



Financial Statements

Victoria Women's Transition House Society

March 31, 2020

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Independent Auditors' Report

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To the members of the Victoria Women's Transition House Society

Opinion

We have audited the accompanying financial statements of Victoria Women's Transition House Society ("the Society"), which comprise the statement of financial position as at March 31, 2020, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly in all material respects, the financial position of Victoria Women's Transition House Society as at March 31, 2020, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

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 opinion.

Responsibilities of Management and Those Charged with Governance 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.

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.
- 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 Societies Act of British Columbia, we report that, in our opinion, the accounting principles in the Canadian accounting standards for not-for-profit organizations have been applied on a consistent basis.

Victoria, Canada
August 24, 2020



Chartered Professional Accountants

Victoria Women's Transition House

Statement of Operations

Year ended March 31

	<u>General Fund</u>	<u>Capital Fund</u>	<u>Total 2020</u>	<u>2019</u>
Revenue				
Provincial funding	\$ 1,961,378	\$ -	\$ 1,961,378	\$ 1,923,617
Donations	596,503	-	596,503	574,261
Grants	330,645	-	330,645	332,035
Bequests	330,707	-	330,707	210,103
Amortization of deferred capital contributions	-	126,759	126,759	113,975
Harrison Place operating revenue	102,351	-	102,351	104,284
Direct access grants and other gaming	87,500	-	87,500	87,790
Special events	89,326	-	89,326	124,942
Other	11,707	-	11,707	11,636
Investment income	7,644	-	7,644	5,235
	<u>3,517,761</u>	<u>126,759</u>	<u>3,644,520</u>	<u>3,487,878</u>
Expenditures				
Wages and benefits	2,743,371	-	2,743,371	2,400,976
Amortization of tangible capital assets	-	198,217	198,217	179,846
Programs	169,809	-	169,809	161,402
Repairs, maintenance and utilities	125,852	-	125,852	119,676
Communications and information technology	109,045	-	109,045	90,929
Harrison Place operating expenses	84,119	-	84,119	80,677
Contractors	50,072	-	50,072	66,968
Fund development	54,141	-	54,141	57,443
Staff costs and transportation	27,585	-	27,585	42,526
Office	23,160	-	23,160	34,157
Insurance, licenses and dues	16,909	-	16,909	15,473
Professional fees	17,533	-	17,533	14,865
Board and governance	4,786	-	4,786	7,464
	<u>3,426,382</u>	<u>198,217</u>	<u>3,624,599</u>	<u>3,272,402</u>
Excess (deficiency) of revenue over expenditures before other item	<u>91,379</u>	<u>(71,458)</u>	<u>19,921</u>	<u>215,476</u>
Unrealized (loss) gain on investments	<u>(25,113)</u>	<u>-</u>	<u>(25,113)</u>	<u>8,638</u>
(Deficiency) excess of revenue over expenditures	<u>\$ 66,266</u>	<u>\$ (71,458)</u>	<u>\$ (5,192)</u>	<u>\$ 224,114</u>

See accompanying notes to the financial statements.

