

Financial statements of

**Association of Neighbourhood
Houses of Greater Vancouver**

March 31, 2007

Association of Neighbourhood Houses of Greater Vancouver

March 31, 2007

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Auditors' report

To the Board of Governors of the
Association of Neighbourhood Houses of Greater Vancouver

We have audited the statement of financial position of the Association of Neighbourhood Houses of Greater Vancouver as at March 31, 2007 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as explained in the following paragraph, we conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In common with many charitable organizations, the Association derives revenues from donations and fund raising activities, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Association and we were not able to determine whether any adjustments might be necessary to revenues, excess of revenues over expenses, net assets and assets.

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of the revenues referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the Association as at March 31, 2007 and the results of its operations, the changes in its net assets and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Chartered Accountants
June 6, 2007

Association of Neighbourhood Houses of Greater Vancouver

Statement of operations
year ended March 31, 2007

	2007	2006
	\$	\$
Revenues (Schedule 1)		
Province of British Columbia	4,369,838	4,566,917
Federal government	1,615,301	1,595,019
United Way	847,476	712,261
City of Vancouver	581,131	554,363
Gaming	612,345	618,084
Earned income	3,129,581	2,828,290
Donations and fund raising	286,838	274,050
Other contributions and miscellaneous income	679,053	390,968
	12,121,563	11,539,952
Expenses (Schedule 1)		
Salaries and benefits	8,894,779	7,936,248
Program, food and transportation	1,064,062	1,240,868
Purchased services and subcontracts	948,769	908,350
Building occupancy	527,496	539,182
Office expenses	306,174	281,928
Other expenses	374,027	262,644
	12,115,307	11,169,220
Excess of revenues over expenses from operations (Schedule 1)	6,256	370,732
Investment income	218,892	180,947
Amortization of deferred capital contributions	269,852	266,609
Amortization	(551,168)	(596,858)
(Deficiency) excess of revenues over expenses	(56,168)	221,430

Association of Neighbourhood Houses of Greater Vancouver

Statement of changes in net assets
year ended March 31, 2007

	2007			2006	
	Invested in property and equipment	Internally restricted (Note 8)	Unrestricted	Total	Total
	\$	\$	\$	\$	\$
Balance, beginning of year	1,523,296	1,297,288	1,060,923	3,881,507	3,660,077
(Deficiency) excess of revenues over expenses	(281,316) *	-	225,148	(56,168)	221,430
Investment in property and equipment	193,080	-	(193,080)	-	-
Deferred contributions	(73,073)	-	73,073	-	-
Internally restricted funds	-	244,371	(244,371)	-	-
Balance, end of year	1,361,987	1,541,659	921,693	3,825,339	3,881,507

* Comprised of amortization expense of \$551,168 less amortization of deferred contributions related to property and equipment of \$269,852.

Association of Neighbourhood Houses of Greater Vancouver

Statement of financial position
as at March 31, 2007

	2007	2006
	\$	\$
Assets		
Current assets		
Cash (Note 9)	1,518,271	1,186,043
Investments (Note 3)	3,017,612	3,092,016
Accounts receivable	530,121	607,133
Prepaid expenses and other current assets	62,501	103,205
	5,128,505	4,988,397
Property and equipment (Note 4)	4,591,910	4,949,998
	9,720,415	9,938,395
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	793,479	890,143
Deferred contributions (Note 5)	1,870,831	1,733,640
Deferred demutualization proceeds (Note 6)	843	6,403
	2,665,153	2,630,186
Deferred contributions related to property and equipment (Note 7)	3,229,923	3,426,702
	5,895,076	6,056,888
Net assets		
Invested in property and equipment	1,361,987	1,523,296
Internally restricted (Note 8)	1,541,659	1,297,288
Unrestricted	921,693	1,060,923
	3,825,339	3,881,507
	9,720,415	9,938,395

Commitments (Note 14)

Approved by the Board of Governors

Governor

Governor

Association of Neighbourhood Houses of Greater Vancouver

Statement of cash flows
year ended March 31, 2007

	2007	2006
	\$	\$
Operating activities		
(Deficiency) excess of revenues over expenses	(56,168)	221,430
Items not affecting cash		
Amortization of deferred capital contributions	(269,855)	(266,609)
Amortization of property and equipment	551,171	596,858
	225,148	551,679
Changes in non-cash working capital		
Decrease (increase) in accounts receivable	77,012	(69,269)
Decrease (increase) in prepaid expenses and other current assets	40,704	(76,402)
(Decrease) increase in accounts payable and accrued liabilities	(96,664)	13,023
Increase in deferred contributions	137,191	209,689
Decrease in deferred demutualization proceeds	(5,560)	(159,751)
	152,683	(82,710)
	377,831	468,969
Investing activities		
Additions to property and equipment	(193,080)	(337,560)
Reduction (additions) to investments	74,404	(839,626)
	(118,676)	(1,177,186)
Financing activity		
Contributions for property and equipment	73,073	127,646
Increase (decrease) in cash	332,228	(580,571)
Cash, beginning of year	1,186,043	1,766,614
Cash, end of year	1,518,271	1,186,043

