

FINANCIAL STATEMENTS

**WEST END SENIORS'
NETWORK SOCIETY**

March 31, 2020



INDEPENDENT AUDITOR'S REPORT

To the Members of
West End Seniors' Network Society

Qualified Opinion

We have audited the financial statements of West End Seniors' Network Society (the Society), which comprise the statement of financial position as at March 31, 2020 and the statements of changes in net assets, operations, and cash flows 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 section of the report, the accompanying financial statements present fairly, in all material respects, the financial position of the Society as at March 31 2020 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

In common with many not-for-profit organizations, the Society derives revenue from donations and bequests, a thrift store and fundraising and events the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Society. Therefore, we were not able to determine whether any adjustments might be necessary to donations and bequests, thrift store and fundraising and events revenue, excess of revenue over expenses, and cash flows from operations for the years ended March 31, 2020 and 2019, current assets as at March 31, 2020 and 2019, and net assets as at the beginning and end of the years ended March 31, 2020 and 2019. Our audit opinion for the year ended March 31, 2019 was modified accordingly because of the possible effects of this scope limitation.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

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

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Society's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Society or to cease operations, or has no realistic alternative but 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 of 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.

INDEPENDENT AUDITOR'S REPORT

- 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 purpose 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 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, 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 our audit.

Report on Other Legal and Regulatory Requirements

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

Tompkins Wozny LLP

Vancouver, Canada
August 25, 2020

Chartered Professional Accountants

STATEMENT OF FINANCIAL POSITION

As at March 31

	2020	2019
	\$	\$
ASSETS		
Current		
Cash - operating	621,032	388,190
- gaming	84,117	76,755
Term deposits [note 3]	90,000	50,000
Accounts receivable [note 4]	23,640	23,912
Prepaid expenses	5,682	9,449
Total current assets	824,471	548,306
Restricted cash and investments [note 5]	28,397	29,752
Term deposits [note 3]	—	40,000
Capital assets [note 6]	34,454	17,048
	887,322	635,106
LIABILITIES AND NET ASSETS		
Current		
Accounts payable and accrued liabilities [note 7]	28,480	30,825
Deferred revenue [note 8]	631,386	371,364
Total current liabilities	659,866	402,189
Deferred contributions related to capital assets [note 9]	—	—
Total liabilities	659,866	402,189
Net assets		
Endowment - Kay Stovold Memorial Fund	28,397	29,752
Invested in capital assets	34,454	17,048
Internally restricted [note 10]	96,000	96,000
Unrestricted	68,605	90,117
Total net assets	227,456	232,917
	887,322	635,106

Commitments [note 12]

COVID-19 [note 14]

See accompanying notes to the financial statements

On behalf of the Board:

Director_____
Director

STATEMENT OF CHANGES IN NET ASSETS

Year ended March 31

	Endowment Kay Stovold Memorial Fund \$	Invested in Capital Assets \$	Internally Restricted \$	Un- restricted \$	Total \$
2020	<i>[Note 5]</i>		<i>[Note 10]</i>		
Balance, beginning of year	29,752	17,048	96,000	90,117	232,917
Excess of revenue (expenses) for the year	—	(6,504)	—	2,398	(4,106)
Investment in capital assets	—	23,910	—	(23,910)	—
Decrease in market value	(1,355)	—	—	—	(1,355)
Balance, end of year	28,397	34,454	96,000	68,605	227,456
2019					
Balance, beginning of year	28,793	21,521	96,000	80,553	226,867
Excess of revenue (expenses) for the year	—	(6,903)	—	11,994	5,091
Investment in capital assets	—	2,430	—	(2,430)	—
Increase in market value	959	—	—	—	959
Balance, end of year	29,752	17,048	96,000	90,117	232,917

See accompanying notes to the financial statements

STATEMENT OF OPERATIONS

Year ended March 31

	2020	2019
	\$	\$
REVENUE		
Clothes and Collectibles Thrift Boutique	184,443	191,923
United Way of the Lower Mainland - Better at Home	150,000	120,800
- Service fees	37,713	38,725
- Social Prescribing	17,500	—
Vancouver Coastal Health	86,844	70,851
City of Vancouver	82,229	77,520
Community Gaming	69,430	76,750
Donations and bequests	59,260	26,125
Other grants	24,376	58,630
Fundraising and events	14,622	13,577
Memberships	9,620	9,210
Programs and services	7,837	6,366
Other income	6,819	5,556
Interest	5,167	2,836
Amortization of deferred contributions related capital assets <i>[note 9]</i>	—	3,415
	755,860	702,284
EXPENSES		
Salaries and benefits <i>[note 13]</i>	447,938	418,590
Programs, services and events	164,383	128,106
Office, printing and general	89,865	73,091
Rent and utilities	23,959	24,111
Accounting and audit	17,134	17,848
Insurance	7,134	6,919
Amortization of capital assets	6,504	10,318
Consulting	2,262	16,903
Bad debts	459	811
Bank charges	328	496
	759,966	697,193
Excess of revenue (expenses) for the year	(4,106)	5,091

