

Pacific Peoples' Partnership Association

Financial Statements

Year ended June 30, 2018

Independent Auditors' Report

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

Report on Financial Statements

We have audited the accompanying financial statements of Pacific Peoples' Partnership Association, which comprise the statement of financial position as at June 30, 2018 and the statements of net assets, operations and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our audit opinion.

Basis for Qualified Opinion

In common with many similar organizations, the organization derives revenue from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of this revenue was limited to the amounts recorded in the records of the organization and we were not able to determine whether any adjustment might be necessary to revenue, excess of revenue over expenses, assets and net assets.

Qualified Opinion

In our opinion, except for the possible effects of the matter disclosed in the basis for qualified opinion paragraph, these financial statements present fairly, in all material respects, the financial position of the Pacific Peoples' Partnership Association as at June 30, 2018 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.

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 Canadian accounting standards for not-for-profit organizations have been applied on a basis consistent with that of the preceding year.



Chartered Professional Accountants

Victoria, B.C.
November 5, 2018

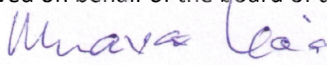
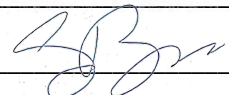
Pacific Peoples' Partnership Association

Statement of Financial Position

As at June 30, 2018 with comparative figures for 2017

	Operating Fund \$	Capital Fund \$	Endowment Fund \$	Total 2018 \$	Total 2017 \$
Assets					
Current assets					
Cash	18,768	-	-	18,768	24,076
Accounts receivable	-	-	-	-	12,497
Government remittances receivable	154	-	-	154	190
Prepaid expenses	951	-	-	951	1,573
	19,873	-	-	19,873	38,336
Endowment fund (Note 6)	-	-	40,395	40,395	39,043
Property and equipment (Note 3)	-	5,428	-	5,428	8,105
Total assets	19,873	5,428	40,395	65,696	85,484
Liabilities					
Current liabilities					
Accounts payable and accrued liabilities	5,341	-	-	5,341	6,136
Government remittances payable	2,364	-	-	2,364	3,059
Deferred revenue (Note 4)	13,232	-	-	13,232	7,430
Total liabilities	20,937	-	-	20,937	16,625
Net Assets					
Unrestricted funds (deficit)	(1,064)	-	-	(1,064)	21,711
Restricted funds	-	-	40,395	40,395	39,043
Invested in property and equipment	-	5,428	-	5,428	8,105
Total net assets	(1,064)	5,428	40,395	44,759	68,859
Total liabilities and net assets	19,873	5,428	40,395	65,696	85,484

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, 2018 with comparative figures for 2017

	Unrestricted	Invested in Property and Equipment (Note 3)	Endowment Fund (Note 6)	Total 2018	Total 2017
	\$	\$	\$	\$	\$
Net assets, beginning of year	21,711	8,105	39,043	68,859	49,663
Allocation of income:					
Excess (deficiency) of revenue over expenses	(22,775)	(2,677)	-	(25,452)	16,145
Direct increases to net assets:					
Endowment grants paid	-	-	(1,223)	(1,223)	(980)
Endowment net investment returns reinvested	-	-	2,575	2,575	4,031
Net assets (deficit), end of year	(1,064)	5,428	40,395	44,759	68,859

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

Pacific Peoples' Partnership Association

Statement of Operations

For the year ended June 30, 2018 with comparative figures for 2017

	Operating Fund \$	Capital Fund \$	Endowment Fund \$	Total 2018 \$	Total 2017 \$
Revenue					
Donations	136,912	-	-	136,912	101,486
Gaming Commission	27,000	-	-	27,000	27,000
Wage subsidies	13,001	-	-	13,001	33,002
Ministry Grants	12,500	-	-	12,500	49,987
Municipal Funding	3,000	-	-	3,000	5,000
Interest	15	-	-	15	31
Programming	-	-	-	-	764
	192,428	-	-	192,428	217,270
Expenses					
Accounting and legal	7,250	-	-	7,250	6,383
Advertising	3,301	-	-	3,301	656
Amortization	-	2,677	-	2,677	2,228
Bank and financial processing charges	848	-	-	848	571
Board and AGM	420	-	-	420	1,647
Communications	2,337	-	-	2,337	2,392
Expenses - Tok Blong	-	-	-	-	4,860
Insurance	2,719	-	-	2,719	2,407
Materials and supplies	2,344	-	-	2,344	2,408
Memberships	640	-	-	640	619
Program delivery costs	107,858	-	-	107,858	43,511
Rental	4,920	-	-	4,920	4,920
Salaries/contractors	82,566	-	-	82,566	128,523
	215,203	2,677	-	217,880	201,125
Excess (deficiency) of revenues over expenses	(22,775)	(2,677)	-	(25,452)	16,145

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, 2018 with comparative figures for 2017

	Operating Fund \$	Capital Fund \$	Endowment Fund \$	Total 2018 \$	Total 2017 \$
Operating Activities:					
Excess (deficiency) of revenues over expenses	(22,775)	(2,677)	-	(25,452)	16,145
Non-cash items:					
Amortization	-	2,677	-	2,677	2,228
Cash provided by (used in) changes in non-cash working capital items:					
Accounts receivable	12,497	-	-	12,497	(10,247)
Government remittances receivable	36	-	-	36	378
Prepaid expenses	622	-	-	622	(125)
Accounts payable and accrued liabilities	(795)	-	-	(795)	236
Government remittances payable	(695)	-	-	(695)	365
Deferred revenue	5,802	-	-	5,802	(1,037)
Net cash provided by operating activities	(5,308)	-	-	(5,308)	7,943
Investing and Financing Activities:					
Purchase of property and equipment	-	-	-	-	(8,283)
Net cash (used by) investing and financing activities	-	-	-	-	(8,283)
Net (decrease) in cash	(5,308)	-	-	(5,308)	(340)
Cash, beginning of year	24,076	-	-	24,076	24,416
Cash, end of year	18,768	-	-	18,768	24,076

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

Pacific Peoples' Partnership Association

Notes to the Financial Statements

Year ended June 30, 2018 with comparative figures for 2017

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, 2018 with comparative figures for 2017

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 2018	Net Book Value 2017
	\$	\$	\$	\$
Computer equipment	2,175	(1,633)	542	1,205
Furniture and equipment	700	(252)	448	560
Websites	7,458	(3,020)	4,438	6,340
	10,333	(4,905)	5,428	8,105

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:

	2018	2017
	\$	\$
For Programs:		
Commonwealth Foundation Grant	10,732	-
BC Multiculturalism Grant	2,500	2,500
	13,232	2,500
For Special Purposes:		
Women's Project Fund	-	4,930
	13,232	7,430

Pacific Peoples' Partnership Association

Notes to the Financial Statements

Year ended June 30, 2018 with comparative figures for 2017

5. Financial Instruments and Risk Management

At June 30, 2018, 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.