

Pacific Peoples' Partnership Association

Financial Statements

Year ended June 30, 2016

Independent Auditor's Report

To: The Board of Directors of the Pacific Peoples' Partnership Association

Report on Financial Statements

I have audited the accompanying financial statements of Pacific Peoples' Partnership Association, which comprise the statement of financial position as at June 30, 2016 and the statements of net assets, operations and 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 controls 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 our audit. I conducted my audit in accordance with Canadian 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 judgement, including the assessment of 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 of my audit opinion.

Basis for Qualified Opinion

In common with many similar organizations, the organization derives revenue from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, my verification of this revenue was limited to the amounts recorded in the records of the organization and I was not able to determine whether any adjustment might be necessary to revenue, excess of revenue over expenses, assets and net assets.

Qualified Opinion

In my opinion, except for the possible effects of the matter disclosed in the basis for qualified opinion paragraph, these financial statements present fairly, in all material respects, the financial position of the Pacific Peoples' Partnership Association as at June 30, 2016 and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.



Dustin J. Pewarchuk Inc.

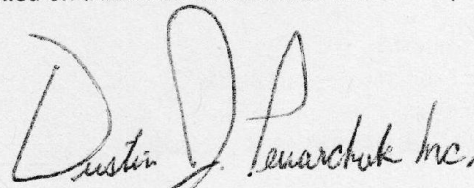
CHARTERED PROFESSIONAL ACCOUNTANT

Other Matters

The financial statements of Pacific Peoples' Partnership Association for the year ended June 30, 2015, were reviewed by another Chartered Professional Accountant and were not audited.

Report on Other Legal and Regulatory Requirements

As required by the Society Act (British Columbia), I report that, in my 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.


Chartered Professional Accountant

Victoria, B.C.
December 13, 2016


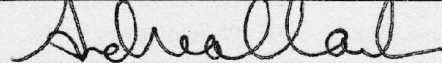
Pacific Peoples' Partnership Association

Statement of Financial Position

As at June 30, 2016 with comparative figures for 2015

	Operating Fund \$	Capital Fund \$	Endowment Fund \$	Total 2016 \$	(Unaudited) Total 2015 \$
Assets					
Current assets					
Cash	24,416	-	-	24,416	64,742
Accounts receivable	2,250	-	-	2,250	8,862
Government remittances receivable	568	-	-	568	369
Prepaid expenses	1,448	-	-	1,448	1,138
Endowment fund (Note 6)	-	-	35,992	35,992	30,023
	28,682	-	35,992	64,674	105,134
Equipment (Note 3)	-	2,050	-	2,050	2,050
Total assets	28,682	2,050	35,992	66,724	107,184
Liabilities					
Current liabilities					
Accounts payable and accrued liabilities	5,900	-	-	5,900	2,500
Government remittances payable	2,694	-	-	2,694	951
Deferred revenue (Note 4)	8,467	-	-	8,467	62,176
Total liabilities	17,061	-	-	17,061	65,627
Net Assets					
Unrestricted funds	11,621	-	-	11,621	9,484
Restricted funds	-	-	35,992	35,992	30,023
Invested in equipment	-	2,050	-	2,050	2,050
Total net assets	11,621	2,050	35,992	49,663	41,557
Total liabilities and net assets	28,682	2,050	35,992	66,724	107,184

Approved on behalf of the board of directors:


 _____ President

 _____ Treasurer

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

Pacific Peoples' Partnership Association

Statement of Net Assets

As at June 30, 2016 with comparative figures for 2015

	Unrestricted	Invested in	Endowment	Total	(Unaudited) Total
	\$	Equipment (Note 3)	Fund (Note 6)	2016	2015
	\$	\$	\$	\$	\$
Net assets, beginning of year	9,484	2,050	30,023	41,557	34,880
Allocation of income:					
Excess (deficiency) of revenue over expenses	2,137	-	-	2,137	(7)
Direct increases to net assets:					
Endowment funds received	-	-	4,184	4,184	4,633
Net investment returns reinvested	-	-	1,785	1,785	2,034
Adjustment	-	-	-	-	17
Net assets, end of year	11,621	2,050	35,992	49,663	41,557

