

Pacific Peoples' Partnership Association

Financial Statements

Year ended June 30, 2021



INDEPENDENT AUDITOR'S REPORT

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

Qualified Opinion

I have audited the financial statements of Pacific Peoples' Partnership Association (the "Association"), which comprise the statement of financial position as at June 30, 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 my opinion, except for the possible effects of the matter disclosed in the Basis for Qualified Opinion section of my report, the accompanying financial statements present fairly, in all material respects, the statements of the Association as at June 30, 2021, 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, I was 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, 2021, current assets and net assets as at June 30, 2021. My audit opinion on the financial statements for the year ended June 30, 2020 was modified accordingly because of the possible effects of this limitation in scope.

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

My 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 my 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.

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

As part of an audit in accordance with Canadian generally accepted auditing standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 my 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 I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my 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.

I 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 I identify during my audit.

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



CHARTERED PROFESSIONAL ACCOUNTANT

Victoria, BC
December 6, 2021

Pacific Peoples' Partnership Association

Statement of Financial Position

As at June 30, 2021 with comparative figures for 2020

	Operating Fund \$	Capital Fund \$	Total 2021 \$	Total 2020 \$
Assets				
Current assets				
Cash	97,084	-	97,084	96,996
Accounts receivable	21,468	-	21,468	14,921
Government remittances receivable	1,248	-	1,248	136
Prepaid expenses	1,788	-	1,788	1,805
	121,588	-	121,588	113,858
Property and equipment (Note 3)	-	13,033	13,033	13,543
Total assets	121,588	13,033	134,621	127,401
Liabilities				
Current liabilities				
Accounts payable and accrued liabilities	22,172	-	22,172	7,125
Government remittances payable	6,806	-	6,806	6,373
Deferred revenue (Note 4)	63,286	-	63,286	84,029
	92,264	-	92,264	97,527
Deferred contributions related to property and equipment (Note 5)	-	11,190	11,190	10,875
Total liabilities	92,264	11,190	103,454	108,402
Net Assets				
Unrestricted funds	29,324	-	29,324	16,331
Invested in property and equipment	-	1,843	1,843	2,668
Total net assets	29,324	1,843	31,167	18,999
Total liabilities and net assets	121,588	13,033	134,621	127,401

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, 2021 with comparative figures for 2020

	Unrestricted	Invested in Property and Equipment (Notes 3 & 5)	Total 2021	Total 2020
	\$	\$	\$	\$
Net assets, beginning of the year	16,331	2,668	18,999	5,255
Allocation of income:				
Excess (deficiency) of revenue over expenses	12,993	(825)	12,168	13,744
Net assets, end of year	<u>29,324</u>	<u>1,843</u>	<u>31,167</u>	<u>18,999</u>

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

Pacific Peoples' Partnership Association

Statement of Operations

For the year ended June 30, 2021 with comparative figures for 2020

	Operating Fund \$	Capital Fund \$	Total 2021 \$	Total 2020 \$
Revenue				
Donations	179,386	-	179,386	119,644
Ministry Grants	73,521	-	73,521	35,000
Gaming Commission	32,500	6,143	38,643	36,625
Wage Subsidies	36,562	-	36,562	18,061
Municipal Funding	8,000	-	8,000	8,500
Programming	1,013	-	1,013	-
Interest	2	-	2	15
	<u>330,984</u>	<u>6,143</u>	<u>337,127</u>	<u>217,845</u>
Expenses				
Accounting and legal	10,890	-	10,890	8,328
Advertising	5,251	-	5,251	1,588
Amortization	-	6,968	6,968	5,299
Bank and financial processing charges	1,414	-	1,414	834
Board and AGM	37	-	37	733
Communications	2,938	-	2,938	2,491
Insurance	3,636	-	3,636	2,819
Materials and supplies	7,189	-	7,189	1,645
Memberships	1,570	-	1,570	1,316
Program delivery costs	134,705	-	134,705	81,043
Rental	4,920	-	4,920	4,920
Salaries/contractors	178,124	-	178,124	110,758
	<u>350,674</u>	<u>6,968</u>	<u>357,642</u>	<u>221,774</u>
(Deficiency) of revenues over expenses from operations	(19,690)	(825)	(20,515)	(3,929)
Other income				
COVID-19 subsidies (Note 7)	32,683	-	32,683	17,673
Excess (deficiency) of revenues over expenses	<u>12,993</u>	<u>(825)</u>	<u>12,168</u>	<u>13,744</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, 2021 with comparative figures for 2020

