

LADYSMITH RESOURCES CENTRE ASSOCIATION
Financial Statements
Year Ended September 30, 2019

LADYSMITH RESOURCES CENTRE ASSOCIATION

Index to Financial Statements

Year Ended September 30, 2019

	Page
REVIEW ENGAGEMENT REPORT	1 - 2
FINANCIAL STATEMENTS	
Statement of Financial Position	3 - 4
Statement of Operations	5 - 6
Statement of Changes in Net Assets	7
Statement of Cash Flows	8
Notes to Financial Statements	9 - 14
Prenatal Nutrition Program Revenue and Expenses (<i>Schedule 1</i>)	15
Temporary Weather Shelter Program Revenue and Expenses (<i>Schedule 2</i>)	16



Alex E. Palmer, C.P.A., C.A.T.
Tammy Leslie, C.P.A., C.G.A., C.A.T.
Tavish Annis, C.P.A., C.G.A.

PLA Professional Corporation

INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

To the Members of Ladysmith Resources Centre Association

We have reviewed the accompanying financial statements of Ladysmith Resources Centre Association which comprise the statement of financial position as at September 30, 2019 and the statements of operations, changes in net assets 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.

Practitioner's Responsibility

Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us 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, we do not express an audit opinion on these financial statements.

(continues)

301-394 Duncan Street
Duncan, BC V9L 3W4

T | 250 748 1426
F | 250 748 2805

Toll Free | 1 800 818 5703
Email | info@plcpa.ca
Web | www.palmerleslie.ca

101-626 First Avenue, PO Box 1396
Ladysmith, BC V9G 1A9

T | 250 245 1429
F | 250 245 1421

Independent Practitioner's Review Engagement Report to the Members of Ladysmith Resources Centre Association *(continued)*

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that these financial statements do not present fairly, in all material respects, the financial position of Ladysmith Resources Centre Association as at September 30, 2019, 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.

Duncan, British Columbia
January 21, 2020



CHARTERED PROFESSIONAL
ACCOUNTANTS

LADYSMITH RESOURCES CENTRE ASSOCIATION

Statement of Financial Position

September 30, 2019

	Operating Fund	Gaming Fund	Internally Restricted Fund	Total 2019	Total 2018
ASSETS					
CURRENT					
Cash	\$ 410,569	\$ 73,845	\$ 34,400	\$ 518,814	\$ 422,840
Restricted cash	-	11,051	-	11,051	17,458
Funder receivables	82,214	-	-	82,214	9,652
Inventory	5,000	-	-	5,000	-
Goods and services tax recoverable	2,804	-	-	2,804	2,203
Prepaid expenses	840	-	-	840	1,654
Damage deposits	1,500	-	-	1,500	-
	502,927	84,896	34,400	622,223	453,807
TANGIBLE CAPITAL ASSETS (Net of accumulated amortization) (Note 5)	611,172	-	-	611,172	415,236
LONG TERM INVESTMENTS (Note 3)	25,251	-	-	25,251	25,000
DEPOSIT - TOWN OF LADYSMITH (Note 4)	-	-	244,040	244,040	248,948
	\$ 1,139,350	\$ 84,896	\$ 278,440	\$ 1,502,686	\$ 1,142,991

See notes to financial statements

LADYSMITH RESOURCES CENTRE ASSOCIATION

Statement of Financial Position

September 30, 2019

	Operating Fund	Gaming Fund	Internally Restricted Fund	Total 2019	Total 2018
LIABILITIES AND NET ASSETS					
CURRENT					
Accounts payable	\$ 72,886	\$ 15,500	\$ -	\$ 88,386	\$ 22,491
Wages payable	8,227	-	-	8,227	2,521
Employee deductions payable	7,195	-	-	7,195	6,669
Deferred contributions (Note 6)	521,064	25,000	-	546,064	287,545
Gaming prize liability	-	11,118	-	11,118	17,458
	609,372	51,618	-	660,990	336,684
FUND BALANCES					
Unrestricted	(81,194)	-	-	(81,194)	44,215
Invested in capital assets	611,172	-	-	611,172	415,236
Externally restricted	-	33,278	-	33,278	68,428
Internally restricted (Note 7)	-	-	278,440	278,440	278,428
	529,978	33,278	278,440	841,696	806,307
	\$ 1,139,350	\$ 84,896	\$ 278,440	\$ 1,502,686	\$ 1,142,991

