



Financial Statements

Whispers of Hope Benevolence Association

December 31, 2019

Contents

	Page
Independent Auditor's Report	1 - 2
Statement of Financial Position	3
Statement of Operations	4
Statement of Changes in Net Assets	5
Statement of Cash Flows	6
Notes to the Financial Statements	7 - 9
Schedule 1 - Community Kitchen and Thrift Sotre	10
Schedule 2 - Warming Centre	11

Independent Auditor's Report

Grant Thornton LLP
1440 Bay Ave
Trail, BC
V1R 4B1

T +1 250 368 6445
F +1 250 368 8488
www.GrantThornton.ca

To the Board of Directors of
Whispers of Hope Benevolence Association

Qualified opinion

We have audited the financial statements of Whispers of Hope Benevolence Association, (the "Society") which comprise the statement of financial position as at December 31, 2019, December 31, 2018 and January 1, 2018 and the statements of operations, changes in net assets, and cash flows for the years ended December 31, 2019 and December 31, 2018, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the 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 Society as at December 31, 2019, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for qualified opinion

In common with many not-for-profit organizations, the Society derives revenue from donations, 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 Society. Therefore, we were not able to determine whether any adjustments might be necessary to donation revenue, excess of revenues over expenses, and cash flows from operations for the years ended December 31, 2019 and 2018, current assets as at December 31, 2019 and 2018, and net assets as at January 1 and December 31 for both the 2019 and 2018 years. Our audit opinion on the financial statements for the year ended December 31, 2018 was modified accordingly because of the possible effects of this limitation in scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Society in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Other matters

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The supplementary information included in Schedules 1 and 2 is presented for the purposes of additional analysis and is not a required part of the financial statements. Such supplementary information has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Independent Auditor's Report (continued)

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 Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Society's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Society or to cease operations, or has no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Society's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Society's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Society to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Trail, Canada
October 29, 2020



Chartered Professional Accountants

Whispers of Hope Benevolence Association

Statement of Financial Position

December 31	2019	2018	Jan 1 2018
Assets			
Current			
Cash (Note 3)	\$ 20,554	\$ 45,701	\$ 87,208
Accounts receivable	15,000	960	3,002
Inventory	-	-	3,500
Prepaid expenses	2,700	-	-
Intercompany transactions	-	-	888
	38,254	46,661	94,598
Long-term			
Tangible capital assets (Note 4)	63,224	36,098	21,986
	\$ 101,478	\$ 82,759	\$ 116,584
Liabilities			
Current			
Accounts payable and accrued liabilities	\$ 23,567	\$ 3,838	\$ 6,876
Surplus			
	77,911	78,921	109,708
	\$ 101,478	\$ 82,759	\$ 116,584

On behalf of the board

_____ Member _____ Member

Whispers of Hope Benevolence Association

Statement of Operations

Year ended December 31	2019	2018
Revenue		
BC Housing Funding	\$ 420,230	\$ -
Donations	191,648	85,504
Grants	58,912	41,285
Interest income	<u>245</u>	<u>230</u>
	<u>671,035</u>	<u>127,019</u>
Expenditures		
Accounting and legal	20,038	1,757
Advertising and promotion	1,169	1,131
Amortization	7,639	8,762
Automotive	2,244	1,620
Education and training	8,539	430
Insurance	2,157	1,718
Interest and bank charges	1,223	950
Janitorial	1,528	1,450
Gifts in kind	68,156	-
Office	3,643	680
Property taxes	719	-
Rent	32,008	14,814
Repairs and maintenance	7,546	4,675
Shelter supplies and groceries	74,384	15,347
Telephone and internet	4,804	1,526
Utilities and garbage removal	11,275	5,031
Wages and benefits	<u>424,973</u>	<u>92,088</u>
	<u>672,045</u>	<u>151,979</u>
Deficiency of revenue over expenditures before other item	(1,010)	(24,960)
Loss on disposal of tangible capital assets	<u>-</u>	<u>(5,827)</u>
Deficiency of revenue over expenditures	<u>\$ (1,010)</u>	<u>\$ (30,787)</u>

