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# Consolidated financial statements of Association of Neighbourhood Houses of British Columbia

March 31, 2021

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## Independent Auditor's Report

To the Board of Directors of  
the Association of Neighbourhood Houses of British Columbia

### Opinion

We have audited the consolidated financial statements of the Association of Neighbourhood Houses of British Columbia (the "Association"), which comprise the consolidated statement of financial position as at March 31, 2021, and the consolidated statements of operations, changes in net assets and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Association as at March 31, 2021, and the results of its operations, changes in its net assets 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 ("Canadian GAAS"). 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 Association in accordance with the ethical requirements that are relevant to our audit of the consolidated 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.

### Report on Other Legal and Regulatory Requirements

As required by the Societies Act (British Columbia), we report that in our opinion, these consolidated financial statements are prepared on a basis consistent with that of the previous year.

### Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Association'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 Association or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Association's financial reporting process.

## **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated 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 GAAS 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 consolidated financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated 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 Association'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 Association'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 consolidated 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 Association to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated 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.

*Deloitte LLP*

Chartered Professional Accountants  
June 10, 2021  
Vancouver, British Columbia

## Association of Neighbourhood Houses of British Columbia

### Consolidated statement of operations

Year ended March 31, 2021

	Notes	2021 \$	2020 \$
<b>Revenue (Schedule 1)</b>			
Province of British Columbia		<b>8,675,060</b>	7,209,942
Federal government	18	<b>5,076,344</b>	3,406,989
Earned income		<b>4,666,250</b>	8,387,441
United Way		<b>1,883,735</b>	1,027,476
City of Vancouver		<b>1,610,798</b>	1,541,685
Other contributions and miscellaneous income		<b>1,599,388</b>	1,624,769
Gaming		<b>696,834</b>	686,325
Investment income	11	<b>493,690</b>	425,238
Donations and fundraising		<b>370,662</b>	588,330
		<b>25,072,761</b>	24,898,195
<b>Expenses (Schedule 1)</b>			
Salaries and benefits	13 and 17	<b>17,617,621</b>	17,784,891
Program, food and transportation		<b>1,726,854</b>	1,983,901
Building occupancy		<b>1,606,902</b>	1,691,695
Purchased services and subcontracts		<b>1,235,069</b>	1,257,176
Office expenses		<b>387,640</b>	401,478
Other expenses		<b>303,645</b>	481,291
		<b>22,877,731</b>	23,600,432
<b>Excess of revenue over expenses from operations (Schedule 1 before the undernoted)</b>			
		<b>2,195,030</b>	1,297,763
Amortization of deferred property and equipment contributions	8	<b>636,065</b>	616,410
Amortization of property and equipment		<b>(816,844)</b>	(862,195)
Unrealized gain (loss) on investments		<b>939,205</b>	(485,007)
<b>Excess of revenue over expenses</b>		<b>2,953,456</b>	566,971

The accompanying notes are an integral part of the consolidated financial statements.

**Association of Neighbourhood Houses of British Columbia**  
**Consolidated statement of changes in net assets**  
Year ended March 31, 2021

	Invested in property and equipment \$	Internally restricted (Note 10) \$	Unrestricted \$	2021 Total \$	2020 Total \$
Notes					
<b>Balance, beginning of year</b>	<b>798,625</b>	<b>5,921,861</b>	<b>2,197,793</b>	<b>8,918,279</b>	8,351,308
Excess of revenue over expenses *	<b>(180,779)</b>	<b>1,785,000</b>	<b>1,349,235</b>	<b>2,953,456</b>	566,971
Purchase of property and equipment	<b>498,437</b>	—	<b>(498,437)</b>	—	—
Deferred property and equipment contributions	<b>(229,410)</b>	—	<b>229,410</b>	—	—
Vehicle loan repayments	<b>6,020</b>	—	<b>(6,020)</b>	—	—
<b>Balance, end of year</b>	<b>892,893</b>	<b>7,706,861</b>	<b>3,271,981</b>	<b>11,871,735</b>	8,918,279

\* Comprised of amortization expense of \$816,844, less amortization of deferred property and equipment contributions of \$636,065.