Victoria Women's Transition House

Statement of Financial Position

March 31

2020

2019

	General Fund	Capital Fund	Endowment Fund	Total	Total
Assets					
Current					
Cash	\$ 593,523	\$ -	\$ -	\$ 593,523	\$ 623,757
Marketable securities (Note 4)	151,207	294,780	10,000	455,987	477,457
Accounts receivable	345,794	-	-	345,794	88,185
Prepaid expenses	9,268	-	-	9,268	7,465
	<u>1,099,792</u>	<u>294,780</u>	<u>10,000</u>	<u>1,404,572</u>	<u>1,196,864</u>
Tangible capital assets (Note 5)	-	4,322,253	-	4,322,253	4,460,100
	<u>\$ 1,099,792</u>	<u>\$ 4,617,033</u>	<u>\$ 10,000</u>	<u>\$ 5,726,825</u>	<u>\$ 5,656,964</u>
Liabilities					
Current					
Payables and accruals	\$ 68,379	\$ -	\$ -	\$ 68,379	\$ 63,511
Accrued wages and vacation pay	161,118	-	-	161,118	138,246
Deferred contributions (Note 7)	400,487	-	-	400,487	254,721
	<u>629,984</u>	<u>-</u>	<u>-</u>	<u>629,984</u>	<u>456,478</u>
Deferred capital contributions (Note 8)	-	2,827,518	-	2,827,518	2,925,971
	<u>629,984</u>	<u>2,827,518</u>	<u>-</u>	<u>3,457,502</u>	<u>3,382,449</u>
Net Assets					
Invested in tangible capital assets	-	1,494,735	-	1,494,735	1,534,129
Unrestricted	272,143	-	-	272,143	237,941
Internally restricted (Note 9)	197,665	294,780	-	492,445	492,445
Endowment Fund	-	-	10,000	10,000	10,000
	<u>469,808</u>	<u>1,789,515</u>	<u>10,000</u>	<u>2,269,323</u>	<u>2,274,515</u>
	<u>\$ 1,099,792</u>	<u>\$ 4,617,033</u>	<u>\$ 10,000</u>	<u>\$ 5,726,825</u>	<u>\$ 5,656,964</u>

Commitments (Note 12)

Shirley Elm

Director

Elaine Wanson

Director

See accompanying notes to the financial statements.

Victoria Women's Transition House

Statement of Changes in Net Assets

Year Ended March 31

2020

2019

	Restricted Funds			Total	Total
	Operating Fund	Capital Fund	Endowment Fund		
Net assets, beginning of year	\$ 435,606	\$ 1,828,909	\$ 10,000	\$ 2,274,515	\$ 2,050,401
(Deficiency) excess of revenue over expenditures	66,266	(71,458)	-	(5,192)	224,114
Amounts transferred	(32,064)	32,064	-	-	-
Net assets, end of year	\$ 469,808	\$ 1,789,515	\$ 10,000	\$ 2,269,323	\$ 2,274,515

See accompanying notes to the financial statements.

Victoria Women's Transition House

Statement of Cash Flows

Year ended March 31

2020

2019

Increase (decrease) in cash and cash equivalents

Operating

(Deficiency) excess of revenue over expenditures	\$ (5,192)	\$ 224,114
Amortization of deferred capital contributions	(126,759)	(113,975)
Amortization of tangible capital assets	198,217	179,846
Unrealized loss (gain) on marketable securities	25,113	(8,638)
	<u>91,379</u>	<u>281,347</u>
Change in non-cash operating working capital (Note 6)	<u>(85,906)</u>	<u>(61,975)</u>
	<u>5,473</u>	<u>219,372</u>

Investing

Purchase of investments	(3,643)	(4,640)
Deferred capital contributions received	28,306	153,276
Purchase of tangible capital assets	(60,370)	(187,179)
	<u>(35,707)</u>	<u>(38,543)</u>

Net (decrease) increase in cash	(30,234)	180,829
Cash, beginning of year	<u>623,757</u>	<u>442,928</u>
Cash, end of year	<u>\$ 593,523</u>	<u>\$ 623,757</u>

See accompanying notes to the financial statements.

Victoria Women's Transition House

Notes to the Financial Statements

March 31, 2020

1. Purpose of the Society

The Victoria Women's Transition House Society (the "Society") is incorporated under the Society Act of British Columbia and is a registered charity within the meaning of the Income Tax Act of Canada. Its principal activity is the provision of supportive shelter, housing, counselling, and other community based-based services for women, with or without children, experiencing intimate partner violence and abuse.

2. Change in accounting policy

On April 1, 2019, the Society adopted new Section 4433, *Tangible capital assets held by not-for-profit organizations*, which requires that organizations annually assess for partial impairment of tangible capital assets, to be recorded where applicable, as a non-reversible impairment expense. In addition, where practical, to componentize capital assets when estimates can be made of the useful lives of the separate components. This change in accounting policy was applied prospectively. There were no partial impairments of tangible assets that existed as at April 1, 2019. The impact of the adoption of the new Section resulted in no changes to the financial statements.

