

RICHMOND ADDICTION SERVICES SOCIETY
Financial Statements
Year Ended March 31, 2018

RICHMOND ADDICTION SERVICES SOCIETY
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Year Ended March 31, 2018

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INDEPENDENT AUDITOR'S REPORT

To the Members of Richmond Addiction Services Society

We have audited the accompanying financial statements of Richmond Addiction Services Society, which comprise the statement of financial position as at March 31, 2018 and the statements of revenues and expenditures, changes in net assets and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's 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 judgment, 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.

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Independent Auditor's Report to the Members of Richmond Addiction Services Society *(continued)*

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Richmond Addiction Services Society as at March 31, 2018 and the results of its operations and its cash flow for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Other Matter

As required by the Society Act of British Columbia, we report that, in our opinion, the accounting policies applied in preparing and presenting the financial statements in accordance with Canadian accounting standards for not-for-profit organizations have been applied on a basis consistent with that of the preceding year.

Langley, British Columbia
July 10, 2018

A handwritten signature in cursive script, appearing to read 'Arisa', is positioned above the firm name.

CHARTERED PROFESSIONAL ACCOUNTANTS

RICHMOND ADDICTION SERVICES SOCIETY
Statement of Changes in Net Assets
Year Ended March 31, 2018

	Invested in capital assets	Internally restricted	Unrestricted	2018	2017
NET ASSETS - BEGINNING OF YEAR	3,165	60,000	(5,524)	57,641	52,134
Excess of revenue over expenses	(3,244)	-	7,417	4,173	5,507
Investment in capital assets, net	10,446	-	(10,446)	-	-
Deferred capital funding received	(8,913)	-	8,913	-	-
Payments under capital lease obligation	685	-	(685)	-	-
NET ASSETS - END OF YEAR	2,139	60,000	(325)	61,814	57,641

See notes to financial statements

RICHMOND ADDICTION SERVICES SOCIETY
Statement of Revenues and Expenditures
Year Ended March 31, 2018

	2018	2017
REVENUE		
Vancouver Coastal Health	\$ 776,466	\$ 756,118
Municipal grants	213,458	209,068
Other grants	156,085	68,822
Gaming grant	53,659	46,419
Donations, fundraising	14,767	15,946
Interest and sundry	5,058	6,431
Membership dues, fees, workshops, rent	973	10,237
	<u>1,220,466</u>	<u>1,113,041</u>
EXPENSES		
Salaries and benefits	929,520	867,668
Program expenses	101,786	69,939
Rent	92,709	91,675
Office, postage, courier and other	21,403	20,463
IT support and internet	20,634	14,419
Telephone and utilities	13,149	14,081
Audit and accounting	9,385	7,764
Staff development	8,506	5,773
Janitorial services and maintenance	6,358	3,802
Automobile and travel	5,060	5,871
Insurance	4,539	4,033
	<u>1,213,049</u>	<u>1,105,488</u>
EXCESS OF REVENUE OVER EXPENSES FROM OPERATIONS	<u>7,417</u>	<u>7,553</u>
OTHER REVENUE (EXPENSES)		
Amortization of deferred capital contributions	1,782	-
Amortization of capital assets	(5,026)	(2,046)
	<u>(3,244)</u>	<u>(2,046)</u>
EXCESS OF REVENUE OVER EXPENSES	<u>\$ 4,173</u>	<u>\$ 5,507</u>

See notes to financial statements

RICHMOND ADDICTION SERVICES SOCIETY
Statement of Cash Flow
Year Ended March 31, 2018

	2018	2017 <i>(Restated)</i> <i>(Note 14)</i>
OPERATING ACTIVITIES		
Excess of revenue over expenses	\$ 4,173	\$ 5,507
Items not affecting cash:		
Amortization of capital assets	5,026	2,046
Amortization of deferred capital contributions	(1,782)	-
	<u>7,417</u>	<u>7,553</u>
Changes in non-cash working capital:		
Accounts receivable	(15,216)	3,903
Interest receivable	(674)	(631)
Prepaid expenses	(6,450)	3,091
Accounts payable	17,345	8,394
Unexpended gaming funds	6,341	13,580
Deferred contributions	151,910	(23,475)
	<u>153,256</u>	<u>4,862</u>
Cash flow from operating activities	<u>160,673</u>	<u>12,415</u>
INVESTING ACTIVITY		
Purchase of capital assets	(10,446)	(2,055)
FINANCING ACTIVITIES		
Restricted cash	(6,341)	(13,580)
Payments under capital lease obligations	(685)	(1,275)
Deferred capital contributions received	8,913	-
Cash flow from (used by) financing activities	<u>1,887</u>	<u>(14,855)</u>
INCREASE (DECREASE) IN CASH FLOW	152,114	(4,495)
Cash - beginning of year	<u>403,690</u>	<u>408,185</u>
CASH - END OF YEAR	\$ 555,804	\$ 403,690
NON-CASH TRANSACTIONS		
Assets acquired under capital lease	\$ 2,853	\$ -
CASH CONSISTS OF:		
Cash	\$ 202,259	\$ 176,319
Cash equivalents	<u>353,545</u>	<u>227,371</u>
	<u>\$ 555,804</u>	<u>\$ 403,690</u>

