

# Covenant House Vancouver

Financial statements

June 30, 2021



# Independent auditor's report

To the Members of  
**Covenant House Vancouver**

## Report on the audit of the financial statements

### Opinion

We have audited the financial statements of **Covenant House Vancouver** [the "Organization"], which comprise the statement of financial position as at June 30, 2021, and the statement of changes in net assets, statement of operations and statement of 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 Organization as at June 30, 2021, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

### 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 *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Organization 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 opinion.

### Other information

Management is responsible for the other information. The other information comprises the information included in the Impact Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above, and in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

The Impact Report is expected to be made available to us after the date of the auditor's report. If, based on the work we will perform on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact to those charged with governance.

### 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 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.

Those charged with governance are responsible for overseeing the Organization'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.
- 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.

**Report on other legal and regulatory requirements**

As required by the *Societies 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.

Vancouver, Canada  
December 2, 2021

*Ernst & Young LLP*

Chartered Professional Accountants

## Covenant House Vancouver

### Statement of financial position

As at June 30

	2021	2020
	\$	\$
<b>Assets</b>		
<b>Current</b>		
Cash	1,062,467	2,597,579
Short-term investments <i>[note 4]</i>	18,025,998	26,231,159
Amounts receivable	377,918	335,962
Prepaid expenses	186,457	121,368
<b>Total current assets</b>	<b>19,652,840</b>	29,286,068
Property and equipment, net <i>[note 5]</i>	42,672,958	28,657,860
	<b>62,325,798</b>	57,943,928
<b>Liabilities and net assets</b>		
<b>Current</b>		
Accounts payable and accrued liabilities <i>[note 16]</i>	3,162,853	2,028,659
Mortgage <i>[note 6]</i>	5,633,675	5,633,675
<b>Total current liabilities</b>	<b>8,796,528</b>	7,662,334
Deferred contributions related to youth education funding <i>[note 7]</i>	65,285	68,817
Deferred contributions related to Human Trafficking grant <i>[note 8]</i>	23,417	—
Deferred contributions related to property and equipment and expansion project <i>[note 9]</i>	33,988,005	32,469,658
<b>Total liabilities</b>	<b>42,873,235</b>	40,200,809
Commitments <i>[notes 5 and 11]</i>		
<b>Net assets</b>		
Property and equipment	7,158,934	7,121,883
Internally restricted <i>[note 4]</i>	9,321,531	6,929,880
Unrestricted	2,972,098	3,691,356
<b>Total net assets</b>	<b>19,452,563</b>	17,743,119
	<b>62,325,798</b>	57,943,928

See accompanying notes

On behalf of the Board:



Director



Director

## Covenant House Vancouver

### Statement of changes in net assets

Year ended June 30

	2021			2020	
	Property and equipment \$	Internally restricted \$	Unrestricted \$	Total \$	Total \$
<b>Balance, beginning of year</b>	<b>7,121,883</b>	<b>6,929,880</b>	<b>3,691,356</b>	<b>17,743,119</b>	15,515,640
Excess of revenue over expenses for the year	—	—	<b>1,709,444</b>	<b>1,709,444</b>	2,227,479
Purchase of property and equipment	<b>14,784,035</b>	—	<b>(14,784,035)</b>	—	—
Amortization of property and equipment	<b>(768,937)</b>	—	<b>768,937</b>	—	—
Expansion project contributions	<b>(2,094,019)</b>	—	<b>2,094,019</b>	—	—
Amortization of deferred contributions related to property and equipment	<b>575,672</b>	—	<b>(575,672)</b>	—	—
Restricted to strategic action fund	—	<b>2,065,852</b>	<b>(2,065,852)</b>	—	—
Restricted to sustainability fund	—	<b>325,799</b>	<b>(325,799)</b>	—	—
Cash and short-term investments for expansion project	<b>(12,459,700)</b>	—	<b>12,459,700</b>	—	—
<b>Balance, end of year</b>	<b>7,158,934</b>	<b>9,321,531</b>	<b>2,972,098</b>	<b>19,452,563</b>	17,743,119

