

VANCOUVER NATIVE HEALTH SOCIETY
FINANCIAL STATEMENTS
MARCH 31, 2011

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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, 2011, 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.

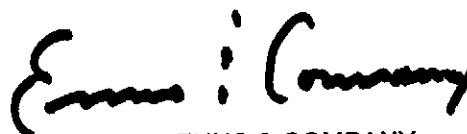
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or 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, 2011 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.

Burnaby, B.C. Canada
June 23, 2011

A handwritten signature in black ink that reads "Enns & Company".

ENNS & COMPANY
Certified General Accountants

**VANCOUVER NATIVE HEALTH SOCIETY
STATEMENT OF FINANCIAL POSITION
MARCH 31, 2011**

	General Fund	Capital Fund	Building Fund	2011 Total	2010 Total
ASSETS					
CURRENT					
Cash	\$ 632,847	\$ 69,058	\$ 107,788	\$ 809,693	\$ 880,028
Temporary investments (Note 3)	1,663,546	-	-	1,663,546	1,640,823
Accounts receivable (Note 4)	167,388	-	6,812	174,200	101,710
Prepaid expenses	74,312	-	-	74,312	57,497
	2,538,093	69,058	114,600	2,721,751	2,680,058
CAPITAL ASSETS (Note 5)	-	293,023	-	293,023	272,161
	\$2,538,093	\$ 362,081	\$ 114,600	\$3,014,774	\$2,952,219
LIABILITIES					
CURRENT					
Accounts payable and accrued liabilities (Note 6)	\$ 401,884	\$ -	\$ -	\$ 401,884	\$ 333,911
Deferred revenues (Note 7)	1,545,888	-	83,857	1,629,745	1,675,021
	1,947,772	-	83,857	2,031,629	2,008,932
Deferred revenue related to capital assets (Note 7)	-	67,571	-	67,571	94,607
FUNDS HELD IN TRUST (Note 10)					
NET ASSETS					
Invested in capital assets (Note 5)	-	225,453	-	225,453	177,554
Externally restricted (Note 8)	405,584	-	-	405,584	407,148
Internally restricted (Note 9)	-	69,057	30,743	99,800	99,802
Unrestricted	184,737	-	-	184,737	164,176
	590,321	294,510	30,743	915,574	848,680
	\$2,538,093	\$ 362,081	\$ 114,600	\$3,014,774	\$2,952,219

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, 2011**

	General Fund	Capital Fund	Building Fund	2011 Total	2010 Total
BALANCE, beginning of year	\$ 571,325	\$ 246,612	\$ 30,743	\$ 848,680	\$ 843,631
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	121,240	(54,346)	-	66,894	5,049
	692,565	192,266	30,743	915,574	848,680
INTERFUND TRANSFERS	(102,244)	102,244	-	-	-
BALANCE, end of year	\$ 590,321	\$ 294,510	\$ 30,743	\$ 915,574	848,680

