

Kerrisdale Community Centre Society

Financial Statements

For the Year Ended August 31, 2015



Independent Auditor's Report

To the Members of
Kerrisdale Community Centre Society

We have audited the accompanying financial statements of Kerrisdale Community Centre Society, which comprise the statement of financial position as at August 31, 2015, and the statements of operations, changes in net assets 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 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider 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 in our audit is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of Kerrisdale Community Centre Society as at August 31, 2015 and its financial performance and its 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 of British Columbia, we report that, in our opinion, these principles have been applied on a basis consistent with that of the preceding year.

Chartered Professional Accountants
Vancouver, British Columbia
November 18, 2015

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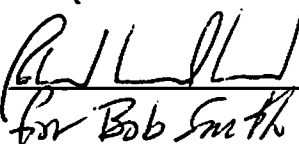
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Kerrisdale Community Centre Society
Statement of Financial Position

As at August 31	2015	2014
Assets		
Current		
Cash	\$ 675,207	\$ 942,761
Temporary investments (note 5)	739,500	471,375
Accounts receivable	86,028	20,623
Interest receivable	77,032	52,602
Prepaid expenses	<u>21,475</u>	<u>20,429</u>
	1,599,242	1,507,790
Investments (note 5)	1,332,032	1,287,000
Property and equipment (note 6)	<u>68,769</u>	<u>68,259</u>
	<u>\$ 3,000,043</u>	<u>\$ 2,863,049</u>
Liabilities		
Current		
Accounts payable and accrued liabilities (note 7)	\$ 287,606	\$ 126,147
Deferred revenue	271,487	394,149
Contingent liabilities (note 8)	<u>632,227</u>	<u>480,556</u>
	<u>1,191,320</u>	<u>1,000,852</u>
Net Assets		
Invested in equipment	68,769	68,259
Unrestricted	<u>1,739,954</u>	<u>1,793,938</u>
	<u>1,808,723</u>	<u>1,862,197</u>
	<u>\$ 3,000,043</u>	<u>\$ 2,863,049</u>

Going concern (note 2)

On behalf of the board:

 President
 Treasurer

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

Kerrisdale Community Centre Society

Statement of Changes in Net Assets

For the Year Ended August 31, 2015

	Invested in equipment	Unrestricted	Total
Balance, August 31, 2013	\$ 95,979	\$ 1,696,096	\$ 1,792,075
Acquisition of equipment	31,552	(31,552)	-
(Deficiency) excess of revenues over expenses	<u>(59,272)</u>	<u>129,394</u>	<u>70,122</u>
Balance, August 31, 2014	68,259	1,793,938	1,862,197
Acquisition of equipment	41,021	(41,021)	-
Deficiency of revenues over expenses	<u>(40,511)</u>	<u>(12,963)</u>	<u>(53,474)</u>
Balance, August 31, 2015	<u>\$ 68,769</u>	<u>\$ 1,739,954</u>	<u>\$ 1,808,723</u>

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

Kerrisdale Community Centre Society

Statement of Operations

For the Year Ended August 31	2015	2014
		(Restated) (Note 1)
Revenues		
Programs (Schedule 1)	\$ 1,987,143	\$ 2,038,983
Membership dues	105,077	102,713
Other	78,873	89,946
	<u>2,171,093</u>	<u>2,231,642</u>
Expenses		
Programs (Schedule 1)	1,354,122	1,342,340
General and administrative (Schedule 2)	870,445	819,180
	<u>2,224,567</u>	<u>2,161,520</u>
(Deficiency) excess of revenues over expenses	\$ <u>(53,474)</u>	\$ <u>70,122</u>

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

Kerrisdale Community Centre Society

Statement of Cash Flows

For the Year Ended August 31

2015

2014

Cash provided by (used in)

Operating activities

(Deficiency) excess of revenues over expenses	\$ (53,474)	\$ 70,122
Items not involving cash		
Amortization	<u>40,511</u>	<u>59,272</u>
	<u>(12,963)</u>	<u>129,394</u>

Changes in non-cash working capital

Temporary investments	(268,125)	260,736
Accounts receivable	(65,405)	70,844
Interest receivable	(24,430)	45,548
Prepaid expenses	(1,046)	91
Accounts payable and accrued liabilities	161,459	(100,069)
Unearned revenue	(122,662)	84,920
Contingent liabilities	<u>151,671</u>	<u>144,996</u>
	<u>(168,538)</u>	<u>507,066</u>

(181,501) 636,460

Investing activities

Investments, net	(45,032)	(518,125)
Purchase of property and equipment	<u>(41,021)</u>	<u>(31,552)</u>
	<u>(86,053)</u>	<u>(549,677)</u>

