

**HOPE COMMUNITY SERVICES**  
**UNAUDITED FINANCIAL STATEMENTS**  
**AS AT MARCH 31, 2021**

# CM KELLEY INC

CHARTERED PROFESSIONAL ACCOUNTANT  
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## INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

To the Members of:  
**HOPE COMMUNITY SERVICES**

I have reviewed the accompanying financial statements of **HOPE COMMUNITY SERVICES** that comprise the statement of financial position as at **March 31, 2021**, and the statements of financial activities, changes in net assets (debt), and cash flows for the year then ended, and a summary of significant 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 non-profit entities, and for such 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.

### ***Practitioner's Responsibility***

My responsibility is to express a conclusion on the accompanying financial statements based on my review. I conducted my review in accordance with Canadian generally accepted standards for review engagements which require me to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, I do not express an audit opinion on these financial statements.

### ***Conclusion***

Based on my review, nothing has come to my attention that causes me to believe that the financial statements do not present fairly, in all respects, the financial position of **HOPE COMMUNITY SERVICES** as at **March 31, 2021**, the results of its financial activities, change in net assets (debt), and cash flows for the year then ended in accordance with Canadian accounting standards for non-profit entities.

*CM Kelley Inc*

CHARTERED PROFESSIONAL ACCOUNTANT

September 17, 2021  
Hope, BC  
Canada

**HOPE COMMUNITY SERVICES**  
**UNAUDITED STATEMENT OF FINANCIAL POSITION**  
**AS AT MARCH 31, 2021**

<b>ASSETS</b>	<b>2021</b>	<b>2020</b>
Current Assets		
Cash and short term investments	\$ 125,472	\$ 28,148
Restricted cash (Note 5)	811	821
Accounts receivable	5,564	4,755
Total Current Assets	\$ 131,847	\$ 33,724
Property, Plant & Equipment (Note 2)	181,769	163,193
Total Assets	\$ 313,616	\$ 196,917
<b>LIABILITIES AND NET ASSETS (DEBT)</b>		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 15,316	\$ 16,933
Due to government agencies	7,134	1,772
Employee benefits accruals	22,725	20,159
Deferred contributions (Note 1d)	33,200	0
Current portion of callable debt	11,700	11,700
Total Current Liabilities	\$ 90,075	\$ 50,564
Callable Debt (Note 7)	64,896	77,311
Total Liabilities	\$ 154,971	\$ 127,875
Total Members' Net Assets (Debt) (Statement B, Note 3)	158,645	69,042
Total Liabilities and Net Assets (Debt)	\$ 313,616	\$ 196,917

Approved on behalf of the Board of the Society:

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

**HOPE COMMUNITY SERVICES**  
**UNAUDITED STATEMENT OF FINANCIAL ACTIVITIES**  
**FOR THE YEAR ENDED MARCH 31, 2021**

	<u>2021</u>	<u>2020</u>
<b><u>REVENUES</u></b>		
Contract funding	\$ 300,291	\$ 213,220
Donations, grants and fundraising	276,436	193,585
Service fees & sundry income	11,410	6,661
Rental	5,675	6,308
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Total Revenues	593,812	419,774
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<b><u>EXPENSES</u></b>		
Advertising	3,683	4,811
Amortization	13,286	6,083
Bank charges	530	504
Christmas hampers	10,971	9,009
Computer software and support	14,041	14,139
Contracted services	12,000	12,000
Food	11,253	6,927
Insurance, licenses and fees	12,730	12,884
Interest on callable debt	2,926	4,807
Office supplies, postage and sundry	7,948	3,634
Professional fees	2,819	2,819
Program costs	43,707	25,269
Property taxes	85	85
Rental	6,450	4,025
Repairs and maintenance	17,231	27,153
Training programs	80	1,356
Travel	1,779	2,456
Utilities	11,290	10,602
Wages and benefits	331,400	265,867
	<hr/>	<hr/>
Total Expenses	504,209	414,430
	<hr/>	<hr/>
Excess (Deficiency) of Revenues over Expenses	89,603	5,344
Members' Net Assets (Debt), beginning of year	69,042	63,698
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<b><u>MEMBERS' NET ASSETS, end of year</u></b>	(Statement A, Note 3) \$ 158,645	\$ 69,042
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**HOPE COMMUNITY SERVICES**  
**UNAUDITED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED MARCH 31, 2021**

