

THE DOWNTOWN EASTSIDE WOMEN'S CENTRE ASSOCIATION

**FINANCIAL STATEMENTS
MARCH 31, 2017**

**M. GUERRERO AND ASSOCIATES LTD.
Chartered Professional Accountant**

THE DOWNTOWN EASTSIDE WOMEN'S CENTRE ASSOCIATION

FINANCIAL STATEMENTS

MARCH 31, 2017

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M. GUERRERO AND ASSOCIATES LTD.
CHARTERED PROFESSIONAL ACCOUNTANT

INDEPENDENT AUDITOR'S REPORT

To the Members of the Downtown Eastside Women's Centre Association:

I have audited the accompanying financial statements of the the Downtown Eastside Women's Centre Association, which comprise of the statement of financial position as at March 31, 2017 and the statements of operations, changes in net assets, and of 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.

Auditor's responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Society derives a part of its revenue from donations and fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, my verification of these revenues was limited to the amounts recorded in the records of the Society and I was not able to determine whether any adjustments might be necessary to donations and fundraising activities revenues, excess of revenues over expenses, and cash flows from operations for the years ended March 31, 2017 and 2016, current assets as at March 31, 2017 and 2016 and net assets as at April 1 and March 31 for both the 2017 and 2016 years.

My audit opinion on the financial statements for the year ended March 31, 2016 was modified accordingly because of the possible effects of this limitation in scope.

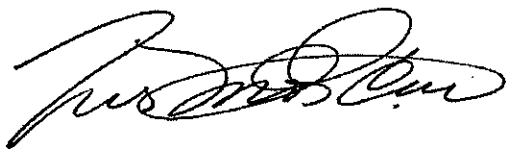
Qualified Opinion

In my opinion, except for the possible effects of the matter described in the Basis of Qualified Opinion paragraph, these financial statements present fairly, in all material respects, the financial position of the Downtown Eastside Women's Centre Association as at March 31, 2017 , and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Report on Other Legal and Regulatory Requirements

As required by the New British Columbia Societies Act, I report that the accounting principles used in these financial statements have been applied on a basis consistent with that of the previous year.

CHARTERED PROFESSIONAL ACCOUNTANT




Coquitlam, British Columbia
August 18, 2017

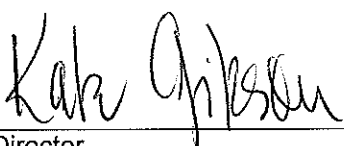
THE DOWNTOWN EASTSIDE WOMEN'S CENTRE ASSOCIATION
Statement of Financial Position
As at March 31, 2017

	Legacy Fund	Operating Fund	Capital Asset Fund	2017	2016
					(Note 15)
ASSETS					
CURRENT					
Cash	\$ -	\$ 393,619	\$ -	\$ 393,619	\$ 383,061
Grants receivable	-	114,937	-	114,937	26,776
Other receivables	-	2,961	-	2,961	2,524
Term deposits	40,000	470,000	-	510,000	510,000
Goods and services tax recoverable	-	4,969	-	4,969	7,817
Prepaid expenses	-	27,130	-	27,130	7,878
	40,000	1,013,616	-	1,053,616	938,056
CAPITAL ASSETS (Note 5)	-	-	70,118	70,118	56,954
	\$ 40,000	\$ 1,013,616	\$ 70,118	\$ 1,123,734	\$ 995,010
LIABILITIES AND NET ASSETS					
CURRENT					
Accounts payable	\$ -	\$ 206,605	\$ -	\$ 206,605	\$ 129,486
Accrued liabilities	-	9,500	-	9,500	9,500
Deferred revenue (Note 7)	-	576,199	-	576,199	530,977
Deferred contributions related to capital assets	-	16,720	-	16,720	20,900
	-	809,024	-	809,024	690,863
NET ASSETS					
Invested in capital assets	-	-	70,118	70,118	56,954
Unrestricted	-	204,592	-	204,592	207,193
Restricted (Note 4)	40,000	-	-	40,000	40,000
	40,000	204,592	70,118	314,710	304,147
	\$ 40,000	\$ 1,013,616	\$ 70,118	\$ 1,123,734	\$ 995,010

Lease commitments (Note 8)

APPROVED ON BEHALF OF THE BOARD:


