

**ANKORS - AIDS Network Outreach and Support Society
Operating Fund**

Financial Statements

March 31, 2021

Independent Auditor's Report

To: the Members of ANKORS – AIDS Network Outreach and Support Society

Qualified Opinion

We have audited the accompanying financial statements of ANKORS – AIDS Network Outreach and Support Society's Operating Fund (as described in Note 2) which comprise the statement of financial position as at March 31, 2021, the statement of revenue and expenditures and changes in unrestricted net assets and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of ANKORS – AIDS Network Outreach and Support Society's Operating Fund (as described in Note 2) as at March 31, 2021, and the results of its operations for the year then ended in accordance with Canadian Accounting Standards for Not-for-profit Organizations (ASNPO).

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Organization 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 Organization. Therefore, we were unable to determine whether any adjustments might be necessary to fundraising revenue, excess of revenues over expenses, and cash flows from operations for the years ended March 31, 2021 and prior periods shown in the accompanying financial statements. Our audit opinion on the financial statements

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with ASNPO, 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.

In preparing the financial statements, management is responsible for assessing the Organization'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 Organization or to cease operations, or has no realistic alternative but to do so.

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.
- 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 Organization'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 Organization'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 Organization 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.

Pinnacle PAC

Chartered Professional Accountants

June 16, 2021
Castlegar, BC

ANKORS - AIDS Network Outreach and Support Society

STATEMENT OF FINANCIAL POSITION

As at March 31

	Note	2021	2020	2019
Assets				
Current Assets				
Cash and cash equivalents		\$ 655,707	\$ 638,242	\$ 597,127
Accounts receivable		81,126	33,853	26,801
Prepaid expenses		1,192	2,122	2,168
		738,025	674,217	626,096
Capital Assets	3	90,066	40,301	44,165
		\$ 828,091	\$ 714,518	\$ 670,261
Liabilities and Net Assets				
Current Liabilities				
Accounts payable		\$ 134,703	\$ 157,511	\$ 162,566
Government remittances payable		35,500	25,830	18,853
Deferred revenue	4	265,570	153,895	110,605
		435,773	337,236	292,024
CEBA Loan Payable	5	40,000	-	-
		475,773	337,236	292,024
Net Assets				
Invested in capital assets	6	90,066	40,301	44,165
Unrestricted net assets		262,252	336,981	334,072
		352,318	377,282	378,237
		\$ 828,091	\$ 714,518	\$ 670,261

Approved by the Directors:

ANKORS - AIDS Network Outreach and Support Society

STATEMENT OF REVENUE AND EXPENDITURES AND CHANGES IN UNRESTRICTED NET ASSETS

For the year ended March 31

	2021	2020	2019
Revenue			
Interior Health Authority - WKB	\$ 654,944	\$ 723,664	\$ 718,451
Interior Health Authority - EK	148,593	149,539	153,177
Health Canada	256,308	253,527	299,418
Grants	469,322	292,740	86,189
Donations and other income	4,223	40,107	99,769
	1,533,390	1,459,577	1,357,004
Expenditures			
Administration	107,526	142,179	125,283
Direct services	228,562	221,805	236,065
Occupancy costs	121,434	117,768	118,983
Wages and benefits	1,082,628	966,520	754,633
	1,540,150	1,448,272	1,234,964
Excess of revenue over expenditures (deficiency)	(6,760)	11,305	122,040
Unrestricted net assets, beginning of year	336,981	334,072	257,220
Capital asset additions	(69,399)	(8,217)	(45,251)
Transfer from (to) Foundation Fund	1,430	(179)	63
Unrestricted net assets, end of year	\$ 262,252	\$ 336,981	\$ 334,072

ANKORS - AIDS Network Outreach and Support Society

STATEMENT OF CASH FLOWS

For the year ended March 31

	2021	2020	2019
Operating Activities			
Excess of revenue over expenditures (deficiency)	\$ (6,760)	\$ 11,305	\$ 122,040
Changes in non-cash working capital			
Accounts receivable	(47,273)	(7,052)	132,641
Prepaid expenses	930	46	2,703
Accounts payable	(22,808)	(5,055)	15,351
Government remittances payable	9,670	6,977	6,957
Deferred revenue	111,675	43,290	(34,524)
	45,434	49,511	245,168
Investing Activities			
Acquisition of capital assets	(69,399)	(8,217)	(45,251)
Financing Activities			
CEBA loan advances	40,000	-	-
Transfer from (to) Foundation Fund	1,430	(179)	63
	41,430	(179)	63
Change in cash and cash equivalents	17,465	41,115	199,980
Cash and cash equivalents, beginning of year	638,242	597,127	397,147
Cash and cash equivalents, end of year	\$ 655,707	\$ 638,242	\$ 597,127

ANKORS - AIDS Network Outreach and Support Society

NOTES TO FINANCIAL STATEMENTS

March 31, 2021

1. Nature of Operations

ANKORS - AIDS Network Outreach and Support Society (ANKORS) is a regional organization operating programs designed to respond to the needs of those living with and at risk for HIV and Hepatitis C and to provide prevention education, harm reduction and outreach to residents of the East Kootenay, West Kootenay and Boundary region of British Columbia. ANKORS is incorporated under the Society Act of British Columbia as a non-profit organization and is a registered charity under the Income Tax Act.

