

LADYSMITH RESOURCES CENTRE ASSOCIATION

Financial Statements

Year Ended September 30, 2018

(Unaudited)

LADYSMITH RESOURCES CENTRE ASSOCIATION

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Year Ended September 30, 2018

(Unaudited)

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*A Professional Corporation

INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

To the Members of Ladysmith Resources Centre Association

We have reviewed the statement of financial position of Ladysmith Resources Centre Association as at September 30, 2018 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.

Conclusion

(continues)

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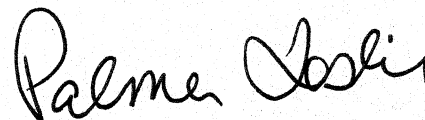
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Independent Practitioner's Review Engagement Report to the Members of Ladysmith Resources Centre Association *(continued)*

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, 2018, and the results of its operations and its cash flows for the year then ended in accordance with the Canadian accounting standards for not-for-profit organizations.

Duncan, British Columbia
January 21, 2019

A handwritten signature in black ink, appearing to read "Palmer Joshi". The signature is fluid and cursive, with the first name "Palmer" and last name "Joshi" clearly distinguishable.

CHARTERED PROFESSIONAL
ACCOUNTANTS

LADYSMITH RESOURCES CENTRE ASSOCIATION

Statement of Financial Position

September 30, 2018

(Unaudited)

	Operating Fund	Gaming Fund	Food Bank Fund	Internally Restricted Fund	Total 2018	Total 2017
ASSETS						
CURRENT						
Cash	\$ 286,896	\$ 58,042	\$ 48,422	\$ 29,480	\$ 422,840	\$ 307,795
Accounts receivable (Note 3)	11,855	-	-	-	11,855	3,954
Prepaid expenses	1,654	-	-	-	1,654	16,618
Restricted cash	-	17,458	-	-	17,458	11,909
	300,405	75,500	48,422	29,480	453,807	340,276
TANGIBLE CAPITAL ASSETS (Net of accumulated amortization) (Note 6)						
	374,842	-	40,394	-	415,236	337,955
LONG TERM INVESTMENTS (Note 4)						
	-	-	25,000	-	25,000	19,604
DEPOSIT - TOWN OF LADYSMITH						
	-	-	-	248,948	248,948	253,856
	\$ 675,247	\$ 75,500	\$ 113,816	\$ 278,428	\$ 1,142,991	\$ 951,691

See notes to financial statements

Palmer Leslie
Chartered Professional Accountants

LADYSMITH RESOURCES CENTRE ASSOCIATION

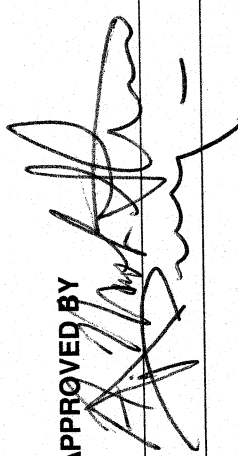
Statement of Financial Position

September 30, 2018

(Unaudited)

	Operating Fund	Gaming Fund	Food Bank Fund	Internally Restricted Fund	Total 2018	Total 2017
LIABILITIES AND NET ASSETS						
CURRENT						
Accounts payable (Note 7)	\$ 20,748	\$ -	\$ 1,743	\$ -	\$ 22,491	\$ 11,145
Wages payable (Note 7)	2,521	-	-	-	2,521	6,552
Employee deductions payable (Note 7)	6,669	-	-	-	6,669	9,422
Deferred contributions (Note 8)	226,252	25,300	35,993	-	287,545	102,080
Gaming prize liability	-	17,458	-	-	17,458	11,909
	256,190	42,758	37,736	-	336,684	141,108
FUND BALANCES						
Unrestricted	44,215	-	-	-	44,215	89,795
Invested in capital assets	374,842	-	40,394	-	415,236	337,955
Externally restricted	-	32,742	35,686	-	68,428	104,417
Internally restricted (Note 9)	-	-	-	278,428	278,428	278,416
	419,057	32,742	76,080	278,428	806,307	810,583
	\$ 675,247	\$ 75,500	\$ 113,816	\$ 278,428	\$ 1,142,991	\$ 951,691

