Vancouver Coastal Health Authority	2,131,667	-	-	2,131,667	2,275,237
Other funding	701,466	-	-	701,466	770,600
Public Health Agency of Canada	50,000	-	-	50,000	50,000
Health Canada	124,982	-	-	124,982	124,982
Children's Hospital	51,896	-	-	51,896	51,896
Other federal funds	90,000	-	-	90,000	87,000
Gaming revenue	43,019	-	-	43,019	52,071
Amortization of deferred contributions	-	27,036	-	27,036	27,036
United Way	-	-	-	-	30,600
	6,894,070	27,036	-	6,921,106	7,452,354
EXPENSES					
Advertising and promotion	3,529	-	-	3,529	6,121
Amortization	-	89,940	-	89,940	90,076
Automobile	12,806	-	-	12,806	19,042
Bank charges and interest	7,734	-	418	8,152	7,875
Donations	4,350	-	-	4,350	8,161
Insurance	27,750	-	-	27,750	23,496
Meals and travel	35,179	-	-	35,179	41,839
Medical supplies	47,143	-	-	47,143	62,639
Office and general	169,673	-	-	169,673	181,153
Professional fees	19,159	-	-	19,159	32,386
Property taxes	17,844	-	-	17,844	16,464
Rent	260,638	-	-	260,638	254,814
Rent subsidies	161,972	-	-	161,972	152,842
Repairs and maintenance	36,160	-	-	36,160	35,405
Salaries and benefits	4,620,650	-	568	4,621,218	4,821,361
Subcontract	1,085,299	-	-	1,085,299	1,316,636
Supplies	473,507	-	30	473,537	497,660
Telephone	70,353	-	-	70,353	69,851
Training	15,362	-	-	15,362	19,114
Utilities	47,576	-	-	47,576	42,743
	7,116,684	89,940	1,016	7,207,640	7,699,678
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES BEFORE OTHER ITEMS					
	\$ (222,614)	\$ (62,904)	\$ (1,016)	(286,534)	\$ (247,324)

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

**VANCOUVER NATIVE HEALTH SOCIETY
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 2013**

	General Fund	Capital Fund	Building Fund	2013 Total	2012 Total
BALANCE FORWARD	\$ (222,614)	\$ (62,904)	\$ (1,016)	\$ (286,534)	\$ (247,324)
OTHER ITEMS					
Donations	151,131	-	1,016	152,147	186,773
Interest income	25,245	-	-	25,245	19,419
Gain (loss) on disposal of capital assets	-	(703)	-	(703)	(42)
	176,376	(703)	1,016	176,689	206,150
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	\$ (46,238)	\$ (63,607)	\$ -	\$ (109,845)	\$ (41,174)

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

**VANCOUVER NATIVE HEALTH SOCIETY
STATEMENT OF CASH FLOWS
MARCH 31, 2013**

	General Fund	Capital Fund	Building Fund	2013 Total	2012 Total
OPERATING ACTIVITIES					
Excess (deficiency) of revenues over expenses	\$ (46,238)	\$ (63,607)	\$ -	\$ (109,845)	\$ (41,174)
Items not requiring an outlay of cash:					
Amortization	-	89,940	-	89,940	90,076
Loss on disposal of capital assets	-	703	-	703	42
	(46,238)	27,036	-	(19,202)	48,944
CHANGES IN NON-CASH WORKING CAPITAL ITEMS					
Account receivable	(77,374)	-	51,531	(25,843)	(115,058)
Prepaid expenses	(7,377)	-	-	(7,377)	13,804
Accounts payable and accrued liabilities	(25,322)	-	180	(25,142)	(7,343)
Deferred revenues	126,555	-	10,675	137,230	263,319
NET CASH PROVIDED BY OPERATING ACTIVITIES	(29,756)	27,036	62,386	59,666	203,666
CASH FROM INVESTING ACTIVITIES					
Acquisition of capital assets		(33,043)		(33,043)	(80,718)
Deferred revenues relating to capital assets		(27,036)		(27,036)	(27,036)
Proceeds from disposal of capital assets	-	-	-	-	100
Acquisition of temporary investments	(1,705,901)			(1,705,901)	(1,681,529)
Proceeds from redemption of temporary investments	1,681,529			1,681,529	1,662,177
CASH USED IN INVESTING ACTIVITIES	(24,372)	(60,079)	-	(84,451)	(127,006)
NET INCREASE (DECREASE) IN CASH	(54,128)	(33,043)	62,386	(24,785)	76,660
CASH, beginning of year	790,642	69,157	27,923	887,722	811,062
INTERFUND TRANSFERS	(33,043)	33,043	-	-	-
CASH, end of year	\$ 703,471	\$ 69,157	\$ 90,309	\$ 862,937	\$ 887,722

