VANTAGE POINT STRATEGIES SOCIETY

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2019

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INDEPENDENT AUDITOR'S REPORT

To the Members of Vantage Point Strategies Society

Report on the Financial Statements

Opinion

We have audited the financial statements of Vantage Point Strategies Society (the Society), which comprise the statement of financial position as at December 31, 2019, and the statements of changes in net assets, operations and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Society as at December 31, 2019, 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 (ASNPO).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Society in accordance with 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 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 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.

INDEPENDENT AUDITOR'S REPORT

Auditors' 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 auditors' 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.
- 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 auditors' 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 auditors' 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.

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INDEPENDENT AUDITOR'S REPORT

Report on Other Legal and Regulatory Requirements

As required by the Societies Act of British Columbia, we report that, in our opinion, the accounting policies applied in preparing and presenting the financial statements in accordance with Canadian accounting standards for not-for-profit organizations have been applied on a basis consistent with that of the preceding year.

Manning Elliott LLP

Chartered Professional Accountants
Vancouver, British Columbia
March 16, 2020

VANTAGE POINT STRATEGIES SOCIETY
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2019

		2019		2018
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents *(Note 4)*	**$**	**233,813**	$	214,901
Accounts receivable		**91,926**		56,434
Prepaid expenses and deposits		**8,646**		-
		334,385		271,335
INVESTMENTS - INTERNAL RESERVE FUND		**100,000**		100,000
INVESTMENTS - RESTRICTED RENT FUND *(Note 16)*		**552,671**		465,869
PROPERTY AND EQUIPMENT *(Note 6)*		**1,659**		10,154
	$	**988,715**	$	847,358
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable and accrued liabilities	**$**	**8,434**	$	15,346
Deferred revenue *(Note 7)*		**199,190**		186,329
Current portion of deferred capital contributions *(Note 8)*		**-**		3,069
		207,624		204,744
NET ASSETS				
UNRESTRICTED		**126,761**		66,591
INVESTED IN PROPERTY AND EQUIPMENT		**1,659**		10,154
RESTRICTED RENT FUND *(Note 16)*		**552,671**		465,869
INTERNAL RESERVE FUND		**100,000**		100,000
		781,091		642,614
	$	**988,715**	$	847,358

COMMITMENT *(Note 16)*

Approved by the Board

_______________ *Director*

_______________ *Director*

VANTAGE POINT STRATEGIES SOCIETY
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2019

	Unrestricted	Invested in Property and Equipment	Restricted Rent Fund	Internal Reserve Fund	Restricted Gaming Fund	**2019**	2018
NET ASSETS - BEGINNING OF YEAR	$ 66,591	$ 10,154	$ 465,869	$ 100,000	$ -	**$ 642,614**	$ 621,216
Revenues	1,018,214	-	5,089	-	37,637	**1,060,940**	979,922
Expenditures	(958,044)	(8,495)	(3,597)	-	(37,637)	**(1,007,773)**	(944,004)
Unrealized gain (loss) on investments in restricted rent fund	-	-	85,310	-	-	**85,310**	(14,520)
	60,170	(8,495)	86,802	-	-	**138,477**	642,614
NET ASSETS - END OF YEAR	$ 126,761	$ 1,659	$ 552,671	$ 100,000	$ -	**$ 781,091**	$ 642,614

VANTAGE POINT STRATEGIES SOCIETY
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2019