(Decrease) increase in cash (267,554) 86,783

Cash, beginning of year 942,761 855,978

Cash, end of year \$ 675,207 \$ 942,761

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

Kerrisdale Community Centre Society

Notes to the Financial Statements

August 31, 2015

1. Nature of operations

Kerrisdale Community Centre Society (the "Society") was incorporated in 1942 under the Society Act of British Columbia as a Not for Profit organization and is a registered charity under the Canadian Income Tax Act. The objectives of the Society are to promote and provide education, recreational, athletic and social activities, facilities and equipment for the use and benefit of the community. The Society carries out these objectives through the operation of the Kerrisdale Community Centre pursuant to a joint operating agreement with the Board of Parks and Recreation, City of Vancouver (the "Park Board").

Comparative financial statements

In prior years the Society has followed the practice of reporting program activities as a net result on the revenue line in the Statement of Activities, which was acceptable to the auditors of those years. But when this approach was brought to the attention of management, and recognizing that may not have been best practice, the reporting was changed to show the program income and the program expense as separate items on the Statement of Activities. The comparative statement of operations for 2014 has been restated to conform to the current practice to provide comparability for the year. There is no effect on the reported net income of either year because of this change in presentation.

2. Going concern

These financial statements have been prepared on a going concern basis which contemplates the realization of assets and the payment of liabilities in the ordinary course of business. Should the Society be unable to continue as a going concern, it may be unable to realize the carrying value of its assets and to meet its liabilities as they become due.

During the 2013 fiscal year, the Park Board voted to take control of programming and to pool revenues from community centre operations and to implement a universal membership system, called OneCard. The Society, together with five other Vancouver community associations, believe that the Park Board's actions are violating the existing joint operating agreements and causing them harm that is threatening their future survival. In early 2014, following an application for an injunction, the B.C. Supreme Court registered an interlocutory injunction against the Park Board requiring them to respect the existing, long-standing Joint Operating Agreements until such time that a full trial is heard.

The accompanying financial statements do not include any adjustments relating to the recoverability of assets and to the reclassification of asset and liability amounts that might be necessary should the Society be unable to continue its operations.

3. Significant accounting policies

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations.

Kerrisdale Community Centre Society

Notes to the Financial Statements

August 31, 2015

3. Significant accounting policies (continued)

Cash and cash equivalents

For purposes of reporting cash flows, cash and cash equivalents are defined to include cash on deposit, money market funds and highly liquid debt instruments with maturities less than three months.

Property and equipment

Property and equipment are recorded at cost. The Society provides for amortization using the straight line method at rates designed to amortize the cost of the assets over their estimated useful lives, as set out below.

Computer equipment	3 years
Furniture and fixtures	3 years
Passenger vehicles	5 years

A full year's amortization is recorded in the year of acquisition.

Revenue recognition

The Society 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 to be received can be reasonably estimated and collection is reasonably assured.

Revenues from activities are recognized as revenue proportionately over the session period to which they relate. Membership dues are taken into income on pro rata basis over the term of the membership. All memberships expire on August 31 each year.

Deferred revenue represents the unearned portion of amounts received during the year for memberships and activities which will commence after the year-end.

Use of estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the balance sheet date and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

Financial instruments

Financial assets originated or acquired or financial liabilities issued or assumed in an arm's length transaction are initially measured at their fair value. In the case of a financial asset or financial liability not subsequently measured at its fair value, the initial fair value is adjusted for financing fees and transaction costs that are directly attributable to its origination, acquisition, issuance or assumption. Such fees and costs in respect of financial assets and liabilities subsequently measured at fair value are expensed.

Kerrisdale Community Centre Society

Notes to the Financial Statements

August 31, 2015

3. Significant accounting policies (continued)

Financial assets measured at amortized cost include cash, accounts receivable, interest receivable and investments.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities and contingent liabilities.

The Society subsequently measures no financial assets and financial liabilities at fair value.

At the end of each reporting period, management assesses whether there are any indications that financial assets measured at cost or amortized cost may be impaired. If there is an indication of impairment, management determines whether a significant adverse change has occurred in the expected timing or the amount of future cash flows from the asset, in which case the asset's carrying amount is reduced to the highest expected value that is recoverable by either holding the asset, selling the asset or by exercising the right to any collateral. The carrying amount of the asset is reduced directly or through the use of an allowance account and the amount of the reduction is recognized as an impairment loss in operations. Previously recognized impairment losses may be reversed to the extent of any improvement. The amount of the reversal, to a maximum of the related accumulated impairment charges recorded in respect of the particular asset, is recognized in operations.