 Director


 Director

THE DOWNTOWN EASTSIDE WOMEN'S CENTRE ASSOCIATION
Statement of Operations and Changes in Net Assets
For the year ended March 31, 2017

	Legacy Fund	Operating Fund	Capital Asset Fund	2017	2016 (Note15)
REVENUE					
Charities & community groups (Note 11)	-	\$ 102,850	-	\$ 102,850	\$ 113,552
Donations	-	198,612	-	198,612	149,775
Donations in-kind	-	1,777	-	1,777	41,104
Elders council fund (Note 12)	-	112	-	112	3,749
Foundation revenue (Note 10)	-	65,000	-	65,000	56,037
Fundraising	-	66,999	-	66,999	22,576
Gaming revenue	-	140,000	-	140,000	140,000
Grants and contracts (Note 9)	-	2,715,257	\$ -	2,715,257	2,354,182
Memorial fund (Note 13)	-	4,108	-	4,108	1,870
Other	-	11,309	-	11,309	5,702
Amortization of deferred contributions related to capital assets	-	-	4,180	4,180	4,180
	-	3,306,024	4,180	3,310,204	2,892,727
EXPENSES					
Amortization	-	-	18,467	18,467	22,015
Audit fees	-	9,738	-	9,738	9,738
Bookkeeping	-	30,071	-	30,071	30,271
Conferences, fees and staff development	-	3,507	-	3,507	1,021
Donations	-	100,000	-	100,000	-
Facilities	-	75,163	-	75,163	68,792
Food	-	537,261	-	537,261	513,923
Fundraising	-	25,252	-	25,252	2,829
Human resources	-	75,156	-	75,156	73,097
Insurance	-	7,714	-	7,714	8,582
Office and miscellaneous	-	43,188	-	43,188	40,460
Program costs	-	311,136	-	311,136	235,115
Salaries and compensation	-	2,049,249	-	2,049,249	1,789,697
Travel	-	13,739	-	13,739	11,508
	-	3,281,174	18,467	3,299,641	2,807,048
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES		24,850	(14,287)	10,563	85,679
NET ASSETS, beginning of year	40,000	207,193	56,954	304,147	218,468
Capital asset acquisitions	-	(27,451)	27,451	-	-
NET ASSETS, end of year	\$ 40,000	\$ 204,592	\$ 70,118	\$ 314,710	\$ 304,147

The accompanying Notes are an integral part of these financial statements.

THE DOWNTOWN EASTSIDE WOMEN'S CENTRE ASSOCIATION
Statement of Cash Flows
For the year ended March 31, 2017

	2017	2016 (Note 15)
OPERATING ACTIVITIES		
Excess of revenues over expenses	\$ 10,563	\$ 85,679
Add non-cash transaction - amortization	18,467	22,015
Amortization of deferred contributions related to capital assets	4,180	4,180
	33,210	111,874
Changes in non-cash working capital items:		
Grants receivable	(88,161)	2,548
Other receivables	(437)	187
Goods and services tax recoverable	2,848	1,449
Prepaid expenses	(19,252)	(241)
Accounts payable	77,118	18,094
Deferred revenue	45,223	349,975
Net cash derived from operating activities	50,549	483,886
INVESTING ACTIVITIES		
Term deposits	-	(300,000)
Deferred contributions related to capital assets	(8,360)	(8,360)
Acquisition of capital assets	(31,631)	(14,795)
Net cash derived from (used in) investing activities	(39,991)	(323,155)
NET CHANGE IN CASH DURING THE YEAR	10,558	160,731
CASH AND CASH EQUIVALENTS, beginning of year	383,061	222,330
CASH AND CASH EQUIVALENTS, end of year	\$ 393,619	\$ 383,061
CASH AND CASH EQUIVALENTS REPRESENTED BY:		
Petty cash	\$ 3,620	\$ 2,996
VanCity - Operating	370,836	338,270
VanCity - Legacy fund	5,099	4,413
VanCity - HOP	12,864	36,242
Vancity Gaming	325	293
Vancity Gaming shares	875	847
	\$ 393,619	\$ 383,061

The accompanying Notes are an integral part of these financial statements.

THE DOWNTOWN EASTSIDE WOMEN'S CENTRE ASSOCIATION
Notes to the Financial Statements
March 31, 2017

1. PURPOSES OF THE SOCIETY

The Downtown Eastside Women's Centre Association (the "Society"), was incorporated on March 21, 1978 under the laws of the Society Act of British Columbia as a not-for-profit organization.