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

**VANCOUVER NATIVE HEALTH SOCIETY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2013**

1. GENERAL

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. 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 their objectives.

2. ADOPTION OF ACCOUNTING STANDARDS FOR NOT-FOR-PROFIT ORGANIZATIONS

Effective April 1, 2012, the society adopted the new requirements of the Canadian Institute of Chartered Accountants (CICA) Handbook – Accounting ("Part III"). These are the society's first financial statements for which Part III has been applied and consequently, they have been prepared in accordance with the provisions set out in Section 1501 of Part III, First-Time Adoption by Not-For-Profit Organizations, which have been applied retrospectively. The accounting policies set out in the below significant accounting policies note have been applied in preparing these financial statements for the year ended March 31, 2013, the comparative information presented in these financial statements for the year ended March 31, 2012.

An opening Part III balance sheet at April 1, 2011 (the society's date of transition) has not been presented as the Part III's adoption had no impact on the reported assets, liabilities and equity of the society on that date.

The society issued financial statements for the year ended March 31, 2012 using generally accepted accounting principles prescribed by CICA Handbook - Accounting XFI. The adoption of Part III had no impact on the previously reported assets, liabilities and equity of the society, and accordingly, no adjustments have been recorded in the comparative balance sheet, income statement, statement of retained earnings and the cash flow statement. Certain of the company's disclosures included in these financial statements reflect the new disclosure requirements of Part III.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Fund accounting

The Society follows the deferral method of accounting for contributions.

The General Fund accounts for the Society's program delivery and administrative activities.

The Capital Fund reports the assets, liabilities, revenues and expenses related to the Society's capital assets.

The Building Fund reports the assets, liabilities, revenues and expenses related to the Society's facility needs study.

(b) Revenue Recognition

Restricted contributions are recognized as revenue in the year in which the related expenses are incurred.

Unrestricted contributions are recognized as revenue in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

**VANCOUVER NATIVE HEALTH SOCIETY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2013**

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Financial instruments

The Society's financial instruments consist of cash, redeemable short term investments, accounts receivable, accounts payable and accrued liabilities.

In accordance with section 3855 (Financial instruments - Recognition and Measurement) of the CICA handbook, the Society has designated all financial instruments as available-for-sale and reports them at fair value. The carrying amounts of these financial instruments are reasonable estimates of their fair values due to the relatively short term to maturity.

(d) Capital Assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at the fair value at the date of contribution. Amortization is provided annually using the declining balance method at the following rates:

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

In the year of acquisition, amortization is recorded at one-half the normal rate.

(e) Contributed Services

Volunteers contribute numerous hours per year to assist the Society in carrying out its services. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

(f) Income Taxes

Income taxes are not reflected in these financial statements as the Society is a not-for-profit organization.