2. Summary of Significant Accounting Policies

Basis of presentation

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and reflect the financial position and results of operations of the Society's Operating Fund. The Society also operates Foundation, General and Severance Funds. These funds were not audited and are not reflected in these financial statements.

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 which affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from these estimated amounts.

Cash and cash equivalents

The Society disclosed bank balances, overdrafts that are part of a revolving facility, and term certificates of less than ninety days as cash and cash equivalents.

Financial instruments

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

Capital assets

Capital assets are recorded at cost. Amortization is calculated on a declining balance basis at the following annual rates:

Computer equipment	50%
Diagnostic equipment	20%
Office equipment	20%

The provision for amortization is reduced by one-half in the year of acquisition and no amortization is recorded in the year of disposition.

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NOTES TO FINANCIAL STATEMENTS

March 31, 2021

2. Summary of Significant Accounting Policies (continued)

Revenue recognition

The Society follows the deferral method of accounting for contributions. Restricted funding is recognized in the year in which the related expenses are incurred. Unrestricted funding is recognized as revenue when received or receivable provided that collection is reasonably assured.

Donated services

The Society benefits from donated services in the form of volunteer time for various programs. The value of donated services is not recognized in these financial statements.

Income tax

The Society is exempt from Federal and Provincial income taxes.

3. Capital Assets

	2021	2020	2019
Historical cost			
Computer equipment	\$ 51,484	\$ 39,642	\$ 34,232
Diagnostic equipment	51,743	-	-
Office equipment	82,630	76,817	74,741
	185,857	116,459	108,973
Accumulated amortization			
Computer equipment	40,508	33,453	30,372
Diagnostic equipment	5,174	-	-
Office equipment	50,109	42,705	34,436
	95,791	76,158	64,808
	\$ 90,066	\$ 40,301	\$ 44,165

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NOTES TO FINANCIAL STATEMENTS

March 31, 2021

4. Deferred Revenue

Deferred revenue consists of funds received for future delivery of the following programs:

	2021		2020		2019
Provincial Drug User Network	\$ 37,755	\$	-	\$	-
Grand Forks Community Action Team	28,792		18,415		-
Overdose Prevention Site	26,091		-		-
Men's Health Initiative	25,327		-		9,241
Peer Training and Development	30,955		10,000		18,866
IHA Harm Reduction	18,900		-		-
FITR Machine	18,257		-		-
JW McConnell Foundation	16,250		-		-
Opioid Agonist Therapy	14,442		-		28,719
Cranbrook Community Wellness Grant	3,901		34,318		-
CBT - WK Preventative Education	-		54,000		4,867
Rural Remote Harm Reduction	-		-		20,000
Trans-Connect	-		-		15,038
Other Projects < \$10,000	44,900		37,162		13,874
	\$ 265,570	\$	153,895	\$	110,605

5. CEBA Loan Payable

The Canada Emergency Business Account (CEBA) loan is unsecured and interest-free. 25% of the loan is forgivable if it is repaid on or before December 31, 2022. If the loan is not repaid by that date, the loan may be converted to a three-year term loan at an interest rate of 5%.

6. Invested in Capital Assets

	2021		2020		2019
Balance, beginning of year	\$ 40,301	\$	44,165	\$	6,143
Capital asset additions	69,399		8,217		45,251
Amortization of capital assets	(19,634)		(12,081)		(7,229)
	\$ 90,066	\$	40,301	\$	44,165

ANKORS - AIDS Network Outreach and Support Society

NOTES TO FINANCIAL STATEMENTS

March 31, 2021

7. Financial Instruments

The Society's financial instruments consist of cash, accounts receivable, accounts payable, and government remittances payable. Management estimates that the fair values of the Society's financial instruments do not vary materially from their carrying values due to the short-term nature of these items.

Transacting in and holding of financial instruments exposes the Society to certain financial risks and uncertainties. These risks include:

a) Interest rate 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 Society's interest-bearing financial instruments consist of cash.

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 company's exposure to credit risk relates to accounts receivable and arises from the possibility that a debtor does not fulfil its obligations. Management believes this risk is minimized through dealing only with what management believes to be financially sound counterparties.

c) Liquidity risk

Liquidity risk is the risk that the Society will not be able to meet its financial obligations as they fall due. The Society's exposure to liquidity risk relates to its accounts payable and deferred revenue. The Society's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient cash to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Society's reputation.

8. Comparative Figures

Certain comparative figures presented in these financial statements have been restated to conform to presentation adopted in the current year.