

VANCOUVER NATIVE HEALTH SOCIETY
FINANCIAL STATEMENTS
MARCH 31, 2014

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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, 2014, 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.

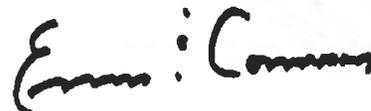
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or 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, 2014 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 25, 2014

A handwritten signature in black ink, appearing to read "Enns & Company".

ENNS & COMPANY
Certified General Accountants

**VANCOUVER NATIVE HEALTH SOCIETY
STATEMENT OF FINANCIAL POSITION
MARCH 31, 2014**

	General Fund	Capital Fund	Building Fund	2014 Total	2013 Total
ASSETS					
CURRENT					
Cash	\$ 609,771	\$ 69,659	\$ 30,208	\$ 709,638	\$ 862,937
Temporary investments (Note 3)	1,705,390	-	-	1,705,390	1,705,901
Accounts receivable (Note 4)	166,059	-	82,765	248,824	315,101
Prepaid expenses	66,902	-	-	66,902	67,885
	2,548,122	69,659	112,973	2,730,754	2,951,824
CAPITAL ASSETS (Note 5)	-	195,515	-	195,515	225,924
	\$2,548,122	\$ 265,174	\$ 112,973	\$2,926,269	\$3,177,748
LIABILITIES					
CURRENT					
Accounts payable and accrued liabilities (Note 6)	\$ 343,727	\$ -	\$ 180	\$ 343,907	\$ 369,400
Deferred revenues (Note 7)	1,830,952	-	82,050	1,913,002	2,030,294
	2,174,679	-	82,230	2,256,909	2,399,694
Deferred revenue related to capital assets (Note 7)	-	-	-	-	13,499
FUNDS HELD IN TRUST (Note 10)					
NET ASSETS					
Invested in capital assets (Note 5)	-	195,515	-	195,515	212,425
Externally restricted (Note 8)	174,286	-	-	174,286	253,073
Internally restricted (Note 9)	-	69,659	30,743	100,402	99,900
Unrestricted	199,157	-	-	199,157	199,157
	373,443	265,174	30,743	669,360	764,555
	\$2,548,122	\$ 265,174	\$ 112,973	\$2,926,269	\$3,177,748

APPROVED ON BEHALF OF THE BOARD


 Gary McDermott


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, 2014**

	General Fund	Capital Fund	Building Fund	2014 Total	2013 Total
BALANCE, beginning of year	\$ 452,229	\$ 281,583	\$ 30,743	\$ 764,555	\$ 874,400
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	(36,443)	(58,752)	-	(95,195)	(109,845)
	415,786	222,831	30,743	669,360	764,555
INTERFUND TRANSFERS	(42,343)	42,343	-	-	-
BALANCE, end of year	\$ 373,443	\$ 265,174	\$ 30,743	\$ 669,360	764,555

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

**VANCOUVER NATIVE HEALTH SOCIETY
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 2014**

	General Fund	Capital Fund	Building Fund	2014 Total	2013 Total
REVENUES					
Province of British Columbia	\$3,624,514	\$ -	\$ -	\$3,624,514	\$3,701,040
Vancouver Coastal Health Authority	2,107,271	-	-	2,107,271	2,131,667
Other funding	863,782	-	3,635	867,417	701,466
Public Health Agency of Canada	50,000	-	-	50,000	50,000
Health Canada	-	-	-	-	124,982
Children's Hospital	51,896	-	-	51,896	51,896
Other federal funds	-	-	-	-	90,000
Gaming revenue	57,286	-	-	57,286	43,019
Amortization of deferred contributions	-	13,499	-	13,499	27,036
	6,754,749	13,499	3,635	6,771,883	6,921,106
EXPENSES					
Advertising and promotion	2,110	-	-	2,110	3,529
Amortization	-	72,075	-	72,075	89,940
Automobile	14,238	-	-	14,238	12,806
Bank charges and interest	6,475	-	-	6,475	8,152
Donations	8,390	-	-	8,390	4,350
Insurance	27,854	-	-	27,854	27,750
Meals and travel	38,670	-	211	38,881	35,179
Medical supplies	64,004	-	-	64,004	47,143
Office and general	175,596	-	-	175,596	169,673
Professional fees	18,975	-	-	18,975	19,159
Property taxes	21,377	-	-	21,377	17,844
Rent	261,547	-	-	261,547	260,638
Rent subsidies	157,603	-	-	157,603	161,972
Repairs and maintenance	36,002	-	-	36,002	36,160
Salaries and benefits	4,664,703	-	554	4,665,257	4,621,218
Subcontract	973,779	-	-	973,779	1,085,299
Supplies	405,619	-	7,355	412,974	473,537
Telephone	62,070	-	-	62,070	70,353
Training	20,379	-	1,262	21,641	15,362
Utilities	49,191	-	-	49,191	47,576
	7,008,582	72,075	9,382	7,090,039	7,207,640
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES BEFORE OTHER ITEMS					
	\$ (253,833)	\$ (58,576)	\$ (5,747)	(318,156)	\$ (286,534)

