

Squamish Helping Hands Society

Financial Statements
and Auditor's Report

For the year ended December 31, 2018

Squamish Helping Hands Society

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INDEPENDENT AUDITOR'S REPORT

To the Members of the Squamish Helping Hands Society:

Qualified Opinion

We have audited the accompanying financial statements of the Squamish Helping Hands Society ("Society") which comprise of the statement of financial position as at December 31, 2018 and the statement of operations and changes in net assets and cash flows statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the accompanying financial statements present fairly in all material respects, the financial position of the Squamish Helping Hands Society as at December 31, 2018, 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.

Basis for Qualified Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibility 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. In common with many not-for-profit organizations, Squamish Helping Hands Society derives revenue from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of this revenue was limited to the amounts recorded in the records of Squamish Helping Hands Society. Therefore, we were not able to determine whether, as at and for the year ended December 31, 2018, any adjustments might be necessary to public support revenues and deficiency of revenues over expenditures reported in the statement of operations and changes in net assets, deficiency of revenues over expenses in the statement of cash flows and current assets and net assets reported in the statement of financial position.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the 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 these financial statements, management is responsible for assessing the Society's ability to continue as a going concern, disclosing, as applicable, matters related to a going concern and using the going concern basis of accounting unless management either intends to liquidate the Society or cease operations, or has no realistic alternative 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 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 purposes 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 of 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, the 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 the audit.

Report on Other Legal and Regulatory Requirements

As required by the Societies Act (British Columbia), we report that, in our opinion, these principles have been applied on a basis consistent with that of the preceding year.

Weir and Company
Chartered Professional Accountants LLP

July 3, 2019


Squamish Helping Hands Society

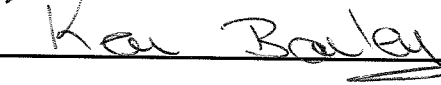
Statement of Financial Position

As at December 31, 2018

	2018	2017
ASSETS		
Current		
Cash	\$ 209,673	\$ 145,027
Short term investments (Note 3)	574,210	566,282
Accounts receivable	12,780	59,339
Due from government agencies	4,608	5,602
Interest receivable	90	87
Inventory	5,076	3,235
Prepaid expenses	4,756	8,750
	811,193	788,322
Capital Assets (Note 4)	35,836	44,624
	\$ 847,029	\$ 832,946
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued liabilities	\$ 17,604	\$ 21,437
Deferred revenue (Note 5)	470,624	493,441
Payroll deduction payable	28,502	17,470
Wages payable	31,002	55,724
	547,732	588,072
NET ASSETS		
Internally restricted net assets (Note 6)	46,059	46,059
Unrestricted net assets	253,238	198,815
	299,297	244,874
	\$ 847,029	\$ 832,946

Approved on behalf of the Board:


 _____ Director


 _____ Director

Squamish Helping Hands Society

Statement of Operations

For the year ended December 31, 2018

	2018	2017
REVENUE		
Public support	\$ 161,202	\$ 132,069
Grants and contracts (Note 7)	939,863	974,172
Interest	8,148	2,074
Miscellaneous	30,177	7,784
Program revenue	54,717	38,916
	<u>1,194,107</u>	<u>1,155,015</u>
EXPENSES		
Accounting	19,425	17,886
Amortization	8,788	9,047
Bank charges and interest	375	1,566
Insurance	9,427	7,626
Legal	-	1,147
Loss on disposal of capital assets	-	1,515
Office expenses	10,044	17,067
Professional fees	11,063	-
Program expenses	33,915	26,318
Repair and maintenance	15,644	18,029
Supplies	98,365	69,076
Telephone	15,006	10,311
Travel	5,329	5,803
Wages and benefits (Note 8)	912,303	885,966
	<u>1,139,684</u>	<u>1,071,357</u>
EXCESS OF REVENUES OVER EXPENSES	<u>\$ 54,423</u>	<u>\$ 83,658</u>

