

Pacific Peoples' Partnership Association

Financial Statements

Year ended June 30, 2019

Independent Auditors' Report

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

Qualified Opinion

We have audited the financial statements of Pacific Peoples' Partnership Association (the "Association"), which comprise the statement of financial position as at June 30, 2019, 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 disclosed in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the statements of the Association as at June 30, 2019, and the results of its operations and cash flows for the year then ended in accordance with Accounting Standards for Not-for-profit Organizations ("ASNPO").

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Association derives revenue from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Association. Therefore, we were unable to determine whether any adjustments might be necessary to donations revenue, excess of revenues over expenses, and cash flows from operations for the year ended June 30, 2019, current assets and net assets as at June 30, 2019. Our audit opinion on the financial statements for the year ended June 30, 2019 was modified accordingly because of the possible effects of this limitation in scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Association in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

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 ASNPO, 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 Association'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 Association or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Association's financial reporting process. When individuals responsible for the oversight of the financial reporting process are the same as those responsible for the preparation of the financial statements, no reference to oversight responsibilities is required.

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.

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Auditor's Responsibilities for the Audit of the Financial Statements (continued)

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 Association'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 Association'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 Association 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 Society Act (British Columbia), we report that, in our opinion, the accounting principles in ASNPO have been applied on a basis consistent with that of the preceding year.



Chartered Professional Accountants

Victoria, B.C.
December 2, 2019

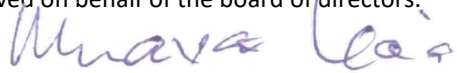
Pacific Peoples' Partnership Association

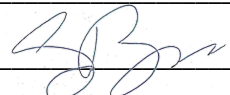
Statement of Financial Position

As at June 30, 2019 with comparative figures for 2018

	Operating Fund \$	Capital Fund \$	Endowment Fund \$	Total 2019 \$	Total 2018 \$
Assets					
Current assets					
Cash	34,442	-	-	34,442	18,768
Accounts receivable	6,075	-	-	6,075	-
Government remittances receivable	317	-	-	317	154
Prepaid expenses	1,483	-	-	1,483	951
	42,317	-	-	42,317	19,873
Endowment fund (Note 6)	-	-	50,299	50,299	40,395
Property and equipment (Note 3)	-	3,709	-	3,709	5,428
Total assets	42,317	3,709	50,299	96,325	65,696
Liabilities					
Current liabilities					
Accounts payable and accrued liabilities	7,654	-	-	7,654	5,341
Government remittances payable	1,050	-	-	1,050	2,364
Deferred revenue (Note 4)	32,067	-	-	32,067	13,232
Total liabilities	40,771	-	-	40,771	20,937
Net Assets					
Unrestricted funds (deficit)	1,546	-	-	1,546	(1,064)
Restricted funds	-	-	50,299	50,299	40,395
Invested in property and equipment	-	3,709	-	3,709	5,428
Total net assets	1,546	3,709	50,299	55,554	44,759
Total liabilities and net assets	42,317	3,709	50,299	96,325	65,696

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, 2019 with comparative figures for 2018

	Unrestricted \$	Invested in Property and Equipment (Note 3) \$	Endowment Fund (Note 6) \$	Total 2019 \$	Total 2018 \$
Net assets (deficit), beginning of year	(1,064)	5,428	40,395	44,759	68,859
Allocation of income:					
Excess (deficiency) of revenue over expenses	2,610	(1,719)	-	891	(25,452)
Direct increases (decreases) to net assets:					
Endowment grants paid	-	-	(1,397)	(1,397)	(1,223)
Endowment funds received	-	-	8,957	8,957	-
Endowment net investment returns reinvested	-	-	2,344	2,344	2,575
Net assets, end of year	1,546	3,709	50,299	55,554	44,759