Use of Kerrisdale Community Centre

The Park Board has the control, care and maintenance of the building situated at 5851 West Boulevard, Vancouver, B.C. and has set this building aside for the recreation, comfort and enjoyment of the public. Use of the Kerrisdale Community Centre building is provided without cost to the Society pursuant to a joint operating agreement with the Park Board. The value of the use of the Kerrisdale Community Centre facilities has not been reflected in these financial statements.

Income taxes

The Society is a non-profit organization that is exempt from income taxes.

4. Financial instruments

Credit risk

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Society is exposed to credit risk with respect to the accounts receivable. The Society assesses, on a continuous basis, accounts receivable and provides for any amounts that are not collectible in the allowance for doubtful accounts. In the opinion of management the credit risk exposure to the Society is low and is not material.

Liquidity risk

Liquidity risk is the risk that the Society cannot repay its obligations when they become due. The Society reduces its exposure to liquidity risk by monitoring its operating requirements. The Society prepares budgets to ensure it has sufficient funds to fulfill its obligations. In the opinion of management the liquidity risk exposure to the Society is low and is not material.

Kerrisdale Community Centre Society

Notes to the Financial Statements

August 31, 2015

5. Investments

	<u>2015</u>	<u>2014</u>
Guaranteed investment certificates		
Restricted	\$ 5,547	\$ 5,500
Unrestricted	<u>2,065,985</u>	<u>1,752,875</u>
	2,071,532	1,758,375
Less: Temporary investments maturing within one year	<u>(739,500)</u>	<u>(471,375)</u>
	<u>\$ 1,332,032</u>	<u>\$ 1,287,000</u>

6. Property and equipment

	<u>Cost</u>	<u>Accumulated</u>	<u>Net Book</u>	<u>Net Book</u>
	<u>2015</u>	<u>Amortization</u>	<u>Value</u>	<u>Value</u>
		<u>2015</u>	<u>2015</u>	<u>2014</u>
Computer equipment	\$ 143,953	\$ 143,953	\$ -	\$ 615
Furniture and fixtures	1,119,138	1,050,369	68,769	67,644
Passenger vehicle	<u>116,907</u>	<u>116,907</u>	<u>-</u>	<u>-</u>
	<u>\$ 1,379,998</u>	<u>\$ 1,311,229</u>	<u>\$ 68,769</u>	<u>\$ 68,259</u>

7. Accounts payable and accrued liabilities

	<u>2015</u>	<u>2014</u>
Accounts payable and accrued liabilities	\$ 282,050	\$ 120,425
Government remittances payable	<u>5,556</u>	<u>5,722</u>
	<u>\$ 287,606</u>	<u>\$ 126,147</u>

8. Contingent liabilities

The contingent liabilities represent the amounts in dispute, relating to the Group 1 staff wages top-up portion and regular part-time staff wages, between the Society and the Park Board as at August 31, 2015.

Kerrisdale Community Centre Society

Schedule 1 – Program Activities

For the Year Ended August 31	2015	2014
Revenues		
Children's programs	\$ 535,408	\$ 547,144
Adult programs	378,251	402,904
Preschool programs	216,422	263,962
Exercise programs	207,221	214,109
Seniors' kitchen	169,623	170,093
Seniors' programs	152,412	170,689
Fitness programs	114,044	112,467
Youth programs	115,808	114,527
Play Palace	42,792	40,971
Skate lessons	54,240	-
Special events	922	2,117
	<u>1,987,143</u>	<u>2,038,983</u>
Expenses		
Children's programs	361,564	359,876
Adult programs	251,714	260,469
Seniors' kitchen	226,128	215,898
Preschool programs	144,752	188,174
Seniors' programs	105,552	109,693
Youth programs	86,899	85,859
Fitness programs	52,649	47,199
Program wages	10,063	27,391
Exercise programs	27,661	24,440
Play Palace	25,764	19,754
Skate lessons	57,376	-
Special events	4,000	3,587
	<u>1,354,122</u>	<u>1,342,340</u>
Excess of revenues over expenses	\$ <u>633,021</u>	\$ <u>696,643</u>

Kerrisdale Community Centre Society

Schedule 2 – General and Administrative Expenses

For the Year Ended August 31	2015	2014
Operating expenses		
Advertising and promotion	\$ 22,888	\$ 26,829
Amortization	40,511	59,272
Board expenses	23,010	23,099
Conference expenses	5,729	2,981
Interest and bank charges	75,650	72,366
Miscellaneous	6,338	8,938
Office and sundry	11,865	11,798
Professional fees	55,000	70,800
Programs and newsletters	90,424	82,527
Repairs and maintenance	7,253	7,625
Wages and benefits	531,777	452,945
	<u>\$ 870,445</u>	<u>\$ 819,180</u>