Squamish Helping Hands Society

Statement of Changes in Net Assets
For the year ended December 31, 2018

	2018	2017
Internally restricted funds, beginning of year	\$ 46,059	\$ -
Interfund transfers	-	46,059
Internally restricted funds, end of year	\$ 46,059	\$ 46,059
Unrestricted funds, beginning of year	\$ 198,815	\$ 161,216
Excess of revenues over expenditures	54,423	83,658
Interfund transfers	-	(46,059)
Unrestricted funds, end of year	\$ 253,238	\$ 198,815

Squamish Helping Hands Society

Statement of Cash Flows
For the year ended December 31, 2018

	2018	2017
OPERATING ACTIVITIES		
Excess of revenue over expenses	\$ 54,423	\$ 83,658
Items not involving cash		
Amortization	8,788	9,047
Loss on disposal of capital assets	-	1,515
	63,211	94,220
Changes in non-cash working capital items		
Accounts receivable	46,559	(47,635)
GST receivable	994	5,202
Interest receivable	(3)	916
Inventory	(1,841)	(205)
Prepaid expenses	3,994	(4,442)
Accounts payable and accrued liabilities	(3,833)	9,712
Deferred revenue	(22,817)	394,184
Payroll deduction payable	11,032	13,813
Wages payable	(24,722)	9,798
	72,574	475,563
INVESTING ACTIVITIES		
Purchase of short term investments	(7,928)	(432,858)
Purchase of capital assets	-	(15,698)
	(7,928)	(448,556)
INCREASE IN CASH DURING THE YEAR	64,646	27,007
Cash, beginning of year	145,027	118,020
Cash, end of year	\$ 209,673	\$ 145,027

Squamish Helping Hands Society

Notes to the Financial Statements
For the year ended December 31, 2018

1. NATURE OF SOCIETY AND SIGNIFICANT ACCOUNTING POLICIES

The Squamish Helping Hands Society ("Society") was incorporated on October 27, 2006. The Society provides gateway services to help their clients break the cycle of homelessness through connection to support services and appropriate housing options, and to provide essential services to meet their clients' immediate needs for overnight accommodation, basic nutrition and hygiene. The Society is exempt from taxation under Section 149.1(l) of the Income Tax Act of Canada.

The Society operates the following programs:

- a) Emergency Shelter Program ("ESP"): The ESP program is part of the Society's Shelter Solutions programming. It is a low barrier 24/7 emergency shelter program which includes meals, support services, referrals, provision of outreach and case planning services. This program serves people who are homeless, in survival mode and in need of basic necessities.

- b) Food Rescue and Distribution ("FR&D"): The FR&D program is part of the Society's Food Solutions programming. This program has several different components - Food4Kids (brown bag lunches for school kids), Food4Families (hampers of food for families in need), Food2Go (brown bag meals for clients unable to access the Society's facilities) and 2Squares (hot meals on the premises).

- c) Home Instead: This program is part of the Society's Shelter Solutions programming. It is a 'Next Step' supportive housing program (often referred to as Transitional Housing) for clients who wish to move towards independence in a concerted way. The program deals with mental health & addiction issues in conjunction with life skills education and support. It is meant to house clients for approximately 18 months to a maximum of 2 years. Home Instead also provides specific mental health and substance use transitional beds in partnership with Vancouver Coastal Health.

- d) Under One Roof: Squamish Helping Hands is partnering with BC Housing, the District of Squamish and community partners to create a new facility in Squamish. The District of Squamish is providing the land and the facility is a capital construction project funded by BC Housing. The facility will provide 5 types of housing, food delivery, employment training, a Food Bank, Laundromat and all of Squamish Helping Hands programming, including the Emergency Shelter Program, Food Rescue and Distribution, and transitional housing. Design and planning began in 2017 with Squamish Helping Hands serving as a conduit through which BC Housing is funding project expenses including engineering and environmental consultants.