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

**VANCOUVER NATIVE HEALTH SOCIETY
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 2014**

	General Fund	Capital Fund	Building Fund	2014 Total	2013 Total
BALANCE FORWARD	\$ (253,833)	\$ (58,576)	\$ (5,747)	\$ (318,156)	\$ (286,534)
OTHER ITEMS					
Donations	191,298	-	5,747	197,045	152,147
Interest income	26,092	-	-	26,092	25,245
Gain (loss) on disposal of capital assets	-	(176)	-	(176)	(703)
	217,390	(176)	5,747	222,961	176,689
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	\$ (36,443)	\$ (58,752)	\$ -	\$ (95,195)	\$ (109,845)

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

**VANCOUVER NATIVE HEALTH SOCIETY
STATEMENT OF CASH FLOWS
MARCH 31, 2014**

	General Fund	Capital Fund	Building Fund	2014 Total	2013 Total
OPERATING ACTIVITIES					
Excess (deficiency) of revenues over expenses	\$ (36,443)	\$ (58,752)	\$ -	\$ (95,195)	\$ (109,845)
Items not requiring an outlay of cash:					
Amortization	-	72,075	-	72,075	89,940
Loss on disposal of capital assets	-	176	-	176	703
	(36,443)	13,499	-	(22,944)	(19,202)
CHANGES IN NON-CASH WORKING CAPITAL ITEMS					
Account receivable	70,395	-	(4,118)	66,277	(25,843)
Prepaid expenses	983	-	-	983	(7,377)
Accounts payable and accrued liabilities	(25,494)	-	-	(25,494)	(25,142)
Deferred revenues	(61,309)	-	(55,983)	(117,292)	137,230
NET CASH PROVIDED BY OPERATING ACTIVITIES	(51,868)	13,499	(60,101)	(98,470)	59,666
CASH FROM INVESTING ACTIVITIES					
Acquisition of capital assets		(42,343)		(42,343)	(33,043)
Deferred revenues relating to capital assets		(13,497)		(13,497)	(27,036)
Proceeds from disposal of capital assets	-	500	-	500	
Acquisition of temporary investments	(1,705,390)			(1,705,390)	(1,705,901)
Proceeds from redemption of temporary investments	1,705,901			1,705,901	1,681,529
CASH USED IN INVESTING ACTIVITIES	511	(55,340)	-	(54,829)	(84,451)
NET INCREASE (DECREASE) IN CASH	(51,357)	(41,841)	(60,101)	(153,299)	(24,785)
CASH, beginning of year	703,471	69,157	90,309	862,937	887,722
INTERFUND TRANSFERS	(42,343)	42,343	-	-	-
CASH, end of year	\$ 609,771	\$ 69,659	\$ 30,208	\$ 709,638	\$ 862,937

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

**VANCOUVER NATIVE HEALTH SOCIETY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2014**

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

The financial statements have been prepared by management in accordance with Canadian Accounting Standards for not-for-profit organizations.

(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.

Short term investments are stated at cost plus accrued interest.