See accompanying notes

## Covenant House Vancouver

### Statement of operations

Year ended June 30

	2021	2020
	\$	\$
<b>Revenue</b>		
Donations and bequests	19,555,698	18,251,938
Amortization of deferred contributions <i>[note 8]</i>	575,672	585,062
Government grants <i>[note 15]</i>	892,430	991,994
Investment income	322,654	541,247
Gaming	158,884	134,668
Other income	150,747	266,618
	<b>21,656,085</b>	<b>20,771,527</b>
<b>Expenses <i>[note 13]</i></b>		
Salaries and benefits <i>[note 14]</i>	14,929,362	13,635,390
Amortization of property and equipment	768,937	791,456
Postage, printing and advertising	1,764,362	1,510,426
Purchased services	1,234,734	1,335,477
Other	624,877	590,113
Occupancy	624,369	681,186
	<b>19,946,641</b>	<b>18,544,048</b>
<b>Excess of revenue over expenses for the year</b>	<b>1,709,444</b>	<b>2,227,479</b>

See accompanying notes

## Covenant House Vancouver

### Statement of cash flows

Year ended June 30

	2021	2020
	\$	\$
<b>Operating activities</b>		
Excess of revenue over expenses for the year	1,709,444	2,227,479
Add (deduct) items not affecting cash		
Amortization of deferred contributions	(575,672)	(585,062)
Amortization of property and equipment	768,937	791,456
	<u>1,902,709</u>	<u>2,433,873</u>
Changes in non-cash working capital balances		
Amounts receivable	(41,956)	(31,674)
Prepaid expenses	(65,089)	137,446
Accounts payable and accrued liabilities	1,134,194	719,511
Deferred contributions related to youth education funding	(3,532)	50,347
Deferred contributions related to Human Trafficking grant	23,417	—
<b>Cash provided by operating activities</b>	<u>2,949,743</u>	<u>3,309,503</u>
<b>Investing activities</b>		
Purchase of property and equipment	(14,784,035)	(5,316,864)
Decrease (increase) in short-term investments	8,205,161	(7,200,019)
<b>Cash used in investing activities</b>	<u>(6,578,874)</u>	<u>(12,516,883)</u>
<b>Financing activities</b>		
Deferred contributions related to property and equipment	2,094,019	9,617,661
<b>Cash provided by financing activities</b>	<u>2,094,019</u>	<u>9,617,661</u>
<b>Net (decrease) increase in cash during the year</b>	<u>(1,535,112)</u>	<u>410,281</u>
Cash, beginning of year	2,597,579	2,187,298
<b>Cash, end of year</b>	<u>1,062,467</u>	<u>2,597,579</u>

See accompanying notes



## Covenant House Vancouver

### Notes to financial statements

June 30, 2021

#### 1. Nature of operations

Covenant House Vancouver [the "Organization"] provides care and sanctuary for homeless youth. In operation since 1997 and incorporated under the British Columbia *Society Act* on April 23, 1998, the Organization provides a continuum of care that includes street outreach, residential crisis intervention, assessment, referral, a transitional living program ["Rights of Passage"] and community support services, and plays a role in advocacy for street youth.

The Organization transitioned to the new British Columbia *Societies Act* in April 2018 and is a registered charity under the *Income Tax Act* (Canada) and, accordingly, is not subject to income taxes.

#### COVID-19 pandemic

The outbreak of the coronavirus disease ["COVID-19"] in March 2020 has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. The duration and impact of the COVID-19 outbreak is unknown at this time, nor is the efficacy of the government and central bank monetary and fiscal interventions designed to stabilize economic conditions. As a result, it is not possible to reliably estimate the length and severity of these developments nor the impact on the financial position and financial results of the Organization.

#### 2. Summary of significant accounting policies

##### Basis of accounting

These financial statements were prepared in accordance with Part III of the *CPA Canada Handbook – Accounting*, "Accounting Standards for Not-for-Profit Organizations" ["ASNPO"].

##### Cash

Cash consists of cash on deposit with banks and, if applicable, highly liquid short-term investments with a term to maturity of three months or less at the purchase date.

##### Short-term investments

Short-term investments comprise highly liquid, interest-bearing investments with a maturity at the purchase date of greater than three months but not more than one year.

