

**FINANCIAL STATEMENTS**

**COMMUNITY BASED RESEARCH  
CENTRE SOCIETY**

**March 31, 2019**



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## INDEPENDENT AUDITOR'S REPORT

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To the Members of  
**Community Based Research Centre Society**

### *Qualified Opinion*

We have audited the financial statements of Community Based Research Centre Society (the "Society"), which comprise the statement of financial position as at March 31, 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 described in the Basis for Qualified Opinion section of the report, the accompanying financial statements present fairly, in all material respects, the financial position of the Society as at March 31, 2019, 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 not-for-profit organizations, the Society derives revenue from fundraising activities 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 Society. Therefore, we were not able to determine whether any adjustments might be necessary to donations revenue, excess of revenues over expenses, and cash flows from operations for the years ended March 31, 2019 and 2018, current assets as at March 31, 2019 and 2018, and net assets as at April 1 and March 31 for both the 2019 and 2018 years.

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 Society 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 audit 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 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.

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## INDEPENDENT AUDITOR'S REPORT

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- 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 British Columbia Societies Act, we report that the accounting principles used in these financial statements have been applied on a basis consistent with that of the preceding year.

*Tompkins Wozny LLP*

Vancouver, Canada  
August 21, 2019

Chartered Professional Accountants

**STATEMENT OF FINANCIAL POSITION**

As at March 31

	2019	2018
	\$	\$
<b>ASSETS</b>		<i>[Restated - Note 14]</i>
<b>Current assets</b>		
Cash and cash equivalents <i>[note 3]</i>	754,687	211,436
Accounts receivable <i>[note 4]</i>	26,277	269,302
Prepaid expenses	12,461	18,958
Inventory	—	5,256
<b>Total current assets</b>	<b>793,425</b>	504,952
Capital assets <i>[note 5]</i>	10,033	9,825
	<b>803,458</b>	514,777
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current liabilities</b>		
Accounts payable and accruals <i>[note 6]</i>	139,985	186,598
Deferred grants <i>[note 7]</i>	359,563	203,941
<b>Total liabilities</b>	<b>499,548</b>	390,539
<b>Net assets</b>		
Invested in capital assets	10,033	9,825
Internally restricted <i>[note 13]</i>	165,668	—
Unrestricted	128,209	114,413
<b>Total net assets</b>	<b>303,910</b>	124,238
	<b>803,458</b>	514,777

Commitments *[note 8]*

*See accompanying notes to the financial statements*

On behalf of the Board:

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

**STATEMENT OF CHANGES IN NET ASSETS**

Year ended March 31

	Invested in Capital Assets	Internally Restricted	Unrestricted	Total
	\$	\$	\$	\$
<b>2019</b>		<i>[Note 13]</i>		
Excess of revenue (expenses) for the year	(2,764)	—	182,436	179,672
Investment in capital assets	2,972	—	(2,972)	—
Interfund transfer	—	165,668	(165,668)	—
Net assets, beginning of year	9,825	—	114,413	124,238
<b>Net assets, end of year</b>	<b>10,033</b>	<b>165,668</b>	<b>128,209</b>	<b>303,910</b>
<b>2018</b>				
Excess of revenue (expenses) for the year	(1,520)	—	79,619	78,099
Investment in capital assets	11,345	—	(11,345)	—
Net assets, beginning of year	—	—	46,139	46,139
<b>Net assets, end of year</b>	<b>9,825</b>	<b>—</b>	<b>114,413</b>	<b>124,238</b>

*See accompanying notes to the financial statements*

**STATEMENT OF OPERATIONS**

Year ended March 31

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
<b>REVENUE</b>		
Grants <i>[note 7]</i>	<b>1,831,718</b>	1,116,840
Sponsorships	<b>68,783</b>	—
Donations	<b>14,606</b>	13,126
Interest and other	<b>865</b>	8,590
	<b>1,915,972</b>	1,138,556
<b>EXPENSES</b>		
Wages and benefits <i>[note 9]</i>	<b>803,818</b>	358,329
Contractors	<b>510,776</b>	414,510
Travel, meetings and conferences	<b>162,213</b>	114,318
Resource materials	<b>119,774</b>	78,223
Rent	<b>72,632</b>	51,044
Honorariums for participants testing	<b>30,620</b>	—
Professional fees	<b>13,137</b>	8,000
Equipment rentals	<b>10,299</b>	24,334
Office and supplies	<b>7,134</b>	7,029
Insurance and evaluation	<b>3,133</b>	3,150
Amortization of capital assets	<b>2,764</b>	1,520
	<b>1,736,300</b>	1,060,457
<b>Excess of revenue for the year</b>	<b>179,672</b>	78,099