The accompanying notes are an integral part of the consolidated financial statements.


**Association of Neighbourhood Houses of British Columbia**  
**Consolidated statement of financial position**  
As at March 31, 2021

	Notes	2021 \$	2020 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash		<b>7,388,435</b>	5,209,154
Restricted cash	10	<b>804,875</b>	750,131
Accounts receivable	18	<b>1,547,906</b>	1,401,615
Investments	3	<b>8,016,983</b>	7,305,839
Loan receivable	4	<b>36,561</b>	—
Prepaid expenses and other assets		<b>227,805</b>	156,277
		<b>18,022,565</b>	14,823,016
Loan receivable	4	<b>163,439</b>	100,000
Replacement reserve - restricted cash	7	<b>280,590</b>	245,645
Property and equipment	5	<b>14,040,027</b>	14,358,434
		<b>32,506,621</b>	29,527,095
<b>Liabilities</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities		<b>1,564,045</b>	1,736,301
Government remittances		<b>114,146</b>	60,164
Current portion of vehicle loan	14	<b>4,112</b>	6,020
Deferred contributions	6	<b>5,528,970</b>	5,006,896
		<b>7,211,273</b>	6,809,381
Deferred contributions for property and equipment	8	<b>13,132,305</b>	13,538,960
Replacement reserve	7	<b>280,590</b>	245,645
Vehicle loan	14	<b>10,718</b>	14,830
		<b>20,634,886</b>	20,608,816
Commitments and contingencies	15		
<b>Net assets</b>			
Invested in property and equipment		<b>892,893</b>	798,625
Internally restricted	9	<b>7,706,861</b>	5,921,861
Unrestricted		<b>3,271,981</b>	2,197,793
		<b>11,871,735</b>	8,918,279
		<b>32,506,621</b>	29,527,095

The accompanying notes are an integral part of the consolidated financial statements.

Approved by the Board

  
\_\_\_\_\_, Director

  
\_\_\_\_\_, Director

**Association of Neighbourhood Houses of British Columbia****Consolidated statement of cash flows**

Year ended March 31, 2021

	<b>2021</b>	2020
	<b>\$</b>	\$
<b>Operating activities</b>		
Excess of revenue over expenses	<b>2,953,456</b>	566,971
Items not affecting cash		
Amortization of deferred property and equipment contributions	<b>(636,065)</b>	(616,410)
Amortization of property and equipment	<b>816,844</b>	862,195
Unrealized (gain) loss on investments	<b>(939,205)</b>	485,007
	<b>2,195,030</b>	1,297,763
Changes in non-cash operating items		
Accounts receivable	<b>(146,291)</b>	(138,038)
Restricted cash	<b>(54,744)</b>	(27,769)
Prepaid expenses and other assets	<b>(71,528)</b>	13,317
Accounts payable and accrued liabilities	<b>(172,256)</b>	578,666
Government remittances	<b>53,982</b>	18,068
Deferred contributions	<b>522,074</b>	1,394,191
	<b>131,237</b>	1,838,435
	<b>2,326,267</b>	3,136,198
<b>Investing activities</b>		
Purchase of property and equipment	<b>(498,437)</b>	(922,008)
Dispositions (purchases) of investments, net	<b>228,061</b>	(78,795)
Disbursement of loan	<b>(100,000)</b>	(100,000)
Replacement reserve - restricted cash	<b>(34,945)</b>	(19,189)
	<b>(405,321)</b>	(1,119,992)
<b>Financing activities</b>		
Replacement reserve	<b>34,945</b>	19,189
Vehicle loan repayments	<b>(6,020)</b>	(8,683)
Contributions for property and equipment	<b>229,410</b>	735,095
	<b>258,335</b>	745,601
Increase in cash	<b>2,179,281</b>	2,761,807
Cash, beginning of year	<b>5,209,154</b>	2,447,347
<b>Cash, end of year</b>	<b>7,388,435</b>	5,209,154

The accompanying notes are an integral part of the consolidated financial statements.