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, 2018

(Unaudited)

	Operating Fund	Gaming Fund	Food Bank Fund	Internally Restricted Fund	Total 2018	Total 2017
REVENUE						
BC Government Grants (Note 13)	\$ 302,544	\$ 50,600	\$ -	\$ -	\$ 353,144	\$ 228,382
Corporate grants	4,025	-	-	-	4,025	2,625
Federal grants	50,106	-	-	-	50,106	40,107
Municipal Grants	71,497	-	-	-	71,497	18,750
Donations	113,537	-	56,211	-	169,748	195,763
Fundraising	69,872	3,335	-	-	73,207	51,011
Gaming revenue	47,915	124,437	-	-	172,352	144,433
Interest revenue	1,238	13	294	-	1,545	1,759
Other revenue	4,125	-	-	-	4,125	4,570
Recovered costs	121,491	-	-	-	121,491	103,544
	786,350	178,385	56,505	-	1,021,240	790,944

EXPENSES

Accounting fees	21,031	-	-	-	21,031	18,075
Advertising	1,883	-	-	-	1,883	2,897
Program costs	36,641	74,600	82	-	111,323	65,372
Equipment	1,065	-	-	-	1,065	253
Insurance	12,228	1,022	-	-	13,250	9,420
Interest and bank charges	322	-	15	-	337	1,559
Entertainment	1,685	-	-	-	1,685	1,019
Office	11,412	686	427	-	12,525	15,720
Building	4,908	-	-	-	4,908	4,908
Facility charge	32,528	6,120	10,090	-	48,738	41,944
Training	6,991	-	304	-	7,295	7,841
Events	5,383	-	373	-	5,756	12,216
Food supplies	25,969	-	32,067	-	58,036	53,437

(continues)

See notes to financial statements

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LADYSMITH RESOURCES CENTRE ASSOCIATION

Statement of Operations (continued)

Year Ended September 30, 2018

(Unaudited)

	Operating Fund	Gaming Fund	Food Bank Fund	Internally Restricted Fund	Total 2018	Total 2017
Gaming prizes	-	74,873	-	-	74,873	59,480
Capital project costs	-	-	1,065	-	1,065	-
Fundraising	21,229	3,335	-	-	24,564	15,611
Repairs and maintenance	18,125	25	1,644	-	19,794	9,833
Salaries and wages	505,566	-	-	-	505,566	372,425
Sub-contracts	7,265	14,041	-	-	21,306	20,379
Supplies	32,005	4,091	2,550	-	38,646	18,982
Travel	21,927	-	270	-	22,197	10,460
Utilities	20,713	-	992	-	21,705	13,747
	788,876	178,793	49,879	-	1,017,548	755,578

EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES FROM OPERATIONS

AMORTIZATION

EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES

	(2,526)	(408)	6,626	-	3,692	35,366
	(5,216)	-	(2,752)	-	(7,968)	(6,605)
\$	(7,742)	(408)	3,874	-	(4,276)	28,761

See notes to financial statements

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LADYSMITH RESOURCES CENTRE ASSOCIATION

Statement of Changes in Net Assets

Year Ended September 30, 2018

(Unaudited)

	Operating Fund	Gaming Fund	Food Bank Fund	Internally Restricted Fund	2018	2017
NET ASSETS - BEGINNING OF YEAR	\$ 426,811	\$ 33,150	\$ 72,206	\$ 278,416	\$ 810,583	\$ 781,822
Excess (deficiency) of revenue over expenses	(7,742)	(408)	3,874	-	(4,276)	28,761
Inter-fund transfers	(12)	-	-	12	-	-
NET ASSETS - END OF YEAR	\$ 419,057	\$ 32,742	\$ 76,080	\$ 278,428	\$ 806,307	\$ 810,583

See notes to financial statements

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LADYSMITH RESOURCES CENTRE ASSOCIATION

