

**Connections Place Society**  
**Financial Statements**  
*March 31, 2020*

# Connections Place Society Contents

*For the year ended March 31, 2020*

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	<i>Page</i>
<b>Management's Responsibility</b>	
<b>Independent Auditor's Report</b>	
<b>Financial Statements</b>	
Statement of Financial Position.....	1
Statement of Operations.....	2
Statement of Changes in Net Assets.....	3
Statement of Cash Flows.....	4
<b>Notes to the Financial Statements.....</b>	<b>5</b>

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## Management's Responsibility

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To the Members of Connections Place Society:

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian accounting standards for not-for-profit organizations and ensuring that all information in the annual report is consistent with the statements. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Board of Directors is composed entirely of Directors who are neither management nor employees of the Society. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual report. The Board fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Board is also responsible for recommending the appointment of the Society's external auditors.

MNP LLP is appointed by the members to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically with, both the Board and management to discuss their audit findings.



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Executive Director

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# Independent Auditor's Report

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To the Members of Connections Place Society:

## Report on the Audit of the Financial Statements

### Qualified Opinion

We have audited the financial statements of Connections Place Society (the "Society"), which comprise the statement of financial position as at March 31, 2020, and the statements of operations, changes in net assets and cash flows 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 Society as at March 31, 2020, and the results of its 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 charitable organizations, the Society derives revenue from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records and we were not able to determine whether adjustments might be necessary to donation revenue and excess of revenue over expenses for the years ended March 31, 2020, and assets and net assets as at March 31, 2020.

### Emphasis of Matter – Comparative Information

We draw attention to Note 4 to the financial statements which describes that Connections Place Society adopted Canadian accounting standards for not-for-profit organizations on April 1, 2019 with a transition date of April 1, 2018. These standards were applied retrospectively by management to the comparative information in these financial statements, including the statement of financial position as at March 31, 2019 and April 1, 2018, and the statements of operations, changes in net assets and cash flows for the year ended March 31, 2019 and related disclosures. We were not engaged to report on the restated comparative information, and as such, it is unaudited. Our opinion is not modified in respect of this matter.

### Other Information

Management is responsible for the other information, consisting of the annual report, which is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. As described in the Basis for Qualified Opinion section above regarding completeness of donation revenue, we are unable to conclude whether or not the other information is materially misstated with respect to this matter.

### 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.

## Report on Other Legal and Regulatory Requirements

As required by the Societies Act (British Columbia), we report that, in our opinion, the accounting principles in Canadian accounting standards for not-for-profit organizations have not been applied on a basis consistent with that of the preceding year due to the transition from Notice to Reader financial statements to Canadian accounting standards for not-for-profit organizations. See Note 4 to the financial statements for details of the effects of the transition.

Nanaimo, British Columbia

September 16, 2020

*MNP LLP*

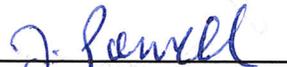
Chartered Professional Accountants

# Connections Place Society Statement of Financial Position

*As at March 31, 2020*

	<i>March 31 2020</i>	<i>March 31 2019 Unaudited, (Restated) Note 4</i>	<i>April 1 2018 Unaudited (Restated) Note 4</i>
<b>Assets</b>			
<b>Current</b>			
Cash	69,844	60,927	528,728
Marketable securities	141,818	459,037	-
Prepaid expenses and deposits	8,241	7,908	-
Government subsidy receivable	2,666	-	-
GST receivable	5,033	3,260	266
	<b>227,602</b>	531,132	528,994
<b>Capital assets (Note 5)</b>	<b>35,089</b>	54,317	990
	<b>262,691</b>	585,449	529,984
<b>Liabilities</b>			
<b>Current</b>			
Accounts payable and accrued liabilities	14,018	16,299	6,634
Source deductions payable	5,702	3,098	-
	<b>19,720</b>	19,397	6,634
<b>Commitment (Note 8)</b>			
<b>Significant event (Note 10)</b>			
<b>Going concern (Note 2)</b>			
<b>Net Assets</b>	<b>242,971</b>	566,052	523,350
	<b>262,691</b>	585,449	529,984