(g) Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires the Society's management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the balance sheet date and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

4. TEMPORARY INVESTMENTS

	2013	2012
<u>Guaranteed Investment Certificates at cost plus accrued interest</u>	<u>\$ 1,705,901</u>	<u>\$ 1,681,529</u>

**VANCOUVER NATIVE HEALTH SOCIETY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2013**

5. ACCOUNTS RECEIVABLE

	General Fund	Capital Fund	Building Fund	2013	2012
Grants receivable	\$ 131,051	\$ -	\$ -	\$ 131,051	\$ 56,876
GST/HST recoverable	53,444	-	-	53,444	64,654
Sundry receivable	51,959	-	78,647	130,606	167,728
	\$ 236,454	\$ -	\$ 78,647	\$ 315,101	\$ 289,258

6. CAPITAL ASSETS

	Cost	Amortization	Net 2013	Net 2012
Leasehold improvements	\$ 569,815	\$ 541,721	\$ 28,094	\$ 56,968
Furniture and equipment	535,928	407,902	128,026	155,963
Computer hardware	328,892	274,679	54,213	52,659
Automotive	58,470	42,879	15,591	17,933
	\$ 1,493,105	\$ 1,267,181	\$ 225,924	\$ 283,523

Reconciliation

Net book value of capital assets	\$ 225,924	\$ 283,523
<u>Capital assets acquired with restricted funds</u>		
Deferred revenues related to capital assets	(13,499)	(40,535)
Invested in capital assets - non-restricted funds	\$ 212,425	\$ 242,988

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	General Fund	Capital Fund	Building Fund	2013	2012
Accounts payable	\$ 163,863	\$ -	\$ 180	\$ 164,043	\$ 188,327
Accrued liabilities	163,803	-	-	163,803	164,582
Payroll deductions payable	41,554	-	-	41,554	41,633
	\$ 369,220	\$ -	\$ 180	\$ 369,400	\$ 394,542

**VANCOUVER NATIVE HEALTH SOCIETY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2013**

8. DEFERRED REVENUES

	2013	2012
Gaming Revenue	\$ 57,284	\$ 43,393
Ministry of Health	337,308	314,124
Ministry of Housing and Social Development	8,747	11,961
Ministry of Children and Family Development	183,712	237,399
Other deferred revenues	1,100,359	935,568
Rent subsidies	34,614	13,187
University of British Columbia	24,930	36,404
Vancouver Coastal Health Authority	225,744	251,211
Vancouver Foundation	29,671	29,671
YWCA	27,925	20,146
	\$ 2,030,294	\$ 1,893,064

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

Deferred revenues related to capital assets represent the unamortized portion of leasehold improvements funded with restricted contributions as follows:

Contributed leasehold improvements from Vancouver Coastal Health	\$ 162,195	\$ 162,195
Amount amortized to revenue	(148,696)	(121,660)
Balance, end of year	\$ 13,499	\$ 40,535

9. EXTERNALLY RESTRICTED NET ASSETS

	2013	2012
Clinic program	\$ 3,682	\$ 3,682
Other programs	128,372	200,730
Positive Outlook program	47,892	54,847
Safehouse program	24,058	24,058
Sheway programs	49,069	49,038
	\$ 253,073	\$ 332,355

**VANCOUVER NATIVE HEALTH SOCIETY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2013**

10. 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, \$33,043 (2012 - \$80,718) was transferred from the General Fund to the Capital Fund in order to fund the cash outlays for capital asset acquisitions.

11. FUNDS HELD IN TRUST

The Society maintains a trust fund on behalf of a client. As at March 31, 2013, the funds held in trust totaled \$1,398 (2012 - \$1,388).

12. LEASE COMMITMENTS

The Society occupies premises at 717 Princess Avenue and at 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 five years are as follows:

	Total	Premises	Equipment and auto
2014	90,104	81,600	8,504
2015	89,549	81,600	7,949
2016	63,747	57,800	5,947
2017	53,947	48,000	5,947
2018	20,165	20,000	165
	\$ 317,512	\$ 289,000	\$ 28,512

13. COMPARATIVE FIGURES

Certain comparative figures for 2012 have been reclassified where applicable to conform with the current year's presentation.