Note:

The cash balance increased by \$332,228 over the last year and the investments decreased by \$74,404. The total increase in cash and investments is \$257,824.

Association of Neighbourhood Houses of Greater Vancouver

Notes to the financial statements

March 31, 2007

1. Description of operations

The Association of Neighbourhood Houses of Greater Vancouver (the "Association") is a not-for-profit organization incorporated under the Society Act of B.C., and is a registered charity under the Income Tax Act and therefore is not subject to income taxes. The Association is a community based organization devoted to the enhancement of neighbourhoods. The Association operates seven neighbourhood houses, the Sasamat Outdoor Centre, and other metropolitan services. The seven neighbourhood houses of the Association are as follows: Kitsilano, Cedar Cottage, Gordon, Crescent Beach, South Vancouver, Mount Pleasant and Frog Hollow.

2. Significant accounting policies

These financial statements are prepared in accordance with Canadian generally accepted accounting principles and reflect the following policies:

(a) Revenue recognition

The Association follows the deferral method of accounting for contributions.

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.

Externally restricted contributions are recognized as revenue in the year in which the related expenses are recognized. Contributions restricted for the purchase of property and equipment are deferred and amortized into revenue at the amortization rate of the related property and equipment.

Endowment contributions are recognized as direct increases in net assets when received.

Restricted investment income is recognized as revenue in the year in which the related expenses are recognized. Unrestricted investment income is recognized as revenue when earned.

(b) Property and equipment

Purchased property and equipment are stated at cost. Contributed property and equipment are recorded at fair market value at the date of contribution. Amortization is recorded on a straight line basis as follows:

Buildings	20 years
Electronic equipment	4 years
Furniture and fixtures	5 years
Leaseholds	20 years
Software	3 years
Vehicles	5 years

Property and equipment are tested for recoverability whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. An impairment loss is recognized when their carrying value exceeds the total undiscounted cash flows expected from their use and eventual disposition. The amount of the impairment loss is determined as the excess of the carrying value of the property and equipment over its fair value.

Association of Neighbourhood Houses of Greater Vancouver

Notes to the financial statements

March 31, 2007

2. Significant accounting policies (continued)

(c) *Donated materials and services*

The Association does not record the value of donated materials and services.

(d) *Deferred contributions*

Grants and contributions received which relate to programs and events to be carried out in future fiscal years are reflected as deferred contributions.

(e) *Use of estimates*

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, particularly the recoverability of accounts receivable, property and equipment and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from the estimates.

(f) *Fair value*

The carrying value of the Company's financial instruments, which consist of cash, restricted cash, accounts receivable, investments, accounts payable, deferred contributions and deferred demutualization proceeds, approximate their fair values due to the immediate or short-term maturity of these financial instruments.

3. Investments

The Association's investments are comprised primarily of mutual funds and term deposits and are carried at the lower of cost and market value.

	2007	2006
	\$	\$
Mutual funds	1,787,660	1,239,626
Term deposits	1,222,389	1,852,390
Other	7,563	-
	3,017,612	3,092,016

The market value of investments as at March 31, 2007 was \$3,172,618 (2006 - \$3,163,705).

Association of Neighbourhood Houses of Greater Vancouver

Notes to the financial statements

March 31, 2007

4. Property and equipment

			2007	2006
	Cost	Accumulated amortization	Net book value	Net book value
	\$	\$	\$	\$
Land	337,472	-	337,472	337,472
Buildings	5,261,768	2,826,632	2,435,136	2,610,390
Electronic equipment	905,870	739,197	166,673	211,688
Furniture and fixtures	484,198	445,342	38,856	51,670
Leaseholds	4,259,953	2,720,484	1,539,469	1,646,871
Software	13,557	9,057	4,500	3,032
Vehicles	336,658	266,854	69,804	88,875
	11,599,476	7,007,566	4,591,910	4,949,998

5. Deferred contributions

	2007	2006
	\$	\$
Beginning balance	1,733,640	1,523,951
Add: Amount received related to the following year	1,762,488	1,611,914
Less: Amount recognized as revenue in the year	(1,625,297)	(1,402,225)
Ending balance	1,870,831	1,733,640

Deferred contributions relate to projects that are expected to be completed in the next year and administered by the following Neighbourhood Houses ("NH")/units:

	\$
Central office	40,820
Kitsilano NH	121,341
Cedar Cottage NH	264,942
Gordon NH	119,829
Crescent Beach Community Services	370,529
South Vancouver NH	264,294
Mount Pleasant NH	157,234
Frog Hollow NH	309,483
Sasamat Outdoor Centre	222,359
	1,870,831

The above includes \$556,841 of gaming funds (Note 9).