See accompanying notes to the financial statements

STATEMENT OF CASH FLOWS

Year ended March 31

	2020	2019
	\$	\$
OPERATING ACTIVITIES		
Excess of revenue (expenses) for the year	(4,106)	5,091
Item not affecting cash		
Amortization of capital assets	6,504	10,318
Amortization of deferred contributions related to capital assets	—	(3,415)
Changes in other non-cash working capital items		
Accounts receivable	272	(6,484)
Prepaid expenses	3,767	(3,020)
Accounts payable and accrued liabilities	(2,345)	(13,955)
Deferred revenue	260,022	259,409
Cash provided by operating activities	264,114	247,944
INVESTING ACTIVITIES		
Purchase of capital assets	(23,910)	(2,430)
Redemption of term deposits (net)	—	28,158
Cash provided by (used in) investing activities	(23,910)	25,728
Increase in cash during the year	240,204	273,672
Cash, beginning of year	464,945	191,273
Cash, end of year	705,149	464,945
Cash comprises of:		
Operating	621,032	388,190
Gaming	84,117	76,755
	705,149	464,945

See accompanying notes to the financial statements

NOTES TO FINANCIAL STATEMENTS

March 31, 2020

1. NATURE OF OPERATIONS

The West End Seniors' Network Society (the "Society") is incorporated under the Laws of the Province of British Columbia. The Society is a registered charity and is exempt from income tax. The mission of the Society is to enhance the quality of life of older adults by providing social, recreational, educational and supportive programs and services that foster connection and inclusion in the broader community.

2. SIGNIFICANT ACCOUNTING POLICIES

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

Use of Estimates

The preparation of financial statements in conformity with Canadian ASNPO requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the amounts of revenue and expenses reported during the year. Significant areas requiring the use of management estimates relate to the determination of net recoverable value of assets, in particular as it relates to the useful lives of capital assets. Actual results could differ from these estimates.

Revenue Recognition

The Society follows the deferral method of recognizing contributions as income. Under the deferral method, when contributions are restricted by the donor for use in future periods, they are recognized as revenue at the time that the related expenses are incurred. Revenue is recognized as it is earned in accordance with the following:

Unrestricted contributions are reported as revenue in the current year.

Revenue from the Clothes and Collectibles Thrift Boutique is recognized when the respective goods are sold and revenue from programs is recognized when the respective service is provided.

Donations and bequest revenue is recognized on a cash basis.

Deferred contributions related to capital assets are amortized to income at the same rate as the related capital asset is amortized to expense.

Membership, interest and other revenue is recognized in the year earned.

NOTES TO FINANCIAL STATEMENTS

March 31, 2020

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Contributed Services

Volunteers contribute time to assist the Society in its operations. However, because of the difficulty associated with determining the fair value of these services, they are not recognized in the financial statements. In 2020, the Society estimates it received 21,208 [2019 - 19,762] hours of volunteer time. These hours are unaudited.

Measurement of Financial Instruments

The Society initially measures its financial assets and financial liabilities at fair value. The Society subsequently measures all its financial assets and financial liabilities at amortized cost.

Financial assets measured at amortized cost include cash, term deposits and accounts receivable. Financial assets measured at fair market value include amounts held at the VanCity Community Foundation.

Financial liabilities measured at amortized cost include accounts payable.

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in net income. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in net income.

Capital Assets

Capital assets are recorded at cost and are amortized using the declining-balance method, except for leasehold improvements and video, at the following rates:

▪ Furniture and fixtures	20%
▪ Computers	45%
▪ Leasehold improvements	5 years straight line
▪ Software	100%
▪ Video	5 years straight line

NOTES TO FINANCIAL STATEMENTS

March 31, 2020

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Donated Inventory

Donated inventory received by the Society's Clothes and Collectibles Thrift Boutique is not recorded in the financial statements due to the difficulty in determining the fair value of the inventory.

Use of Barclay Manor

Primary use of the Barclay Manor premises is provided at no cost by the City of Vancouver. The fair market rental value of the premises has not been reflected in the financial statements.

3. TERM DEPOSITS

Term deposits include \$50,000 which bears interest at 1.750% maturing on June 18, 2020 and \$40,000 bearing interest at 2.20% and maturing on June 16, 2020.