# Association of Neighbourhood Houses of British Columbia

## Notes to the consolidated financial statements

March 31, 2021

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### 1. Description of operations

The Association of Neighbourhood Houses of British Columbia (the "Association") is a not-for-profit organization incorporated under the Societies Act of B.C. As a registered charity under the Income Tax Act of Canada, the Association is not subject to income taxes.

The Association is a community based organization devoted to the enhancement of neighbourhoods, and operates eight neighbourhood houses, the Sasamat Outdoor Centre, and other metropolitan services. The eight neighbourhood houses of the Association are as follows: Kitsilano, Cedar Cottage, Gordon, Alexandra, South Vancouver, Mount Pleasant, Marpole and Frog Hollow (collectively the "Houses"). The Marpole Neighbourhood started its operations in the spring of 2019.

The Association exercises control over:

- (a) ANHBC Neighbourhood Houses Foundation (incorporated in April 2013), a not-for-profit charitable organization which was created specifically to hold the land and building of the redeveloped Kitsilano Neighbourhood House.
- (b) ANHBC Arbutus Centre Housing Society (incorporated in March 2020), a not-for-profit organization which was created to manage 58 housing units at Arbutus development in Vancouver. The Society is expected to commence operations in fiscal year 2022.

On March 11, 2020, the World Health Organization characterized the outbreak of a strain of the novel coronavirus ("COVID-19") as a pandemic which has resulted in a series of public health and emergency measures that have been put in place to combat the spread of the virus. This has impacted the operations of the Association, as while most of the programs are being delivered virtually, some on-site programs, such as thrift stores and resident camps, are temporarily closed or are operating at a lower capacity. For the fiscal year ended March 31, 2021, the adverse financial impact due to COVID -19 was mitigated through strong funder relationship and government subsidies (note 18). The Association expects to continue to have to manage through similar mechanisms through 2022.

### 2. Significant accounting policies

These consolidated financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO") and reflect the following policies:

#### (a) Basis of presentation

These financial statements are consolidated and include the accounts of the controlled not-for-profit organizations, ANHBC Neighbourhood Houses Foundation (the "Foundation") and ANHBC Arbutus Centre Housing Society (the "Society"). All inter-organization transactions and balances are eliminated on consolidation.

#### (b) Revenue recognition

The Association follows the deferral method of accounting for contributions. Grants received from governments, donations and fundraising revenues are accounted for as contributions.

Under this method, unrestricted contributions and unrestricted investment income are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

## Association of Neighbourhood Houses of British Columbia

### Notes to the consolidated financial statements

March 31, 2021

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## 2. Significant accounting policies (continued)

### (b) Revenue recognition (continued)

Externally restricted contributions and restricted investment income are recognized as revenue in the year in which the related expenses are recognized. Contributions restricted for the purchase of property and equipment are deferred and amortized into revenue at the amortization rate of the related property and equipment.

Earned income represents user fees for services rendered for child care, camping and other programs by the Association. These fees are recognized as revenue when the services are provided.

Endowment contributions are recognized as direct increases in net assets when received.

Restricted grants and contributions received which relate to programs and events to be carried out in future fiscal years are reflected as deferred contributions.

Government assistance is recorded in the financial statements when there is reasonable assurance that the Association has complied with, and will continue to comply with, all conditions necessary to obtain the assistance.

### (c) Donated materials and services

The Association does not record the value of donated materials and services, other than property and equipment, as the fair value is not readily determinable.

### (d) Property and equipment

Purchased and constructed property and equipment are recorded at cost less accumulated amortization. Contributed property and equipment are recorded at fair market value at the date of contribution. Amortization is recorded over the estimated useful service lives of the assets on a straight line basis as follows:

Buildings	20 years
Building – Kitsilano Neighbourhood House	40 years
Electronic equipment	4 years
Furniture and fixtures	5 years
Leasehold improvements	20 years
Software	3 years
Vehicles	5 years

For property under construction, amortization is recorded when the asset is brought into use.

When conditions indicate that a tangible capital asset is impaired, the net carrying amount of the tangible capital asset shall be written down to the asset's fair value or replacement cost. The write-downs of tangible capital assets shall be accounted for as expenses in the statement of operations. A write-down shall not be reversed.

