

RICHMOND ADDICTION SERVICES SOCIETY

FINANCIAL STATEMENTS

MARCH 31, 2014

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CHARTERED ACCOUNTANT

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INDEPENDENT AUDITOR'S REPORT

To the Directors 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, 2014 and the statement of operating revenues and expenses and fund balances and cash flows 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 of material misstatement.

An audit includes 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 evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

In common with many charitable organizations, the Society derives revenue from donations and membership fees, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Society. We were unable to determine whether any adjustments might be necessary to revenues other than grants, excess of revenue over expense, assets and fund balances.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Richmond Addiction Services Society as at March 31, 2014, 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.

Langley, BC
August 19, 2014

Vander Molen & Co.
CHARTERED ACCOUNTANT

CMK

RICHMOND ADDICTION SERVICES SOCIETY

STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2014

ASSETS

	Funded Programs Fund	RASS Fund	Gaming Fund	2014	2013
CURRENT ASSETS					
Cash	\$ 266,231	\$ 18,504	\$ 118,113	\$ 402,848	\$ 446,126
Term deposits	16,995	61,452	-	78,447	77,516
Accounts receivable	29,188	-	84	29,272	12,671
Interest receivable	-	18	-	18	18
Due from Funded Programs Fund	(185,988)	185,988	-	-	-
Prepaid expenses	7,450	-	-	7,450	13,306
	133,876	265,962	118,197	518,035	549,637
CAPITAL ASSETS (notes 1, 2 & 3)	14,410	-	-	14,410	1,948
	\$ 148,286	\$ 265,962	\$ 118,197	\$ 532,445	\$ 551,585

LIABILITIES

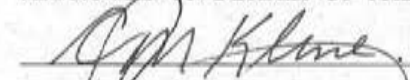
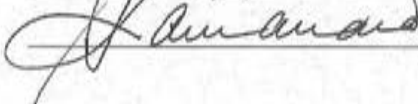
Accounts payable and accrued liabilities	\$ 83,324	\$ -	\$ -	\$ 83,324	\$ 39,228
Deferred revenue (note 5)	238,285	-	-	238,285	293,257
Current portion of capital lease obligation (note 7)	2,970	-	-	2,970	-
Total liabilities	324,579	-	-	324,579	332,485
Unexpended gaming funds	-	-	118,197	118,197	101,150
Capital lease obligation (note 7)	3,955	-	-	3,955	-
	328,534	-	118,197	446,731	433,635

NET ASSETS

Net assets invested in capital assets	14,410	-	-	14,410	1,948
Internally restricted net assets (note 1)	-	60,000	-	60,000	60,000
Unrestricted net assets (deficiency)	(194,658)	205,962	-	11,304	56,002
Total net assets	(180,248)	265,962	-	85,714	117,950
	\$ 148,286	\$ 265,962	\$ 118,197	\$ 532,445	\$ 551,585

Commitments (note 8)

APPROVED ON BEHALF OF THE BOARD:

 Director
 Director

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RICHMOND ADDICTION SERVICES SOCIETY

STATEMENT OF CHANGES IN NET ASSETS

YEAR ENDED MARCH 31, 2014

	2014		2013	
<i>Net Assets - Funded Programs Fund</i>	Invested in capital assets	<u>Unrestricted</u>	<u>Total</u>	<u>Total</u>
Balance, beginning of year	\$ 1,948	\$ (126,753)	\$ (124,805)	\$ (119,185)
Excess (deficiency) of revenue over expenses	(7,073)	(48,370)	(55,443)	(5,620)
Investment in capital assets (net)	19,535	(19,535)	-	-
Balance, end of year	\$ 14,410	\$ (194,658)	\$ (180,248)	\$ (124,805)

<i>Net Assets - RASS Fund</i>	Restricted for contingency reserve	<u>Unrestricted</u>	<u>Total</u>	<u>Total</u>
Balance, beginning of year	\$ 60,000	\$ 182,755	\$ 242,755	\$ 232,240
Excess (deficiency) of revenue over expenses	-	23,207	23,207	10,515
Balance, end of year	\$ 60,000	\$ 205,962	\$ 265,962	\$ 242,755