4. ACCOUNTS RECEIVABLE

	2020	2019
	\$	\$
Trade	4,637	9,496
Interest receivable	1,380	995
Grant receivable	13,428	13,428
Government receivable - GST	5,695	2,493
Allowance for doubtful accounts	(1,500)	(2,500)
	23,640	23,912

5. RESTRICTED CASH AND INVESTMENTS

The Kay Stovold Memorial Fund is an endowment fund and is primarily held at the VanCity Community Foundation.

NOTES TO FINANCIAL STATEMENTS

March 31, 2020

6. CAPITAL ASSETS

	Cost \$	Accumulated Amortization \$	Net Book Value \$
2020			
Furniture and fixtures	108,449	94,057	14,392
Computers and software	45,099	25,640	19,459
Leasehold improvements	18,924	18,321	603
Video	5,000	5,000	—
	177,472	143,018	34,454
2019			
Furniture and fixtures	105,714	90,682	15,032
Computers and software	23,924	22,712	1,212
Leasehold improvements	18,924	18,120	804
Video	5,000	5,000	—
	153,562	136,514	17,048

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2020 \$	2019 \$
Operations	27,474	29,402
Government remittances - PST	193	536
- WorkSafe BC	813	887
	28,480	30,825

8. DEFERRED REVENUE

Deferred revenue is comprised of the following:

	2020 \$	2019 \$
City of Vancouver	211,474	20,000
Vancouver Coastal Health	149,903	162,491
Private Donors	87,258	87,089
Gaming	84,070	76,750
United Way of the Lower Mainland	63,000	10,000
Active Aging Society	29,252	—
Other	6,429	5,034
VanCity	—	10,000
	631,386	371,364

NOTES TO FINANCIAL STATEMENTS

March 31, 2020

9. DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS

	2020	2019
	\$	\$
Balance, beginning of year	—	3,415
Less: Amounts amortized to revenue	—	(3,415)
Balance, end of year	—	—

10. INTERNALLY RESTRICTED NET ASSETS

The Society has internally restricted the following amounts:

	Contingency for Operating Expenses	Future Capital Expenditures	Sustainability Reserve - Future Market Rents	Totals
	\$	\$	\$	\$
2020				
Balance, beginning of year	70,000	20,000	6,000	96,000
Restrictions made in year	—	—	—	—
Balance, end of year	70,000	20,000	6,000	96,000
2019				
Balance, beginning of year	70,000	20,000	6,000	96,000
Restrictions made in year	—	—	—	—
Balance, end of year	70,000	20,000	6,000	96,000

11. FINANCIAL INSTRUMENTS

The Society is exposed to various risks through its financial instruments. The following analysis presents the Society's exposures to significant risk as at March 31, 2020.

Credit Risk

Credit risk is the risk that the Society will incur a loss due to the failure by its debtors to meet their contractual obligations. The Society is exposed to credit risk with respect to its cash and term deposits, funds held at the VanCity Community Foundation and accounts receivable. The Society limits its exposure to credit risk by placing its cash in bank accounts with a credit union.

NOTES TO FINANCIAL STATEMENTS

March 31, 2020

11. FINANCIAL INSTRUMENTS (CONT'D)

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 market interest rates. The Society is exposed to interest rate risk on its cash and term deposits, and funds held at the VanCity Community Foundation.

Liquidity Risk

Liquidity risk is the risk that the Society will not be able to meet its cash requirements or fund obligations as they become due. The Society maintains adequate levels of working capital by preparing budgets to ensure all its obligations can be met when they fall due.

12. COMMITMENTS

i) The Society is committed to a photocopier lease requiring annual payments of \$5,940. The lease expires in February 2021.

ii) The Society is committed to the lease of two locations (Kay's Place and Clothes and Collectibles Thrift Boutique) for a period ending in October 2022 with a renewal option for another two five year terms. Base rent charged by the City of Vancouver is \$10 for each of the five year terms and the Society is responsible for common area costs of approximately \$20,000 per year.

13. WAGES AND BENEFITS AND CONTRACTORS

Pursuant to the British Columbia Societies Act, the Society is required to disclose remuneration paid to employees and contractors who are paid over \$75,000 or more during the fiscal year.

Salaries and benefits include \$83,810 paid to one employee [2019 - \$80,481].

14. COVID-19

In March 2020, due to COVID-19, the Society closed all current locations to the public until further notice. The Society is anticipating a reduction of revenue over expenses, which will correspond to the duration of the COVID-19 crisis and is taking steps to minimize and defer discretionary costs.

Subsequent to the year end, the Clothes and Collectible Thrift Boutique reopened to the public (June 24, 2020) as did Kay's Place (July 8, 2020). Barclay Manor remains closed to the public.