3. Summary of significant accounting policies

Basis of presentation

The Society has prepared these financial statements in accordance with Canadian Accounting Standards for Not-for-Profit Organizations ("ASNPO").

The Society follows the deferral method of accounting for contributions and records its activities in the following funds:

The *General Fund* accounts for the Society's day-to-day operations.

The *Capital Fund* was established to provide tangible capital assets for the Society and to provide of all non-operating expenses related to those assets. This fund includes all tangible capital assets and the long term liabilities related to those assets.

The *Endowment Fund* was established to account for donations or bequests which designate that the capital is to be maintained in perpetuity while the income is used for operating or other purposes.

Victoria Women's Transition House

Notes to the Financial Statements

March 31, 2020

3. Summary of significant accounting policies (continued)

Revenue recognition

The Society uses the deferral method of accounting for contributions. Externally restricted contributions are recognized as revenue of the appropriate fund in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue of the appropriate fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Contributions, including forgivable loans, received specifically for the acquisition of tangible capital assets are recorded as deferred capital contributions and are amortized to revenue on the same basis as the related tangible capital assets are amortized, except where they relate to land, in which case they are recorded as direct increases in net assets.

Bequests are recorded upon receipt of the donated assets or when the amount to be received can be reasonably estimated and collection is reasonably assured. Bequests of charitable remainder trusts are recorded at the actuarial value of the trust at the date of settlement of the trust. Contributions to endowment funds held by a foundation of which the Society is a beneficiary are not recognized as revenue.

Donated goods and services

Donated goods and services are recorded both as donations and expenses at their fair value when fair value can be reasonably estimated. Contributed property and equipment with a value greater than \$1,000 have been recorded at fair value as additions to property and equipment.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and balances with banks, net of bank overdrafts, and highly liquid temporary money market instruments with original maturities three months or less. Bank borrowings are considered to be financing activities.

Tangible capital assets

Tangible capital assets are recorded at cost in the year of purchase. Amortization is provided based on the estimated useful life of the tangible capital assets as follows:

Building	10 to 40 years, straight-line
Leasehold improvements	3 years, straight line
Website	4 to 5 years, straight-line
Vehicle	10 years, straight line
Computer equipment	5 years, straight line
Furniture and equipment	3 to 10 years, straight-line

Victoria Women's Transition House

Notes to the Financial Statements

March 31, 2020

3. Summary of significant accounting policies (continued)

Employee future benefits

The Society and its employees contribute to a multi-employer plan for group benefits, administered by the Community Services Benefit Trust and to the Municipal Pension Plan, a multi-employer defined benefit plan for pension benefits. Defined contribution plan accounting is applied to multi-employer defined benefit plans and accordingly, contributions to these plans are expensed.

Financial instruments

The Society's financial instruments consist of cash and cash equivalents, receivables, payables and accruals, accrued wages and vacation pay and long term debt. Financial instruments are recorded at fair value on initial recognition. Investments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost.

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 amount of assets and liabilities at the date of the financial statement and the reported amounts of revenues and expenses during the period. These estimates are reviewed periodically and adjustments are made to income as appropriate in the year they become known. Actual results could differ from those estimates.

4. Marketable securities

The Society's marketable securities are comprised of equities, bonds, GIC's and money market investments, which are recorded at fair value based on quoted market prices. These financial instruments are measured at fair value at each year-end. Net gains and losses arising from changes in fair value are recognized in the statement of operations. For the year-ended March 31, 2020, the net unrealized loss was \$25,113 (2019: \$8,638 gain).