The purposes of the Society are to provide a comfortable environment for women in the Downtown Eastside area of Vancouver which includes an alternative to poor housing, recreation, and self help rehabilitation programs; to provide resource referrals; to educate the general public as to conditions and issues concerning women in the area, and to work toward constructive social change.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO") and include the following significant accounting policies:

Fund accounting

The Society uses the deferral method with fund accounting. The major funds are described below:

Operating Fund - The operating fund accounts for the Society's program delivery and administrative activities, including all fundraising revenues and costs. This fund represents unrestricted resources.

Capital Asset Fund - Expenditures of an enduring nature have been recorded as expenditures in the operating fund and as additions to the capital asset fund where they are amortized over their expected useful lives.

Legacy Fund - The Legacy fund is a restricted fund. The purpose of this fund is to help the Society to build financial independence.

Revenue recognition

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

Amortization

Amortization is recorded in the capital asset fund using the declining balance method at the following annual rates:

Furniture and equipment	20%
Computer equipment	30% - 55%
Leasehold improvements	5 year straight line
Vehicles	30%
Telephone system	5 year straight line
Musical instruments	5 year straight line

In the year of acquisition, amortization is recorded at one-half the normal rate.

THE DOWNTOWN EASTSIDE WOMEN'S CENTRE ASSOCIATION
Notes to the Financial Statements
March 31, 2017

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Deferred revenue

Gaming funds received are earmarked for certain projects and are recognized as revenue when the project expenditures are incurred. Grants, contracts and foundation revenue are treated in the same manner.

Volunteers and donated goods

The operation of the Downtown Eastside Women's Centre is dependent on both voluntary services and donated goods from members and other individuals and organizations. Donated services are not recognized in these financial statements.

Use of estimates

The preparation of financial statements in conformity with Canadian ASNPO requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying disclosures. Although these estimates are based on management's knowledge of current events and actions the Society may undertake in the future, actual results may differ from the estimates.

Endowment Fund

In June 2, 2016 the Society established a fund with the Vancouver Foundation. As the capital of the fund is permanently invested with the Vancouver Foundation, the assets and fund balance are not reflected in these financial statements. The interest earned on this fund is returned to the Society on an annually basis.

Income taxes

Income taxes are not reflected in the financial statements as the Society is a charitable organization and is exempt from income tax under Section 149(1)(l) of the Income Tax Act.

3. LINE OF CREDIT

The Society has an authorized line of credit in the amount of \$50,000 with Vancity City Savings Credit Union. Advances on the line of credit are payable on demand and bear interest at 4.20% per annum. The line of credit has not been used as at March 31, 2017.

4. RESTRICTED NET ASSETS - LEGACY FUND

In 2010, the 10 year trust with the Vancity Community Foundation expired and the funds were transferred in to the operating bank account of the Society. The Board of Directors established a Legacy account for this fund, in order that the original purpose of the monies be maintained. The purpose of the fund is to help build financial independence. The fund is therefore restricted and cannot be used for the day to day operational costs.

THE DOWNTOWN EASTSIDE WOMEN'S CENTRE ASSOCIATION
Notes to the Financial Statements
March 31, 2017

5. CAPITAL ASSETS

	Cost	Accumulated Amortization	2017 Net	2016 Net
Furniture and equipment	\$ 223,636	\$ 199,779	\$ 23,857	\$ 16,653
Shelter - furniture and equipment	42,525	27,827	14,698	16,759
Leasehold improvements	89,187	77,568	11,619	3,793
Telephone system	22,994	12,932	10,062	10,021
Computer equipment	65,376	56,465	8,911	9,730
Camera - Other	1,143	172	971	-
	\$ 444,861	\$ 374,743	\$ 70,118	\$ 56,956

6. FINANCIAL INSTRUMENTS

The Society uses risk management to monitor and manage its risk arising from financial instruments. These risks include credit risk, interest rate risk, liquidity risk and market risk. The Society does not use any derivative financial instruments to mitigate these risks.

Credit Risk

The Society is exposed to credit risk with respect to its financial assets as reported on the Statement of Financial Position. Credit risk is not considered significant because the Society's cash and cash equivalents are held in deposit with Canadian financial institutions in insured accounts: grants receivable are due from various levels of government with no history of defaults.