### (e) Financial instruments

Financial assets and financial liabilities are initially recognized at fair value when the Association becomes a party to the contractual provisions of the financial instrument. Subsequently, all financial instruments are measured at amortized cost except for the following instruments:

## Association of Neighbourhood Houses of British Columbia

### Notes to the consolidated financial statements

March 31, 2021

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## 2. Significant accounting policies (continued)

### (e) Financial instruments (continued)

- (i) Investments in unlisted shares, which are measured at cost less any reduction for impairment; and
- (ii) Investments in mutual funds, which are measured at fair value.

Changes in unrealized gains and losses on investments measured at fair value, and realized gains and losses on sale of investments, are included in the statement of operations in the period incurred.

With respect to financial assets measured at cost or amortized cost, the Association recognizes in the statement of operations an impairment loss, if any, when there are indicators of impairment and it determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows. When the extent of impairment of a previously written-down asset decreases, and the decrease can be related to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed in the statement of operations in the period the reversal occurs.

### (f) Use of estimates

The preparation of consolidated financial statements in conformity with ASNPO requires management to make estimates and assumptions that affect the reported amounts of assets at the date of the consolidated financial statements. Accounts that require significant estimates in determining the stated amounts include the estimated useful lives of property and equipment. Actual results could differ from the estimates.

### (g) Allocation of common expenses

The Association follows a fee for service principle for allocating certain common administration and financial services expenses amongst the Houses. Expenses are allocated proportionate to the expenses of the Houses as follows:

- Central office administration expenses of \$200,936 (\$205,765 in 2020).
- Human Resource administration expenses of \$327,883 (\$335,722 in 2020).
- Financial services expenses of \$528,739 (\$541,488 in 2020).

Additional central office administration expenses of \$3,000 (\$3,000 in 2020) were charged to Kitsilano Neighbourhood House for the housing project.

### (h) Pension plan

The Association maintains a multi-employer defined benefit pension plan for its employees, which provides pension benefits based on length of service and earnings. The pension plan is accounted for using defined contribution plan accounting, as sufficient information to account for this plan as a defined benefit plan is not available.

## Association of Neighbourhood Houses of British Columbia

### Notes to the consolidated financial statements

March 31, 2021

#### 3. Investments

	2021	2020
	\$	\$
Mutual funds (measured at fair value)	<b>6,588,575</b>	5,350,430
Term deposits (measured at amortized cost)	<b>1,418,358</b>	1,945,359
Unlisted shares (measured at cost)	<b>10,050</b>	10,050
	<b>8,016,983</b>	7,305,839

Term deposits earn interest at 0.2% to 3.0% per annum and mature within twelve months.

#### 4. Loan receivable

In June 2019, the Association provided an unsecured demand loan of \$100,000 to Alexandra Housing Society. An additional \$100,000 was disbursed in January 2021. The loan carries interest at 3% per annum, is due on demand, and repayable in equal monthly installments (including interest) of \$6,053, starting in August 2021 and ending in July 2025.

#### 5. Property and equipment

	Cost	Accumulated amortization	2021 Net book value	2020 Net book value
	\$	\$	\$	\$
Land	<b>337,472</b>	—	<b>337,472</b>	337,472
Buildings	<b>7,964,672</b>	<b>5,471,025</b>	<b>2,493,647</b>	2,673,258
Building – Kitsilano				
Neighbourhood House	<b>11,749,793</b>	<b>1,841,109</b>	<b>9,908,684</b>	10,202,429
Electronic equipment	<b>1,927,653</b>	<b>1,703,938</b>	<b>223,715</b>	179,078
Furniture and fixtures	<b>914,750</b>	<b>838,208</b>	<b>76,542</b>	85,607
Leasehold improvements	<b>6,611,892</b>	<b>5,683,466</b>	<b>928,426</b>	775,837
Software	<b>99,352</b>	<b>99,352</b>	—	1,248
Vehicles	<b>897,376</b>	<b>825,835</b>	<b>71,541</b>	103,505
	<b>30,502,960</b>	<b>16,462,933</b>	<b>14,040,027</b>	14,358,434

#### 6. Deferred contributions

	2021	2020
	\$	\$
Beginning balance	<b>5,006,896</b>	3,612,705
Add: contributions received during the year	<b>4,971,808</b>	4,831,877
Less: amount recognized as revenue during the year	<b>(4,449,734)</b>	(3,437,686)
Ending balance	<b>5,528,970</b>	5,006,896

Deferred contributions represent restricted contributions designated for expenditure in future periods for programs being administered across the various Neighbourhood Houses.