Victoria Women's Transition House

Notes to the Financial Statements

March 31, 2020

5. Tangible capital assets		<u>2020</u>	<u>2019</u>	
	<u>Cost</u>	<u>Accumulated amortization</u>	<u>Net book value</u>	<u>Net book value</u>
Land	\$ 1,208,260	\$ -	\$ 1,208,260	\$ 1,208,260
Building	5,915,155	2,917,417	2,997,738	3,123,976
Leasehold improvements	59,368	59,368	-	-
Website	39,370	31,186	8,184	11,693
Vehicle	60,492	42,797	17,695	21,234
Furniture and equipment	635,399	545,023	90,376	94,937
	<u>\$ 7,918,044</u>	<u>\$ 3,595,791</u>	<u>\$ 4,322,253</u>	<u>\$ 4,460,100</u>

6. Supplemental cash flow information		<u>2020</u>	<u>2019</u>
Change in non-cash operating working capital:			
Receivables		\$ (257,609)	\$ 36,048
Prepays		(1,803)	7,658
Payables and accruals		27,740	(25,230)
Deferred contributions		145,766	(80,451)
		<u>\$ (85,906)</u>	<u>\$ (61,975)</u>

7. Deferred contributions		<u>2020</u>	<u>2019</u>
Contributions received and receivable that have been restricted by the funders for specific projects have been deferred to future periods to match the expenses on those projects as follows:			
BC Housing - Advance funding		\$ 97,742	\$ 93,297
British Columbia Gaming Grant		107,000	86,000
Harrison Place Grant - SAFE Match		-	2,554
Other programs		188,245	65,370
Victim Services - Bail Surety		7,500	7,500
		<u>\$ 400,487</u>	<u>\$ 254,721</u>

Victoria Women's Transition House

Notes to the Financial Statements

March 31, 2020

8. Deferred capital contributions	<u>2020</u>	<u>2019</u>
Balance, beginning of year	\$ 2,925,971	\$ 2,886,670
Restricted contributions received	28,306	153,276
Recognition of deferred capital contributions	<u>(126,759)</u>	<u>(113,975)</u>
Balance, end of year	<u>\$ 2,827,518</u>	<u>\$ 2,925,971</u>

The Society receives contributions to acquire tangible capital assets. These contributions are amortized into income on the same basis as the related tangible capital assets. If the contributions are used to purchase tangible capital assets that are not subject to amortization net assets are directly increased.

In 2008, British Columbia Housing Management Commission provided a non-interest bearing forgivable mortgage to the Society to a maximum of \$2,500,000 secured by Harrison Place land and building. The agreement provides for a 35 year term commencing in 2007, and the loan is forgivable provided the Society fulfills the terms of the agreement. Forgiveness of the loan will commence in the 11th year, and will be reduced by 1/25 each year. These terms include provision of a minimum of 23 units of affordable housing at this premises. The Society expects to meet this condition over the 35 year period and has therefore recorded the loan amount as a deferred capital contribution which is being amortized over the useful life of the building. Should the property cease to be used for its intended purpose, the loan will become due and interest will be calculated from that date at bank prime plus 2%.

In 2007, Canada Mortgage and Housing Corporation provided the Society a non-interest bearing forgivable mortgage, to a maximum of \$807,000. Secured by Harrison Place land and building, a general assignment of all present and future leases, rents, grants, project or its operation during the existence of the loan, and a first security interest in all chattels, fixtures, equipment, vehicles, inventory and other assets and undertakings used or to be used on or about the project. The agreement provides for a 15-year term, commencing March 2007, and the mortgage will be forgiven at 1/15 per year provided the Society fulfills the terms of the agreement. The Society expects to meet this condition and has therefore recorded the loan amount as a deferred capital contribution towards the purchase of the building which is being amortized over the useful life of the building.

Victoria Women's Transition House

Notes to the Financial Statements

March 31, 2020

9. Internally restricted funds

The Society has established a contingency reserve in order to finance operations in case of emergency.

The Society has established a capital fund to finance future asset additions, which will be approved by the Board of Directors annually.

The Society has established building replacement reserve funds for the Community Office, Shelter, and Harrison Place.