		2019		2018
REVENUES				
Programs	**$**	**812,587**	$	816,289
Grants *(Note 9)*		**170,714**		65,501
Restricted gaming		**37,637**		29,680
Sponsorship		**18,226**		40,851
Interest and other		**10,540**		5,349
Donations and contributions *(Note 12)*		**8,167**		16,114
Amortization of deferred capital contributions *(Note 8)*		**3,069**		6,138
		1,060,940		979,922
EXPENDITURES *(Notes 10, 11, 13, 14)*				
Education and awareness programs		**582,932**		547,668
General and administrative		**319,771**		296,867
Membership services		**65,058**		40,456
Fundraising		**30,687**		39,907
Amortization of property and equipment		**8,495**		13,259
Events		**830**		5,847
		1,007,773		944,004
EXCESS OF REVENUES OVER EXPENDITURES FROM OPERATIONS		**53,167**		35,918
OTHER ITEMS				
Unrealized gain (loss) on investments in restricted rent fund		**85,310**		(14,520)
EXCESS OF REVENUES OVER EXPENDITURES FOR THE YEAR	**$**	**138,477**	$	21,398

VANTAGE POINT STRATEGIES SOCIETY
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2019

	2019	2018
OPERATING ACTIVITIES		
Excess of revenues over expenditures	**$ 138,477**	$ 21,398
Items not involving cash:		
Amortization of property and equipment	**8,495**	13,259
Unrealized (gain) loss on investments in restricted rent fund	**(85,310)**	14,520
Amortization of deferred capital contributions	**(3,069)**	(6,138)
Gain on sale of investments	**(1,248)**	(1,383)
	57,345	41,656
Changes in non-cash working capital:		
Accounts receivable	**(35,492)**	29,954
Prepaid expenses and deposits	**(8,646)**	-
Accounts payable and accrued liabilities	**(6,912)**	(13,566)
Deferred revenue	**12,861**	61,076
	(38,189)	77,464
Cash flows from operating activities	**19,156**	119,120
INVESTING ACTIVITY		
(Purchase) sale of investments	**(244)**	(96,541)
Cash flows used by investing activity	**(244)**	(96,541)
INCREASE IN CASH AND CASH EQUIVALENTS	**18,912**	22,579
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	**214,901**	192,322
CASH AND CASH EQUIVALENTS - END OF YEAR	**$ 233,813**	$ 214,901

1. PURPOSE OF THE SOCIETY

Vantage Point Strategies Society (the Society) was founded in 1943 and is a registered charity incorporated under the *Society Act* (British Columbia) and is exempt from income tax under section 149 of the *Income Tax Act* (Canada). The Society transitioned to the British Columbia Societies Act in November 2017.

The Society's mission is to transform not-for-profit organizations in British Columbia by convening, connecting and equipping leaders to lift organizational capacity. The Society envisions a future where Canada's not-for-profit sector is a thriving community, where organizations mindfully engage talented people, drawing on a spirit of abundance to achieve their missions. The services provided by the Society include, but are not limited to:

- Information and support in volunteering and volunteerism for current and potential volunteers;
- Education on not-for-profit governance and leadership for volunteers and paid staff of not-for profits; and
- Information and resources about the not-for-profit sector and its impact for the general public.

The constitution of the Society does not permit the members to realize any personal gain as a result of operation, dissolution or winding up. All net assets held by the Society upon dissolution or wind-up shall be conveyed to the United Way of the Lower Mainland.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO) and, in management's opinion, with consideration of materiality and within the framework of the following accounting policies:

(a) Net assets

i) Unrestricted funds

The unrestricted fund reports the general operations of the Society, including general revenue, general operating expenditures, and all assets and liabilities relating to operations.

ii) Invested in property and equipment

Net assets invested in property and equipment represents the Society’s net investment in property and equipment which is comprised of the unamortized amount of property and equipment purchased with restricted funds.

iii) Internally restricted rent fund

The Society currently leases its office space from the City of Vancouver. The restricted rent fund was initiated and maintained by the Society in accordance with the terms of the lease agreement with the City of Vancouver in relation to its office space. These are funds set aside to cover the cost of leasing and operating the leased premises in the 20-year period following the end of the term of the agreement, independent of any ongoing subsidy or other financial support from the City of Vancouver.

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(a) Net assets *(continued)*

iv) Internal reserve fund

Internal reserve net assets are funds which have been designated by the Society's Board of Directors for the specific purpose of providing an internal source of funds for situations such as a sudden increase in expenses, one-time unbudgeted expenses, and unanticipated loss in funding or uninsured losses.

