
GOWARD HOUSE SOCIETY
Financial Statements
Year Ended December 31, 2020

INDEPENDENT AUDITORS' REPORT

To the Directors of Goward House Society

Report on the Financial Statements

Qualified Opinion

We have audited the financial statements of Goward House Society (the Organization), which comprise the statement of financial position as at December 31, 2020, and the statements of revenues and expenditures and changes in net assets and cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2020, and the results of its operations and cash flow for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Organization derives revenue from donations, membership and program fees, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Organization. Therefore, we were not able to determine whether any adjustments might be necessary to revenue, excess of revenues over expenses, and cash flows from operations for the year ended December 31, 2020, current assets and net assets as at December 31, 2020. The predecessor auditor's opinion on the financial statements for the year ended December 31, 2019 was modified accordingly because of the possible effects of this limitation of scope.

Auditor's Responsibility

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 Organization in accordance with 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 qualified audit opinion.

Other Matter

The financial statements for the year ended December 31, 2019 were audited by another auditor who expressed a qualified opinion on those financial statements on February 20, 2020 for the reasons described in the *Basis for Qualified Opinion* section.

(continues)

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with ASNPO, 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 Organization'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 Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization'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 Organization'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 Organization'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 Organization to cease to continue as a going concern.

Independent Auditors' Report to the Directors of Goward House Society (*continued*)

- 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 policies applied in preparing and presenting the financial statements in accordance with Canadian Accounting Standards for Not-for-profit Organizations have been applied on a basis consistent with that of the preceding year.

McLean, Lizotte, Wheadon and Company

MCLEAN, LIZOTTE, WHEADON AND COMPANY
Chartered Professional Accountants

Victoria, British Columbia
March 17, 2021

GOWARD HOUSE SOCIETY
Statement of Financial Position
December 31, 2020

	Operating Fund	Gaming Fund	Leasehold Fund	Total 2020	Total 2019
ASSETS					
CURRENT					
Cash	\$ 88,407	\$ 100	\$ 88,658	\$ 177,165	\$ 245,602
Investments in marketable securities <i>(Note 2)</i>	1,376	-	-	1,376	1,028
Due from government agencies	8,677	-	-	8,677	1,281
Prepaid expenses	1,768	-	-	1,768	1,830
	<u>\$ 100,228</u>	<u>\$ 100</u>	<u>\$ 88,658</u>	<u>\$ 188,986</u>	<u>\$ 249,741</u>
LIABILITIES AND NET ASSETS					
CURRENT					
Accounts payable and accrued liabilities	\$ 8,125	\$ -	\$ -	\$ 8,125	\$ 5,913
Due to government agencies	394	-	-	394	-
Deferred revenues <i>(Note 3)</i>	17,879	-	-	17,879	25,605
	<u>26,398</u>	<u>-</u>	<u>-</u>	<u>26,398</u>	<u>31,518</u>
Externally restricted funds <i>(Note 2)</i>	-	100	-	100	100
Internally restricted funds <i>(Note 2)</i>	-	-	88,658	88,658	215,789
Unrestricted funds <i>(Note 2)</i>	73,830	-	-	73,830	2,334
	<u>73,830</u>	<u>100</u>	<u>88,658</u>	<u>162,588</u>	<u>218,223</u>
	<u>\$ 100,228</u>	<u>\$ 100</u>	<u>\$ 88,658</u>	<u>\$ 188,986</u>	<u>\$ 249,741</u>

ON BEHALF OF THE BOARD:

The accompanying notes are an integral part of these statements

GOWARD HOUSE SOCIETY
Statement of Revenues and Expenditures and Changes in Net Assets
Year Ended December 31, 2020

	Operating Fund	Gaming Fund	Leasehold Fund	Total 2020	Total 2019
REVENUES					
Programs	\$ 45,283	\$ -	\$ -	\$ 45,283	\$ 135,278
Other revenue	39,236	-	816	40,052	58,520
Donations	32,676	-	-	32,676	19,361
District of Saanich	20,000	-	-	20,000	20,000
Other grants	12,489	12,500	-	24,989	28,494
Government subsidies	65,588	-	-	65,588	-
	<u>215,272</u>	<u>12,500</u>	<u>816</u>	<u>228,588</u>	<u>261,653</u>
EXPENDITURES					
Administration	26,494	-	14	26,508	27,309
Facility operating costs	28,122	-	-	28,122	25,187
Leasehold repairs and renovations	16,395	-	61,540	77,935	17,470
Payroll costs	118,934	12,500	-	131,434	142,664
Program expenses	20,224	-	-	20,224	38,392
	<u>210,169</u>	<u>12,500</u>	<u>61,554</u>	<u>284,223</u>	<u>251,022</u>
NET EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	5,103	-	(60,738)	(55,635)	10,631
NET ASSETS - BEGINNING OF YEAR	<u>2,334</u>	<u>100</u>	<u>215,789</u>	<u>218,223</u>	<u>207,592</u>
	7,437	100	155,051	162,588	218,223
Interfund transfers	66,393	-	(66,393)	-	-
NET ASSETS - END OF YEAR	<u>\$ 73,830</u>	<u>\$ 100</u>	<u>\$ 88,658</u>	<u>\$ 162,588</u>	<u>\$ 218,223</u>