Equity instruments, if any that are quoted in an active market are stated at fair value.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the society determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the recoverable amount that could be realized from selling the financial asset or the amount that the society expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

**VANCOUVER NATIVE HEALTH SOCIETY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2014**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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.

3. TEMPORARY INVESTMENTS

	2014	2013
Guaranteed Investment Certificates at cost plus accrued interest	\$ 1,705,390	\$ 1,705,901

4. ACCOUNTS RECEIVABLE

	General Fund	Capital Fund	Building Fund	2014	2013
Grants receivable	\$ 100,026	\$ -	\$ -	\$ 100,026	\$ 131,051
GST/HST recoverable	29,428	-	-	29,428	53,444
Sundry receivable	36,605	-	82,765	119,370	130,606
	\$ 166,059	\$ -	\$ 82,765	\$ 248,824	\$ 315,101

**VANCOUVER NATIVE HEALTH SOCIETY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2014**

6. CAPITAL ASSETS

	Cost	Amortization	Net 2014	Net 2013
Leasehold improvements	\$ 569,815	\$ 561,926	\$ 7,889	\$ 28,092
Furniture and equipment	556,475	435,563	120,912	128,026
Computer hardware	338,460	287,261	51,199	54,214
Automotive	37,995	22,480	15,515	15,592
	<u>\$ 1,502,745</u>	<u>\$ 1,307,230</u>	<u>\$ 195,515</u>	<u>\$ 225,924</u>

Reconciliation

Net book value of capital assets	\$ 195,515	\$ 225,924
<u>Capital assets acquired with restricted funds</u>		
Deferred revenues related to capital assets	-	(13,499)
Invested in capital assets - non-restricted funds	\$ 195,515	\$ 212,425

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	General Fund	Capital Fund	Building Fund	2014	2013
Accounts payable	\$ 164,423	\$ -	\$ 180	\$ 164,603	\$ 164,043
Accrued liabilities	179,306	-	-	179,306	163,803
Payroll deductions payable	-	-	-	-	41,554
	<u>\$ 343,729</u>	<u>\$ -</u>	<u>\$ 180</u>	<u>\$ 343,909</u>	<u>\$ 369,400</u>

**VANCOUVER NATIVE HEALTH SOCIETY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2014**

7. DEFERRED REVENUES

	2014	2013
Gaming Revenue	\$ 53,747	\$ 57,284
Ministry of Health	238,734	337,308
Ministry of Housing and Social Development	4,249	8,747
Ministry of Children and Family Development	240,369	183,712
Other deferred revenues	1,095,626	1,060,700
Rent subsidies	41,131	34,614
Provincial Health Services Authority	62,170	39,659
University of British Columbia	26,769	24,930
Vancouver Coastal Health Authority	87,611	225,744
Vancouver Foundation	29,671	29,671
YWCA	32,925	27,925
	\$ 1,913,002	\$ 2,030,294

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	(162,195)	(148,696)
Balance, end of year	\$ -	\$ 13,499

**VANCOUVER NATIVE HEALTH SOCIETY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2014**

8. EXTERNALLY RESTRICTED NET ASSETS

	2014	2013
Clinic program	\$ (74)	\$ 3,682
Other programs	54,845	128,372
Positive Outlook program	46,388	47,892
Safehouse program	24,058	24,058
Sheway programs	49,069	49,069
	<u>\$ 174,286</u>	<u>\$ 253,073</u>

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, \$42,343 (2013 - \$33,043) 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, 2014, the funds held in trust totaled \$1,410 (2013 - \$1,398).

**VANCOUVER NATIVE HEALTH SOCIETY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2014**

11. 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 four years are as follows:

	Total	Premises	Equipment and auto
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
	<u>\$ 227,408</u>	<u>\$ 207,400</u>	<u>\$ 20,008</u>

12. FINANCIAL RISKS

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.

**VANCOUVER NATIVE HEALTH SOCIETY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2014**

13. FINANCIAL RISKS (Continued)

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.

14. COMPARATIVE FIGURES

Certain comparative figures for 2013 have been reclassified where applicable to conform with the current year's presentation.