Approved on behalf of the Board

  
Director

**Connections Place Society**  
**Statement of Operations**  
*For the year ended March 31, 2020*

	<b>2020</b>	<i>2019</i> <i>Unaudited,</i> <i>Restated</i> <i>Note 4</i>
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<b>Revenue</b>		
Donations	39,381	159,218
Investment income	8,075	4,434
Other revenue	4,363	400
Gain (loss) on change in fair value of investment	<b>(21,263)</b>	2,182
	<hr/>	<hr/>
	<b>30,556</b>	166,234
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<b>Expenses</b>		
Advertising and promotion	5,772	682
Amortization	19,802	4,984
Audit and legal	14,938	10,964
Clubhouse Rent	66,302	17,443
Clubhouse Utilities	6,814	2,422
Consulting	7,966	-
Fundraising	1,710	120
Insurance	2,391	1,252
Interest and bank charges	735	366
Membership fees	1,233	1,721
Office	29,174	17,215
Professional development	183	3,209
Repairs and maintenance	1,200	3,097
Salaries, wages and benefits	185,186	56,641
Travel	2,732	3,416
	<hr/>	<hr/>
	<b>346,138</b>	123,532
<hr/>		
<b>Operating surplus (deficit)</b>	<b>(315,582)</b>	42,702
<b>Contribution to Victoria Foundation endowment</b> <i>(Note 6)</i>	<b>(7,500)</b>	-
	<hr/>	<hr/>
<b>Excess (deficiency) of revenue over expenses</b>	<b>(323,082)</b>	42,702
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*The accompanying notes are an integral part of these financial statements*

**Connections Place Society**  
**Statement of Changes in Net Assets**  
*For the year ended March 31, 2020*

	<b>2020</b>	<i>2019 (Unaudited) Restated Note 4</i>
<b>Net assets beginning of year, as previously stated</b>	<b>572,736</b>	528,211
<b>Adjustments due to adoption of Canadian Accounting Standards for not-for-profit organizations</b> <i>(Note 4)</i>	<b>(6,684)</b>	(4,861)
<b>Net assets, beginning of year, as restated</b>	<b>566,052</b>	523,350
<b>Excess (deficiency) of revenue over expenses</b>	<b>(323,082)</b>	42,702
<b>Net assets, end of year</b>	<b>242,970</b>	566,052

*The accompanying notes are an integral part of these financial statements*

**Connections Place Society**  
**Statement of Cash Flows**  
*For the year ended March 31, 2020*

	<b>2020</b>	<i>2019</i> <i>Unaudited,</i> <i>Restated</i> <i>Note 4</i>
<hr/>		
<b>Cash provided by (used for) the following activities</b>		
<b>Operating activities</b>		
Cash received from donations and contributions	43,744	159,618
Cash receipts from unrestricted investment income	4,032	4,434
Cash paid for expenses	(143,759)	(60,670)
Cash paid for salaries and benefits	(182,582)	(53,543)
Contribution to Victoria Foundation endowment	(7,500)	-
	<hr/>	<hr/>
	<b>(286,065)</b>	49,839
<b>Investing activities</b>		
Purchase of investments	(4,444)	(459,330)
Purchase of capital assets	(574)	(58,310)
Proceeds from investments	300,000	-
	<hr/>	<hr/>
	<b>294,982</b>	(517,640)
<b>Increase (decrease) in cash resources</b>	<b>8,917</b>	(467,801)
<b>Cash resources, beginning of year</b>	<b>60,927</b>	528,728
	<hr/>	<hr/>
<b>Cash resources, end of year</b>	<b>69,844</b>	60,927
	<hr/>	<hr/>

*The accompanying notes are an integral part of these financial statements*

**1. Incorporation and nature of the organization**

The Connections Place Society (the "Society") is incorporated under the Societies Act (British Columbia) and is a registered charity under the Income Tax Act and is exempt from income taxes as long as certain conditions are met. The purpose of the Society is to provide people with mental illness a place to gain confidence, respect, hope and opportunity. The Society opens the door to friendship, education and employment for people living with mental illness.

