

HOPE COMMUNITY SERVICES
UNAUDITED NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2020

Note 1: **ACCOUNTING POLICIES AND SIGNIFICANT INFORMATION**

The society was incorporated under the Society Act of British Columbia and is a registered charity under the Income Tax Act. Hence it is exempt from income taxes. The society's principal purpose is to provide programs to meet Hope and surrounding areas social needs.

Some of the significant accounting policies affecting the society are as follows;

a) **Basis of presentation**

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

b) **Measurement uncertainty**

The preparation of financial statements in conformity with 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 amount of revenues and expenses during the period. Such estimates are reviewed periodically and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

c) **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.

d) **Revenue Recognition**

Revenue is recognized using the deferral method. 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 can be reasonably estimated and collection can be reasonably assured.

Contract funding is recognized as revenue when received in the period related to the contract. When amounts have been received and related to a future period the revenue is reflected as deferred contributions until such future period.

e) **Property, Plant and Equipment**

Property, plant and equipment is stated at cost or deemed less accumulated amortization. Property, plant and equipment is amortized over its estimated useful life on a straight-line basis at the following rate.

Buildings	25 years
Computer equipment	5 years
Equipment	10 years

Property, plant and equipment is regularly reviewed to eliminate obsolete items. Government grants are treated as a reduction of property, plant and equipment costs.

HOPE COMMUNITY SERVICES
UNAUDITED STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2020

	<u>2020</u>	<u>2019</u>
<u>REVENUES</u>		
Contract funding	\$ 213,220	\$ 215,428
Donations, grants and fundraising	193,585	240,696
Service fees	5,608	11,957
Rental	6,308	6,853
Other	1,053	1,015
Total Revenues	<u>419,774</u>	<u>475,949</u>
<u>EXPENSES</u>		
Advertising	4,811	1,282
Amortization	6,083	10,433
Bank charges	504	630
Christmas hampers	9,009	10,830
Computer software and support	14,139	12,204
Contracted services	12,000	17,401
Food	6,927	12,636
Insurance, licenses and fees	12,884	11,946
Interest on callable debt	4,807	5,048
Office supplies, postage and sundry	3,634	3,345
Professional fees	2,819	3,205
Program costs	25,269	35,915
Property taxes	85	85
Rental	4,025	3,575
Repairs and maintenance	27,153	11,860
Training programs	1,356	72
Travel	2,456	4,528
Utilities	10,602	9,104
Wages and benefits	265,867	217,830
Total Expenses	<u>414,430</u>	<u>371,929</u>
Excess (Deficiency) of Revenues over Expenses	5,344	104,020
Members' Net Assets (Debt), beginning of year	11,711	(92,309)
<u>MEMBERS' NET ASSETS, end of year</u>	<u>\$ 17,055</u>	<u>\$ 11,711</u>

(Statement A, Note 3)

Note 4: **FINANCIAL INSTRUMENTS (continued)**

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the society manages exposure through its normal operating and financing activities. The society is exposed to interest rate risk primarily through its floating interest rate indebtedness and credit facilities.

Unless otherwise noted, it is management's opinion that the society is not exposed to significant other price risks arising from these financial instruments.

Note 5: **RESTRICTED CASH**

Restricted cash consists of cash held in separate bank accounts for the Decoda Literacy Support program and Gaming grant revenues received. The funding received is deposited to the applicable account and can only be used for expenses relating to the operation of the specific programs.

Note 6: **BANK INDEBTEDNESS**

Under an operating loan arrangement with Envision Financial, the society may borrow up to \$30,000. This arrangement bears interest at bank prime plus 1% and is secured by an assignment of specific land and buildings located in Hope, BC. This arrangement does not have a termination date and can be withdrawn at the bank's option. No portion of the operating loan has been used in the current fiscal year.

Note 7: **CALLABLE DEBT**

	<u>2020</u>	<u>2019</u>
Mortgage - Envision Financial	\$ 89,011	\$ 99,838
Amounts scheduled for repayment within a year	(11,700)	(10,504)
	<u>\$ 77,311</u>	<u>\$ 89,334</u>

The callable debt provided by Envision Financial is secured by a collateral first mortgage over specific land and buildings owned by the society. Blended principal and interest payments of \$295 are made weekly. The annual interest on the mortgage is 4.55% and the mortgage matures in March of 2022.

The expected callable debt repayments over the next five years is as follows:

2021	\$ 11,700
2022	11,876
2023	12,054
2024	12,234
2025	12,418
Balance	<u>28,729</u>
	<u>\$ 89,011</u>

continued