*See accompanying notes to the financial statements*

**STATEMENT OF CASH FLOWS**

Year ended March 31

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
		<i>[Restated - Note 14]</i>
<b>OPERATING ACTIVITIES</b>		
Excess of revenue for the year	<b>179,672</b>	78,099
Item not affecting cash		
Amortization of capital assets	<b>2,764</b>	1,520
Changes in other non-cash working capital items		
Accounts receivable	<b>243,025</b>	(246,067)
Prepaid expenses	<b>6,497</b>	(18,958)
Inventory	<b>5,256</b>	(5,256)
Accounts payable and accruals	<b>(46,613)</b>	186,598
Deferred revenue	<b>155,622</b>	65,991
<b>Cash provided by operating activities</b>	<b>546,223</b>	61,927
<b>INVESTING ACTIVITIES</b>		
Acquisition of capital assets	<b>(2,972)</b>	(11,345)
<b>Cash used in investing activities</b>	<b>(2,972)</b>	(11,345)
<b>Increase in cash in the year</b>	<b>543,251</b>	50,582
Cash and cash equivalents, beginning of year	<b>211,436</b>	160,854
<b>Cash and cash equivalents, end of year</b>	<b>754,687</b>	211,436

*See accompanying notes to the financial statements*

## NOTES TO FINANCIAL STATEMENTS

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March 31, 2019

### 1. NATURE OF OPERATIONS

The Community Based Research Centre Society (the "Society") is a not-for-profit that promotes the health of gay men through research and intervention development. We are inclusive of bisexual and queer men (cis and trans) and Two Spirit people.

CBRC's core pillars - community-led research, knowledge exchange, network building, and leadership development - position the organization as a thought leader, transforming ideas into actions that make a difference in our communities.

The Society was incorporated in 1999 and is a non-profit charitable organization and is exempt from income taxes.

### 2. SIGNIFICANT ACCOUNTING POLICIES

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

#### [a] 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 statement and the reported amounts of revenues and expenditures during the year. Significant areas requiring the use of management estimates relate to the determination of the deferred portion of grants. Actual results could differ from the estimates.

#### [b] Revenue Recognition

The Society follows the deferral method of accounting for contributions. Restricted contributions (grants and donations) are recognized as revenue in the year in which the related expenditures 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 assured.

Grants and contributions for particular programs or services are recognized as revenue as the programs or services are delivered and collection is reasonably assured.

Unrestricted interest income is recognized as revenue when it is earned.

#### [c] Contributed Services

A substantial number of volunteers have donated significant amounts of their time in the Society's operations and in its fundraising campaigns. However, since no objective basis exists for recording and assigning values to contributed services, their value has not been reflected in the accompanying financial statements.

## NOTES TO FINANCIAL STATEMENTS

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March 31, 2019

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### [d] Financial Instruments

The Society initially measures its financial assets and liabilities at fair value. The Society subsequently measures all its financial assets and liabilities at amortized cost.

Financial assets measured at amortized cost include cash and accounts receivable. Financial liabilities measured at amortized cost include accounts payable and accruals.

#### [e] Cash and Cash Equivalents

Cash is defined as cash on hand, cash on deposit, and term deposits, net of cheques issued and outstanding at the year-end and deposits outstanding at year-end.

The statement of cash flows is prepared on a net cash basis and cash flows from operating activities are reported using the indirect method.

#### [f] Inventory

Inventory includes various reports and booklets to be distributed at no charge and is measured at the lower of cost and replacement value. Cost is determined using the first-in first-out method.

#### [g] Capital Assets

Capital assets are recorded at cost. Capital assets contributed to the Society are recorded at the fair value at the date the contribution is made. Computer equipment is amortized on a straight-line basis over 3 years and the leaseholds over 5 years.

#### [h] Deferred Grants

Deferred grants consists of revenue or grants received that are to be restricted to be used to fund expenditures in the next fiscal year-end.

### 3. CASH AND CASH EQUIVALENTS

	2019	2018
	\$	\$
Cash	754,510	211,122
Credit Union shares	177	143
Petty cash	—	171
	<b>754,687</b>	<b>211,436</b>
Operating	702,277	148,781
Gaming	52,410	62,655
	<b>754,687</b>	<b>211,436</b>

NOTES TO FINANCIAL STATEMENTS

March 31, 2019

**4. ACCOUNTS RECEIVABLE**

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Operations	<b>11,672</b>	260,538
Government - GST	<b>14,605</b>	8,764
Allowance for doubtful accounts	—	—
	<b>26,277</b>	269,302