APPROVED BY

 Director
 Director

See notes to financial statements

Palmer Leslie
 Chartered Professional Accountants

LADYSMITH RESOURCES CENTRE ASSOCIATION

Statement of Operations

Year Ended September 30, 2019

	Operating Fund	Gaming Fund	Internally Restricted Fund	Total 2019	Total 2018
REVENUE					
BC Government Grants (Note 10)	\$ 319,411	\$ 50,000	\$ -	\$ 369,411	\$ 353,144
Corporate grants	8,351	-	-	8,351	4,025
Federal grants	60,622	-	-	60,622	50,106
Municipal Grants	68,580	-	-	68,580	71,497
Donations	168,205	-	-	168,205	169,748
Fundraising	53,650	4,355	-	58,005	73,207
Gaming revenue	50,350	121,568	-	171,918	172,352
Interest revenue	2,377	-	-	2,377	1,545
Other revenue	9,649	-	-	9,649	4,125
Recovered costs	139,542	-	-	139,542	121,491
	880,737	175,923	-	1,056,660	1,021,240
EXPENSES					
Advertising	3,209	285	-	3,494	1,883
Building	4,908	-	-	4,908	4,908
Capital project costs	-	-	-	-	1,065
Emergency assistance	8,496	-	-	8,496	-
Entertainment	1,317	-	-	1,317	1,685
Equipment	1,189	-	-	1,189	1,065
Events	1,998	-	-	1,998	5,756
Facility charge	42,187	6,085	-	48,272	48,738
Food supplies	72,064	43	-	72,107	58,036
Fundraising	4,827	1,144	-	5,971	24,564
Gaming prizes	-	72,913	-	72,913	74,873
Insurance	13,688	1,422	-	15,110	13,250
Interest and bank charges	756	242	-	998	337

(continues)

See notes to financial statements

Palmer Leslie
Chartered Professional Accountants

LADYSMITH RESOURCES CENTRE ASSOCIATION

Statement of Operations (continued)

Year Ended September 30, 2019

	Operating Fund	Gaming Fund	Internally Restricted Fund	Total 2019	Total 2018
Office	13,821	625	-	14,446	12,525
Professional fees	14,920	1,074	-	15,994	21,031
Program costs	7,992	73,615	-	81,607	111,323
Repairs and maintenance	16,193	-	-	16,193	19,794
Salaries and wages	539,030	53	-	539,083	505,566
Sub-contracts	21,158	13,502	-	34,660	21,306
Supplies	20,774	4,612	-	25,386	38,646
Training	7,110	-	-	7,110	7,295
Travel	19,899	-	-	19,899	22,197
Utilities	21,426	-	-	21,426	21,705
	836,962	175,615	-	1,012,577	1,017,548
EXCESS OF REVENUE OVER EXPENSES FROM OPERATIONS	43,775	308	-	44,083	3,692
AMORTIZATION	(8,694)	-	-	(8,694)	(7,968)
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	\$ 35,081	\$ 308	\$ -	\$ 35,389	\$ (4,276)

See notes to financial statements

Palmer Leslie
Chartered Professional Accountants

LADYSMITH RESOURCES CENTRE ASSOCIATION

Statement of Changes in Net Assets

Year Ended September 30, 2019

	Operating Fund	Gaming Fund	Internally Restricted Fund	2019	2018
NET ASSETS - BEGINNING OF YEAR	\$ 495,137	\$ 32,742	\$ 278,428	\$ 806,307	\$ 810,583
Excess (deficiency) of revenue over expenses	35,081	308	-	35,389	(4,276)
Inter-fund transfers	(240)	228	12	-	-
NET ASSETS - END OF YEAR	\$ 529,978	\$ 33,278	\$ 278,440	\$ 841,696	\$ 806,307