## Association of Neighbourhood Houses of British Columbia

### Notes to the consolidated financial statements

March 31, 2021

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#### 7. Replacement reserve

In fiscal year 2013, the Association entered into an operator agreement with British Columbia Housing Management Commission ("BCHMC") to manage a seniors' housing complex consisting of 30 units at 8th Avenue and Vine Street and 15 units at 7th Avenue and Vine Street in Vancouver. The operator agreement requires the Association to maintain a replacement reserve designated for capital repairs, replacements and improvements on the building. The changes in the replacement reserve balance are as follows:

	2021	2020
	\$	\$
Beginning balance	245,645	226,456
Add: contributions for the year	40,793	42,351
Less: expensed during the year	(5,848)	(23,162)
Balance, end of year	<b>280,590</b>	245,645

#### 8. Deferred contributions related to property and equipment

Deferred contributions related to property and equipment represent contributions received where the donor has restricted their usage to property and equipment purchased or constructed by the Association. The changes in the deferred contributions balance for the year are as follows:

	2021	2020
	\$	\$
Beginning balance	13,538,960	13,420,275
Add: contributions received during the year	229,410	735,095
Less: amounts amortized to operations	(636,065)	(616,410)
Ending balance	<b>13,132,305</b>	13,538,960

#### 9. Net assets internally restricted

As at March 31, 2021, the Association's Board of Directors has internally restricted net assets of \$7,706,861 (\$5,921,861 in 2020) to be used for a variety of purposes. Of this amount, \$6,100,000 (\$4,450,000 in 2020) has been restricted for property and equipment, \$275,000 for fund development (nil in 2020) and \$1,331,861 (\$1,471,861 in 2020) for working capital and contingencies. These internally restricted amounts are not available for other uses or programs without approval of the Board of Directors.

#### 10. Restricted cash

Of the cash balance at March 31, 2021, \$804,875 (\$750,131 in 2020) relates to unspent gaming funds. The use of gaming funds is restricted under the Gaming Control Act of B.C. An equivalent amount is included in the balance of deferred contributions (Note 6). Management expects to spend these funds within the next fiscal year.

## **Association of Neighbourhood Houses of British Columbia**

### **Notes to the consolidated financial statements**

March 31, 2021

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#### **11. Vancouver Foundation endowment fund**

The Association established a permanent endowment fund with the Vancouver Foundation. The Association contributed \$460,000, which has been partially matched by a contribution by the Vancouver Foundation of \$450,000, for a total endowment fund of \$910,000 (\$910,000 in 2020). The fund is administered by the Vancouver Foundation, which distributes the earnings of the fund quarterly to the Association. Income from the Vancouver Foundation in the amount of \$64,063 (\$62,866 in 2020) has been included in investment income for the year.

#### **12. Operating line of credit**

The Association has an unsecured operating line of credit of up to \$150,000 bearing interest at the bank prime rate plus 1 % per annum. As at March 31, 2021, this facility was unused (unused in 2020).

#### **13. Pension plan**

The Association is a member of a non-collectively bargained multi-employer defined benefit pension plan administered by the United Way of the Lower Mainland. An actuarial valuation is performed at least every three years. The most recent actuarial valuation for funding purposes as at December 31, 2019 estimates that the accrued liability for pension benefits exceeds the assets under administration by \$18.78 million for the entire plan using an insolvency valuation method (\$13.83 million excess of pension assets over accrued liability using a going concern valuation method).

The employer contribution rate to the plan is 175% of employee contributions. The total pension expense of \$930,690 (\$902,365 in 2020) for the year is included in salaries and benefits in the statement of operations.