**2. Going concern**

These financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the payment of liabilities in the ordinary course of business. Should the Society be unable to continue as a going concern, it may be unable to realize the carrying value of its assets and to meet its liabilities as they become due.

The Society's ability to continue as a going concern is dependent upon its ability to increase donation revenue and contributions sufficient to meet current and future obligations. These financial statements do not reflect the adjustments or reclassification of assets and liabilities which would be necessary if the Society were unable to continue its operations.

**3. Significant accounting policies**

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations set out in Part III of the CPA Canada Handbook - Accounting, as issued by the Accounting Standards Board in Canada using the following significant accounting policies:

***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 incurred. Unrestricted donations are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably measured. Endowment contributions are recognized as direct increases in net assets in the period in which they are received.

Investment and other income is recognized as revenue when earned.

Pledges are recorded as revenue when they are collected by the Society.

***Capital assets***

Purchased capital assets are initially recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution if fair value can be reasonably determined.

Amortization is provided using the declining balance and straight-line methods at rates intended to amortize the cost of assets over their estimated useful lives.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in excess of revenue and expenses in the periods in which they become known.

	<b>Method</b>	<b>Rate</b>
Computer equipment	declining balance	55 %
Computer software	declining balance	55 %
Furniture and fixtures	declining balance	30 %
Leasehold improvements	straight-line	3 years

**3. Significant accounting policies** *(Continued from previous page)*

***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 and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of capital assets.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in excess of revenue and expenses in the periods in which they become known.

***Contributed materials***

Contributed materials are recognized in the financial statements when their fair value can be reasonably determined and they are used in the normal course of the Society's operations and would otherwise have been purchased. Contributed services are not recognized in the financial statements as fair value cannot be reasonably determined.

***Financial instruments***

The Society recognizes its financial instruments when the Society becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value.

At initial recognition, the Society may irrevocably elect to subsequently measure any financial instrument at fair value. The Society has not made such an election during the year. In a prior year, the Society elected to measure its investments at fair value.

The Society subsequently measures investments at fair value. Fair value is determined by published price quotations. All other financial assets and liabilities are subsequently measured at amortized cost.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in deficiency of revenue over expenses. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at amortized cost.

***Financial asset impairment:***

The Society assesses impairment of all its financial assets measured at cost or amortized cost. The Society groups assets for impairment testing when available information is not sufficient to permit identification of each individually impaired financial asset in the group. Management considers other criteria such as, whether the issuer is having significant financial difficulty; whether there has been a breach in contract, such as a default or delinquency in interest or principal payments; in determining whether objective evidence of impairment exists. When there is an indication of impairment, the Society determines whether it has resulted in a significant adverse change in the expected timing or amount of future cash flows during the year. If so, the Society reduces the carrying amount of any impaired financial assets to the highest of: the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets; and the amount expected to be realized by exercising any rights to collateral held against those assets. Any impairment, which is not considered temporary, is included in current year earnings/loss.

The Society reverses impairment losses on financial assets when there is a decrease in impairment and the decrease can be objectively related to an event occurring after the impairment loss was recognized. The amount of the reversal is recognized in current year earnings/loss in the year the reversal occurs.

***Income taxes***

The Society is registered as a charitable organization under the Income Tax Act (the "Act") and as such is exempt from income taxes and is able to issue donation receipts for income tax purposes. In order to maintain its status as a registered charity under the Act, the Society must meet certain requirements within the Act. In the opinion of management, these requirements have been met.

**Connections Place Society**  
**Notes to the Financial Statements**  
*For the year ended March 31, 2020*

**4. Impact of adopting accounting standards for not-for-profit organizations**

These are the Society's first financial statements prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO). The accounting policies in Note 3 have been applied in preparing the financial statements for the year ended March 31, 2020, the comparative information for the year ended March 31, 2019, and the opening ASNPO statement of financial position as at April 1, 2018 (the Society's date of transition to ASNPO).