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

Pacific Peoples' Partnership Association

Statement of Operations

For the year ended June 30, 2016 with comparative figures for 2015

	Operating Fund \$	Capital Fund \$	Endowment Fund \$	Total 2016 \$	(Unaudited) Total 2015 \$
Revenue					
Donations	126,002	-	-	126,002	35,662
Gaming Commission	28,265	-	-	28,265	27,000
Programming	9,225	-	-	9,225	6,013
Miscellaneous	2,007	-	-	2,007	667
Interest	27	-	-	27	22
Other federal funding	-	-	-	-	13,560
	<u>165,526</u>	<u>-</u>	<u>-</u>	<u>165,526</u>	<u>82,924</u>
Expenses					
Accounting and legal	7,207	-	-	7,207	5,262
Advertising	954	-	-	954	773
Bank and financial processing charges	665	-	-	665	491
Communications	3,265	-	-	3,265	2,066
Donations	1,684	-	-	1,684	1,845
Expenses - Tok Blong	2,312	-	-	2,312	-
Insurance	2,820	-	-	2,820	2,588
Materials and supplies	4,184	-	-	4,184	792
Memberships	1,156	-	-	1,156	691
Program delivery costs	77,296	-	-	77,296	22,646
Rental	4,920	-	-	4,920	4,920
Salaries/contractors	56,926	-	-	56,926	40,857
	<u>163,389</u>	<u>-</u>	<u>-</u>	<u>163,389</u>	<u>82,931</u>
Excess (deficiency) of revenues over expenses	<u>2,137</u>	<u>-</u>	<u>-</u>	<u>2,137</u>	<u>(7)</u>

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

Pacific Peoples' Partnership Association

Statement of Cash Flows

For the year ended June 30, 2016 with comparative figures for 2015

	Operating Fund \$	Capital Fund \$	Endowment Fund \$	Total 2016 \$	(Unaudited) Total 2015 \$
Cash flows from operating activities:					
Excess (deficiency) of revenue over expenses	2,137	-	-	2,137	(7)
Non-cash items:					
Adjustment	-	-	-	-	17
Cash provided by (used in changes in non-cash working capital items:					
Accounts receivable	6,612	-	-	6,612	(8,862)
Government remittances receivable	(199)	-	-	(199)	80
Prepaid expenses	(310)	-	-	(310)	(520)
Accounts payable and accrued liabilities	3,400	-	-	3,400	2,018
Government remittances payable	1,743	-	-	1,743	505
Deferred revenue	(53,709)	-	-	(53,709)	49,103
Net increase (decrease) in cash	(40,326)	-	-	(40,326)	42,334
Cash, beginning of year	64,742	-	-	64,742	22,408
Cash, end of year	24,416	-	-	24,416	64,742

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

Pacific Peoples' Partnership Association

Notes to the Financial Statements

Year ended June 30, 2016 with comparative figures for 2015

1. Purpose

Pacific Peoples' Partnership Association (the "Association") has been designated as a not-for-profit organization in Victoria, British Columbia. The purpose of the Association is to promote awareness of Pacific Islanders and educate others around the world on Pacific development issues. The Association is a registered charity under the Income Tax Act and as such is not subject to taxation.

2. Significant Accounting Policies

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

Fund Accounting

The Operating Fund accounts for the Association's program and administrative activities. This fund reports unrestricted resources and restricted operating grants. The Capital Fund accounts for the Association's property and equipment. The Endowment Fund reports resources contributed for endowment.

Revenue Recognition

The Association 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 can be reasonably estimated and collection is reasonably assured.

Restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Unrestricted investment income is recognized when it is earned. Endowment contributions are recognized as direct increases to net assets and are not recorded as revenue.