#### **14. Vehicle loan**

The Association has entered into financing arrangements for the purchase of two passenger vans for program use. The details are as follows:

- (a) In September 2015, a loan of \$24,219 for a term of 5 years. The interest rate for the loan is nil and the amount is repayable in equal bi-weekly installments of \$186. This loan was repaid in full in September 2020.
- (b) In September 2016, a loan of \$31,789 for a term of 8 years. The interest rate for the loan is 3.49% per annum and the amount is payable in equal bi-weekly installments of \$175.

These loan(s) are secured against the passenger vans. The total amount outstanding as at March 31, 2021 was \$14,829 (\$20,850 in 2020) with a current portion of \$4,112 (\$6,020 in 2020). Annual payments for next five years are included under commitments in Note 15.

## Association of Neighbourhood Houses of British Columbia

### Notes to the consolidated financial statements

March 31, 2021

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#### 15. Commitments and Contingencies

The Association leases several business premises and equipment under operating lease agreements. Minimum annual payments are as follows:

	<u>\$</u>
2022	226,227
2023	129,717
2024	127,685
2025	125,229
2026	123,124
Thereafter	<u>510,400</u>
	<u>1,242,382</u>

As at the date of these financial statements, there are two pending litigations against the Association. With respect to these claims, management believes the Association has valid defenses and appropriate insurance coverage in place. Accordingly, no provision has been made in these financial statements for any liability that may result. In the event that any of these claims are successful, management believes they will not have a material effect on the Association's financial position or results from operations.

#### 16. Financial instruments and risk management

##### (a) Credit risk

Credit risk is the risk that a counter party will fail to perform its obligations as they come due. The Association is exposed to credit risk on its accounts receivable, loan receivable, cash balances and term deposits held as investments. However, the credit risk rising from accounts receivable is mitigated as the Association has a number of donors and funders, including governments, and does not have significant exposure to any individual counterparty. Additionally, the majority of cash balances and term deposits are held at credit unions and are guaranteed by the Credit Union Deposit Insurance Corporation.

##### (b) Interest rate risk

The Association is not exposed to cash flow interest rate risk from its investments, loan receivable and vehicle loan payable as these instruments are at fixed interest rates. The Association is exposed to interest rate changes on reinvestment of its investments. The Association does not use derivative instruments to reduce its exposure to interest rate risk.

##### (c) Liquidity risk

The Association's objective is to have sufficient liquidity to meet its liabilities when due. The Association monitors its cash balances and cash flows generated from operations to meet its requirements. As at March 31, 2021, the most significant financial liabilities are accounts payable and accrued liabilities.

## Association of Neighbourhood Houses of British Columbia

### Notes to the consolidated financial statements

March 31, 2021

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#### 16. Financial instruments and risk management (continued)

(d) *Market risk*

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

The Association is exposed to market risk as the investments in mutual funds are subject to fluctuations due to price changes on the market. The prices can also be affected by changes in interest rates and foreign currency exchange rates.

#### 17. Disclosure of Director, employee and contractor remuneration

For the fiscal years ended March 31, 2021 and March 31, 2020, the Association did not remunerate the directors for attending meetings as these are volunteer positions. The Association paid total remuneration of \$1,276,416 (\$1,305,610 in 2020) to its top ten employees who received total annual remuneration of \$75,000 or greater.

#### 18. Federal Government Subsidies – COVID 19 Support

Included in the revenue from federal government are:

	\$
Canada Emergency Wage Subsidy	<b>1,925,130</b>
Canada Emergency Rent Subsidy	<b>11,968</b>
	<b><u>1,937,098</u></b>

Of the above amount \$218,166 was receivable as at March 31, 2021.