Reconciliations and explanatory notes on how the transition to ASNPO has affected the statement of financial position and statement of operations reported in the March 31, 2019 Notice to Reader financial statements are provided below.

**Notes to charges to net assets at April 1, 2018**

The net assets at April 1, 2018 have been adjusted for expenses recorded in 2019 that were incurred in prior periods of \$4,861 resulting in a decrease in excess of revenue over expenses at March 31, 2018 of \$4,861 and a decrease in net assets of \$4,861.

**Reconciliation of excess of revenues over expenses for the year ended March 31, 2019**

	<i>Previously reported March 31, 2019</i>	<i>Adjustments</i>	<i>ASNPO March 31, 2019</i>
Revenues	163,852	2,382	166,234
Expenses	119,327	4,205	123,532
<b>Excess (deficiency) of revenues over expenses</b>	<b>44,525</b>	<b>(1,823)</b>	<b>42,702</b>

Adjustments to revenue includes an amount of unrealized gain on investments adjusted to market value in accordance with ASNPO.

Adjustments to expenses include accruals of accounts payable and amortization of capital assets not previously recorded.

**5. Capital assets**

	<b>2020</b>		<b>2019</b>	
	<i>Cost</i>	<i>Accumulated amortization</i>	<i>Net book value</i>	<i>Net book value</i>
Computer equipment	1,863	1,500	363	806
Computer software	9,342	6,294	3,048	6,773
Furniture and fixtures	8,360	3,240	5,120	6,619
Leasehold improvements	40,684	14,126	26,558	40,119
	<b>60,249</b>	<b>25,160</b>	<b>35,089</b>	<b>54,317</b>

**6. Contribution to the Victoria Foundation endowment**

On July 26, 2019, the Society entered into an agreement with the Victoria Foundation to create an endowment known as the Connections Place Fund, which will be used to participate in the Victoria Foundation's Smart & Caring Community Fund matching program. The endowment was established with a \$7,500 contribution from the Society and a matching \$7,500 contribution from the Victoria Foundation, for a total of \$15,000.

The Victoria Foundation hosts the endowment. The principal is to be retained in perpetuity, and the income is distributed to the Society from time to time according to the terms of the agreement. The Society is entitled to the annual earnings from the endowment held by the Victoria Foundation. The capital of the funds is not available to the Society, and is held in perpetuity. The Victoria Foundation is a not-for-profit organization that receives and invests funds, and from these funds provide investment income to other not-for-profit organizations under the terms of agreement with them.

**7. Financial instruments**

All significant financial assets and financial liabilities of the Society are either recognized or disclosed in the financial statements together with other information relevant for making a reasonable assessment of future cash flows, interest rate risk and credit risk.

It is management's opinion that the Society is not exposed to significant interest, currency or credit risks arising from these financial instruments except as otherwise disclosed.

**Price risk**

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices, whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Society is exposed to price risk through its investments with a value of \$141,818 as at March 31, 2020 (2019 - \$459,037). In seeking to minimize the risk from price risk the Society manages exposure by maintaining a diversified investment portfolio consisting of lower risk investments..

**8. Commitment**

The Society rents its premises at 3375 Oak Street, Victoria, BC. The Society has entered into a lease agreement, which expires December 31, 2021, with estimated base annual rent payments as follows:

2021	32,936
2022	40,812
	<hr/>
	73,748

**9. Director and employee remuneration**

The Society does not compensate its directors nor does it pay any of its employees in excess of \$75,000 per annum.

**10. Significant event**

In early 2020 there was a global outbreak of COVID-19 (coronavirus), which has had a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Society as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and isolation/quarantine measures that are currently, or may be put, in place by Canada and other countries to fight the virus.

**11. Comparative figures**

Certain comparative figures have been reclassified to conform with current year presentation.