RICHMOND ADDICTION SERVICES SOCIETY

STATEMENT OF OPERATING REVENUE AND EXPENSES

YEAR ENDED MARCH 31, 2014

	Funded programs	RASS fund	2014 Total	2013 Total
REVENUE				
Vancouver Coastal Health	\$ 738,177	\$ -	\$ 738,177	\$ 735,232
Province of British Columbia	31,300	-	31,300	165
Gaming grant	82,952	-	82,952	98,850
Donations, fundraising	-	1,910	1,910	3,818
Civil Forfeiture grant	-	-	-	25,000
Community Action Initiative grant	87,000	-	87,000	20,000
Municipal grants	198,377	-	198,377	194,487
Vancity grant	10,000	-	10,000	-
Vancouver Foundation grant	24,784	-	24,784	-
Membership dues, fees, workshops, rent	-	15,862	15,862	530
Interest and sundry	807	5,435	6,242	6,576
Total revenue	1,173,397	23,207	1,196,604	1,084,658
EXPENSE				
Audit and accounting	4,503	-	4,503	5,667
Automobile and travel	5,180	-	5,180	5,514
Computer	14,892	-	14,892	16,037
Consulting and other fees	-	-	-	-
Insurance	3,715	-	3,715	3,241
Janitorial services and maintenance	4,504	-	4,504	3,466
Office, postage, courier and other	13,149	-	13,149	11,632
Program expenses	194,703	-	194,703	139,016
Rent	75,232	-	75,232	52,278
Salaries and benefits	885,782	-	885,782	821,980
Staff development	6,446	-	6,446	5,634
Telephone and utilities	13,661	-	13,661	12,474
Amortization of capital assets	7,073	-	7,073	2,824
Total expenses	1,228,840	-	1,228,840	1,079,763
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	\$ (55,443)	\$ 23,207	\$ (32,236)	\$ 4,895



RICHMOND ADDICTION SERVICES SOCIETY
STATEMENT OF GAMING FUND REVENUE AND EXPENSES
AND FUND BALANCE

YEAR ENDED MARCH 31, 2014

	2014	2013
Received from the British Columbia Gaming Commission	\$ 100,000	\$ 100,000
Expenditures		
Contributions to funded programs	82,953	98,850
	82,953	98,850
Unexpended Casino Funds		
Increase (decrease) during year	17,047	1,150
Balance at beginning of year	101,150	100,000
Balance at end of year	\$ 118,197	\$ 101,150



RICHMOND ADDICTION SERVICES SOCIETY

STATEMENT OF CASH FLOWS

YEAR ENDED MARCH 31, 2014

	Funded programs	RASS fund	Gaming fund	2014 Total	2013 Total
Cash flows provided by (used in) operating activities					
Excess of revenues over expenditures	\$ (55,443)	\$ 23,207	\$ -	\$ (32,236)	\$ 4,895
Items not involving cash					
Amortization of capital assets	7,073	-	-	7,073	2,824
Decrease (increase) in term deposits	(202)	(729)	-	(931)	(922)
Decrease (increase) in accounts receivable	(16,517)	-	(84)	(16,601)	4,499
Decrease (increase) in interest receivable	-	-	-	-	9
Decrease (increase) in prepaid expenses	5,856	-	-	5,856	(1,465)
Increase (decrease) in accounts payable and accrued liabilities	44,095	-	-	44,095	23,973
Increase (decrease) in current portion of capital lease obligation	2,970	-	-	2,970	-
Increase (decrease) in deferred revenue	(54,972)	-	-	(54,972)	82,148
Interfund transfers	21,534	(21,534)	-	-	-
Cash provided by (used in) operating activities	(45,606)	944	(84)	(44,746)	115,961
Cash flows from (to) financing activities					
Capital lease obligation for equipment	3,955	-	-	3,955	-
Cash flows from (to) investing activities					
Purchase of capital assets (net)	(19,535)	-	-	(19,535)	(1,664)
Increase (decrease) in unexpended gaming funds	-	-	17,047	17,047	1,150
	(19,535)	-	17,047	(2,488)	(514)
Increase (decrease) in cash	(61,186)	944	16,963	(43,279)	115,447
Cash, beginning of year	327,416	17,560	101,150	446,126	330,679
Cash, end of year	\$ 266,230	\$ 18,504	\$ 118,113	\$ 402,847	\$ 446,126

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[Signature]

RICHMOND ADDICTION SERVICES SOCIETY

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations.

Income Tax Status

For income tax purposes, the Society is a Non-profit Organization exempt from income taxes under Section 149(1)(l) of the Canadian Income Tax Act.

Capital Assets Amortization Policy

Amortization is provided on a straight-line basis over the assets' estimated useful lives with no residual value anticipated, at the following annual rates:

Equipment and furniture	- 20%
Computer hardware	- 33.3%
Leasehold improvements	- 10%

Purpose

The Funded Programs fund provides alcohol and drug treatment, prevention, referrals and problem gambling counselling and related services funded under contracts with Vancouver Coastal Health Authority, the British Columbia provincial government, the City of Richmond as well as other programs for which specific funding has been obtained.

The RASS Fund is used to raise funds to pay for services and resources related to the Society's programs that are not specifically funded by government sources.