	Operating Fund \$	Capital Fund \$	Total 2021 \$	Total 2020 \$
Operating Activities:				
Excess (deficiency) of revenues over expenses	12,993	(825)	12,168	13,744
Non-cash items:				
Amortization of property and equipment	-	6,968	6,968	5,299
Amortization of deferred contributions related to property and equipment	-	(6,143)	(6,143)	(4,125)
Cash provided by (used in) changes in non-cash working capital items:				
Accounts receivable	(6,547)	-	(6,547)	(8,846)
Government remittances receivable	(1,112)	-	(1,112)	181
Prepaid expenses	17	-	17	(322)
Accounts payable and accrued liabilities	15,047	-	15,047	(529)
Government remittances payable	433	-	433	5,323
Deferred revenue	(20,743)	-	(20,743)	51,962
Net cash provided by operating activities	88	-	88	62,687
Investing and Financing Activities:				
Purchase of property and equipment	(6,458)	-	(6,458)	(15,133)
Deferred contributions related to property and equipment	6,458	-	6,458	15,000
Net cash (used by) investing and financing activities	-	-	-	(133)
Net increase in cash	88	-	88	62,554
Cash, beginning of year	96,996	-	96,996	34,442
Cash, end of year	97,084	-	97,084	96,996

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

Pacific Peoples' Partnership Association

Notes to the Financial Statements

Year ended June 30, 2021 with comparative figures for 2020

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.

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.

Government assistance is recognized when there is reasonable assurance that the assistance will be received and that the association was in compliance with the conditions of the assistance.

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

Pacific Peoples' Partnership Association

Notes to the Financial Statements

Year ended June 30, 2021 with comparative figures for 2020

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

	2021		2020	
	Cost \$	Accumulated Amortization \$	Cost \$	Accumulated Amortization \$
Computer equipment	17,308	(12,322)	17,308	(6,227)
Furniture and equipment	700	(471)	700	(413)
Websites	13,915	(6,097)	7,458	(5,283)
	31,923	(18,890)	25,466	(11,923)
Less: Accumulated amortization	(18,890)		(11,923)	
Net book value	13,033		13,543	

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:

	2020 \$	2019 \$
For Programs:		
British Columbia Community Gaming Grant	32,500	-
The Victoria Foundation	20,000	-
Rudolf Steiner Foundation	8,286	67,577
CRD Arts & Culture IDEA Grant	2,500	3,000
Commonwealth Foundation Grant	-	8,426
Horner Foundation	-	5,026
	63,286	84,029

Pacific Peoples' Partnership Association

Notes to the Financial Statements

Year ended June 30, 2021 with comparative figures for 2020

5. Deferred Contributions Related to Property and Equipment

Deferred contributions related to property and equipment represent contributions restricted to acquiring property and equipment. Deferred contributions are amortized on the same basis as the related property and equipment. The changes in the deferred contributions balance for the year are as follows:

	2021 \$	2020 \$
Beginning balance	10,875	-
Add: Contributions related to property and equipment	6,458	15,000
Less: Amounts amortized to revenue	(6,143)	(4,125)
	<u>11,190</u>	<u>10,875</u>

6. Financial Instruments and Risk Management

At June 30, 2021, 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.

Pacific Peoples' Partnership Association

Notes to the Financial Statements

Year ended June 30, 2021 with comparative figures for 2020

6. Government Assistance

In response to the negative economic impact of COVID-19, the Government of Canada announced the Canada Emergency Wage Subsidy ("CEWS") program in April 2020. The CEWS provides a wage subsidy on eligible remuneration to eligible employers based on certain criteria. During the year ended June 30, 2021, the Association assessed its eligibility related to CEWS and determined it has qualified for this subsidy for various claim periods throughout the year. It has accordingly applied for and received federal government assistance related to COVID-19 subsidies in the amount of \$32,683 (2020: \$17,673) from the CEWS.

During the year, the Association overclaimed the CEWS for multiple claim periods totaling \$15,654 for the year ended June 30, 2021. At June 30, 2021, the Association was still owed \$2,158 (2020: \$12,022) from outstanding CEWS claims related to wages before year end. The CEWS payable and receivable is reported at its net liability of \$13,496 included in accounts payable.

7. 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. The fund assets are not recognized in the financial statements as they are not assets of the Association. The balance in the fund held with The Victoria Foundation as at June 30, 2021 was \$62,688 (2020: \$51,632).

8. COVID-19 Pandemic

On March 11, 2020 the World Health Organization declared the COVID-19 outbreak a world-wide pandemic, which has severely impacted many local economies around the globe. In many countries, including Canada, businesses were forced to cease or limit operations for long periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. Global stock markets have also experienced great volatility. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions.

In response to the spread of COVID-19 the Association has adapted their business processes to conform to provincial mandates.

The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of operations of the Association for future periods.