See notes to financial statements

RICHMOND ADDICTION SERVICES SOCIETY
Notes to Financial Statements
Year Ended March 31, 2018

1. DESCRIPTION OF ORGANIZATION

Richmond Addiction Services Society (the "Society") is a not-for-profit organization incorporated provincially under the Society Act of British Columbia. The Society was formed to provide support and services for the prevention and treatment of addiction in its local community. The Society is located in Richmond, British Columbia.

As a Registered Charity, the Society is exempt from the payment of income tax under Section 149(1)(f) of the Canadian Income Tax Act.

2. BASIS OF PRESENTATION

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPPO).

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents

Cash includes cash and cash equivalents. Cash equivalents are term deposits and are valued at cost. The carrying amounts approximate fair value because they are readily convertible to a known amount of cash.

Capital assets

Capital assets are stated at cost less accumulated amortization. Capital assets are amortized over their estimated useful lives on a straight-line basis at the following rates:

Computer hardware	33%
Equipment and furniture	20%
Leasehold improvements	10%
Computer hardware under capital lease	33%

The Society regularly reviews its capital assets to eliminate obsolete items.

Capital assets acquired during the year but not placed into use are not amortized until they are placed into use.

Contributed services and materials

The operations of the organization depend on both the contribution of time by volunteers and donated materials from various sources. The fair value of donated materials and services cannot be reasonably determined and are therefore not reflected in these financial statements.

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RICHMOND ADDICTION SERVICES SOCIETY
Notes to Financial Statements
Year Ended March 31, 2018

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Employee future benefits

As part of the union contract that the Society is a party to, the Society has certain obligations with respect to sick leave and severance benefits. The accrued benefit obligation is based on the most recent actuarial valuation report prepared for funding purposes.

Revenue recognition

The Society follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Contributions restricted for the purchase of capital assets are deferred and amortized into revenue on a straight-line basis at a rate corresponding with the amortization rate for the related capital assets. 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.

Donations, fundraising, interest and other revenues are recognized as revenue when received.

Measurement uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

Financial instruments policy

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

4. GAMING FUND REVENUE AND EXPENSES AND FUND BALANCE

	2018	2017
Balance at beginning of year	\$ 64,027	\$ 50,447
Received from the British Columbia Gaming Commission	60,000	60,000
Expenditures	(53,659)	(46,420)
	\$ 70,368	\$ 64,027

RICHMOND ADDICTION SERVICES SOCIETY
Notes to Financial Statements
Year Ended March 31, 2018

5. CAPITAL ASSETS

	Cost	Accumulated amortization	2018 Net book value
Computer hardware	\$ 4,131	\$ 1,779	\$ 2,352
Equipment and furniture	10,871	2,953	7,918
Leasehold improvements	1,460	292	1,168
Computer hardware under capital lease	12,107	12,107	-
	\$ 28,569	\$ 17,131	\$ 11,438

During the year the Society wrote-off fully amortized assets with cost and accumulated amortization totalling \$95,265. There was no gain or loss realized on these write-offs.

	Cost	Accumulated amortization	2017 Net book value
Computer hardware	\$ 51,508	\$ 50,171	\$ 1,337
Equipment and furniture	46,920	45,092	1,828
Computer hardware under capital lease	12,107	12,107	-
	\$ 110,535	\$ 107,370	\$ 3,165

6. EMPLOYEE FUTURE BENEFITS

The Society has obligations to certain of its employees in respect of accrued sick leave and severance benefits. The amounts recorded by the Society are based on figures and information supplied by Mercer (Canada) Limited.

	2018	2017
<i>Reconciliation of Accrued Benefit Obligation</i>		
Accrued Benefit Obligation - beginning	\$ 70,310	\$ 60,510
Current service cost	6,900	6,500
Finance cost	2,110	1,900
Benefits paid	(10,000)	(50,000)
Actuarial (gain) loss	6,160	51,400
Accrued Benefit Obligation - end	\$ 75,480	\$ 70,310
<i>Reconciliation of Funded Status</i>		
Surplus (deficit) at end of year	\$ (75,480)	\$ (70,310)

This deficit is included as part of the total accounts payable balance of \$147,106 (2017 - \$129,761) on the statement of financial position.