##### Financial instruments

Financial instruments are initially measured at fair value, net of directly attributable costs of acquisition, and subsequently measured at cost or amortized cost. At each reporting date, the Organization assesses whether there are any indications that a financial asset measured at cost or amortized cost may be impaired. The amount of any impairment provision is recognized in the statement of operations. A previously recognized impairment provision may be reversed to the extent of any improvements relating to events occurring after the impairment was recognized. The amount of reversal is recognized in the statement of operations in the period in which it is determined.

## **Covenant House Vancouver**

### **Notes to financial statements**

June 30, 2021

#### **Property and equipment**

Property and equipment is recorded at cost and amortized on the straight-line basis over the estimated useful lives as disclosed in note 5. When conditions indicate that an item of property and equipment no longer contributes to the Organization's ability to provide goods and services, or that the value of the future economic benefits or service potential associated with the item of property and equipment is less than its net carrying amount, the item of property and equipment is written down to its fair value or replacement cost. The write-down is recognized as an expense in the statement of operations. Write-downs are not reversed if the fair value of the related asset subsequently increases.

#### **Leases**

Leases are classified as either capital or operating leases. Those leases that transfer substantially all the benefits and risks of ownership of the property to the Organization are accounted for as capital leases. Capital lease obligations reflect the present value of future lease payments discounted at appropriate interest rates. All other leases are accounted for as operating leases, wherein rental payments are charged to operations as incurred.

#### **Revenue recognition**

The Organization follows the deferral method of accounting for contributions. Contributions are non-reciprocal transfers to the Organization of cash or other assets or a non-reciprocal settlement or cancellation of its liabilities. Government funding, which includes gaming, provided to the Organization is considered to be a contribution. Externally restricted contributions for which the related restriction is unfulfilled at the statement of financial position date, as well as contributions for expenses of one or more future periods, are deferred and recognized as revenue in the same period or periods in which the restriction is fulfilled or the related expenses are recognized. Restricted contributions for the purchase of property and equipment that will be amortized are deferred and recognized as revenue on the same basis as the amortization expense related to the acquired property and equipment. Restricted contributions for the purchase of property and equipment that will not be amortized are recognized as direct increases in net assets. Restricted contributions for the repayment of debt that is incurred to fund the purchase of property and equipment that will not be amortized are recognized as a direct increase in net assets. Endowment contributions are recognized as direct increases in net assets in the current period.

Investment income, which comprises interest income, is recognized with the passage of time.

#### **Contributed goods and services**

The Organization recognizes contributions of goods and services when a fair value can be reasonably estimated and the goods and services are used in the normal course of the Organization's operations and would otherwise have been purchased.

The fair value of volunteer hours and services is not recognized as they cannot be reasonably estimated.

## **Covenant House Vancouver**

### **Notes to financial statements**

June 30, 2021

#### **Foreign currency translation**

Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rates in effect at the statement of financial position date. Non-monetary assets and liabilities are translated at rates of exchange in effect when the assets are acquired or obligations incurred. Revenues and expenses are translated at the exchange rates prevailing at the time the transaction occurs. All exchange gains and losses are recognized in the statement of operations in the period in which they arise.

### **3. Financial instruments**

#### **Interest rate risk**

Interest rate risk is the risk that the fair values or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Organization's short-term investments earn interest at fixed interest rates and the Organization's mortgage is non-interest bearing.

#### **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 Organization is exposed to credit risk in the event of non-performance by counterparties primarily in connection with its cash, short-term investments and amounts receivable. The Organization mitigates its credit risk with respect to cash, and short-term investments by dealing with Canadian financial institutions with no publicly known liquidity problems and, with respect to amounts receivable, by dealing only with what management believes to be financially sound counterparties.

#### **Liquidity risk**

Liquidity risk is the risk that the Organization will encounter difficulty in meeting obligations associated with financial liabilities. The Organization is exposed to liquidity risk primarily from its accounts payable and accrued liabilities and mortgage. The Organization's ability to meet its obligations depends on generating cash flows from operations and the ability to obtain financing from other sources including its existing and other potential lenders.

#### **Currency risk**

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Organization has cash denominated in US dollars of US\$127,110 [2020 – US\$112,405] and thus the Organization is exposed to the risk of fluctuations in earnings and cash flows arising from changes in the exchange rate between the Canadian dollar and the US dollar and the degree of volatility in that rate.