Contributed Materials and Services

The Association receives contributions of both materials and services. Due to the difficulty in determining their fair value, only donated equipment is recorded at fair value when fair value can be reasonably estimated, otherwise contributed materials and services are not recognized in the financial statements.

Equipment

It is the Association's policy to record equipment at its original cost when acquired and to remove the assets at the same value upon disposition. No amortization is recorded on equipment as average annual revenues of the Association are less than \$500,000.

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 amount of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. These estimates are reviewed periodically and adjustments are made to income as appropriate in the year they become known. Actual results could differ from those estimates.

Pacific Peoples' Partnership Association

Notes to the Financial Statements

Year ended June 30, 2016 with comparative figures for 2015

2. Significant Accounting Policies (Continued)

Financial Instruments

The Association initially measures its financial assets and financial liabilities at fair value. The Association subsequently measures all of its financial assets and financial liabilities at amortized cost, except for cash and investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in the statement of operations.

Financial instruments measured at amortized cost include accounts receivable, government remittances receivable, accounts payable and accrued liabilities, and government remittances payable.

3. Equipment

	Cost \$	Accumulated Amortization \$	Net Book Value 2016 \$	Net Book Value 2015 \$
Computer equipment	1,350	-	1,350	1,350
Furniture and equipment	700	-	700	700
	2,050	-	2,050	2,050

4. Deferred Revenue

Deferred revenue represents restricted contributions received in the current year which are related to expenses of a subsequent year. Deferred revenue consists of the following:

	2016 \$	2015 \$
For Programs:		
The Christensen Fund	2,700	-
Lush Cosmetics	-	17,621
Victoria Foundation	-	8,600
First Peoples' heritage, Language and Culture	-	13,000
Volunteer Comox	-	1,969
One Wave – CRD	-	2,000
Williams Family in Vanuatu	-	7,400
Cyclone Pam	-	4,613
	2,700	55,203
For Special Purposes:		
Chisel Fund	837	2,043
Women's Project Fund	4,930	4,930
	5,767	6,973
	8,467	62,176

Pacific Peoples' Partnership Association

Notes to the Financial Statements

Year ended June 30, 2016 with comparative figures for 2015

5. Financial Instruments and Risk Management

At June 30, 2016, the estimated fair value of cash, accounts receivable, accounts payable and accrued liabilities approximated their respective carrying values due to their short-term nature.

The Association has a comprehensive risk management framework to monitor, evaluate and manage the principal risks assumed with financial instruments. The risks that arise from transacting financial instruments include credit risk, currency risk, interest rate risk, and liquidity risk. There have been no significant changes in the Association's risk exposure from the previous year.

Credit risk is the risk that one party to a financial transaction will cause financial loss for the other party by failing to discharge an obligation. The Association is not exposed to significant credit risk.

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in currency exchange rates. The Association is not exposed to significant currency risk.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Association is not exposed to significant interest rate risks.

Liquidity risk is the risk that the Association will encounter difficulty in meeting financial liability obligations. The Association is not exposed to significant liquidity risk.

6. Endowment Fund

The Association established a Hosted Endowment Fund named the Pacific Peoples' Partnership Esmonde Legacy Endowment Fund (the "Fund") with The Victoria Foundation in 2012. The funds are managed for the benefit of the Association and are held permanently. Gifts are made from time to time as determined by the Association or in accordance with the wishes of contributors. The Fund earns investment income in accordance with the Investment Policy of The Victoria Foundation. Distributions from the Fund are determined by the Distribution Policy of The Victoria Foundation. Contributions, investment income and grants paid are reported in the Pacific Peoples' Partnership Esmonde Legacy Endowment Fund by The Victoria Foundation.

7. Comparative Figures

The comparative figures have been reclassified where applicable in order to conform to the financial statement presentation used in the current year. The comparative figures were reviewed and not audited.