See notes to financial statements

LADYSMITH RESOURCES CENTRE ASSOCIATION

Statement of Cash Flows

Year Ended September 30, 2019

	2019	2018
OPERATING ACTIVITIES		
Excess (deficiency) of revenue	\$ 35,389	\$ (4,276)
Item not affecting cash:		
Amortization of tangible capital assets	8,694	7,968
	44,083	3,692
Changes in non-cash working capital:		
Accounts receivable	(72,563)	(7,901)
Inventory	(5,000)	-
Accounts payable	65,896	11,347
Deferred income	258,519	185,465
Prepaid expenses	814	14,964
Goods and services tax payable	(601)	-
Damage deposits	(1,500)	-
Wages payable	5,706	(4,031)
Employee deductions payable	526	(2,753)
Bingo prize liability	(6,340)	5,549
	245,457	202,640
Cash flow from operating activities	289,540	206,332
INVESTING ACTIVITIES		
Purchase of tangible capital assets	(207,130)	(85,250)
Proceeds on disposal of tangible capital assets	2,500	-
Cash flow used by investing activities	(204,630)	(85,250)
FINANCING ACTIVITY		
Transfer to Town of Ladysmith	4,908	4,908
Cash flow from financing activity	4,908	4,908
INCREASE IN CASH FLOW	89,818	125,990
Cash - beginning of year	465,298	339,308
CASH - END OF YEAR	\$ 555,116	\$ 465,298
CASH CONSISTS OF:		
Cash	\$ 518,814	\$ 422,840
Term deposits	25,251	25,000
Restricted cash	11,051	17,458
	\$ 555,116	\$ 465,298

See notes to financial statements

Palmer Leslie
Chartered Professional Accountants

LADYSMITH RESOURCES CENTRE ASSOCIATION

Notes to Financial Statements

Year Ended September 30, 2019

(Unaudited)

1. DESCRIPTION OF ASSOCIATION

Ladysmith Resources Centre Association ("The Association") is an organization established to coordinate, facilitate and provide community services and information in order to enhance the quality of life in the community of Ladysmith and the surrounding area. The Association was incorporated July 22, 1992 under the Societies Act of B.C. as a not-for-profit organization and is a registered charity under the Income Tax Act. The Association is exempt from income tax as long as certain conditions are met.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounting standards

These financial statements have been prepared in accordance with standards established by the Canadian Chartered Professional Accountants for Not-for-Profit Organizations which is one of the financial frameworks included in Canadian Generally Accepted Accounting Standards.

Fund accounting

Ladysmith Resources Centre Association follows the restricted fund method of accounting for contributions.

The Operating Fund accounts for the Association's program delivery and administrative activities. This fund reports unrestricted resources and restricted operating grants.

The Gaming Fund reports the assets, liabilities, revenues and expenses related to the Association's bingo operations and other gaming funds.

Revenue recognition

Ladysmith Resources Centre Association follows the restricted fund method of accounting for contributions.

Restricted contributions related to general operations are recognized as revenue of the Operating Fund in the year in which the related expenses are incurred. All other restricted contributions are recognized as revenue of the appropriate restricted fund.

Unrestricted contributions are recognized as revenue of the Operating Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Restricted investment income is recognized as revenue of the appropriate fund in the year in which the related expenses are incurred. Unrestricted investment income is recognized as revenue when earned.

Restricted contributions related to the purchase of capital assets are deferred and recognized as revenue of the Operating Fund in the year in which the related capital expenditures are incurred. The revenue recognized in the year is amortized to income on the same basis as the related depreciable fixed assets are depreciated.

(continues)

LADYSMITH RESOURCES CENTRE ASSOCIATION

Notes to Financial Statements

Year Ended September 30, 2019

(Unaudited)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Inventory

Inventory is valued at the lower of cost and net realizable value.

Contributed materials and services

The operations of the Association depend on both the contribution of time by volunteers and donated materials from various sources. The fair value of donated equipment and materials are recorded in the financial statements when their fair value can be reasonably determined and they are used in the normal course of operations and would have been purchased.

Contributed services are not recorded in the financial statements because of the difficulty in determining the fair value of the services provided.