Whispers of Hope Benevolence Association

Statement of Changes in Net Assets

Year ended December 31

	Unrestricted	Equity in tangible capital assets	Total 2019	Total 2018
Balance, beginning of year	\$ 42,823	\$ 36,098	\$ 78,921	\$ 109,708
Deficiency of revenue over expenditures	(1,010)	-	(1,010)	(30,787)
Purchase of tangible capital assets	(34,765)	34,765	-	-
Amortization	<u>7,639</u>	<u>(7,639)</u>	<u>-</u>	<u>-</u>
Balance, end of year	<u>\$ 14,687</u>	<u>\$ 63,224</u>	<u>\$ 77,911</u>	<u>\$ 78,921</u>

Whispers of Hope Benevolence Association

Statement of Cash Flows

Year ended December 31	2019	2018
Operating		
Cash receipts from customers	\$ 656,995	\$ 129,061
Cash paid to suppliers	(221,181)	(49,717)
Cash paid to employees	(424,973)	(92,088)
Interest paid	<u>(1,223)</u>	<u>(950)</u>
	9,618	(13,694)
Financing		
Advances to related entity	-	888
Investing		
Purchase of tangible capital assets	<u>(34,765)</u>	<u>(28,701)</u>
Decrease in cash	(25,147)	(41,507)
Cash		
Beginning of year	<u>45,701</u>	<u>87,208</u>
End of year	<u>\$ 20,554</u>	<u>\$ 45,701</u>

Whispers of Hope Benevolence Association

Notes to the Financial Statements

December 31, 2019

1. Nature of operations

Whispers of Hope Benevolence Association (the "Society") is a non-profit charitable organization motivated to empower individuals by providing community support, nourishment, and essentials in a safe and welcoming environment. The Society is a non-profit organization incorporated under the Society Act of British Columbia and considered to be non-taxable under Section 149 (1) of the Income Tax Act.

2. Significant accounting policies

The Society applies the Canadian accounting standards for not-for-profit organizations.

Basis of presentation

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

Use of estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Significant items subject to such estimates and assumptions include the valuation of accrued liabilities included in accounts payable and accrued liabilities and the estimated useful lives of tangible capital assets. Actual results could differ from these estimates.

Financial instruments

The Society initially measures its financial assets and liabilities at fair value. The Society subsequently measures all of its financial assets and financial liabilities at amortized cost, except for cash which is measured at fair value.

Financial assets measured at amortized cost include accounts receivable. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

Tangible capital assets

Tangible capital assets are recorded at cost. Amortization is provided annually at rates calculated to write-off the assets over their estimated useful lives as listed below.

The amortization rates used for each class of property, plant and equipment are:

Computer equipment	55% Declining balance
Equipment	20% Declining balance
Signs	20% Declining balance

Amortization of leasehold improvements is recorded over the remaining term of the lease.

Whispers of Hope Benevolence Association

Notes to the Financial Statements

December 31, 2019

2. Significant accounting policies (continued)

Cash and cash equivalents

The Society's policy is to disclose bank balances under cash and cash equivalents, including bank overdrafts with balances that fluctuate frequently from being positive to overdrawn and highly liquid temporary investments usually with a maturity period of three months or less from the date of acquisition. Term deposits that the Society cannot use for current transactions because they are pledged as security are excluded from cash and cash equivalents.

Impairment of long-lived assets

Long-lived assets subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to its fair value. Fair value is determined using an appropriate valuation technique such as a quoted price in an active market or the present value of future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized for the amount by which the carrying amount of the asset exceeds the fair value of the asset.

Revenue recognition

The Society follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are made. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Donation revenue is recognized when funds are received. Thrift store sales, which are included in donation revenue on the financial statements, are recognized when goods are delivered.

Contributed services

Volunteers contributed time to assist the Society in carrying out its activities. Because of the difficulty of valuing this time, contributed services are not recognized in the financial statements.