The accompanying notes are an integral part of these statements

GOWARD HOUSE SOCIETY
Statement of Cash Flow
Year Ended December 31, 2020

	2020	2019
OPERATING ACTIVITIES		
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (55,635)	\$ 10,631
Item not affecting cash:		
Unrealized gains (losses) on marketable securities	(348)	-
	<u>(55,983)</u>	<u>10,631</u>
Changes in non-cash working capital:		
Due from government agencies	(7,397)	-
Prepaid expenses	62	-
Accounts payable and accrued liabilities	2,212	(42)
Due to government agencies	394	-
Deferred revenues	(7,725)	9,369
	<u>(12,454)</u>	<u>9,327</u>
INCREASE (DECREASE) IN CASH FLOW	(68,437)	19,958
CASH - BEGINNING OF YEAR	<u>245,602</u>	<u>225,644</u>
CASH - END OF YEAR	<u>\$ 177,165</u>	<u>\$ 245,602</u>

The accompanying notes are an integral part of these statements

GOWARD HOUSE SOCIETY
Notes to Financial Statements
Year Ended December 31, 2020

1. PURPOSE OF THE ORGANIZATION

Goward House Society is a not-for-profit organization, governed under the BC Societies Act, that was incorporated under the BC Society Act in 1988. As a registered charity the Society is exempt from the payment of income tax under Section 149(1) of the Income Tax Act.

The purpose of the Society is to provide a vibrant activity centre combining fellowship with social, educational and special interest programs for Victoria residents aged 50 and over in the Saanich owned property known as Goward House.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPPO).

Fund accounting

The Operating Fund reports the Society's administrative and program delivery activities. The funds are unrestricted.

The Gaming Fund reports grants received from gaming funds, the use of which is restricted to purposes outlined in the applications for such funds. These funds are externally restricted.

The Leasehold Fund reports funds set aside by the Society for energy efficiency retrofits, as well as funds collected by the Society for use in contributing to major capital asset purchases and improvements to its premises.

Revenue recognition

Goward House Society follows the deferral method of accounting for contributions.

Revenues are recognized when received unless designated for a specific purpose or project, in which case the revenue is deferred until applied to the purpose. Membership dues are recognized in the fiscal period to which they relate. Gifts and donations of other materials and services are recorded only where fair value can be reasonably estimated.

Investment in marketable securities

The Society received a donation of 20 Bank of Nova Scotia common shares in 2007, at an adjusted cost base of \$1,028. The shares are reported on the financial statements at fair market value at year end in accordance with reporting requirements for equity instruments that are quoted in an active market.

Capital assets

Capital assets are expensed in the year of acquisition. The Society's capital assets consist mainly of furniture, fixtures and equipment. Expenditures for the purchase of capital items totaling \$10,348 (2019 - \$21,343) were expensed in the current year.

Contributed services

The Society operates with the assistance of volunteers. The fair value of donated time and services cannot be reasonably determined and are therefore not reflected in these financial statements.

GOWARD HOUSE SOCIETY
Notes to Financial Statements
Year Ended December 31, 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement uncertainty

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, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

3. DEFERRED REVENUES

Deferred operating fund revenues consist of security and rental deposits, dues and course fees paid in advance, and any grants received that relate to expenditures to be incurred in a future year.

4. PREMISES AND ECONOMIC DEPENDENCE

The property known as Goward House is owned by the Municipality of Saanich.

The Society has entered into a Facility Use Agreement with the Municipality of Saanich for the period July 1 2017 to June 30, 2022. The agreement allows the Society to have use of the Goward House premises during the term of the agreement and on behalf of the municipality operate and manage the premises for the use of the community, primarily seniors.

The Society is economically dependent on the continued use of the facility and annual and special grants from the municipality.

5. FINANCIAL INSTRUMENTS

Financial instruments are comprised of financial assets, financial liabilities and equity instruments.

The Society's financial instruments consist of cash, term deposits, securities, accounts payable and accrued liabilities. Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date.

The Society is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. As at December 31, 2020, it is management's opinion that the Society's financial instruments are not exposed to significant credit, liquidity, market, currency or interest rate risks.

6. REMUNERATION OF EMPLOYEES

For the fiscal year ending December 31, 2020, the Society had no employees whose salaries were greater than \$75,000.

In accordance with the bylaws of the Society, no remuneration was paid to any Directors of the Association during the year.

GOWARD HOUSE SOCIETY
Notes to Financial Statements
Year Ended December 31, 2020

7. SUBSEQUENT EVENTS

In March 2020, the World Health Organization declared coronavirus, Covid-19 a global pandemic. This contagious disease outbreak has adversely affected workforces, businesses, economies, and financial markets globally.

The Organization is aware of changes in its operations. Covid-19 has disrupted the normal business of not-for-profits and Charitable organizations.

Management is uncertain of the effects of these changes on its financial statements and believes that this outbreak will continue to impact operations.

As a result, it is not possible for the organization to predict the duration or magnitude of the adverse results of the outbreak and its effects on the organization's charitable work at this time.

8. COMPARATIVE FIGURES

The prior year comparative figures were audited by another firm of public accountants.