**5. CAPITAL ASSETS**

	<b>Cost</b>	<b>Accumulated Amortization</b>	<b>Net Book Value</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>2019</b>			
Computer equipment	<b>2,972</b>	<b>495</b>	<b>2,477</b>
Leasehold improvements	<b>11,345</b>	<b>3,789</b>	<b>7,556</b>
	<b>14,317</b>	<b>4,284</b>	<b>10,033</b>
<b>2018</b>			
Computer equipment	1,265	1,265	—
Leasehold improvements	11,345	1,520	9,825
	12,610	2,785	9,825

**6. ACCOUNTS PAYABLE AND ACCRUALS**

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Operations	<b>115,685</b>	155,579
Vacation time owing	<b>14,898</b>	14,898
Government remittances - payroll taxes	<b>9,402</b>	16,121
	<b>139,985</b>	186,598

**NOTES TO FINANCIAL STATEMENTS**

March 31, 2019

**7. DEFERRED GRANTS**

	Deferred, Beginning of Year \$	Received or Receivable \$	Earned During the Year \$	Deferred, End of Year \$
<b>2019</b>				
Public Health Agency of Canada - Operations	—	650,000	650,000	—
- Alliance		790,538	567,871	222,667
Provincial Health Services Authority	—	90,000	90,000	—
Gaming	56,193	55,000	57,980	53,213
Other	147,748	401,802	465,867	83,683
	<b>203,941</b>	<b>1,987,340</b>	<b>1,831,718</b>	<b>359,563</b>
<b>2018</b>				
Public Health Agency of Canada - Operations	—	650,000	650,000	—
- Alliance	—	212,086	212,086	—
Provincial Health Services Authority	1,900	90,000	91,900	—
Gaming	55,206	55,000	54,013	56,193
Other	80,844	175,745	108,841	147,748
	137,950	1,182,831	1,116,840	203,941

**8. COMMITMENTS**

The Society is committed to a five year lease for office premises from August 1, 2017 to July 31, 2022. The annual rental charge under the lease includes base rent, property taxes, and operating costs. The required payments is estimated to be \$4,675 per month or \$56,100 per annum.

**9. WAGES, BENEFITS AND CONTRACTOR FEES**

Pursuant to the British Columbia Societies Act, the Society is required to disclose contractor fees and wages & benefits paid to contractors/employees who are paid \$75,000 or more during the fiscal year. Wages and benefits includes remuneration paid to four [2018 - one] employees in the amount of \$363,643 [2018 - \$98,933].

**10. ECONOMIC DEPENDENCE**

The Society is dependent on grant revenues [note 7] of which one funder provided 63% [2018 - 78%] of total revenues.

## NOTES TO FINANCIAL STATEMENTS

March 31, 2019

### 11. FINANCIAL INSTRUMENTS

The Society is exposed to various risks through its financial instruments.

#### Credit Risk

The Society is exposed to credit risk in the event of non-performance by counterparties in connection with its accounts receivable. The Society does not obtain collateral or other security to support its accounts receivable to credit risk but mitigates this risk by dealing only with what management believes to be financially sound counterparties and, accordingly, does not anticipate significant loss for non-performance. The Society is also exposed to credit risk with respect to its cash deposits and line of credit [note 12]. The Society reduces its credit risk by placing its term deposits with large financial institutions.

#### Liquidity Risk

Liquidity risk is the risk of being unable to meet cash requirements or fund obligations as they become due. It stems from the possibility of a delay in realizing the fair value of financial instruments. The Society manages its liquidity risk by constantly monitoring forecasted and actual cash flows and financial liability maturities to ensure that funds are available to meet payments as they fall due.

### 12. LINE OF CREDIT

The Society has a line of credit facility of \$100,000 at Vancity, bearing interest prime rate + 3%. No amount was drawn on this facility at March 31, 2019 [2018 - \$Nil].

### 13. INTERNALLY RESTRICTED

The Board of Directors has restricted a portion of the Society's net assets for the following purposes:

	2019
	\$
Sex Now Home Testing	44,333
Alliance Hospitality - Policy Consultations	15,359
Campaigns	25,000
Administrative Assistant	30,000
Engage Promo	24,170
InvestiGaytors	11,806
Summit 2019/20	15,000
	<b>165,668</b>

## NOTES TO FINANCIAL STATEMENTS

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March 31, 2019

### 14. ACCOUNTING ADJUSTMENTS

For the year ended March 31, 2018, certain accounting adjustments were made after the audit report was issued. The 2018 financial statements have been adjusted as follows:

#### Statements of Financial Position and Cashflows

Accounts receivable increased from \$220,850 to \$269,302.

Deferred grants increased from \$155,489 to \$203,941.

The statement of cash flows has also been adjusted where applicable.

### 15. COMPARATIVE FIGURES

Certain prior year's comparative figures have been reclassified where necessary to conform to the current year's presentation.