Association of Neighbourhood Houses of Greater Vancouver

Notes to the financial statements
March 31, 2007

6. Deferred demutualization proceeds

During the year ending March 31, 2002, the Association received proceeds of \$166,154 from the demutualization of Mutual Life Insurance Company of Canada. At the time, the Association was advised by legal counsel to defer distribution of the funds until relevant court proceedings were completed. The Association recorded the full amount of demutualization proceeds as a deferred balance up until March 31, 2005. In April 2005, the Association approved the distribution of funds to eligible past and present employees. The balance of undistributed demutualization proceeds as at March 31, 2007 of \$843 is expected to be distributed in full in the 2008 fiscal year.

7. Deferred contributions related to property and equipment

Deferred contributions related to property and equipment represent contributions received where the donor has restricted their usage to property and equipment purchased or constructed by the Association. The changes in the deferred contributions balance for the year are as follows:

	2007	2006
	\$	\$
Balance, beginning of year	3,426,702	3,565,665
Add: Contributions	73,073	127,646
Less: Amounts amortized to operations	(269,852)	(266,609)
Balance, end of year	3,229,923	3,426,702

8. Net assets internally restricted

As at March 31, 2007, the Association's Board of Governors has internally restricted net assets of \$1,541,659 (2006 - \$1,297,288) to be used for a variety of purposes. Of this amount \$697,897 (2006 - \$565,057) has been restricted for property and equipment, \$785,000 (2006 - \$675,000) for working capital and contingencies, \$25,000 (2006 - \$25,000) for program development and \$33,762 (2006 - \$32,231) for other purposes. These internally restricted amounts are not available for other uses or programs without approval of the Board of Governors.

9. Externally restricted funds

As at March 31, 2007, \$556,841 (2006 - \$547,013) is included in cash that relates to unspent gaming funds. The use of gaming funds is restricted under the Gaming Control Act of B.C. An equivalent amount is represented in the balance of deferred contributions (Note 5). Management expects to spend these funds within the next fiscal year.

Association of Neighbourhood Houses of Greater Vancouver

Notes to the financial statements

March 31, 2007

10. Vancouver Foundation endowment fund

The Association has established a permanent endowment fund with the Vancouver Foundation towards which it has contributed \$460,000 which has been matched by a contribution by the Vancouver Foundation of \$450,000 for a total endowment fund of \$910,000. The fund is administered by the Vancouver Foundation, which distributes the earnings of the fund quarterly to the Association. Income from the Vancouver Foundation in the amount of \$63,370 (2006 - \$56,214) has been included in interest revenue for the year.

11. Operating line of credit

The Association has an operating line of credit up to \$150,000 bearing interest at prime plus 1%, that is unsecured. As at March 31, 2007, this facility was unused (2006 - \$Nil).

12. Transfer of assets held in trust

In February 2006 the Association entered into an agreement with the Public Health Agency of Canada ("PHAC"). Under this agreement the Association received total consideration of \$236,937 for acquisition of property and equipment (\$170,452) and other expenses (\$66,485). The Association, under the terms of the agreement, upon direction from PHAC, has transferred the property and equipment to another agency in March 2007. Accordingly the cost of the property and equipment, and the related revenue, is not included in these financial statements.

13. Pension plan

The Association is a member of a multi-employer defined benefit pension plan administered by the United Way of the Lower Mainland. An actuarial valuation is performed every three years. The most recent valuation (December 31, 2005) estimates that the assets under administration exceed the accrued liability for pension benefits. During the year, the Association contributed \$330,492 (2006 - \$231,528) toward the pension plan, including \$59,640 (2006 - \$14,901) in special solvency payments.

14. Commitments

The Association is committed to making solvency special payments towards the pension plan administered by the United Way of the Lower Mainland, up to and including December 31, 2010 as follows:

	\$
2008	59,640
2009	59,640
2010	59,640
2011	44,730
2012	-