RICHMOND ADDICTION SERVICES SOCIETY
Notes to Financial Statements
Year Ended March 31, 2018

7. DEFERRED CONTRIBUTIONS

	2018	2017
<u>Deferred Contributions</u>		
Balance - beginning of year	\$ 232,920	\$ 233,132
Contributions received	485,800	255,177
Amounts amortized to income	(333,890)	(255,389)
Balance - end of year	\$ 384,830	\$ 232,920
 <u>Deferred Capital Contributions</u>		
Balance - beginning of year	\$ -	\$ -
Contributions received	8,913	-
Amounts amortized to income	(1,782)	-
Balance - end of year	\$ 7,131	\$ -

8. OBLIGATIONS UNDER CAPITAL LEASE

The Society entered into a capital lease for equipment during the year. The following is a schedule of future minimum lease payments under the capital lease expiring March 31, 2021:

2019	\$ 951
2020	951
2021	266
Total minimum lease payments	2,168
Less: current portion	951
	\$ 1,217

There is no imputed interest in the contract.

The equipment is capitalized to the equipment and furniture account at a cost of \$2,853.

9. INTERNALLY RESTRICTED NET ASSETS

The board of directors has restricted \$60,000 of the net assets as a fund for the Society to use in the event that the Society experiences a delay in receipt of its funding sources or experiences the cancellation of a contract or a reduction in funds from its funding sources. The board reviews the adequacy of this fund on an annual basis.

RICHMOND ADDICTION SERVICES SOCIETY
Notes to Financial Statements
Year Ended March 31, 2018

10. LEASE COMMITMENTS

The Society is subject to minimum future lease payments for certain equipment and its premises.

The Society entered into a lease agreement for a new premise commencing August 1, 2017 with payments commencing November 1, 2017 as part of the lease agreement expiring July 31, 2022. The monthly cost includes a proportional share of operating expenses and property taxes.

The future lease payments occur during the next five years as follows:

2019	\$	80,128
2020		80,128
2021		78,509
2022		76,429
2023		<u>19,107</u>
	<u>\$</u>	<u>334,301</u>

11. PENSION PLAN FOR EMPLOYEES

The Society and its employees contribute to the Municipal Pension Plan (a jointly trustee pension plan). The board of trustees of the Municipal Pension Plan, 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 95,000 retired members. Active members include approximately 39,000 contributors from local government.

The most recent actuarial valuation as at December 31, 2015, indicated a \$2,224 million funding surplus for basic pension benefits. 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 rates remained unchanged. The next valuation will be December 31, 2018, with results available in 2019.

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

The Society paid \$66,075 (2017 - \$60,159) for employer contributions to the plan in the 2018 fiscal year. This amount is included as part of the Salaries and Benefits amount on the Statement of Revenues and Expenditures.

12. REMUNERATION DISCLOSURE

During the year ended March 31, 2018, the Society paid total remuneration of \$595,059 (2017 - \$601,364) to six (2017 - six) employees for services, each of whom received total annual remuneration of \$75,000 or greater. Remuneration includes all wages and benefits.

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Notes to Financial Statements
Year Ended March 31, 2018

13. FINANCIAL INSTRUMENTS

The Society is exposed to various risks through its financial instruments. The following analysis provides information about the Society's risk exposure and concentration as of March 31, 2018.

Interest rate risk

The Society's investments are in instruments that bear interest at market rates. The Society is minimally exposed to the risk of lower investment returns if the prevailing market interest rates change significantly. There has been no change to the risk exposure from 2017.

Credit risk

It is management's opinion that the Society is not exposed to significant credit risks from these financial instruments because accounts receivable is comprised mainly of amounts receivable from provincial and federal government agencies. There has been no change to the risk exposure from 2017.

Liquidity risk

Liquidity risk is the risk that the Society will not be able to meet a demand for cash or fund its obligations as they become due. The Society meets its liquidity requirements by preparing and monitoring forecasts of cash flows from operations, anticipating investing and financing activities and holding assets that can be readily converted into cash. There has been no change to the risk exposure from 2017.

14. COMPARATIVE FIGURE RESTATEMENT

In the prior period, externally restricted cash in the amount of \$64,027 was incorrectly included in cash and cash equivalents on the statement of cash flows. As a result, the comparative statement of cash flows has been restated to correctly present the externally restricted cash.

Some of the comparative figures have been reclassified to conform to the current year's presentation.