3. Cash

The Society receives Community Gaming Grant revenue from the Province of B.C., for which a separate bank account must be maintained. The use of these funds is restricted to eligible program expenses. Included in grant revenue for 2019 is \$38,500 (2018 - \$38,500) of Community Gaming Grant revenue.

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Cash	\$ 14,154	\$ 32,116	\$ 87,154
Restricted cash	<u>6,400</u>	<u>13,585</u>	<u>54</u>
	<u>\$ 20,554</u>	<u>\$ 45,701</u>	<u>\$ 87,208</u>

Whispers of Hope Benevolence Association

Notes to the Financial Statements

December 31, 2019

4. Tangible capital assets			<u>2019</u>	<u>2018</u>	<u>2017</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Computer equipment	\$ 1,153	\$ 1,119	\$ 34	\$ 76	\$ 169
Equipment	56,188	25,259	30,929	35,830	18,743
Leasehold improvements	32,108	-	32,108	-	2,835
Signs	<u>657</u>	<u>504</u>	<u>153</u>	<u>192</u>	<u>239</u>
	<u>\$ 90,106</u>	<u>\$ 26,882</u>	<u>\$ 63,224</u>	<u>\$ 36,098</u>	<u>\$ 21,986</u>

5. Impact of the change in the basis of accounting

The Society has elected to apply the standards in Part III of the CICA Accounting Handbook for not-for-profit organizations in accordance with Canadian accounting standards for non-profit organizations.

These financial statements are the first financial statements for which the entity has applied Canadian accounting standards for not-for-profit organizations hereafter referred to as "ASNPO".

The financial statements for the year ended December 31, 2019 were prepared in accordance with the accounting principles and provisions set out in FIRST-TIME ADOPTION BY NOT-FOR-PROFIT ORGANIZATIONS, Section 1501, for first-time adopters of this basis of accounting.

The impact of adopting these standards has not resulted in any material changes to the opening financial statements for the current or previous year end.

Whispers of Hope Benevolence Association Community Kitchen and Thrift Store - Schedule 1

Year ended December 31

	2019	2018
Revenue		
Donations	\$ 187,690	\$ 85,504
Grants	58,912	41,285
Interest income	<u>245</u>	<u>230</u>
	<u>246,847</u>	<u>127,019</u>
Expenses		
Accounting and legal	1,757	1,757
Advertising and promotion	1,109	1,131
Amortization	7,639	8,762
Automotive	1,165	1,620
Education and training	3,763	430
Gifts in kind	68,156	-
Insurance	399	1,718
Interest and bank charges	904	950
Janitorial	1,528	1,450
Office	1,479	680
Property taxes	719	-
Rent	24,730	14,814
Repairs and maintenance	4,102	4,675
Shelter supplies and groceries	16,080	15,347
Telephone and internet	2,635	1,526
Utilities and garbage removal	4,310	5,031
Wages and benefits	<u>106,536</u>	<u>92,088</u>
	<u>247,011</u>	<u>151,979</u>
Loss before other item	(164)	(24,960)
Other item		
Loss on sale of property, plant and equipment	<u>-</u>	<u>(5,827)</u>
Net loss	<u>\$ (164)</u>	<u>\$ (30,787)</u>

Whispers of Hope Benevolence Association

Warming Centre - Schedule 2

Year ended December 31

	2019 Budget	2019 Actual
Revenue		
BC Housing Funding	\$ 420,230	\$ 420,230
Donations	<u>-</u>	<u>3,958</u>
	<u>420,230</u>	<u>424,188</u>
Expenses		
Accounting and legal	19,667	18,281
Advertising and promotion	233	60
Automotive	933	1,079
Education and training	2,917	4,776
Insurance	8,167	1,758
Interest and bank charges	-	319
Office	4,667	2,164
Rent	-	7,279
Repairs and maintenance	3,033	3,444
Shelter supplies and groceries	30,333	58,304
Telephone and internet	1,750	2,169
Utilities and garbage removal	7,000	6,965
Wages and benefits	<u>341,530</u>	<u>318,437</u>
	<u>420,230</u>	<u>425,035</u>
Net loss	<u>\$ -</u>	<u>\$ (847)</u>