(b) Cash and cash equivalents

Cash and cash equivalents consist of highly liquid investments that can be converted to known amounts of cash, having original terms to maturity, or that are cashable within three months or less from the date of original acquisition

(c) Donated services and assets

The Society gratefully acknowledges the receipt of contributed services from many highly skilled volunteers. Contributed services are not recognized in the financial statements, as fair value cannot be reasonable estimated. Donated property and equipment are recorded at fair market value at the date of contribution when a reasonable estimate can be made.

The Society leases the premises at 1183 Melville Street, Vancouver, British Columbia, from the City of Vancouver at a cost of $1 per year for a period of 20 years commencing April 24, 2007. During the period of the lease, property tax and operating costs are the responsibility of the City of Vancouver (note 2(a)(iii)).

(d) Property and equipment

Property and equipment is stated at cost or deemed cost less accumulated amortization and is amortized at the following rates and methods:

Websites	3 years	straight-line method
Office equipment	20%	declining balance method
Computer software	3 years	straight-line method

The Society regularly reviews its property and equipment to eliminate obsolete items.

Property and equipment acquired during the year are not amortized until they are placed into use.

(e) Impairment of long lived assets

The Society tests for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Recoverability is assessed by comparing the carrying amount to the projected future net cash flows the long-lived assets are expected to generate through their direct use and eventual disposition. When a test for impairment indicates that the carrying amount of an asset is not recoverable, an impairment loss is recognized to the extent the carrying value exceeds its fair value.

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(f) Revenue recognition

The Society follows the deferral method of accounting for contributions. Restricted contributions including gaming contributions are deferred and recognized as revenue in the year in which the related expenses are incurred. Contributions for the acquisition of assets are deferred and recognized as revenue on the same basis as the amortization expense related to the acquired property and equipment.

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.

Interest and other revenues are recognized in the period in which they are earned and collection is reasonably assured.

Other contributions received in the current period that are related to programs and events of the subsequent period are deferred and recognized as revenue in the period in which the programs and events are provided and the related expenses are incurred.

Program revenue relates to programs, events and services provided by the Society. These revenues are recognized in the period in which the related programs, events or services are provided.

(g) Pension plan

The Society and its employees contribute to a multi-employer defined benefit pension plan. Under the terms of the plan, each employer is required to make contributions based on a percentage of eligible employees' wages. From time to time, the employers may be required to make additional payments to cover the plans' solvency deficiency. The actuary does not attribute the net assets or unfunded liability of the plan to individual employers. As a result, the Society does not record an asset or liability associated with its participation in the pension plan. All contributions to the pension plan are expensed when due.

(h) Use of estimates

The preparation of these financial statements in conformity with ASNPO requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Significant estimates include recoverability of accounts receivable, estimated useful lives of property and equipment, accrued liabilities and the recognition of deferred revenue. While management believes these estimates are reasonable, actual results could differ from those estimates and could impact future results of operations and cash flows.

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(i) Financial instruments

i) Measurement

The Society's financial instruments consist of cash and cash equivalents, accounts receivable, investments and accounts payable.

Financial instruments are recorded at fair value when acquired. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

ii) Impairment

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of any write-down that is determined is recognized in the statement of operations. A previously recognized impairment loss may be reversed to the extent of any improvement, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in the statement of operations in the period in which it is determined.

(j) Allocation of expenses

The Society reports its expenses by function. Allocations to each function are based on a direct assignment of costs attributable to each function. The Society’s salaries and benefits expenses are allocated based on the relative amount of time the Society's employees work on each function.

3. FINANCIAL INSTRUMENTS RISKS

The Society is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Society's risk exposure and concentration as of December 31, 2019. These risks have not changed from the prior year.

(a) Liquidity risk

Liquidity risk is the risk that the Society will encounter difficulty in meeting obligations associated with financial liabilities. The Society is exposed to this risk mainly in respect of its accounts payable. However, cash flow from operations is budgeted to provide for the Society's cash requirements.