## Covenant House Vancouver

### Notes to financial statements

June 30, 2021

#### 4. Short-term investments

	2021	2020
	\$	\$
<b>Short-term investments</b>		
Externally restricted – expansion project [note 8]	4,107,656	16,567,356
Internally restricted – sustainability fund	5,105,711	4,779,912
Internally restricted – strategic action fund	4,215,820	2,149,968
Unrestricted – operating	4,596,811	2,733,923
	<b>18,025,998</b>	<b>26,231,159</b>

Short-term investments comprise Flexible GIC's bearing interest at rates ranging from 0.50% to 0.65% [2020 – 1.26% to 2.38%] per annum through CIBC Wood Gundy.

The funds designated as “*Internally restricted – sustainability fund*” are board restricted funds to be used at the discretion of the board of directors in times of extraordinary and unforeseen needs.

The funds designated as “*Internally restricted – strategic action fund*” are board restricted funds to be used at the discretion of the board of directors for strategic purposes and staff initiatives.

#### 5. Property and equipment

	2021			2020	
	Amortization period	Cost	Accumulated amortization	Net book value	Net book value
	Years	\$	\$	\$	\$
Land					
1280 Seymour	—	1,000,000	—	1,000,000	1,000,000
1302 Seymour	—	5,633,675	—	5,633,675	5,633,675
Building					
1302 Seymour	40	12,823,462	788,014	12,035,448	12,257,410
HVAC	20	586,530	73,316	513,214	542,541
Elevator	25	201,152	20,115	181,037	189,083
West Pender Street	40	2,071,471	1,043,972	1,027,499	1,079,284
Building improvements	15	920,481	591,230	329,251	368,027
Furniture and equipment	10	784,518	212,972	571,546	628,326
Vehicles	10	80,375	24,958	55,417	18,589
Computer equipment	3	884,990	657,042	227,948	303,658
Development in progress	—	21,097,923	—	21,097,923	6,637,267
		<b>46,084,577</b>	<b>3,411,619</b>	<b>42,672,958</b>	<b>28,657,860</b>

## Covenant House Vancouver

### Notes to financial statements

June 30, 2021

#### Development in progress

The Organization is undertaking the redevelopment of 1280 Seymour Street as Phase 2 and renovations at 326 West Pender Street as Phase 3 of the Expansion Project. The Expansion Project is the redevelopment, construction and renovation/fixturing of the Organization's three operating locations. The Organization is committed to a construction contract for 1280 Seymour Street. As at June 30, 2021, the Organization has incurred \$21,025,066 of professional, development and construction costs related to Phase 2 and \$72,857 related to Phase 3, which have been recorded as development in progress. At June 30, 2021, the Organization has contracted costs aggregating approximately \$12,782,755 related to the completion of Phase 2 of the Expansion Project.

Development in progress is not amortized until the related property is placed into service, at which time it will be transferred to its appropriate asset category and amortization will commence.

#### 6. Mortgage

The mortgage is repayable on demand, is non-interest bearing prior to its maturity in April 2029, and a charge on the property at 1302 Seymour Street is provided as collateral. No principal repayments are required prior to maturity. Subsequent to April 2029, if the mortgage is not fully repaid, it bears interest at the prime interest rate plus 2% per annum.

#### 7. Deferred contributions related to youth education funding

Deferred contributions related to youth education funding represent unspent resources, restricted for the delivery of specified programs and received in advance of the Organization's obligation to perform.

	2021	2020
	\$	\$
<b>Balance, beginning of year</b>	<b>68,817</b>	18,470
Contributions	<b>33,258</b>	78,728
Revenue recognized	<b>(36,790)</b>	(28,381)
<b>Balance, end of year</b>	<b>65,285</b>	68,817

#### 8. Deferred contributions related to Human Trafficking grant

Deferred contributions related to human trafficking funding represent unspent resources restricted for the development and implementation of practices that will advance knowledge and empowerment support for youth aged 16 to 24 at risk, or survivors, of sexual exploitation and human trafficking in Vancouver.