Interest Rate Risk

The Society is exposed to interest rate risk with respect to its interest-bearing in bank deposits that bear interest at fixed rates due to fluctuations in the market interest rates. Interest rate risk is not considered significant because the Society does not invest a large amount in interest-bearing investments.

Liquidity Risk

Liquidity risk exposure is dependent on the receipt of funds from provincial and federal government grants and other sources to enable the Society to pay its liabilities as they become due.

Market Risk

The Society is not exposed to market risk as the investments are not publicly traded securities.

THE DOWNTOWN EASTSIDE WOMEN'S CENTRE ASSOCIATION
Notes to the Financial Statements
March 31, 2017

7. DEFERRED REVENUE

Deferred revenue are funds received for certain projects and are recognized as revenue when the project expenditures are incurred. As at March 31, 2016 and March 31, 2017 there were funds received and deferred as follows:

	Beg Balance	Received	Recognized	2017 End Balance
BC Housing	\$ 160,511	\$1,492,903	\$1,520,421	\$ 132,993
Corporate Donations	83,000	17,000	-	100,000
City of Vancouver	27,345	5,245	27,345	5,245
Canada Helps	-	58,252	-	58,252
Donations from individuals	200,000	32,090	100,000	132,090
Elders Counsel Fund	218	1,812	112	1,918
Foundations	15,723	58,250	6,973	67,000
New Horizons	24,750	-	24,750	-
Newman's Own Foundation	12,946	-	12,946	-
The Alma Mater Society	-	5,000	-	5,000
United Way	-	30,082	-	30,082
Vancouver Coastal Health	-	423,033	389,978	33,055
Women's Memorial March Fund	6,484	8,188	4,108	10,564
	\$ 530,977	\$2,131,855	\$2,086,633	\$ 576,199

	Beg Balance	Received	Recognized	2016 End Balance
BC Housing	\$ 127,648	\$1,455,699	\$1,422,836	\$ 160,511
Corporate Donations	-	83,000	-	83,000
City of Vancouver	-	27,345	-	27,345
Donations from individuals	-	200,000	-	200,000
Elders Counsel Fund	3,150	817	3,749	218
Foundations	-	15,723	-	15,723
New Horizons	-	24,750	-	24,750
Newman's Own Foundation	12,470	12,946	12,470	12,946
Vancouver Coastal Health	31,943	354,551	386,494	-
Women's Memorial March Fund	5,790	2,564	1,870	6,484
	\$ 181,001	\$2,177,395	\$1,827,419	\$ 530,977

THE DOWNTOWN EASTSIDE WOMEN'S CENTRE ASSOCIATION
Notes to the Financial Statements
March 31, 2017

8. LEASE COMMITMENTS

Two new lease agreements were signed this year, a laundry room and services lease agreement for 60 months with total annual payments for \$5,262 (taxes excluded) and an office equipment lease agreement for 60 months with total annual payments for \$4,068 (taxes excluded).

The Society renewed its premise lease in May 1, 2016 for a nominal annual rent of \$1, the Society is responsible for its share of common costs. The current lease expires on April 30, 2021.

Under the present terms and conditions, payments due for the next five years are as follows:

2018	9,342
2019	9,342
2020	9,342
2021	9,332
2022	\$ 5,063
	<u>\$ 42,421</u>

9. GRANTS AND CONTRACTS

The amounts recognized as income represent the amount of funds received less any amount deferred to a future period if grant expenditures are not complete, please refer to deferred revenue note for information on beginning and ending balance on deferred amounts.

	2017	2016
BC Housing	\$1,520,420	\$1,421,142
City of Vancouver	190,578	133,188
Ministry of Public Safety	152,989	159,444
Service Canada - Housing	427,095	253,913
Service Canada - Other	34,197	-
Vancouver Coastal Health	389,978	386,495
	\$ 2,715,257	\$2,354,182

THE DOWNTOWN EASTSIDE WOMEN'S CENTRE ASSOCIATION
Notes to the Financial Statements
March 31, 2017

10. FOUNDATION REVENUE

The amounts recognized as income represent the amount of funds received **less any amount deferred to a future period** if planned expenditures are not complete.