Statement of Cash Flows

Year Ended September 30, 2018

(Unaudited)

	2018	2017
OPERATING ACTIVITIES		
Excess (deficiency) of revenue	\$ (4,276)	\$ 28,761
Item not affecting cash:		
Amortization of tangible capital assets	7,968	6,605
	<u>3,692</u>	<u>35,366</u>
Changes in non-cash working capital:		
Accounts receivable	(7,901)	4,610
Accounts payable	11,347	(5,269)
Deferred income	185,465	(38,442)
Prepaid expenses	14,964	(13,031)
Wages payable	(4,031)	(3,346)
Employee deductions payable	(2,753)	9,422
Bingo prize liability	5,549	(6,086)
	<u>202,640</u>	<u>(52,142)</u>
Cash flow from operating activities	<u>206,332</u>	<u>(16,776)</u>
INVESTING ACTIVITIES		
Purchase of tangible capital assets	(85,250)	(315,087)
Proceeds on disposal of tangible capital assets	-	1,458
Purchase of intangible assets	-	19,315
	<u>(85,250)</u>	<u>(294,314)</u>
Cash flow used by investing activities	<u>(85,250)</u>	<u>(294,314)</u>
FINANCING ACTIVITY		
Transfer to Town of Ladysmith	4,908	4,908
	<u>4,908</u>	<u>4,908</u>
Cash flow from financing activity	<u>4,908</u>	<u>4,908</u>
INCREASE (DECREASE) IN CASH FLOW	125,990	(306,182)
Cash - beginning of year	<u>339,308</u>	<u>645,490</u>
CASH - END OF YEAR	\$ 465,298	\$ 339,308
CASH CONSISTS OF:		
Cash	\$ 422,840	\$ 307,795
Term deposits	25,000	19,604
Restricted cash	17,458	11,909
	<u>\$ 465,298</u>	<u>\$ 339,308</u>

See notes to financial statements

Palmer Leslie
Chartered Professional Accountants

LADYSMITH RESOURCES CENTRE ASSOCIATION

Notes to Financial Statements

Year Ended September 30, 2018

(Unaudited)

1. DESCRIPTION OF BUSINESS

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.

The Food Bank Fund reports the assets, liabilities, revenues and expenses related to the Association's Food Bank operations.

(continues)

LADYSMITH RESOURCES CENTRE ASSOCIATION

Notes to Financial Statements

Year Ended September 30, 2018

(Unaudited)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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:

Buildings	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
Leasehold improvements	30 years	straight-line method

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

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LADYSMITH RESOURCES CENTRE ASSOCIATION

Notes to Financial Statements

Year Ended September 30, 2018

(Unaudited)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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. ACCOUNTS RECEIVABLE

	2018	2017
Goods and services tax receivable	\$ 2,203	\$ 1,132
Trade receivable	9,652	2,822
	<u>\$ 11,855</u>	<u>\$ 3,954</u>

The Association recorded Allowance for Doubtful Accounts of \$nil in the current year (2017 - \$nil).

4. TERM DEPOSIT

	2018	2017
Term Deposit - interest rate 1%, matures January 18, 2022	<u>\$ 25,000</u>	<u>\$ 19,604</u>

5. 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. The Association also adjusted for an amount paid in a prior year that had previously not been recorded in the amount of \$3,060.

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Palmer Leslie
Chartered Professional Accountants

LADYSMITH RESOURCES CENTRE ASSOCIATION

Notes to Financial Statements

Year Ended September 30, 2018

(Unaudited)

5. DEPOSIT - TOWN OF LADYSMITH (continued)

	2018	2017
Opening balance	\$ 253,856	\$ 258,764
Transfer to Contingency Reserve Fund	(4,908)	(4,908)
	<u>\$ 248,948</u>	<u>\$ 253,856</u>

Principal repayment terms are approximately:

2019	\$ 4,908
2020	4,908
2021	4,908
2022	4,908
2023	\$ 4,908

6. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated amortization	2018 Net book value	2017 Net book value
Land	\$ 312,291	\$ -	\$ 312,291	\$ 312,291
Buildings	42,636	-	42,636	-
Equipment	37,887	1,894	35,993	-
Motor vehicles	42,506	34,261	8,245	10,306
Computer equipment	34,437	32,085	2,352	3,176
Furniture and fixtures	83,424	69,704	13,720	12,182
	<u>\$ 553,181</u>	<u>\$ 137,944</u>	<u>\$ 415,237</u>	<u>\$ 337,955</u>

Amortization expense for the year was \$7,968 (2017 - \$6,605)

7. ACCOUNTS PAYABLE

	2018	2017
Trade accounts payable	\$ 21,610	\$ 10,514
Worksafe BC payable	881	631
Payroll remittances payable	6,669	9,422
Vacation Pay payable	2,521	6,552
	<u>\$ 31,681</u>	<u>\$ 27,119</u>

LADYSMITH RESOURCES CENTRE ASSOCIATION

Notes to Financial Statements

Year Ended September 30, 2018

(Unaudited)

8. DEFERRED CONTRIBUTIONS

	2018	2017
Opening balance	\$ 102,080	\$ 140,522
Recognized in revenue during the year	(119,129)	(213,497)
Contributions received during the year	304,594	175,055
	<u>\$ 287,545</u>	<u>\$ 102,080</u>

The balance of the year comprised of \$8,069 (2017 - \$9,381) restricted for Soup Kitchen; \$39,648 (2017 - \$11,808) restricted for Victim Services programs; \$30,877 (2017 - \$32,142) restricted for Born Healthy; \$4,586 (2017 - \$3,338) restricted for Seniors Coffee Drop in; \$25,350 (2017 - \$24,750) restricted for BC Gaming; \$30,000 (2017 - \$nil) restricted for Ladysmith & District Credit Union from Ladysmith Healthcare Aux; \$12,170 (2017 - \$nil) restricted for Fundraising; \$40,805 (2017 - \$nil) restricted for Food Bank; \$42,636 (2017 - \$nil) restricted for the Buller St. capital project; and \$53,404 (2017 - \$20,661) restricted for other programs.

9. INTERNALLY RESTRICTED FUND BALANCE

The Board of Directors has internally restricted \$29,480 (2017 - \$24,560) as a contingency fund for the future repair and maintenance of the leased building and \$248,948 (2017 - \$253,856) related to the funds on deposit with the Town of Ladysmith (Note 5).

10. INTER-FUND TRANSFERS

During the prior year, the Association transferred \$306,937 from the Edge Legacy Fund to the Operating Fund for the purchase of the property located at 314 Buller Street.

11. 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, 2018.

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.

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LADYSMITH RESOURCES CENTRE ASSOCIATION

Notes to Financial Statements

Year Ended September 30, 2018

(Unaudited)

11. FINANCIAL INSTRUMENTS *(continued)*

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.

12. 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.

Donors have externally restricted contributions to the Food Bank Fund. The external restriction over this fund has been complied with.

13. BC GOVERNMENT GRANTS

	2018	2017
Family and Youth Support Services	\$ 164,613	\$ 93,437
Police-based Victim Services	51,218	37,561
Extreme Weather Shelter	84,213	45,384
Community Gaming Grant	50,600	49,500
Restorative Justice	2,500	2,500
	<u>\$ 353,144</u>	<u>\$ 228,382</u>

14. COMPARATIVE FIGURES

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

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

Year Ended September 30, 2018

(Unaudited)

	2018	2017
REVENUE		
Federal grant	\$ 42,233	\$ 33,943
Other revenue	2,538	4,040
	<u>44,771</u>	<u>37,983</u>
EXPENSES		
Administrative	2,200	2,010
Insurance	1,150	36
Materials	148	4,075
Other	4,465	1,947
Personnel	32,443	24,606
Rent and utilities	3,560	4,868
Travel	805	441
	<u>44,771</u>	<u>37,983</u>
EXCESS OF REVENUE OVER EXPENSES	<u>\$ -</u>	<u>\$ -</u>

See notes to financial statements

Palmer Leslie
Chartered Professional Accountants