Squamish Helping Hands Society

Notes to the Financial Statements
For the year ended December 31, 2018

1. NATURE OF SOCIETY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO) and include the following significant accounting policies:

a) Tangible Capital Assets

Purchased tangible capital assets are recorded at cost. Tangible capital assets are amortized over their estimated useful lives as follows:

Furniture and equipment	20% declining balance method
Leasehold improvements	5 years straight-line
Vehicles	8 years straight-line

b) Revenue recognition

The Society follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenues 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.

Program revenue and revenue from contracted services is recognized at the times services are provided.

c) Financial instruments

The Society's financial instruments consist of cash, short term investments, accounts receivable, interest receivable, accounts payable and accrued liabilities, and wages payable. Financial assets and liabilities are initially measured at fair value and subsequently at amortized cost. Financial assets measured at amortized cost are tested for impairment when there are indicators of possible impairment a write-down is recorded.

d) Use of estimates

The preparation of financial statements with Canadian ASNPO requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Areas requiring the use of management estimates include collectibility of accounts receivable, useful lives of capital assets and completeness of accounts payable and accrued liabilities. Actual results could differ from these estimates.

e) Donated goods and services

No value of goods and services have been reflected in these financial statements as an objective basis is not available to measure the fair value of such donated goods and services.

Squamish Helping Hands Society

Notes to the Financial Statements
For the year ended December 31, 2018

2. RENUMERATION OF DIRECTORS, EMPLOYEES AND CONTRACTORS

The Societies Act (British Columbia) requires the Society to disclose the total remuneration paid to the Directors, for either being a director or for acting in another capacity, as well as the total number of employees or contractors with annual remuneration equal to or greater than \$75,000 and the aggregate remuneration of those employees/contractors. No directors received any remuneration from the Society in 2018 (2017- \$Nil). One employee was paid \$76,639 for 2018 (2017 - \$77,144).

3. SHORT TERM INVESTMENTS

The Society's short term investment is a cashable term deposit as follows:

	2018
Maturing December 28, 2019 at 1.900%, 90 day lock out	\$ 574,210

4. CAPITAL ASSETS

	Cost	Accumulated Amortization	2018 Net	2017 Net
Furniture and equipment	\$ 27,958	\$ 20,225	\$ 7,733	\$ 9,666
Leasehold improvements	25,276	15,668	9,608	12,353
Vehicles	32,880	14,385	18,495	22,605
	\$ 91,386	\$ 55,550	\$ 35,836	\$ 44,624

5. DEFERRED REVENUE

This balance represents funds received from granting agencies and individuals for programs planned for the 2019 fiscal year and the balance consists of the following:

	2018	2017
Emergency Shelter Program	\$ 64,624	\$ 68,111
Food Rescue and Distribution	-	19,330
Relocation	406,000	406,000
	\$ 470,624	\$ 493,441
Deferred revenue, beginning of year	\$ 493,441	\$ 99,257
Amounts received during the year	1,132,965	1,539,341
Amounts recognized as revenue during the year	(1,155,782)	(1,145,157)
Deferred revenue, end of year	\$ 470,624	\$ 493,441

Squamish Helping Hands Society

Notes to the Financial Statements
For the year ended December 31, 2018

6. INTERNALLY RESTRICTED NET ASSETS

Net assets internally restricted are restricted by resolution or determination of the Board of Directors as to how such funds are to be spent.