	2017	2016
Best Western-Better World Foundation	\$ -	\$ 5,000
M.A.C AIDS fund	8,750	4,000
Newman's Own Foundation at Rockefeller Philanthropy Advisors	12,946	12,470
Other Foundations	14,802	8,067
The Benevity Community Impact Foundation	5,381	-
The Winnipeg Foundation	17,500	17,500
Vancouver Foundation	5,621	-
Young Foundation	-	9,000
	\$ 65,000	\$ 56,037

11. CHARITIES AND OTHER COMMUNITY GROUPS

The amounts recognized as income represent the amount of funds received **less any amount deferred to a future period** if planned expenditures are not complete. This year the Society received donations from charities and other community groups as follows:

	2017	2016
Canada Helps	\$ 69,390	\$ 63,457
The Anglican Church of Canada	9,312	15,000
United Way	5,497	11,275
Various Charities and Community Groups	18,651	23,820
	\$ 102,850	\$ 113,552

12. ELDERS COUNCIL FUND

The Elder's Council Fund is set aside for the Elder's Council. This fund is derived directly from the efforts of members of the Elders Council through the sale of their arts and crafts. It is held to fund Elder's Council group activities and outings. The following is a breakdown of current and prior year expenditures:

	2017	2016
Revenue:		
Elders Council Fund	\$ 112	\$ 3,749
Expenses:		
Program costs	112	1,191
Travel	-	2,558
EXCESS OF REVENUES OVER EXPENSES	\$ -	\$ -

THE DOWNTOWN EASTSIDE WOMEN'S CENTRE ASSOCIATION
Notes to the Financial Statements
March 31, 2017

13. WOMEN MEMORIAL MARCH FUND

The Memorial fund is set aside for the annual Memorial March which commemorates the missing women of the Downtown Eastside. The amounts recognized as income represent the amount of funds received **less any amount deferred to a future period** if planned expenditures are not complete. The following is a breakdown of current and prior year income and expenditures:

	2017	2016
Revenue	\$ 4,108	\$ 1,870
Expenses:		
Program supplies	1,613	1,220
Subcontractors	400	650
Food and refreshments	1,500	-
Rent	540	-
Auto expenses and travel	55	-
EXCESS OF REVENUES OVER EXPENSES	\$ -	\$ -

14. ECONOMIC DEPENDENCE

The Society's continued activities are dependent on the year-to-year renewal of its grants and contracts with government bodies. Under the contracts, those bodies may recover surplus funds to the extent that they are not required to meet approved planned expenditures.

15. COMPARATIVE FIGURES

Comparative figures have been reclassified where applicable to conform to the current presentation.

**THE DOWNTOWN EASTSIDE WOMEN'S CENTRE ASSOCIATION
 BC HOUSING MANAGEMENT COMMISSION
 Schedule of Revenues and Expenses
 For the year ended March 31, 2017**

	2017	2016
REVENUE		
BC Housing	\$1,520,421	\$1,422,835
City of Vancouver	100	
Other Community Groups	595	
Expense Reimbursements	563	
	1,521,679	1,422,835
EXPENSES		
Administration	110,272	102,586
Capital assets	7,208	3,530
Human resources	12,772	18,532
Office supplies	5,682	5,098
Program expenses	550,443	501,114
Rent, maintenance and repairs	8,076	14,802
Salaries and compensation	831,932	779,358
Travel	2,969	2,428
	1,529,354	1,427,448
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	\$ (7,675)	\$ (4,613)

The accompanying Notes are an integral part of these financial statements.

**THE DOWNTOWN EASTSIDE WOMEN'S CENTRE ASSOCIATION
 GREATER VANCOUVER REGIONAL DISTRICT ("METRO VANCOUVER")
 HOUSING - SERVICE CANADA - HPS
 Schedule of Revenues and Expenses
 For the year ended March 31, 2017**

	2017	2016
REVENUE		
Service Canada (HPS)	\$ 427,095	\$ 253,913
	427,095	253,913
EXPENSES		
Administration	81,672	21,820
Capital assets depreciation	3,466	-
Human resources	2,779	1,661
Facilities	11,106	6,459
Office supplies	8,512	4,737
Professional and consulting fees	5,244	3,838
Salaries and compensation	309,182	209,912
Travel	5,134	5,486
	427,095	253,913
EXCESS OF REVENUES OVER EXPENSES	\$ -	\$ -

The accompanying Notes are an integral part of these financial statements.