	2021	2020
	\$	\$
<b>Balance, beginning of year</b>	—	—
Contributions	<b>23,417</b>	—
<b>Balance, end of year</b>	<b>23,417</b>	—

## Covenant House Vancouver

### Notes to financial statements

June 30, 2021

#### 9. Deferred contributions related to property and equipment and Expansion Project

Deferred contributions related to property and equipment include contributions that are restricted for the purchase of property and equipment or the Expansion Project.

	2021	2020
	\$	\$
<b>Property and equipment</b>		
<b>Balance, beginning of year</b>	<b>1,344,658</b>	1,447,020
Amortization of deferred contributions	<b>(102,362)</b>	(102,362)
<b>Balance, end of year</b>	<b>1,242,296</b>	1,344,658
<b>Expansion project</b>		
<b>Balance, beginning of year</b>	<b>31,125,000</b>	21,990,039
Contributions	<b>2,094,019</b>	4,528,429
Forgivable mortgage	—	5,089,232
Amortization of deferred contributions	<b>(473,310)</b>	(482,700)
<b>Balance, end of year</b>	<b>32,745,709</b>	31,125,000
	<b>33,988,005</b>	32,469,658

The Organization has a forgivable mortgage owing for \$5,000,000 used for the construction of the property at 1302 Seymour Street. The mortgage is non-interest bearing, has a 35-year term that matures in August 2052, and a charge on the property at 1302 Seymour Street is provided as collateral. A portion of the mortgage is forgiven annually by the lender commencing in August 2027 and ending at the maturity date. In accordance with ASNPO, the Organization has initially recognized the mortgage as a deferred contribution and is subsequently recognizing it as revenue on a straight-line basis over 40 years, which is the same basis as the amortization expense related to the building at 1302 Seymour Street.

The Organization also has a forgivable mortgage owing for \$5,089,232 used for the construction of the property at 1302 Seymour Street. The mortgage is non-interest bearing; has a 20-year term that matures in January 2040; and a third mortgage over the property at 1302 Seymour Street, a general security agreement, an operating agreement and an assignment of rents and leases are provided as collateral. A portion of the mortgage is forgiven annually by the lender commencing January 1, 2020 and ending at the maturity date. In accordance with ASNPO, the Organization has initially recognized the mortgage as a deferred contribution and is subsequently recognizing it as revenue on a straight-line basis over 40 years, which is the same basis as the amortization expense related to the building at 1302 Seymour Street.

## Covenant House Vancouver

### Notes to financial statements

June 30, 2021

In June 2021, in connection with the redevelopment of 1280 Seymour Street *[note 5]*, the Organization entered into a forgivable loan for up to \$7,843,827. The loan is non-interest bearing; has a 20-year term that matures in July 2041; and a first mortgage on the property at 1280 Seymour Street for 120% of the final aggregate amount drawn under the loan, a general security agreement, and an assignment of insurance are provided as collateral. An equal portion of the final aggregate principal amount drawn under the loan is forgiven annually commencing the year following the final advance under the loan which is expected in June 2022. In the event the Organization is in default of the terms of the loan, the lender may, at its sole option, declare that the loan bears interest at 5% per annum and is repayable in blended payments of principal and interest to be then determined. At June 30, 2021, the Organization had not drawn-down any amount under the loan. In accordance with ASNPO, the Organization will initially recognize the loan as a deferred contribution and subsequently recognize it as revenue on a straight-line basis over a period commensurate with the amortization period of the building at 1280 Seymour Street.

In July 2021, in connection with the redevelopment of 1280 Seymour Street *[note 5]*, the Organization entered into a non-revolving forgivable construction loan for \$2,500,000. The loan is non-interest bearing; has a 35-year term that matures in August 2056; and a second mortgage on the property at 1280 Seymour Street and an assignment of construction contracts and agreements are provided as collateral. 1/25th of the loan is forgiven annually commencing August 2032. In the event the Organization is in default of the terms of the loan, at the option of the lender, the loan immediately becomes due and payable and bears interest at the Royal Bank of Canada's prime interest rate plus 2% per annum. In accordance with ASNPO, the Organization will initially recognize the loan as a deferred contribution and subsequently recognize it as revenue on a straight-line basis over a period commensurate with the amortization period of the building at 1280 Seymour Street.