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

Pacific Peoples' Partnership Association

Statement of Operations

For the year ended June 30, 2019 with comparative figures for 2018

	Operating Fund \$	Capital Fund \$	Endowment Fund \$	Total 2019 \$	Total 2018 \$
Revenue					
Donations	137,113	-	-	137,113	136,912
Gaming Commission	27,000	-	-	27,000	27,000
Ministry Grants	24,000	-	-	24,000	12,500
Wage subsidies	9,544	-	-	9,544	13,001
Municipal Funding	4,600	-	-	4,600	3,000
Interest	17	-	-	17	15
	<u>202,274</u>	<u>-</u>	<u>-</u>	<u>202,274</u>	<u>192,428</u>
Expenses					
Accounting and legal	7,125	-	-	7,125	7,250
Advertising	1,741	-	-	1,741	3,301
Amortization	-	1,719	-	1,719	2,677
Bank and financial processing charges	682	-	-	682	848
Board and AGM	568	-	-	568	420
Communications	2,343	-	-	2,343	2,337
Insurance	2,569	-	-	2,569	2,719
Materials and supplies	1,002	-	-	1,002	2,344
Memberships	1,290	-	-	1,290	640
Program delivery costs	109,894	-	-	109,894	107,858
Rental	12,320	-	-	12,320	4,920
Salaries/contractors	60,130	-	-	60,130	82,566
	<u>199,664</u>	<u>1,719</u>	<u>-</u>	<u>201,383</u>	<u>217,880</u>
Excess (deficiency) of revenues over expenses	<u>2,610</u>	<u>(1,719)</u>	<u>-</u>	<u>891</u>	<u>(25,452)</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, 2019 with comparative figures for 2018

	Operating Fund \$	Capital Fund \$	Endowment Fund \$	Total 2019 \$	Total 2018 \$
Operating Activities:					
Excess (deficiency) of revenues over expenses	2,610	(1,719)	-	891	(25,452)
Non-cash items:					
Amortization	-	1,719	-	1,719	2,677
Cash provided by (used in) changes in non-cash working capital items:					
Accounts receivable	(6,075)	-	-	(6,075)	12,497
Government remittances receivable	(163)	-	-	(163)	36
Prepaid expenses	(532)	-	-	(532)	622
Accounts payable and accrued liabilities	2,313	-	-	2,313	(795)
Government remittances payable	(1,314)	-	-	(1,314)	(695)
Deferred revenue	18,835	-	-	18,835	5,802
Net cash provided (used) by operating activities	15,674	-	-	15,674	(5,308)
Investing and Financing Activities:					
Purchase of property and equipment	-	-	-	-	-
Net cash from investing and financing activities	-	-	-	-	-
Net (decrease) in cash	15,674	-	-	15,674	(5,308)
Cash, beginning of year	18,768	-	-	18,768	24,076
Cash, end of year	34,442	-	-	34,442	18,768

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

Pacific Peoples' Partnership Association

Notes to the Financial Statements

Year ended June 30, 2019 with comparative figures for 2018

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.

Property and Equipment

Property and equipment are recorded at cost. Amortization is based on the estimated useful life of each asset using the following methods and rates:

Computer equipment	55%	Declining balance
Furniture and equipment	20%	Declining balance
Websites	30%	Declining balance

In the year of acquisition only one-half the normal rate is applied.

Pacific Peoples' Partnership Association

Notes to the Financial Statements

Year ended June 30, 2019 with comparative figures for 2018

2. Significant Accounting Policies (Continued)

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.

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. Property and Equipment

	Cost	Accumulated Amortization	Net Book Value 2019	Net Book Value 2018
	\$	\$	\$	\$
Computer equipment	2,175	(1,931)	244	542
Furniture and equipment	700	(342)	358	448
Websites	7,458	(4,351)	3,107	4,438
	10,333	(6,624)	3,709	5,428

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:

	2019	2018
	\$	\$
For Programs:		
RBC Foundation BC Grant	20,000	-
City of Victoria Festival Investment Grant	6,000	-
Victoria Foundation Community Grant	3,567	-
CRD Arts & Culture IDEA Grant	2,500	-
Commonwealth Foundation Grant	-	10,732
BC Multiculturalism Grant	-	2,500
	32,067	13,232

Pacific Peoples' Partnership Association

Notes to the Financial Statements

Year ended June 30, 2019 with comparative figures for 2018

5. Financial Instruments and Risk Management

At June 30, 2019, 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.