Tangible capital assets

Tangible capital assets are stated at cost less accumulated amortization and are amortized over their estimated useful lives at the following rates and methods:

Buller Street Land		non-amortizable
Buller Street Development	30 years	straight-line method
Equipment	20%	declining balance method
Motor vehicles	20%	declining balance method
Computer equipment	30%	declining balance method
Furniture and fixtures	20%	declining balance method

The Association regularly reviews its property and equipment to eliminate obsolete items.

Allocation of expenses

The Association engages in various programs. The costs of each program include the costs of personnel, building and other expenses that are directly related to providing the program. The Association also includes a number of general support expenses that are common to the administration of the Association and each of its programs.

The Association allocates certain of its general support expenses by estimating the appropriate basis of allocating each component expense, and applies that basis consistently each year. Building expenses are allocated on the basis of the contractual budgets of each fund.

3. TERM DEPOSIT

	2019	2018
Term Deposit - interest rate 1.25%, matures January 18, 2022	\$ 25,251	\$ 25,000

LADYSMITH RESOURCES CENTRE ASSOCIATION

Notes to Financial Statements

Year Ended September 30, 2019

(Unaudited)

4. DEPOSIT - TOWN OF LADYSMITH

The Association has entered into an agreement with the Town of Ladysmith ("Town") to lease a facility. Under the terms of the agreement the Association has agreed to pay the Town annual rent of \$10 per annum commencing June 1, 2011. The term of the lease is for five years with up to seven options to renew for five years each.

As part of the agreement, the Association was required to deposit \$363,000 with the Town. The Town transfers \$409 each month from the \$363,000 deposit to a Contingency Reserve Fund owned by the Town, in order to set aside funds for the future replacement of major interior building elements including mechanical, HVAC, electrical building systems, fixtures and flooring.

In 2016, the Association received an additional lump sum payment of \$75,000 to help with expenses. This amount will reduce the overall funding committed from the Town of Ladysmith.

	<u>2019</u>	<u>2018</u>
Opening balance	\$ 248,948	\$ 253,856
Transfer to Contingency Reserve Fund	<u>(4,908)</u>	<u>(4,908)</u>
	<u>\$ 244,040</u>	<u>\$ 248,948</u>

Principal repayment terms are approximately:

2020	\$ 4,908
2021	4,908
2022	4,908
2023	4,908
2024	4,908
Thereafter	<u>219,500</u>
	<u>\$ 244,040</u>

5. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated amortization	2019 Net book value	2018 Net book value
Buller Street Land	\$ 312,291	\$ -	\$ 312,291	\$ 312,291
Buller Street Development	247,486	-	247,486	42,636
Equipment	37,887	5,683	32,204	35,993
Motor vehicles	40,706	35,480	5,226	8,245
Computer equipment	36,016	33,027	2,989	2,351
Furniture and fixtures	83,424	72,448	10,976	13,720
	<u>\$ 757,810</u>	<u>\$ 146,638</u>	<u>\$ 611,172</u>	<u>\$ 415,236</u>

Amortization expense for the year was \$8,694 (2018 - \$7,968)

LADYSMITH RESOURCES CENTRE ASSOCIATION

Notes to Financial Statements

Year Ended September 30, 2019

(Unaudited)

6. DEFERRED CONTRIBUTIONS

	<u>2019</u>	<u>2018</u>
Opening balance	\$ 287,545	\$ 102,080
Recognized in revenue during the year	(239,836)	(119,129)
Contributions received during the year	498,355	304,594
	<u>546,064</u>	<u>287,545</u>
Restricted balances consist of:		
BC Gaming	25,000	25,350
Christmas Cheer	19,596	9,168
Cinnamon Bun Fun Run	7,409	7,616
Born Healthy	29,190	30,877
Child and Family Development	12,006	3,681
Restorative Justice	14,032	1,889
Temporary Weather Shelter	14,199	5,000
Victim Services	71,422	39,648
Youth Services	11,641	4,667
Buller Street Capital	247,486	42,636
Food Bank Capital	32,204	35,993
Other Programs	61,879	81,020
	<u>546,064</u>	<u>287,545</u>

7. INTERNALLY RESTRICTED FUND BALANCE

The Board of Directors has internally restricted \$34,400 (2018 - \$29,480) as a contingency fund for the future repair and maintenance of the leased building and \$244,040 (2018 - \$248,948) related to the funds on deposit with the Town of Ladysmith (Note 4).