#### 10. Pension plan

The Organization has a defined contribution pension plan. Employees are eligible to join the plan after one year of continuous service. Contributions made by the Organization to the plan are recognized as an expense in the period in which the contributions are made. For the year ended June 30, 2021, contributions made by the Organization amounted to \$332,068 [2020 – \$251,359].

## Covenant House Vancouver

### Notes to financial statements

June 30, 2021

#### 11. Commitments

The Organization has entered into various operating leases and service arrangements expiring at various dates between 2021 and 2024. The building at West Pender Street is situated on leased land, which is subject to a lease from the City of Vancouver expiring on June 25, 2057. The requirements under the lease agreement obligate the Organization to pay the annual property taxes on the property, but there are no lease payments owing.

The approximate annual minimum payments under these arrangements in each of for the next four years are as follows:

	\$
2022	362,534
2023	95,536
2024	88,781
2025	88,781
	<u>635,632</u>

#### 12. Funds held by the Vancouver Foundation

In April 2005, an agreement was entered into between the Organization and the Vancouver Foundation [the "VF"] whereby the VF holds certain endowment funds totaling \$325,031 on behalf of the Organization. These funds are not included as assets of the Organization as they are administered by the VF. The Organization is the beneficiary of all the income earned on these funds and records the revenue from these funds when received.



## Covenant House Vancouver

### Notes to financial statements

June 30, 2021

#### 13. Summary of program service and other expenses

The expenses incurred during the year by the Organization through program services and other functional areas are as follows:

	2021	2020
	\$	\$
<b>Program services</b>		
Shelter and Crisis Care		
Salaries and benefits	5,838,842	5,487,742
Postage, printing and advertising	768	304
Occupancy <i>[note 15]</i>	272,985	292,983
Purchased services	173,389	189,909
Others	215,393	226,873
Amortization of property and equipment	346,023	356,156
	<u>6,847,400</u>	<u>6,553,967</u>
Outreach/Community Support Services		
Salaries and benefits	2,189,907	1,986,848
Postage, printing and advertising	1,083	1,024
Occupancy <i>[note 15]</i>	110,553	126,747
Purchased services	102,928	121,834
Others	136,456	113,760
Amortization of property and equipment	115,342	118,719
	<u>2,656,269</u>	<u>2,468,932</u>
Rights of Passage		
Salaries and benefits	2,370,379	2,181,706
Postage, printing and advertising	698	213
Occupancy <i>[note 15]</i>	150,575	146,185
Purchased services	111,163	122,627
Others	177,176	152,089
Amortization of property and equipment	107,652	110,804
	<u>2,917,643</u>	<u>2,713,624</u>
Public education	<u>572,878</u>	563,814
Total programs	<u>12,994,190</u>	12,300,337
<b>Finance and administration</b>	<u>1,797,595</u>	1,744,999
<b>Development</b>	<u>5,154,856</u>	4,498,712
<b>Total expenses</b>	<u>19,946,641</u>	<u>18,544,048</u>

## Covenant House Vancouver

### Notes to financial statements

June 30, 2021

#### **14. British Columbia *Societies Act* disclosures**

The Directors of the Organization are not remunerated. The aggregate remuneration paid to the Organization's 10 employees and contractors with the highest individual remuneration in excess of \$75,000 per annum is \$1,500,264 [2020 – \$1,396,395].

#### **15. Government grants**

Included in government grant revenue are funds received from Metro Vancouver Regional District ["Metro Vancouver"] for the Homelessness Partnering Strategy ["Program"] of \$420,851 [2020 – \$560,555]. The funding was received under the Agreement entered into in April 2020 covering a funding period from April 2020 to March 2021. In accordance with the terms and conditions of the Agreement with Metro Vancouver, the Organization has incurred corresponding expenditures in the amount of \$200,000 in connection with the Program during fiscal 2021.

#### **16. Related party transactions**

During the year ended June 30, 2021, Covenant House International, the ultimate parent organization, charged the Organization \$30,943 [2020 – \$34,113] for the use of certain software. As at June 30, 2021, the Organization owed Covenant House International nil [2020 – \$23,279], which is included in accounts payable and accrued liabilities.