The closing balances in the funds are as follows:

	<u>2020</u>		<u>2019</u>
General Fund			
Contingency Reserve	\$ 197,665	\$	197,665
Capital Fund			
Community Office - replacement reserve	9,743		9,743
Shelter - replacement reserve	124,167		124,167
Harrison Place replacement reserve	<u>160,870</u>		<u>160,870</u>
	<u>\$ 492,445</u>	\$	<u>492,445</u>

10. The Victoria Foundation and Charitable Gift Funds Canada Foundation

The Society holds an endowment known as the "Victoria Women's Transition House Society Fund" ("the Fund") at the Victoria Foundation. The Society is the beneficiary of grants from the Fund which are made from time to time according to the Foundation's distribution policy and following recommendations from the Society and approval of the Foundation's Board of Directors. The endowment is not reflected in the Society's assets on the statement of financial position.

The Society also holds a fund known as the "RBC Charitable Gift Fund" ("the Gift Fund") at the Charitable Gift Funds Canada Foundation. The Society is the beneficiary of grants from the Gift Fund which are made from time to time according to the agreement with the Foundation and following recommendations approved by the Board of Directors of the Society. The fund is not reflected in the Society's assets on the statement of financial position.

Victoria Women's Transition House

Notes to the Financial Statements

March 31, 2020

11. Employee pension plan

The Society and certain of its employees contribute to the Municipal Pension Plan. The Plan is a multi-employer defined benefit plan. The British Columbia Pension Corporation administers the Plan, including the payment of pension benefits on behalf of employers and employees in accordance with the Public Sector Pension Plans Act and the Municipal Pension Plan Rules. The risks and rewards associated with the Plan's unfunded liability or surplus are shared between the employers and the Plan's members and may be reflected in their future contributions.

During the year, the Society contributed \$153,594 (2019: \$133,516) on behalf of the employees. Based on the most recent actuarial valuation as of December 31, 2018, the Municipal Pension Plan has a surplus. Portions of any surplus or deficiency are not attributed to individual employers.

12. Commitments

Future minimum payments for strata costs the Society has committed to for the next five years are:

2021	\$	49,037
2022		49,037
2023		49,037
2024		49,037
2025		49,037
		<hr/>
	\$	245,185

Victoria Women's Transition House

Notes to the Financial Statements

March 31, 2020

13. Risk management

The Society's main financial instrument risk exposure is detailed as follows:

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. This risk is mitigated by the fact accounts receivable are not concentrated with any single party.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Society does not face significant currency risk exposure.

Interest rate risk

Interest rate risk arises from changes in market interest rates that may affect the fair value or future cash flows from the Society's financial assets or liabilities.

Liquidity risk

The Society's liquidity risk represents the risk that the Society could encounter difficulty in meeting obligations associated with its financial liabilities. The Society is, therefore, exposed to liquidity risk with respect to its payables and accruals, government remittances, and long term debt.

Market risk

Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market. The Society's main market risk is in the investments held which are traded in the public market. The Society manages this risk by maintaining a conservative investment policy and holding the majority of funds in mutual funds.

14. Employee remuneration

During the year, the Society paid a total of \$392,246 (2019: \$259,314) in remuneration to the four (2019: three) employees whose remuneration during the fiscal year was at least \$75,000. The Society did not pay Directors during the period. No contractors earned fees equal to or greater than \$75,000 during the period.

Victoria Women's Transition House

Notes to the Financial Statements

March 31, 2020

15. Impact of COVID-19

On March 11, 2020 the World Health Organization declared the COVID-19 outbreak a pandemic which has severely impacted many local economies around the globe. In many countries, including Canada, businesses were forced to cease or limit operations for long periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. Global stock markets have also experienced great volatility and a significant weakening. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions.

In response to the spread of COVID-19, the Society has had to modify program operations by adapting the model in which they are operated to be compliant with government guidelines. The Society has continued to operate and provide its essential services using a blended model of virtual and appropriately safeguarded individual and group service and support for vulnerable clients. Business service continuity planning has been developed to maintain the safety of employees, clients and volunteers, and ensure careful transition to recovery. Intimate partner violence and abuse has increased with the pandemic crisis, and the Society is working with government partners and funders to meet the demands of this new reality.

The investments of the organization had also been impacted at March 31, 2020 but have shown improvement subsequent to year end.

The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of operations of the Society for future periods.