7. GRANTS AND CONTRACTS

Grants from funding agencies are recognized as revenue in the fiscal year for which the funds were intended and used, rather than the dates received. The granting agencies and funds recognized are as follows:

	2018	2017
BC Housing	\$ 769,498	\$ 822,258
British Columbia Gaming Grant	45,431	30,000
Squamish Savings	10,000	-
Hamber Foundation	3,500	-
Vancouver Coastal Health	91,535	84,375
Various other grants	1,000	26,438
Whistler Blackcomb Foundation	18,899	11,101
	<u>\$ 939,863</u>	<u>\$ 974,172</u>

8. WAGES AND BENEFITS

The Society and its employees contribute to the Municipal Pension Plan (a jointly trusted pension plan) (the "Plan"). The Board of Trustees, representing Plan members and employers, is responsible for administering the Plan, including investment of assets and administration of benefits. The Plan is a multi-employer defined benefit pension plan. Basic pension benefits provided are based on a formula. As at December 31, 2017, the Plan has about 197,000 active members and approximately 95 retired members.

Every three years, an actuarial valuation is performed to assess the financial position of the Plan and adequacy of the funding. The actuary determines an appropriate combined employer and member contribution rate to fund the Plan. The actuary's calculated contribution rate is based on the entry-age normal cost method, which produces the long-term rate of member and employer contributions sufficient to provide benefits for average future entrants to the Plan. This rate may be adjusted for the amortization of any actuarial funding surplus and will be adjusted for the amortization of any unfunded actuarial liability.

The most recent valuation for the Municipal Pension Plan as of December 31, 2015, indicated a \$2,224 million funding surplus for basic pension benefits on a going concern basis. As a result of the 2015 basic account actuarial valuation surplus and pursuant to the joint trustee agreement, \$1,927 million was transferred to the rate stabilization account and \$297 million of the surplus ensured the required contribution rate remained unchanged. The next valuation will be as at December 31, 2018, with results available later in 2019.

Squamish Helping Hands Society

Notes to the Financial Statements
For the year ended December 31, 2018

8. WAGES AND BENEFITS (CONTINUED)

Employers participating in the Plan record their pension expense as a the amount of employer contributions made during the fiscal year (defined contribution pension plan accounting). This is because the Pan records accrued liabilities and accrued assets for the Plan in aggregate, resulting in no consistent or reliable basis for allocating the obligation, assets and costs to individual employers participating in the Plan.

The Society paid \$44,559.23 for employer contributions to the plan in the 2018 fiscal year. these contributions have been recorded as expenses on the Statement of Operations.

9. ECONOMIC DEPENDENCE

The Society relies on its contract with the British Columbia Housing Management Commission ("BC Housing") to provide funding for its programs. The Society recognized \$769,498 (2017 - \$822,258) of revenue from the BC Housing in the year which represents 64.44% (2017 - 71.19%) of total revenues and 81.87% (2017 - 84.41%) of grant revenue.

10. FINANCIAL INSTRUMENTS

The Society, through its financial assets and liabilities, is exposed to various risks. The following analysis provides an assessment of those risks as at March 31, 2019. These risks remain unchanged from prior year.

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 potentially exposed to credit risk on its cash, short-term investments and accounts receivable. To mitigate this risk, the Society has deposited its cash and short-term investments with a reputable financial institution.

Interest rate risk

Interest rate risk is the risk to the earnings or market value of an investment due to uncertain future interest rates. The Society is exposed to interest rate risk arising from the possibility that change in interest rates will affect the value of fixed interest rate investments (Note 3).

Liquidity risk

Liquidity risk is the risk that the Society will not be able to fulfill its obligations on a timely basis or at a reasonable cost. Liquidity risk arises from accounts payable and accrued liabilities, payroll deduction payable and wages payable. The Society manages its liquidity risk by monitoring its operating requirements and using various funding sources to ensure its financial flexibility. The Society prepares budget and cash forecasts to ensure that it has sufficient funds to fulfill its obligations.

Currency risk

The Society is not exposed to currency risk as the Society does not operate outside of Canada.

Squamish Helping Hands Society

Notes to the Financial Statements
For the year ended December 31, 2018

11. COMPARATIVES

Certain of the prior year's figures, presented for comparative purposes, have been restated to conform to the current year's presentation.