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

**VANCOUVER NATIVE HEALTH SOCIETY
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 2011**

	General Fund	Capital Fund	Building Fund	2011 Total	2010 Total
REVENUES					
Province of British Columbia	\$3,781,059	\$ -	\$ -	\$3,781,059	\$3,518,337
Vancouver Coastal Health Authority	2,141,597	-	-	2,141,597	1,990,664
Other funding	767,727	-	27,955	795,682	650,351
Public Health Agency of Canada	50,000	-	-	50,000	116,600
Health Canada	20,833	-	-	20,833	66,667
Children's Hospital	51,896	-	-	51,896	51,896
Other federal funds	109,863	-	-	109,863	24,653
Gaming revenue	49,434	-	-	49,434	56,557
Amortization of deferred contributions	-	27,036	-	27,036	27,036
United Way	45,600	-	-	45,600	53,100
	7,018,009	27,036	27,955	7,073,000	6,555,861
EXPENSES					
Advertising and promotion	3,370	-	-	3,370	3,759
Amortization	-	81,382	-	81,382	71,763
Automobile	33,358	-	-	33,358	30,816
Bank charges and interest	7,809	-	-	7,809	5,968
Donations	3,321	-	-	3,321	4,610
Insurance	25,045	-	-	25,045	22,411
Meals and travel	49,255	-	-	49,255	39,700
Medical supplies	43,452	-	-	43,452	36,437
Office and general	148,567	-	245	148,812	124,721
Professional fees	26,467	-	-	26,467	21,597
Property taxes	15,450	-	-	15,450	15,830
Rent	251,709	-	-	251,709	231,673
Rent subsidies	150,656	-	-	150,656	166,341
Repairs and maintenance	36,326	-	-	36,326	20,158
Salaries and benefits	4,288,526	-	49,210	4,337,736	3,733,152
Subcontract	1,310,673	-	-	1,310,673	1,478,089
Supplies	510,659	-	-	510,659	487,569
Telephone	71,020	-	-	71,020	62,992
Training	12,010	-	-	12,010	25,212
Utilities	35,882	-	-	35,882	37,427
	7,023,555	81,382	49,455	7,154,392	6,620,225
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES BEFORE OTHER ITEMS					
	\$ (5,546)	\$ (54,346)	\$ (21,500)	(81,392)	\$ (64,364)

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

**VANCOUVER NATIVE HEALTH SOCIETY
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 2011**

	General Fund	Capital Fund	Building Fund	2011 Total	2010 Total
BALANCE FORWARD	\$ (5,546)	\$ (54,346)	\$ (21,500)	\$ (81,392)	\$ (64,364)
OTHER ITEMS					
Donations	106,222	-	21,500	127,722	57,854
Interest income	20,564	-	-	20,564	11,559
	126,786	-	21,500	148,286	69,413
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	\$ 121,240	\$ (54,346)	\$ -	\$ 66,894	\$ 5,049

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

**VANCOUVER NATIVE HEALTH SOCIETY
STATEMENT OF CASH FLOWS
MARCH 31, 2011**

	General Fund	Capital Fund	Building Fund	2011 Total	2010 Total
OPERATING ACTIVITIES					
Excess (deficiency) of revenues over expenses	\$ 121,240	\$ (54,346)	\$ -	\$ 66,894	\$ 5,049
Items not requiring an outlay of cash:					
Amortization	-	81,382	-	81,382	71,763
	121,240	27,036	-	148,276	76,812
CHANGES IN NON-CASH WORKING CAPITAL ITEMS					
Account receivable	(65,678)	-	(6,812)	(72,490)	4,079
Prepaid expenses	(16,815)	-	-	(16,815)	6,420
Accounts payable and accrued liabilities	67,968	-	-	67,968	15,130
Deferred revenues	(94,816)	-	49,545	(45,271)	223,789
	11,899	27,036	42,733	81,668	326,230
CASH FROM INVESTING ACTIVITIES					
Acquisition of capital assets		(102,244)		(102,244)	(58,644)
Deferred revenues relating to capital assets		(27,036)		(27,036)	(27,036)
Acquisition of temporary investments	(1,663,546)			(1,663,546)	(1,640,823)
Proceeds from redemption of temporary investments	1,640,823			1,640,823	1,754,560
	(22,723)	(129,280)	-	(152,003)	28,057
NET INCREASE (DECREASE) IN CASH					
	(10,824)	(102,244)	42,733	(70,335)	354,287
CASH, beginning of year	745,915	69,058	65,055	880,028	525,741
INTERFUND TRANSFERS					
	(102,244)	102,244	-	-	-
CASH, end of year	\$ 632,847	\$ 69,058	\$ 107,788	\$ 809,693	\$ 880,028

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

**VANCOUVER NATIVE HEALTH SOCIETY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2011**

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. 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.

(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.

**VANCOUVER NATIVE HEALTH SOCIETY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2011**

(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.