	<u>2021</u>	<u>2020</u>
<b><u>OPERATING ACTIVITIES</u></b>		
Change in net assets for the year	\$ 89,603	\$ 5,344
Changes to operations not involving cash:		
Amortization	13,286	6,083
Net Change in non-cash working capital items	<u>38,702</u>	<u>(4,876)</u>
Cash (used in) provided by operating activities	<u>\$ 141,591</u>	<u>\$ 6,551</u>
<b><u>FINANCING ACTIVITIES</u></b>		
Issuance of debt	\$ 0	\$ 0
Repayment of callable debt	<u>(12,415)</u>	<u>(10,827)</u>
Cash (used in) provided by investing activities	<u>\$ (12,415)</u>	<u>\$ (10,827)</u>
<b><u>INVESTING ACTIVITIES</u></b>		
Purchase of capital assets	\$ (31,862)	\$ 0
Proceeds from disposal of capital assets	<u>0</u>	<u>0</u>
Cash (used in) provided by investing activities	<u>\$ (31,862)</u>	<u>\$ 0</u>
<b><u>INCREASE (DECREASE) IN CASH DURING THE YEAR</u></b>	<u>\$ 97,314</u>	<u>\$ (4,276)</u>
<b><u>CASH, beginning of year</u></b>	<u>28,969</u>	<u>33,245</u>
<b><u>CASH, end of year</u></b>	<u><u>\$ 126,283</u></u>	<u><u>\$ 28,969</u></u>
<b><u>CASH CONSISTS OF:</u></b>		
Cash	\$ 125,472	\$ 28,148
Restricted cash	<u>811</u>	<u>821</u>
	<u><u>\$ 126,283</u></u>	<u><u>\$ 28,969</u></u>

**HOPE COMMUNITY SERVICES**  
**UNAUDITED NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2021**

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	100 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.

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Note 2: **EQUIPMENT AND FURNITURE**

	Cost	Accumulated Amortization	2021 Net Asset Value	2020 Net Asset Value
Land	\$ 24,724	n/a	24,724	24,724
Buildings	125,089	72,552	52,537	53,789
Computer equipment	9,740	9,740	0	0
Equipment	152,216	47,708	104,508	84,680
<b>Total</b>	<b>\$ 311,769</b>	<b>130,000</b>	<b>181,769</b>	<b>163,193</b>

Note 3: **MEMBERS' NET ASSETS (DEBT) & INTERFUND TRANSFERS**

	FISCAL 2021		
	Capital	General	Total
Balance, beginning of year	\$ 74,182	(5,140)	\$ 69,042
Net Asset Change for the year	(13,286)	102,889	89,603
Reserve Transfers			
Capital assets purchased	0	0	0
Principal payments on callable debt	12,415	(12,415)	0
<b>Balance, end of year</b>	<b>\$ 73,311</b>	<b>\$ 85,334</b>	<b>\$ 158,645</b>
	FISCAL 2020		
	Capital	General	Total
Balance, beginning of year	69,438	(5,740)	\$ 63,698
Net Asset Change for the year	(6,083)	11,427	5,344
Reserve Transfers			
Capital assets purchased	0	0	0
Principal payments on callable debt	10,827	(10,827)	0
<b>Balance, end of year</b>	<b>\$ 74,182</b>	<b>\$ (5,140)</b>	<b>\$ 69,042</b>

Note 4: **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, 2020.

**Credit risk**

Credit risk arises from the potential that a counter party will fail to perform its obligations. The society is exposed to credit risk from customers. In order to reduce its credit risk, the society reviews a new customer's credit history before extending credit and conducts regular reviews of its existing customers' credit performance. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information. The society has a significant number of customers which minimizes concentration of credit risks.

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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>2021</u>	<u>2020</u>
Mortgage - Envision Financial	\$ 76,596	\$ 89,011
Amounts scheduled for repayment within a year	(11,700)	(11,700)
	<u>\$ 64,896</u>	<u>\$ 77,311</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. It is expected to be renewed at that point in time under similar terms and conditions.

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

2022	\$ 11,700
2023	11,876
2024	12,054
2025	12,234
2026	12,418
Balance	<u>16,314</u>
	<u>\$ 76,596</u>

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Note 8: **ECONOMIC DEPENDENCE**

The society's primary source of funding is government funding from various agencies. This funding can be cancelled if the society does not adhere to certain established guidelines. The society's ability to continue viable operations is dependent on adherence to these guidelines. As at the date of these financial statements the society believes it is in compliance with the guidelines.

Note 9: **COMMITMENTS**

The society and its employees contribute to the Municipal Pension Plan (the plan), which is a jointly trustee pension plan. The society paid \$16,573 (2020 - \$15,020) for employer contributions to the plan in fiscal 2021.

Note 10: **RESTATEMENT OF MEMBERS' NET ASSETS (DEBT)**

	<b>FISCAL 2020</b>		
	<u>Capital</u>	<u>General</u>	<u>Total</u>
Balance, beginning of year (previously reported)	17,451	(5,740)	\$ 11,711
Increase in Capital Equity from change in amortization policy	<u>51,987</u>	<u>0</u>	<u>51,987</u>
Balance, end of year (restated)	<u>\$ 69,438</u>	<u>\$ (5,740)</u>	<u>\$ 63,698</u>

The society had reviewed it's amortization policy for the building located at 434 Wallace Street, Hope, BC. The previous amortization policy was to amortize the building on a straight line basis over 25 years. Implicit in that method is the assumption that the building has a lifespan of 25 years. As the building was constructed in 1963 that assumption was determined to be incorrect and a more accurate estimate of the building's lifespan was determined to be 100 years. Accordingly the society revised it's building amortization policy to the straightline method over the building's estimated 100 year lifespan and restated the opening balances of accumulated depreciation and capital fund equity.