8. FINANCIAL INSTRUMENTS

The Association is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Association's risk exposure and concentration as of September 30, 2019.

(continues)

LADYSMITH RESOURCES CENTRE ASSOCIATION

Notes to Financial Statements

Year Ended September 30, 2019

(Unaudited)

8. FINANCIAL INSTRUMENTS *(continued)*

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Association is exposed to credit risk from customers. In order to reduce its credit risk, the Association 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 Association has an insignificant number of customers which minimizes credit risk.

Fair value of financial instruments

The carrying amount of cash, marketable securities, accounts receivable, accounts payable, deferred contributions and gaming prize liability approximates their fair value due to the short-term maturities of these items. The investment in GIC's and deposits with the Town of Ladysmith are carried at cost. The fair value of the deposit with the Town of Ladysmith cannot be determined because there is no interest attached to it.

9. CAPITAL MANAGEMENT

The Association's objective when managing capital is to safeguard the Association's ability to continue as a going concern, so that it can continue to provide various services to the people in the community.

The Association sets the amount of capital in proportion to risk and manages the capital structure and makes adjustments to it in light of changes to economic conditions and the risk characteristics of the underlying assets.

Externally imposed restrictions by BC Lottery Corporation for gaming funds require that funds must be spent in accordance with the gaming application. The external restrictions over gaming funds have been complied with.

10. BC GOVERNMENT GRANTS

	<u>2019</u>	<u>2018</u>
Family and Youth Support Services	\$ 150,545	\$ 164,613
Police-based Victim Services	57,218	51,218
Extreme Weather Shelter	23,340	84,213
Temporary Weather Shelter	73,889	-
Community Gaming Grant	50,000	50,600
Restorative Justice	6,976	2,500
Community Wellness	7,443	-
	<u>\$ 369,411</u>	<u>\$ 353,144</u>

Palmer Leslie
Chartered Professional Accountants

LADYSMITH RESOURCES CENTRE ASSOCIATION

Notes to Financial Statements

Year Ended September 30, 2019

(Unaudited)

11. COMPARATIVE FIGURES

The comparative figures have been reclassified where necessary to conform to the current year presentation standards.

12. SUBSEQUENT EVENT

As a result of a motion of the Board of Directors dated September 19, 2019 the Association has changed the fiscal year end to March 31, effective March 31, 2020.

LADYSMITH RESOURCES CENTRE ASSOCIATION
Prenatal Nutrition Program Revenue and Expenses
(Schedule 1)

Year Ended September 30, 2019

(Unaudited)

	2019	2018
REVENUE		
Federal grant	\$ 37,687	\$ 42,233
Other revenue	931	2,538
	<u>38,618</u>	<u>44,771</u>
EXPENSES		
Administrative	2,420	2,200
Insurance	1,265	1,150
Materials	632	148
Other	1,598	4,465
Personnel	28,530	32,443
Rent and utilities	3,916	3,560
Travel	257	805
	<u>38,618</u>	<u>44,771</u>
EXCESS OF REVENUE OVER EXPENSES	<u>\$ -</u>	<u>\$ -</u>

See notes to financial statements

Palmer Leslie
Chartered Professional Accountants

LADYSMITH RESOURCES CENTRE ASSOCIATION
Temporary Weather Shelter Program Revenue and Expenses
(Schedule 2)

Year Ended September 30, 2019

	2019	2018
REVENUE		
BC Government Grants	\$ 73,889	\$ -
EXPENSES		
Administration	3,990	-
Insurance	300	-
Materials	4,680	-
Other	334	-
Personnel	64,034	-
Rent and utilities	458	-
Travel	93	-
	<u>73,889</u>	<u>-</u>
EXCESS OF REVENUE OVER EXPENSES	<u>\$ -</u>	<u>\$ -</u>

There are no comparative figures for this program in the current year. This is the first year of operation as the BC Housing Emergency Shelter Program. Operations were previously funded as the Extreme Weather Shelter.

See notes to financial statements

Palmer Leslie
Chartered Professional Accountants