Contributed Services and Materials

Volunteers contribute their services to assist the Society in carrying out its service delivery activities. Because of the difficulty of determining their fair market value, contributed services are not recognized in the financial statements.

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.

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.

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. 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.

Use of Estimates

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 amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. By their nature, these estimates are subject to measurement uncertainty and actual results could differ from these estimates.

Abbreviations Used

RASS means Richmond Addiction Services Society



RICHMOND ADDICTION SERVICES SOCIETY

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2014

2. CAPITAL ASSETS - FUNDED PROGRAMS FUND

	Cost		Accumulated Amortization		Net Book Value	
	2014	2013	2014	2013	2014	2013
Equipment & furniture	\$ 69,343	\$ 68,488	\$ 66,227	\$ 67,659	\$ 3,116	\$ 829
Computer hardware	122,709	106,422	111,415	105,303	11,294	1,119
	<u>\$ 192,052</u>	<u>\$ 174,910</u>	<u>\$ 177,642</u>	<u>\$ 172,962</u>	<u>\$ 14,410</u>	<u>\$ 1,948</u>

3. CAPITAL ASSETS - RASS FUND

	Cost		Accumulated Amortization		Net Book Value	
	2014	2013	2014	2013	2014	2013
Equipment & furniture	\$ 10,737	\$ 10,737	\$ 10,737	\$ 10,737	\$ -	\$ -
Computer hardware	30,467	30,467	30,467	30,467	-	-
	<u>\$ 41,204</u>	<u>\$ 41,204</u>	<u>\$ 41,204</u>	<u>\$ 41,204</u>	<u>\$ -</u>	<u>\$ -</u>

4. GRANTS AND SERVICE CONTRACTS

The Society's chief sources of funding for the programs which it operates are grants and service contracts from Vancouver Coastal Health, the Province of British Columbia, and from the City of Richmond.

5. DEFERRED REVENUE

Deferred revenue represents restricted contributions received for future expenditures.

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.

Reconciliation of Accrued Benefit Obligation

	April 1, 2013 - March 31, 2014	April 1, 2012 - March 31, 2013
Accrued Benefit Obligation - beginning	\$ 57,461	\$ 110,476
Current service cost	7,493	13,308
Interest cost	2,150	4,997
Benefits paid	-	(6,697)
Actuarial (gain)/loss	(7,994)	(64,623)
<u>Accrued Benefit Obligation - end</u>	<u>\$ 59,110</u>	<u>\$ 57,461</u>

Reconciliation of Funded Status

	March 31, 2014	March 31, 2013
Surplus (deficit) at end of year	\$ (59,110)	\$ (57,461)
Unamortized net actuarial loss/(gain)	24,564	35,910
<u>Accrued benefit asset/(liability)</u>	<u>\$ (34,546)</u>	<u>\$ (21,551)</u>

RICHMOND ADDICTION SERVICES SOCIETY

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2014

7. CAPITAL LEASE OBLIGATION

Dell Financial Services Canada equipment lease, 36-month lease commencing September 2013; payable at \$226 per month	\$ 6,925
Less: current portion due within one year	<u>2,970</u>
	<u>\$ 3,955</u>

8. COMMITMENTS

The Society is subject to minimum future lease payments for its premises and photocopier during the next four years as follows:

Year ended March 31, 2015	\$ 49,503
Year ended March 31, 2016	6,138
Year ended March 31, 2017	6,138
Year ended March 31, 2018	6,138

In addition, the Society is obliged to pay its proportional share of operating expenses and property taxes on the leased premises which currently amount to \$1,425 per month.

9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Society's financial instruments consist of cash, term deposits, accounts receivable, accounts payable and accrued liabilities. Financial instruments are recorded at fair value on initial recognition and are subsequently recorded at cost or amortized cost, unless management has elected to carry its investments, if any, at fair value. Financial assets are assessed for impairment on an annual basis at the end of the fiscal year. If there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount 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.

Risk management relates to the understanding and active management of risks associated with all areas of the Society's activities and the associated operating environment. Financial instruments are primarily exposed to interest rate, credit and liquidity risks.

Interest rate risk exposure

The term deposits consist of bank guaranteed investment certificates, as directed by the Board. They earn interest at prevailing market rates for such investments. It is management's opinion that the Society is not exposed to the risk of significant loss if interest rates available upon renewal change significantly, because interest income is less than .3% of operating revenues. Accounts payable and accrued liabilities do not bear interest and therefore the society is not exposed to the risk of loss with regard to these instruments if prevailing market rates change significantly. There has been no change to the risk exposure from 2013 .

Credit risk exposure

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 2013 .

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 2013 .