**Association of Neighbourhood Houses of British Columbia**  
**Schedule 1 – Schedule of consolidated operating revenue and expenses**  
Year ended March 31, 2021

	Central Office	Kitsilano N.H.	Cedar Cottage N.H.	Gordon N.H.	Alexandra N.H.	South Vancouver N.H.	Mt. Pleasant N.H.	Frog Hollow N.H.	Marpole N.H.	Sasamat Outdoor Centre	Interhouse Eliminations	2021 Total	2020 Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Revenue</b>													
Province of British Columbia	2,829	534,589	1,383,899	279,016	1,627,632	2,060,389	576,088	2,347,685	58,325	—	(195,392)	8,675,060	7,209,942
Federal government	225,645	287,072	324,318	181,795	702,793	952,774	824,438	1,369,355	53,635	154,519	—	5,076,344	3,406,989
Earned income	1,240,458	1,024,461	712,588	62,439	575,674	253,305	296,190	1,310,267	63,678	217,748	(1,090,558)	4,666,250	8,387,441
United Way	—	213,300	45,012	247,136	148,942	614,166	375,356	159,323	57,000	23,500	—	1,883,735	1,027,476
City of Vancouver	8,419	370,062	180,530	131,363	—	326,872	211,742	340,806	41,004	—	—	1,610,798	1,541,685
Other contributions and miscellaneous income	154,158	147,887	97,831	197,112	225,788	338,469	230,106	62,049	99,959	46,029	—	1,599,388	1,624,769
Gaming	72,500	66,351	60,000	80,931	80,800	100,000	96,500	81,377	—	58,375	—	696,834	686,325
Investment income	129,550	23,526	123,222	24,753	4,249	50,736	26,633	54,697	5,492	50,832	—	493,690	425,238
Donations and fund raising	16,213	18,190	12,524	131,564	21,756	66,137	58,733	22,738	3,085	19,722	—	370,662	588,330
	<b>1,849,772</b>	<b>2,685,438</b>	<b>2,939,924</b>	<b>1,336,109</b>	<b>3,387,634</b>	<b>4,762,848</b>	<b>2,695,786</b>	<b>5,748,297</b>	<b>382,178</b>	<b>570,725</b>	<b>(1,285,950)</b>	<b>25,072,761</b>	24,898,195
<b>Expenses</b>													
Salaries and benefits	1,114,952	1,536,738	2,023,494	789,915	2,455,017	2,908,952	2,041,056	4,126,277	222,842	398,378	—	17,617,621	17,784,891
Program, food and transportation	28,968	304,668	105,534	117,755	168,028	400,224	111,470	440,011	22,748	27,448	—	1,726,854	1,983,901
Building occupancy	73,680	389,567	134,431	62,609	197,510	250,519	73,424	317,420	28,955	78,787	—	1,606,902	1,691,695
Purchased services and subcontracts	231,130	202,461	169,542	101,697	264,501	754,024	213,655	520,195	27,027	36,787	(1,285,950)	1,235,069	1,257,176
Office expenses	30,598	52,507	31,410	16,924	48,064	56,185	45,204	82,898	6,298	17,552	—	387,640	401,478
Other expenses	68,578	20,996	10,959	15,105	31,846	38,797	34,137	67,568	1,281	14,378	—	303,645	481,291
	<b>1,547,906</b>	<b>2,506,937</b>	<b>2,475,370</b>	<b>1,104,005</b>	<b>3,164,966</b>	<b>4,408,701</b>	<b>2,518,946</b>	<b>5,554,369</b>	<b>309,151</b>	<b>573,330</b>	<b>(1,285,950)</b>	<b>22,877,731</b>	23,600,432
<b>Excess (deficiency) of revenue over expenses (before amortization and unrealized gain (loss) on investments)</b>	<b>301,866</b>	<b>178,501</b>	<b>464,554</b>	<b>232,104</b>	<b>222,668</b>	<b>354,147</b>	<b>176,840</b>	<b>193,928</b>	<b>73,027</b>	<b>(2,605)</b>	<b>—</b>	<b>2,195,030</b>	1,297,763
<b>Prior year (deficiency) excess of revenue over expenses (before amortization and unrealized gain (loss) on investments)</b>	<b>53,998</b>	<b>(55,167)</b>	<b>482,589</b>	<b>28,872</b>	<b>(4,300)</b>	<b>174,977</b>	<b>97,579</b>	<b>213,145</b>	<b>20,433</b>	<b>285,637</b>	<b>—</b>		1,297,763