

Connections Place Society
Financial Statements
March 31, 2021

Connections Place Society Contents

For the year ended March 31, 2021

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Management's Responsibility

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.

July 21, 2021



Executive Director

Independent Auditor's Report

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, 2021, 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, 2021, 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 audit procedures. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Society and we were not able to determine whether adjustments might be necessary to donation revenue and excess (deficiency) of revenue over expenses for the years ending March 31, 2021 and March 31, 2020, current assets as at March 31, 2021 and 2020 and net assets as at March 31, 2020 and March 31, 2021. Our audit opinion on the financial statements for the year ended March 31, 2020 was also modified accordingly because of the possible effects of this limitation in scope.

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.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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 been applied on a basis consistent with that of the preceding year.

Nanaimo, British Columbia

July 21, 2021

MNP LLP

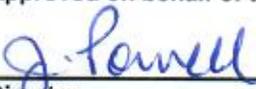
Chartered Professional Accountants

Connections Place Society
Statement of Financial Position

As at March 31, 2021

	2021	2020
Assets		
Current		
Cash (Note 3)	198,959	69,844
Government subsidy receivable	2,497	2,666
Marketable securities	-	141,818
Prepaid expenses and deposits	8,421	8,241
Goods and services tax receivable	580	5,034
	210,457	227,603
Capital assets (Note 4)	21,856	35,089
	232,313	262,692
Liabilities		
Current		
Accounts payable and accrued liabilities	8,370	14,018
Source deductions payable	5,473	5,702
Employee payables	5,799	-
	19,642	19,720
Commitment (Note 8)		
Significant event (Note 10)		
Net Assets	212,671	242,972
	232,313	262,692

Approved on behalf of the Board



Director

The accompanying notes are an integral part of these financial statements

Connections Place Society

Statement of Operations and Changes in Net Assets

For the year ended March 31, 2021

	2021	2020
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Revenue		
Grants	137,318	-
Donations	133,245	39,381
Wage subsidy	22,961	2,666
Gain (loss) on change in fair value of marketable securities	19,080	(19,080)
Other revenue	3,435	1,697
Investment income	2,055	8,075
Realized gain (loss) on sale of marketable securities	(5,193)	(2,182)
	<hr/> 312,901	<hr/> 30,557
<hr/>		
Expenses		
Salaries and benefits	195,260	185,186
Clubhouse Rent	69,318	66,302
Office and General Supplies	21,315	29,174
Amortization	19,175	19,802
Professional fees	13,120	14,938
Consulting	8,007	7,966
Clubhouse Utilities	7,843	6,814
Advertising	3,838	5,772
Insurance	2,524	2,391
Repairs and maintenance	1,208	1,200
Membership fees	660	1,233
Bank charges and interest	469	735
Travel	322	2,732
Professional development	143	183
Fundraising	-	1,710
	<hr/> 343,202	<hr/> 346,138
<hr/>		
Operating surplus (deficit)	(30,301)	(315,581)
Contribution to Victoria Foundation endowment	-	(7,500)
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Deficiency of revenue over expenses	(30,301)	(323,081)
Net assets beginning of year	242,972	566,053
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Net assets, end of year	212,671	242,972
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The accompanying notes are an integral part of these financial statements

Connections Place Society
Statement of Cash Flows
For the year ended March 31, 2021

	2021	2020
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Cash provided by (used for) the following activities		
Operating activities		
Cash received from grants	137,318	-
Cash received from donations and contributions	159,787	43,744
Cash receipts from unrestricted investment income	1,823	4,032
Cash paid for expenses	(145,313)	(143,759)
Cash paid for salaries and benefits	(189,696)	(182,582)
Contribution to Victoria Foundation endowment	-	(7,500)
	(36,081)	(286,065)
<hr/>		
Investing activities		
Purchase of marketable securities	-	(4,444)
Purchase of capital assets	(5,942)	(574)
Proceeds from marketable securities	171,138	300,000
	165,196	294,982
<hr/>		
Increase in cash resources	129,115	8,917
Cash resources, beginning of year	69,844	60,927
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Cash resources, end of year	198,959	69,844
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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. 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 contributions 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.

Wage subsidy, investment and other income is recognized as revenue when earned and the amount can be reasonably estimated and has been received or collection is reasonably assured.

Cash and cash equivalents

Cash and cash equivalents include balances with banks and investments such as Canadian money market mutual funds which can be withdrawn at any time.

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.

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

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. Contributed materials are based on the fair market value of the asset contributed.

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.

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

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.

3. Cash and cash equivalents

	2021	2020
Cash	115,074	69,844
Canadian money market mutual funds	83,885	-
	198,959	69,844

Connections Place Society
Notes to the Financial Statements
For the year ended March 31, 2021

4. Capital assets

	<i>2021</i>		<i>2020</i>	
	<i>Cost</i>	<i>Accumulated amortization</i>	<i>Net book value</i>	<i>Net book value</i>
Computer equipment	6,563	3,124	3,439	363
Computer software	9,342	7,970	1,372	3,048
Furniture and fixtures	8,360	4,776	3,584	5,120
Leasehold improvements	41,926	28,465	13,461	26,558
	66,191	44,335	21,856	35,089

5. Wage subsidy

On April 11, 2020, the Canadian government launched the Canada Emergency Wage Subsidy (the "CEWS"), an emergency economic relief program to lessen the financial fallout on Canadian businesses from the effects of COVID-19.

The CEWS program is designed to help businesses struggling with the economic effects of the coronavirus retain and/ or rehire their employees. The CEWS program provides a salary subsidy of 75% of an employee's wages (up to a weekly cap of \$847) for up to 12 weeks, retroactive from March 15, 2020 and ending on June 6, 2020. The subsidy is intended to make it easier for eligible employers to avoid laying off or terminating employees, as well as to bring back staff that were laid-off due to COVID-19 by significantly lessening the organization's payroll costs.

If eligible employers determine that they qualify for the CEWS for one claim period, they will automatically qualify for the following claim period. On May 15, 2020, the Canadian government announced that it would be extending the CEWS by an additional 12 weeks to August 29, 2020. The program was subsequently updated on July 19, 2020, November 19, 2020, and April 19, 2021, which extended the end date to September 2021.

During the year, the Society claimed \$13,292 of CEWS related to eligible remuneration paid during the year. Of this amount, \$13,292 was received during the year.

Any subsidies received that are subsequently determined to not meet the eligibility criteria are subject to repayment with interest and possibly penalties in certain cases. Management believes the Society has met the eligibility criteria for these subsidies and that they have been calculated correctly. As such, no contingent liability for repayment has been recorded in relation to these subsidies.

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.

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:

2022	40,812
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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.