3. TEMPORARY INVESTMENTS

	2011	2010
Guaranteed Investment Certificates at cost plus accrued interest	\$ 1,663,546	\$ 1,640,823

4. ACCOUNTS RECEIVABLE

	General Fund	Capital Fund	Building Fund	2011	2010
Grants receivable	\$ 68,315	\$ -	\$ -	\$ 68,315	\$ 63,515
GST/HST recoverable	48,237	-	-	48,237	19,914
Sundry receivable	50,836	-	6,812	57,648	18,281
	\$ 167,388	\$ -	\$ 6,812	\$ 174,200	\$ 101,710

**VANCOUVER NATIVE HEALTH SOCIETY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2011**

5. CAPITAL ASSETS

	Cost	Amortization	Net 2011	Net 2010
Leasehold improvements	\$ 565,204	\$ 474,786	\$ 90,418	\$ 119,958
Furniture and equipment	480,587	343,822	136,765	91,765
Computer hardware	294,265	240,505	53,760	45,973
Automotive	68,222	56,141	12,081	14,465
	\$ 1,408,278	\$ 1,115,254	\$ 293,024	\$ 272,161

Reconciliation

Net book value of capital assets	\$ 293,024	\$ 272,161
<u>Capital assets acquired with restricted funds</u>		
Deferred revenues related to capital assets	(67,571)	(94,607)
Invested in capital assets - non-restricted funds	\$ 225,453	\$ 177,554

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	General Fund	Capital Fund	Building Fund	2011	2010
Accounts payable	\$ 219,812	\$ -	\$ -	\$ 219,812	\$ 192,692
Accrued liabilities	144,255	-	-	144,255	141,109
Payroll deductions payable	37,817	-	-	37,817	110
	\$ 401,884	\$ -	\$ -	\$ 401,884	\$ 333,911

**VANCOUVER NATIVE HEALTH SOCIETY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2011**

7. DEFERRED REVENUES

	2011	2010
Federal Government	\$ 42,107	\$ 53,539
Gaming Revenue	52,374	46,671
Ministry of Health	287,906	177,087
Ministry of Housing and Social Development	11,961	28,539
Ministry of Children and Family Development	315,007	251,194
Other deferred revenues	676,792	698,246
Rent subsidies	13,187	13,187
United Way	-	15,000
University of British Columbia	26,203	31,597
Vancouver Coastal Health Authority	118,594	201,148
Vancouver Foundation	65,000	126,162
YWCA	20,614	32,651
	\$ 1,629,745	\$ 1,675,021

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	(94,624)	(67,588)
Balance, end of year	\$ 67,571	\$ 94,607

**VANCOUVER NATIVE HEALTH SOCIETY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2011**

8. EXTERNALLY RESTRICTED NET ASSETS

	2011	2010
Clinic program	\$ 3,682	\$ 20,202
Other programs	274,674	241,550
Positive Outlook program	66,275	83,247
Safehouse program	24,058	24,058
Sheway programs	36,895	38,091
	\$ 405,584	\$ 407,148

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, \$102,244 (2010 - \$58,644) was transferred from the General Fund to the Capital Fund in order to fund the cash outlays for capital asset acquisitions.

10. FUNDS HELD IN TRUST

The Society maintains a trust fund on behalf of a client. As at March 31, 2011, the funds held in trust totalled \$1,373 (2010 - \$1,366).

**VANCOUVER NATIVE HEALTH SOCIETY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2011**

11. LEASE COMMITMENTS

The Society occupies premises at 717 Princess Avenue under an operating lease.

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
2012	74,154	49,200	24,954
2013	29,772	20,500	9,272
2014	8,009	-	8,009
2015	2,002	-	2,002
	\$ 113,937	\$ 69,700	\$ 44,237

12. COMPARATIVE FIGURES

Certain comparative figures for 2010 have been reclassified where applicable to conform with the current year's presentation.