(b) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The Society's financial assets that are exposed to credit risk are cash and cash equivalents, accounts receivable and investments. The risk associated with cash and cash equivalents is minimized to the extent that they are placed with a major Canadian financial institution.

3. FINANCIAL INSTRUMENTS RISKS *(continued)*

The risk associated with accounts receivable is minimized given the small number of parties owing amounts to the Society and its history of collecting substantially all of its outstanding receivables within 30 days.

Credit risk associated with investments is minimized given that the investments consist of highly liquid mutual funds with no terms of maturity and are placed with a Canadian financial institution.

(c) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. The Society is exposed to interest rate risk primarily through its floating interest rate bank indebtedness and credit facilities. There is no bank indebtedness or drawn credit facilities as of December 31, 2019.

(d) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Society is subject to other price risk through its publicly traded instruments and fixed income investments recorded at fair value.

Unless otherwise noted, it is management's opinion that the Society is not exposed to significant other price risks arising from these financial instruments.

4. CASH AND CASH EQUIVALENTS

The Society's cash and cash equivalents include restricted funds, which are subject to external gaming license restrictions.

	2019	2018
Short-term investments	**$ 54,940**	$ 13,025
Restricted cash	**23,937**	60,589
Unrestricted cash	**154,936**	141,287
	$ 233,813	$ 214,901

The Society receives deposits in advance of providing certain services, which are recorded as deferred revenue until the services are provided and the related expenses are incurred.

	2019	2018
Cash and cash equivalents	**$ 233,813**	$ 214,901
Deferred revenue	**(199,190)**	(186,329)
	$ 34,623	$ 28,572

5. INVESTMENTS - RESTRICTED RENT FUND

The investments are held for the Restricted Rent Fund (Note 16).

	2019	2018
Cost	**$ 306,831**	$ 304,842
Fair market value	**$ 552,671**	$ 465,869

6. PROPERTY AND EQUIPMENT

	Cost	Accumulated amortization	2019 Net book value	2018 Net book value
Websites	$ 38,435	$ 38,435	**$ -**	$ 8,080
Office equipment	13,278	11,619	**1,659**	2,074
Computer software	13,895	13,895	**-**	-
	$ 65,608	$ 63,949	**$ 1,659**	$ 10,154

7. DEFERRED REVENUE

Deferred revenue is comprised of the following balances:

	2019	2018
Other advance payments	**$ 59,718**	$ 15,495
City of Vancouver	**42,846**	92,953
Department of Canadian Heritage	**37,215**	-
Province of British Columbia - Gaming Grant	**20,908**	58,256
City of Kelowna	**19,040**	-
Vancouver Coastal Health	**13,776**	-
Bursary fund	**5,687**	9,187
Metis Nation British Columbia	**-**	5,250
First West Credit Union	**-**	5,188
	$ 199,190	$ 186,329

8. DEFERRED CAPITAL CONTRIBUTIONS

The Society received contributions for building and improving the Go Volunteer and Vantage Point websites.

	2019	2018
Balance, beginning of year	**$ 3,069**	$ 9,207
Amortization	**(3,069)**	(6,138)
Balance, end of year	**-**	3,069
Current portion of deferred capital contributions	**-**	(3,069)
	$ -	$ -

9. GRANTS

	2019	2018
Grants for operations		
Department of Canadian Heritage	**$ 56,172**	$ -
Anonymous donor	**37,707**	15,000
City of Vancouver	**28,704**	28,704
Vancouver Community Network	**12,000**	7,795
BC Rural Dividend	**9,394**	-
Royal Bank of Canada	**9,000**	9,000
City of Vancouver Fund Development Lab	**8,000**	-
First West Foundation	**5,737**	-
BC Multiculturalism	**4,000**	-
Vancouver Coastal Health	**-**	5,002
	$ 170,714	$ 65,501

10. EXPENDITURE BY OBJECT

	2019	2018
Salaries and benefits *(Note 13)*	**$ 830,084**	$ 724,670
General and administrative	**99,039**	96,473
Programs	**66,649**	105,919
Amortization of property and equipment	**8,495**	13,259
Investor development	**3,506**	3,683
	$ 1,007,773	$ 944,004

11. GAMING GRANT EXPENDITURES

Included in the total expenses for the year ended December 31, 2019 are expenses incurred in relation to the restricted gaming grant of $37,637 (2018 - $29,680).

12. RELATED PARTY TRANSACTIONS

The Society receives donation revenue from its management, Board of Directors and Finance Committee members, their immediate family members and companies which they control. During the year ended December 31, 2019, related parties contributed $4,323 (2018 - $14,139) in donation revenue. Additionally, companies owned by certain directors also provided $5,000 (2018 - $10,000) in sponsorships revenue for particular events and activities of the Society.

13. SALARIES AND BENEFITS

Salaries and benefits expense for the year includes three employees (2018 - three employees) who earned over $75,000 for a total of $307,355 (2018 - $252,314).

14. PENSION PLAN

The Society and its employees contribute to the pension plan of the United Way of the Lower Mainland (the "Plan"), a multi-employer defined benefit pension plan providing pension benefits to all eligible employees. As at December 31, 2019, the Plan has 1,030 active members, 172 deferred pensioners and 241 pensioners and survivors. Participating agencies contribute to the Plan as required to provide for the normal cost of benefits currently accruing to employees, and to provide for amortization of previously unfunded liabilities.

The Plan is subject to actuarial valuation every three years. As at December 31, 2016, the Plan disclosed a going concern excess of $10,945,900, which implied that on a going concern assumption the plan assets exceeded the plan liabilities based on the 2016 actuarial valuation. However, at December 31, 2016, the Plan also disclosed a solvency deficiency of $14,154,500, which implied that if the Plan were to wind down, the plan liabilities would exceed the plan assets by this amount, based on the 2016 actuarial valuation. The next actuarial valuation will be as at December 31, 2019 and is expected to be issued in mid-2020.

As a multi-employer plan, the actuary does not attribute the unfunded liability to individual employers. Consequently, the Society's share in the unfunded liability cannot be determined.

Contributions to the Plan of $39,550 (2018 - $ 30,213) were expensed during the year.

15. THE VANTAGE POINT STRATEGIES ENDOWMENT FUND - VANCOUVER FOUNDATION

The Society has established The Vantage Point Strategies Endowment Fund (the "Fund"), which is set up and administered through the Vancouver Foundation (the "Foundation"). Based on the agreement with the Foundation, all monies invested in this Fund become the property of the Foundation, and as such, these amounts are not reported in these financial statements. The Society is entitled to all net income earned in the Fund. The original contribution to the Fund was $17,681 and the current market value of the Fund is $26,119 (2018 - $24,362). The Fund paid interest of $982 (2018 - $943) to the Society during the year.

16. COMMITMENT

The Society entered into an agreement to lease the premises at 1183 Melville Street, Vancouver, British Columbia, from the City Vancouver at a cost of $1 per year for a period of 20 years commencing April 24, 2007. Under the terms of this lease agreement, the Society must maintain throughout the term of the lease an endowment fund. The obligation of the Society, in respect of the fundraising, is to generate sufficient funds to cover the cost of leasing and operating the leased premises in the 20-year period following the end of the term of the agreement, independent of any ongoing subsidy or other financial support from the City of Vancouver. Such operating costs include capital replacement, upgrades and improvements, and not simply recurring operational costs. The endowment fund is solely for the benefit of the leased premises and the future occupant thereof, which may or may not be the Society. The endowment fund is to be maintained in a segregated and dedicated bank account or other investment instrument.

The Society holds a restricted segregated investment instrument to ensure it is able to meet the commitment stated above (Note 5).